中聯重科股份有限公司

ZOOMLION HEAVY INDUSTRY SCIENCE AND TECHNOLOGY CO., LTD.*

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

H Share Stock Code : 01157 | A Share Stock Code : 000157

ANNUAL REPORT | 2025

* For identification purpose only

ZOOMLION
中联重科

Important notice

- The Board of Directors of the Company and senior management warrant that there are no misrepresentation, misleading statements or material omissions in this report and they shall, individually and jointly, accept full responsibility for the truthfulness, accuracy and completeness of the contents of this report.

- All directors attended the Board meeting at which this report was reviewed.

Definition

Unless the context otherwise requires, the following terms shall have the meanings set out below:

"Articles" or "Articles of Association" refers to the Company's articles of association.

"Board" refers to the board of directors of the Company.

"Company" or "Zoomlion" refers to Zoomlion Heavy Industry Science and Technology Co., Ltd.

"Listing Rules" or "Listing Rules of Hong Kong" refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

"Reporting Period" refers to the financial year ended 31 December 2025.

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Company Profile

I. Company Information

Company name (in Chinese): 中聯重科股份有限公司
Chinese abbreviation: 中聯重科
Company name (in English): Zoomlion Heavy Industry Science and Technology Co., Ltd.*
English abbreviation: Zoomlion

Legal representative of the Company: Zhan Chunxin

Company Secretary: Yang Duzhi
Contact address: No. 361 Yinpen South Road, Changsha, Hunan Province
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Registered address and place of business of the Company: No. 361 Yinpen South Road, Changsha, Hunan Province, PRC
Postal code: 410013
Company website: http://www.zoomlion.com/
E-mail: 157@zoomlion.com

Authorized representatives: Zhan Chunxin, Yang Duzhi
Address: No. 361 Yinpen South Road, Changsha, Hunan Province, PRC

Newspapers for disclosure of the Company's information: China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website publishing the A share announcement: http://www.cninfo.com.cn
Website publishing the H share announcement: http://www.hkexnews.hk

Listing information: A Shares
Shenzhen Stock Exchange of China ("SZSE")
Name: ZOOMLION
Stock Code: 000157
H Shares
The Stock Exchange of Hong Kong Limited ("SEHK")
Stock Name: ZOOMLION
Stock Code: 1157

II. Other relevant information

H Share Registrar: Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East,
Wan Chai, Hong Kong

Legal Advisors
As to PRC law: Fangda Partners
27/F North Tower Beijing Kerry Centre | 1 Guanghua Road Chaoyang District,
Beijing, the PRC
As to Hong Kong law: Norton Rose Fulbright Hong Kong
38/F, Jardine House, 1 Connaught Place, Central, Hong Kong

Auditors
Domestic auditors: KPMG Huazhen LLP
8th Floor, KPMG Tower, Oriental Plaza,
1 East Chang An Avenue, Beijing, PRC
International auditors: KPMG
Public Interest Entity Auditor registered in accordance with
the Accounting and Financial Reporting Council Ordinance
8/F, Prince's Building, 10 Chater Road, Central, Hong Kong

Chairman's Statement

Dear Shareholders,

The year 2025 is a year filled with opportunities and challenges, as well as a year in which Zoomlion achieved fruitful results in all of its efforts. All Zoomlioners worked tenaciously and strived for excellence to accelerate the building of a world-class advanced manufacturing enterprise with global competitiveness by taking diversification as the path, technological innovation as the foundation, and globalization as the direction, thereby reaching a new level of high-quality development with continuous innovation and optimization in business operations.

Faced with profound changes in the market, we firmly maintained the dialectical relationships between "pursuing efficiency, scale, quality and sustainability", optimized our business layout, refined our technologies, strengthened our management and controlled risks, so as to solidify our foundations of corporate culture, management philosophy and digitalization, and thus maintained a robust and upward development trend.

In 2025, our industrial echelons presented a landscape of diversified development. Our traditional competitive industries consolidated the cornerstone of our performance, while the emerging strategic industries thrived, with the future segments including embodied intelligent robotics, new energy and new digital accelerating their implementation; we advanced globalization in an all-round way, with the "1+N" global manufacturing layout taking shape at a faster pace; our overseas business system of "end-to-end, digitalization, localization and compliance" supported the sustained and rapid growth of our overseas business; we innovated and iterated our technologies and products for the global market, creating a number of world-class and global leading products in the fields of agricultural machinery and mining machinery; we accelerated the full digitalization and end-to-end transformation of our management with the integration of artificial intelligence, resulting in a substantial improvement in its efficiency and effectiveness; we improved the quality of intelligent manufacturing in an all-round manner, with the Zoomlion Smart Industry City fully completed and the intelligent production lines integrated with cutting-edge technologies at an accelerated pace, so as to build a flexible, efficient and intelligent new industrial ecosystem and further enhance our international competitiveness.

The year 2026 is the first year of the "15th Five-Year Plan", and will also be a crucial year for Zoomlion to fully accelerate its globalization and strive to build a world-class advanced manufacturing enterprise.

Chairman's Statement

On our new journey, we will anchor the goal of high-quality development, and continue to deepen and refine our efforts completely. We will accelerate the growth of our industrial echelons, and promote the formation of a new pattern in which industrial sectors compete with each other and make progress in multiple dimensions; we will fully accelerate our globalization process, speed up improving the four systems of overseas business, service, risk control and manufacturing, and accelerate expansion into the high-end markets; we will firmly grasp the foundation of technologies and products, continuously advance the exploration of cutting-edge technologies and accelerate the research and development of "intelligent, green and digital" innovative products to meet the global market demands; we will accelerate improvement of the operation and management system with Zoomlion's characteristics, coordinate economies of scale and risk control to ensure a stable and efficient operation, and create greater value for our customers and bring more returns to shareholders.

Last, on behalf of the Board of Directors, I would like to express my heartfelt thanks to all the shareholders, customers, partners, people from all sectors and all the employees of Zoomlion for their care and support for the development of the Company.

Chairman
Zhan Chunxin

Principal Financial Data and Indicators

I. Major Financial Data prepared in accordance with China Accounting Standards ("PRC GAAP")

Unit: RMB

Item	2025	2024	Change	2023
Operating income	**52,107,129,173.91**	45,478,184,506.84	14.58%	47,074,853,106.11
Net profit attributable to shareholders of the Company	**4,858,487,017.80**	3,520,377,530.14	38.01%	3,506,011,590.67
Net profit attributable to equity shareholders of the Company after extraordinary items	**3,369,675,970.93**	2,554,049,823.66	31.93%	2,708,465,645.75
Net cash flow from operating income	**4,873,901,652.93**	2,142,055,023.05	127.53%	2,712,551,743.37
Basic earning per share	**0.56**	0.41	36.59%	0.43
Diluted earning per share	**0.56**	0.41	36.59%	0.42
Return on net assets	**8.34%**	6.24%	2.10%	6.41%

Item	End of 2025	End of 2024	Change	End of 2023
Total assets	**133,141,069,402.05**	123,745,691,290.43	7.59%	130,862,389,408.99
Net assets attributable to shareholders of the Company	**57,568,372,991.09**	57,137,084,576.40	0.75%	56,407,020,348.19

II. Major Financial Data of the Company of the Past Five Years prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards")

Unit: RMB million

Revenue and Profit	2025	2024	2023	2022	2021
Revenue	**52,107**	45,478	47,075	41,631	67,131
Profit before taxation	**5,794**	4,383	4,272	2,512	7,357
Income tax	**(767)**	(374)	(457)	(86)	(938)
Profit for the year	**5,027**	4,009	3,815	2,426	6,419
Profit attributable to:					
Equity shareholders of the Company	**4,779**	3,521	3,550	2,347	6,303
Non-controlling interests	**248**	488	265	79	116
Basic earnings per share (RMB)	**0.55**	0.41	0.43	0.28	0.76
Diluted earnings per share (RMB)	**0.55**	0.41	0.43	0.28	0.75
Gearing ratio (%) (Note)	**55.05%**	51.66%	54.80%	53.90%	52.24%

Note: Gearing ratio is calculated based on the total liabilities divided by total assets at the end of the respective reporting period.

Principal Financial Data and Indicators

Unit: RMB million

Assets and Liabilities	2025	2024	2023	2022	2021
Non-current assets	**49,077**	49,234	52,819	49,915	49,268
Current assets	**84,030**	74,478	78,006	73,602	72,714
Current liabilities	**48,966**	42,987	49,996	48,393	49,675
Net current assets	**35,064**	31,491	28,010	25,209	23,039
Total assets less current liabilities	**84,141**	80,725	80,829	75,124	72,307
Non-current liabilities	**24,303**	20,923	21,698	18,185	14,047
Net assets	**59,838**	59,802	59,131	56,939	58,260
Total equity attributable to equity shareholders of the Company	**57,534**	57,101	56,371	54,705	56,831
Non-controlling interest	**2,304**	2,701	2,760	2,234	1,429

III. Reconciliation of Financial Data under PRC GAAP and IFRS Accounting Standards

Unit: RMB

	Net profit attributable to equity shareholders of the Company		Net assets attributable to equity shareholders of the Company	
	Current year	**Last year**	**Current year**	**Last year**
Under PRC GAAP	4,858,487,017.80	3,520,377,530.14	57,568,372,991.09	57,137,084,576.40
Items and amounts adjusted under IAS				
Acquisition related costs incurred on prior year business combination			-36,528,600.00	-36,528,600.00
Excess in the limit of withdrawal over expenses of safety production fund for the current period	-80,195,435.08	827,502.22		
Under IFRS Accounting Standards	4,778,291,582.72	3,521,205,032.36	57,531,844,391.09	57,100,555,976.40

Report of the Board of Directors

The Board of Directors of the Company is pleased to announce the Report of the Board of Directors for the year ended 31 December 2025 together with the audited financial statements of the Company and the Group.

I Review of operation for the year 2025

Upholding the core philosophy of "doing business with an Internet mindset and developing products of the highest quality", the Company remained anchored to its goal of high-quality development and kept advancing its strategic direction centered on "related diversification, globalization, and digitalization". By leveraging technological innovation to drive high-quality development, we deepened the transformation and upgrade toward digitalization, intelligentization, and green development, remained focusing on traditional advantageous sectors, accelerated the cultivation and expansion of emerging business sectors, actively incubated future industries, and promoted the implementation of the industrialization of embodied intelligent robots. We comprehensively expanded our global market scale to unlock new growth opportunities for the Company, enabling businesses to navigate economic cycles and achieve steady, sustainable, high-quality development.

During the Reporting Period, the Company achieved operating revenue of RMB52,107 million, representing a year-on-year increase of 14.58%; net profit attributable to shareholders of the parent company reached RMB4,779 million, marking a year-on-year growth of 35.73%.

During the Reporting Period, the Company mainly carried out the following activities:

1. Accelerating the competitive development of industrial portfolio

During the Reporting Period, the Company accelerated the diversification of its industrial segments, striving to establish a favorable framework where traditional advantageous industries and emerging sectors synergize and develop in tandem. We strengthened strategic execution, and drove profound transformations in the marketing management system, in order to ensure the efficient implementation of strategic plans.

For traditional advantageous industries, we steadily enhanced their competitiveness, solidifying the foundation for development; for emerging industries, we accelerated their growth, gradually forming new growth poles. In addition, we accelerated the cultivation of embodied intelligent robots, making proactive preparations for future industries.

(1) Our core products maintained a solid market position

For the three traditional core product lines (concrete machinery, engineering cranes, and construction cranes), we adhered to a steady development strategy, optimized overall resource allocation, comprehensively advanced overseas transformation, deepened the "three-pronged" management model, strictly controlled risks in both domestic and overseas markets, enhanced operational management quality across all dimensions, and accumulated new momentum to promote high-quality development of the Company. The three core product lines maintained a solid position in the domestic market, with concrete and industrial crane segments accelerating upward momentum. Both scale and profitability improved simultaneously, with new energy mixer trucks and domestic crawler cranes achieving double-digit growth. The scale of overseas operations and market position continued to improve, with the overall export sales volume of the three core product lines increasing by over 21% year-on-year.

(2) Scale of earthmoving machinery segment aim for 10 Billion

For earthmoving machinery segment, we have successfully established a product portfolio covering all scenarios by fully optimizing the micro excavator lineup, comprehensively enhancing the performance of medium and large excavators, and continuously leading ultra-heavy-duty green mining technology, thereby achieving industry-leading competitiveness. In the domestic market, product portfolio optimization continued. The large-tonnage products demonstrating a distinct competitive edge with mining excavators in the 100-ton class and above surging to the top three positions in the industry. In overseas markets, we deepened our global footprint, continuously optimized our global service and parts network, and achieved breakthroughs in key regions. Emerging markets such as Latin America saw growth exceeding 77%, and premium markets such as Europe surged by over 600%. Our excavator exports now rank among the top three domestically. During the Reporting Period, domestic sales of earthmoving machinery grew by over 13% year-on-year, while export sales surged by more than 57% year-on-year, leading the industry in growth rate.

Report of the Board of Directors

(3) We led the development of the global high-end market in aerial work platforms

Thanks to continuous technological innovation, the Company has established a solid core competitive advantage and gained global pricing power in the ultra-high-reach segment. Our ultra-high-reach straight boom products hold a leading global position, with the world's tallest 82-meter ultra-high-reach straight boom model achieving EU CE certification and entering mass production; the ZA32J high-reach articulating boom product leads globally; and mast products now cover all mainstream specifications in North America and Europe. Currently, our high-reach products have achieved large-scale exports to Europe, the Americas, and the Asia-Pacific region, demonstrating significant technological leadership and product competitiveness. In terms of industrial layout, global market expansion and localized operations are advancing in tandem. The Hungarian factory has commenced production and entered the ramp-up phase, continuously enhancing local manufacturing competitiveness. This multi-dimensional strategy builds momentum for future growth, laying a solid foundation to consolidate our leading position in the global aerial work platform industry.

(4) We continued to deepen our efforts and pursued lean development in agricultural machinery

Centered on the implementation of the core development strategy of "high-end, international, and new energy", we comprehensively advanced the systematic upgrades across the entire chain encompassing products, R&D, markets, production, and human resources. Focusing on four major global agricultural operation scenarios, we built a complete suite of product solutions. Meanwhile, we persistently deepened our presence in key markets, rapidly expanded overseas distribution channels, and strengthened penetration into end-user markets; we systematically integrated manufacturing resources to build a global lean manufacturing network, and enhanced input-output efficiency through resource consolidation and organizational restructuring to achieve comprehensive lean development. During the Reporting Period, the coverage and penetration of domestic and international channels significantly increased, with overseas sales of agricultural machinery growing by over 21% year-on-year.

(5) Mining machinery achieved dual leap in competitiveness and market share

For mining machinery, we focused on the direction of "green, large-scale and intelligent", and committed to creating high-end mining equipment for the entire process. Our products, such as wide-body vehicles, down-the-hole drills, mineral processing equipment, and electric-wheel mining trucks, which achieved full synergy, delivered industry-leading comprehensive product competitiveness. Domestic business achieved counter-trend growth, successfully penetrated the energy client market of central and state-owned enterprises, and accelerated its advancement into the high-end market. Overseas, we accelerated the "green" transformation of global mines, with 99 new mines now operational. This helped accelerate the growth in the global high-end mining market, overseas sales revenue surged by over 300%.

(6) Emerging business segments experienced vigorous growth

Thanks to our platform and brand strengths, the product portfolio for emerging businesses such as emergency equipment, infrastructure construction, and industrial vehicles has rapidly expanded, leading to improved market coverage and rising industry position.

Emergency equipment, including aerial, rescue, and tanker fire trucks, underwent comprehensive iteration and expansion, with flagship products rapidly rolling off the production line. We successfully expanded into emerging sectors such as airport firefighting, creating new growth drivers. During the Reporting Period, we achieved counter-trend growth in the domestic market and continued to make breakthroughs in overseas markets, with sales volume increasing by over 22% year-on-year.

In the field of foundation construction, we adhered to the guiding principle of "ensuring stability, pursuing growth, improving weaknesses, and building strengths" which has enabled us to successfully penetrate high-end markets in Europe and America, establish a leading position in advantageous regional markets such as Turkey and the Middle East, and achieve dual improvements in overseas sales volume and operational quality. Export sales volume has increased by over 100% year-on-year.

(7) We accelerated to land the industrialization of embodied intelligent robots

During the Reporting Period, the Company developed six new robot products across three major categories, including two bipedal humanoid robots, one wheeled humanoid robot, one quadrupedal robot, and two mowing robots. Dozens of them have been deployed in factory operations, undergoing pilot testing in machining, logistics, assembly, and quality inspection processes to accelerate the progress of industrialized implementation. The Company achieved multiple key technological breakthroughs, establishing a 120-station embodied intelligence training ground and setting up an embodied intelligence operation center. We integrated a closed-loop mechanism spanning the entire process from "data collection to model training to application iteration", initially forming a data flywheel to drive the evolution of Zoomlion's embodied intelligence large model for humanoid robot.

2. Driving breakthroughs in global market penetration through globalization strategy

The Company steadfastly implements its global development strategies with Zoomlion characteristics, continuously deepening and refining its overseas direct sales system characterized by "end-to-end, localized, and digital" operations. By deepening the "three-pronged" management mechanism, strengthening risk control and compliance defenses, expanding sales and service network coverage, and refining digital business empowerment, we will build long-term competitive advantages in overseas markets. This will drive high-quality development of our international operations, injecting robust momentum into the Company's sustainable growth.

(1) Diversified market deployment and product portfolio advanced in tandem. During the Reporting Period, our overseas operations maintained a high growth trajectory, achieving a year-on-year increase of 30.78%. With the deepening of the globalization process and the collaborative efforts of regional markets, the sales structure has been further optimized, and the business development has entered a new stage of "structure optimization + local deepening", achieving high-quality growth. We enjoyed rapid growth in emerging regions such as Africa, Latin America, Southeast Asia, and the Middle East. Among these, the Africa region saw year-on-year growth exceeding 159%. Exports of our industrial portfolio are developing vigorously, with product matrix advancing in tandem. The competitiveness of our traditional advantageous industries has steadily improved, laying a solid foundation for development. Earthmoving machinery, aerial work platforms, mining equipment, and agricultural machinery are leading the industry in growth rates, creating a second growth curve.

(2) End-to-end system transformation has been Deepened to build a new ecosystem of direct sales and efficient collaboration. First, we continued to refine the integrated management system. We have deeply integrated the "three-pronged management" approach with the "front, middle, and back-end inspection and operation mechanism", establishing a highly efficient, 24/7 seamless coordination system. The Company continued to strengthen the command, coordination, and enabling functions of its middle and back offices. By integrating the operations of our "ground forces" stationed in regional markets with the rapid-response support of the "airborne forces" at headquarters, we comprehensively advanced the implementation of "sales-service integration" and "ground-air integration" to collaboratively deepen the engagement in local markets. Second, focusing on a "high-value client" strategy, we have established a management mechanism for top global clients, and taken the lead in piloting its implementation in the Middle East. As the Company continues to penetrate global high-end client circles, its overseas customer development has progressively shifted from "scale expansion" to a balanced focus on "quality and value", laying a solid customer foundation for long-term, high-quality growth.

(3) Security defenses have been reinforced further to safeguard the stable operation of overseas business. Adhering to a country-specific approach, we have built a differentiated risk control model. By enriching collateral security measures, expanding the coverage of property and personal guarantees, introducing local financial resources, fortifying business fundamentals, and strengthening compliance oversight, we have established three lines of defense encompassing marketing, risk control, and legal affairs to safeguard the steady development of our overseas operations.

(4) The expansion of service networks and the penetration of market have been vertically promoted to support the transformation and upgrading of airport operational management systems, and build a broader, more efficient global sales and service network. On one hand, we accelerated our expansion into new markets, completing our deployment in countries such as the UK, South Korea, and Morocco. Simultaneously, we accelerated the deployment of service outlets into smaller cities and towns, adding over 40 new outlets throughout the year. On the other hand, we consolidated resources across key market locations, optimized the rationality of our global network layout and warehouse space utilization, and progressively refined our star-shaped network structure centered around "hub warehouses + display warehouses", tangibly enhancing the comprehensive capabilities and service efficiency of our outlets. Currently, leveraging over 30 primary business aviation hubs and more than 430 service points worldwide, the Company has established an efficient global sales and service network. The total number of localized employees overseas is approximately 6,000, with over 220 service parts warehouses. Products are widely distributed across more than 170 countries and regions, significantly enhancing sales and service capabilities.

Report of the Board of Directors

(5) Overseas R&D and manufacturing bases has constantly expanded and upgraded. The Company has completed the strategic deployment of its global R&D and manufacturing network, with production bases in various countries including Italy, Germany, Mexico, Brazil, Turkey, the United States, and Hungary. Among these initiatives, the Hungary high-altitude work equipment plant commenced operations, driving deeper business development through localized production. The Wilbert plant project in Germany was upgraded and expanded, transforming it into a comprehensive production base. Leveraging the technological expertise, resources, and geographical advantages of its overseas R&D and manufacturing bases, the Company achieved comprehensive and effective coordination and integration of global resources, thereby establishing an industrial ecosystem that underpins its globalization strategy.

3. Accelerating digitalized transformation

The Company will accelerate digital transformation across all fronts, revolutionizing market operations with an Internet mindset, reshaping management and business models through digital means, and building a new development paradigm driven by digital technology in every aspect.

We will establish a fully visualized performance accounting platform for all employees and processes to fully energize the workforce; we build a "business opportunity-driven production" model and establish a production-sales monitoring platform to achieve real-time alignment between production plans and market demand; we create a 360-degree panoramic data view of customers to support the precise implementation of differentiated policies; we enhance the "three-pronged" management platform system to comprehensively improve business operational efficiency.

Overseas operations will focus on core business scenarios including localization, service capabilities, and financial controls. We will accelerate the final mile service of overseas localization, comprehensively advance electronic contracts abroad, launch electronic seals, and build localized capabilities for rapid contract signing and archiving. We will complete the full-process review and optimization of services, expanding coverage of proactive service scenarios. We will achieve global coverage of the overseas fund platform and overseas expense control platform, enabling transparent and controllable overseas expense reimbursement and global fund management.

4. Driving high-quality industry development through smart manufacturing industry clusters

Steadfastly pursuing a development path centered on "digitalization, intelligent manufacturing, and green transformation", the Company will accelerate the upgrade of high-end equipment through intelligent manufacturing, establishing smart industrial parks, smart factories, and smart production lines gradually. We will translate research on advanced intelligent manufacturing technologies into practical applications rapidly, comprehensively deepen "end-to-end" digital transformation, and accelerate the formation of an industry-leading intelligent manufacturing industrial cluster, in order to the Company as a benchmark in the intelligent manufacturing sector, consolidate our leading position in intelligent manufacturing within advantageous industries, and continuously drive the high-quality industry development.

(1) Clusters of smart manufacturing industry has formed fast to establish an advanced manufacturing landscape. Centered around the Zoomlion Smart Industrial City, the Company is comprehensively building a matrix of high-end equipment smart factories. Through comprehensive intelligent upgrades across the entire supply chain from host machines to components, we have now achieved full-scale production at four major host machine factories including the Intelligent Factory for Engineering Cranes and key component centers. This has established a global network of 18 intelligent factories and over 420 smart production lines, fully supporting our efforts to build a nationally significant advanced manufacturing hub. The intelligent factories for excavators, aerial work platforms, concrete pumps, and industrial cranes in Zoomlion Smart Industrial City have steadily ramped up production capacity to full output, continuously delivering higher-quality machine products through smart manufacturing for customers. Zoomlion's "Excavator Shared Manufacturing Smart Factory" has been included in the Ministry of Industry and Information Technology's inaugural list of flagship smart factories under cultivation. This achievement signifies the Company's leap from domestic leadership to global prominence in smart manufacturing capabilities.

(2) The achievements of research on advanced technologies of intelligent manufacture have been rapidly transformed into practical applications. The Company integrates artificial intelligence, intelligent manufacturing technology and intelligent equipment to create an intelligent production line system that is intelligent, flexible and environmentally friendly, and innovatively develops intelligent control algorithms and digital systems to construct flexible, efficient, and collaborative smart factories. We have continuously advanced the application research of over 270 industry-leading, fully integrated intelligent manufacturing technologies developed in-house. More than 250 key technologies have been successfully deployed on smart production lines, demonstrating our robust technological capabilities and cutting-edge leadership in intelligent manufacturing. This will accelerate the intelligent upgrade of production processes and consistently promote the Company's role in leading the industry's intelligent manufacturing development.

(3) The end-to-end transformation has been deepened comprehensively in manufacturing and supply chains. Centered on the development of a factory-level industrial Internet platform, we are committed to achieving comprehensive industrial connectivity across all factory elements. By integrating end-to-end data flows across planning, logistics, production, and supply chain operations, we have established an autonomous intelligent collaboration system spanning cloud, edge and terminal devices, enabling highly efficient human-machine collaboration and flexible production control capabilities. Integrating cutting-edge technologies such as artificial intelligence, cloud computing, and digital twins, we establish AI-driven autonomous decision-making mechanisms to achieve intelligent control across manufacturing, warehousing, inspection, and supply chain operations. This propels manufacturing paradigms toward predictive maintenance and dynamic optimization, enabling digital twin technology to virtually map production processes. Through end-to-end digital transformation, we will reshape the manufacturing paradigm.

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

Zoomlion adheres to its technology development strategy of "building momentum, innovating independently, focusing on breakthroughs, and achieving full surpassing". Upholding the concepts of "technology and products are the foundation" and "developing products of the highest quality", the Company leverages scientific and technological innovation to implement its transformation of "ecofriendliness, intelligentization, digitalization, and globalization". It has developed a series of high-end industry products, accelerated the development of new energy products and the cultivation of new quality productive forces, and driven globalization with scientific and technological innovation to empower the Company's high-quality development.

During the Reporting Period, the Company initiated over 1,800 R&D projects, conquered 463 key technologies, and developed 361 new products, including 3 world-leading products and 3 industry-first products. Additionally, we developed 234 overseas products and 58 new energy products. Emerging future industries representing new quality productive forces, such as robots and hydrogen energy products, have taken initial shape. The "Excavator Shared Manufacturing Intelligent Factory" was selected as one of the first batch of national-level leading-edge intelligent factories, and the "Development of Warehouse Logistics Robots with Human-Machine-Environment Integration" was approved as one of Hunan Province's top ten technological breakthrough projects. The Company obtained 601 new international certifications covering 818 product models. As of December 2025, it had possessed 1,376 valid international certification credentials, covering 2,547 product models, with internationally certified products reaching over 100 countries and regions.

(1) Maintaining a leading position in products and technologies within the construction machinery sectors

We have successfully developed world-leading products such as the world's largest 3,600-ton-meter wind power luffing jib tower crane and the world's longest five-axle compliant steel boom pump truck with a vertical reach of 76 meters. The world's largest 3,600-ton-meter wind power luffing jib tower crane has a maximum lifting capacity of 240 tons and a maximum lifting height of 243 meters, making it the only product in the world capable of hoisting 10MW wind turbines at a height of 210 meters. The world's longest five-axle compliant steel boom pump truck with a vertical reach of 76 meters is currently the longest mass-produced model in terms of boom length among five-axle chassis concrete pump trucks worldwide, with a maximum placing height of 75.1 meters. It achieves a groundbreaking technological breakthrough among similar products by adopting third-generation lightweight design and ultra-high-strength steel, together with an exclusive hollow boom structure. While ensuring rigidity, the design reduces weight by more than 15% and improves driving passability. Focusing on high-end overseas markets, we have carried out in-depth scenario adaptation and upgraded 29 industry-leading L2 technologies, including crane load anti-swing, one-key operation for concrete pump trucks, and tower crane anti-collision.

These technologies have become standard configurations for high-end products, facilitating sales to overseas markets such as Europe. We have achieved breakthroughs in 38 unmanned technologies and established a complete technical foundation for intelligent equipment + collaborative platforms. Our smart mining and smart logistics have reached industry-leading levels.

Report of the Board of Directors

(2) Achieving breakthroughs in a number of core technologies and products in the agricultural machinery equipment sector

During the Reporting Period, driven by the high-end, international and new energy strategy, we independently developed and established three core technology systems in the agricultural machinery equipment, including electric continuously variable transmission, adaptive electric coordination, and full-speed-domain autonomous driving, breaking the long-term technological monopoly of foreign high-end agricultural machinery in the Chinese market. Breakthroughs were made in the low-temperature power-preservation technology for hybrid tractors to enable our products to start up and work normally in an extreme environment with low temperatures below -30°C, supporting the promotion and deployment of the Company's full range of hybrid tractors in extremely cold regions. Leading the rapid advancement of the agricultural machinery industry into the new energy era, the Company developed the world's largest 700-horsepower hybrid tractor and the world's first hybrid high-capacity harvester. A number of high-end and new energy agricultural machinery products have been sold in the Russian-speaking region and South America. The world's largest 700-horsepower hybrid tractor delivers a peak power of 1,200 horsepower and is specially designed for high-intensity operations on ultra-large-scale farms. Equipped with the Company's self-developed EPiot autonomous driving system based on high-precision Beidou positioning and AOS intelligent operation system, it enables autonomous driving and automatic operation of agricultural implements, achieving centimeter-level high-precision operations even at high speeds.

(3) Accelerating research breakthroughs in new energy technologies and product R&D

During the Reporting Period, the Company achieved key breakthroughs among 25 new energy technologies for complete machines, including coordinated control of energy and vehicle speed under sudden load changes in hybrid tractors. A total of 58 new energy products were developed, and the new energy penetration rates of mixer trucks and mining trucks increased to 77% and 19% respectively.

New energy machinery products have been developed, such as the world's largest 700-horsepower hybrid wheeled tractor, the industry's first 5-axle 82-ton-meter pure electric knuckle-boom truck-mounted crane, and 55-ton pure electric port tire crane. As of December 2025, 240 new energy products were available for sale, covering major product lines including concrete mixer trucks, concrete pump trucks, engineering cranes, aerial work platforms, forklifts, excavators, off-highway wide-body dump trucks, airport fire trucks, and agricultural equipment.

(4) Achieving self-control and new energy transition in key components

During the Reporting Period, focusing on the overseas market demand of main equipment and the shortcomings in key components for new energy machinery, the Company fully benchmarked against industry leaders, carried out R&D on 194 key components, and realized mass installation of 106 key components. In terms of key components for new energy machinery, targeting technical bottlenecks and competitiveness improvement needs of main equipment such as tractors and mixer trucks, the Company achieved breakthroughs in 9 electric drive technologies and 16 "three-electric" technologies. It developed 8 electric drive components and 17 new energy components. These efforts contributed to the launch of the world's largest 700-horsepower hybrid tractor and the world's first hybrid high-capacity intelligent harvester, effectively supporting the self-control of core components and the new energy transition of main equipment.

(5) Achieving significant progress in the R&D of embodied AI robots and hydrogen energy products

The Company accelerated the development of future industries such as embodied AI robots and hydrogen energy products. In the R&D of embodied AI robots, it enriched application scenarios through integrating big data, artificial intelligence and product design technologies and established a software and hardware capability system of "key components – robot body – algorithms – platform". As of the end of 2025, the Company had developed a total of 8 sample products of embodied AI robots in 4 major categories, reaching international advanced levels. Preliminary verification has been completed in logistics sorting scenarios, laying a solid foundation for the promotion and sales of the product ecosystem. For hydrogen energy products, the Company achieved breakthroughs in 14 key technologies, with 7 new products launched, and sales of hydrogen compressors have commenced.

Report of the Board of Directors

(6) Empowering globalization strategy through intellectual property and standards

During the Reporting Period, the Company filed 1,772 patents, including 960 invention patents. The total number of valid invention patents reached 3,786, ranking first in the industry and among the Top 100 Chinese Enterprises in Patent Innovation. We filed 44 PCT international patents, bringing the cumulative total to 618. The number of countries and regions with overseas patent layout increased to 34, with coverage growing 48%, ranking among the top in the industry. The Company optimized the panoramic intellectual property analysis of overseas competitive products and enterprises and formulated the Guidelines for Patent Analysis Work to improve the accuracy of patent layout. Meanwhile, it completed intellectual property environment research in 21 countries, providing forward-looking decision support for global market expansion.

The international standardization process advanced steadily. In 2025, the Company led the development of 8 international standards, of which 1 entered the draft stage and 2 were successfully approved. We issued 18 national standards, 5 industrial standards and 11 group standards, including a groundbreaking issue of one mandatory national standard. The cumulative number of issued national, industrial and group standards exceeded 610, ranking first in the industry.

6. Continuous improvement of operation quality and efficiency

During the Reporting Period, the Company strengthened risk control, kept on improving its supply chain and inventory management, optimized the incentive mechanism, and enhanced talent reserve, escorting the high-quality development of the Company.

(1) Comprehensively strengthening risk control. The Company has always prioritized risk operation control as its primary guarantee, continuously improved a risk control system integrating prevention and control, and implemented the strategy of “controlling risks at the source, strengthening collection processes, promoting synergy through mechanisms, and leveraging big data monitoring” to enhance risk control. A three-in-one model of “access control + mortgage enhancement + special clearance” was established to expand collection methods across multiple dimensions and improve the cash collection process. For mature domestic business segments, the Company focused on refined operation of existing customers; for emerging business segments, it consolidated the bottom line of risk prevention and control while pursuing development.

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(2) Deepening the development of ultimate service capability. A Global Service Center was established to open a direct channel connecting customers worldwide, with an overseas service operation system featuring “quantifiable satisfaction, closable issues, and online services” built. The Company continuously strengthened the three core capabilities of service management, team development, and support systems, comprehensively promoting end-to-end service and refined management implementation. Simultaneously, the layout of global service resources was optimized to accelerate localized service operations. The service localization rate increased to 60%, further solidifying the foundation for efficient global service response and continuous improvement.

(3) Strengthening construction of a supply chain system. We continued to promote the consolidated and centralized procurement of bulk and general materials, consistently introduced high-quality supply resources in the industry, deepened strategic cooperation on key materials, and optimized the supply chain ecosystem; accelerated the digital transformation of the supply chain, collaboratively advanced the digital development of the overseas supply chain, built an end-to-end digital supply chain platform, and established a streamlined end-to-end supply chain system; unified the outsourcing pricing model to realize full life-cycle cost management; and effectively promoted special assistance to drive the synergetic optimization of multiple segments.

(4) Vigorously speeding up inventory turnover. The Company established a unified management system of “production guided by business opportunities” and built a digital inventory management platform, realizing real-time linkage between production plans and market demand, which supported cost reduction, inventory control and quality improvement.

(5) Continuing to improve the incentive mechanism. Centering on the four core principles of “benefits first, more rewards for more work, openness and fairness, and timely incentives”, we have established a diversified assessment system and dynamic remuneration distribution mechanism, forming a virtuous circle of “performance orientation, value creation, and precise incentives” to fully stimulate the vitality and motivation of the core and backbone employees.

(6) Fully implementing the human resources reform of the Company. In line with the requirements for the transformation of the Company’s operation and management, we optimized the allocation of human resources and reshaped the Company’s organizational structure; actively broadened the channels for talent recruitment, increased efforts to attract overseas talents, and accelerated the development of a workforce with globalization capabilities; fully deepened the digital transformation of human resources, improved management effectiveness and service quality, in order to empower business and activate the organization.

II Analysis of Financial position

Details of the financial position of the Company are set out in "Management Discussion and Analysis".

III Business Outlook of the Group

(1) Industry development trend and market outlook

1. Construction machinery market

According to the guiding principles of the Central Economic Work Conference, in 2026, we will adhere to the general tone of seeking progress while maintaining stability, fully, accurately, and comprehensively implement the new development philosophy, accelerate the establishment of a new development pattern, and strive to promote high-quality development. More proactive and impactful macro policies will be implemented, with enhanced policy foresight, targeting, and coordination. We will deepen the construction of a unified national market and achieve a good start for the "15th Five-Year Plan," which is expected to have a positive impact on the industry.

In 2026, the domestic construction machinery market is poised to accelerate its upward trajectory. Under the clear guidance of the Work Plan for Stable Growth in the Machinery Industry (2025-2026), policies such as large-scale equipment upgrades and technological transformation will continue to deepen, providing a safety net and injecting certainty into the industry. The progress of major national-level projects represented by the Yaxi Hydropower Station will directly drive demand for large-scale, high-end and green equipment. Meanwhile, the industry's endogenous trend toward electrification and intelligent upgrading remains unchanged and is expected to lead a new round of structural growth.

In 2026, exports of construction machinery are expected to enjoy strong momentum. Rising prices of resource commodities including non-ferrous metals will boost mining capital expenditure in resource-rich countries. Countries along the "Belt and Road" and emerging markets will continue to promote the construction of large-scale infrastructure projects such as railways and energy. In mature European and American markets, the Fed's interest rate cut cycle has begun, and commercial investment and the real estate cycle in developed markets such as North America are expected to bottom out and rebound, which will drive export demand for construction machinery.

2. **Agricultural machinery market**

At present, the country attaches great importance to the development of agriculture, and the agricultural industry will usher in major development opportunities. The No. 1 central document for 2026 is the 23rd No. 1 document issued by the CPC Central Committee to guide the work of "agriculture, rural areas and farmers" since the beginning of the new century. Anchoring the two goals of "modernization of agriculture and rural areas" and "rural revitalization across the board", the document emphasizes advancing the building of a strong agricultural country from the overall perspective of Chinese-style modernization. In accordance with the industry guideline document, the Implementation Opinions on Subsidies for Agricultural Machinery Purchases and Applications (2024-2026), the agricultural machinery purchase subsidy policy will continue to play a guiding role in "prioritizing and increasing subsidies for superior machinery," focusing resources to support advanced, applicable, and efficient agricultural machinery. The country will increase support for equipment upgrades in key areas and expand support for the scrapping and renewal of agricultural machinery. All provinces have responded actively, and through dynamic adjustment mechanisms, provided key support for agricultural machinery that contributes to increasing grain and oil crop yields per unit area, as well as intelligent agricultural machinery and equipment suitable for hilly and mountainous regions. The overseas market has emerged as a crucial growth engine, with Chinese agricultural machinery exports demonstrating robust growth momentum. There is a clear demand for localization substitution and upgrades in countries participating in the "Belt and Road" Initiative, as well as in African and Southeast Asian markets, presenting market opportunities for Chinese agricultural machinery enterprises.

3. **Mining machinery market**

Currently, the mining machinery industry is shifting from being driven by traditional cycles to being driven by the transformation of mines toward the direction of "ecofriendliness, intelligentization, and integration", which is more favorable to enterprises with leading technologies and integrated solution capabilities. The industry guideline document, the Work Plan for Stable Growth in the Machinery Industry (2025-2026), provides clear growth direction for the industry. Ultra-long special treasury bonds have explicitly identified "metal and non-metal mines" as a key support area, encouraging the elimination of outdated equipment and the implementation of ecofriendliness and intelligentization transformation. Driven by both policy and market forces, intelligentization transformation (such as unmanned driving and intelligent mining) and green transition (such as electric equipment) represent the core upgrading directions. Overseas markets present growth opportunities. Driven by the strong global mining boom and the overseas expansion of Chinese mining enterprises, there is particularly prominent demand for high-value and large-scale equipment such as large mining excavators and wide-body trucks.

(2) Business Strategy for 2026

The Company is committed to pursuing high-quality development by strictly adhering to the principles of being "meticulous, astute, precise, and lean". We will continue to excel in the four key areas of "technology, quality, cost, and service", striving to achieve the goals of "enhancing profitability, expanding scale, improving quality, and ensuring sustainability". By accelerating the transformation toward "digitalization, intelligence, and green development", we will further advance our global strategy. Through meticulous, detailed, and thorough execution in all endeavors, we aim to counter the uncertainties of the external market with the certainty of our own efforts. This approach will drive the significant expansion of our industrial echelons, accelerate our globalization process, and support the Company in achieving a major leap in transformation and upgrading.

(3) Business Measures for 2026

1. Accelerating the Competitive Development of Industrial Echelons

We will further foster a pattern where traditional competitive industries and emerging industries synergize and develop in a competitive manner. By reinforcing the intensity of strategy execution, we will amplify the overall effectiveness of our strategic initiatives. Traditional competitive industries will continuously strengthen their sustainable competitiveness through steady improvement, while emerging industries will grow and expand, consistently contributing as new growth drivers.

First, we will persistently aim for global leadership in concrete machinery, engineering crane machinery, and construction hoisting machinery by implementing a "three-pronged" management approach to achieve steady growth in scale. In the domestic market, the focus will be on controlling risks, stabilizing scale, and improving profitability to ensure qualitative and quantitative growth, thereby consolidating and enhancing our domestic market position. In overseas markets, the emphasis will be on scaling up, increasing profits, and managing risks to accelerate globalization, ensuring our products and services gain widespread recognition worldwide.

Second, we will firmly maintain the growth foundation of medium and large excavators in earthmoving machinery to ensure stable growth momentum. We will cultivate emerging businesses such as scraper machinery and compact equipment to create future growth engines. The overseas business footprint will be continuously expanded, with breakthroughs achieved in incremental markets. A domestic distribution network will be established to steadily increase product sales and market position, accelerating the effort to join the industry's first echelon.

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Third, we will continue to build a leading position in the electrification and ultra-high meter segments of aerial work machinery, and create a range of flagship products for overseas markets. With the goal of "entering, growing, and retaining", we aim to secure partnerships with top-tier international customers, fostering their sustained growth and long-term collaboration with them.

Fourth, we will persist in lean development of agricultural machinery, focusing on refining high-end products to build a globally leading product portfolio. We will persist in driving domestic market growth with breakthroughs in overseas markets, and enhance both brand image and market sales by introducing high-tech, high-quality products.

Fifth, we will adhere to the development direction of "high-end orientation, global reach, and full lifecycle value" in mining machinery. In the domestic market, the focus will be on scaling up while managing risks, targeting core markets, and creating benchmark projects. In overseas markets, efforts will be concentrated on key markets, employing strategies such as "one mine, one machine" and "one mine, one policy", so as to establish strongholds and achieve rapid scale expansion.

Sixth, we will prioritize technology and product development in emerging businesses, including emergency equipment, foundation construction, industrial vehicles, and Zoomlion new materials, as their foundation. By leveraging Zoomlion's platform and brand advantages, we aim to grow rapidly and become stronger.

Seventh, we will see accelerated incubation in embodied intelligent robots, with efforts to expand the product portfolio of complete robotic systems, accelerate the development of key proprietary components, and overcome core embodied intelligence technologies. Simultaneously, we will commence the construction of manufacturing facilities for embodied intelligent robots, gradually moving toward small-batch production.

2. **Accelerating the Development of a New Globalized Landscape**

Guided by the overseas strategy of "end-to-end, localization, digitalization, and compliance", and leveraging advantages in high-end manufacturing, high-end products, and high-end services, we will accelerate the expansion of overseas markets to create a new paradigm of globalization.

First, we will continuously deepen the end-to-end business management system. We will comprehensively enhance the direct sales model of "air harbour + ground forces + flying forces", optimize the "three-pronged "management mechanism, and strengthen the integration of "front, middle, and back offices" along with risk control. This will enable efficient decision-making and rapid responses, driving substantial growth in overseas operations.

Second, we will accelerate the localization layout. We will intensify the construction of airport bases, expand the layout of and promote the penetration of sales and service outlets, and deeply explore the potential of the local market. This will open new opportunities and usher in a new phase of overseas market development.

Third, we will accelerate the digital transformation of business. Guided by the overarching goal of "compliance, security, efficiency, stability, visibility, and controllability", we will build and refine multi-dimensional digital platforms. In addition, we will deeply integrate digital technologies into all business processes, enabling digital management across procurement, production, sales, and after-sales service. Through process reengineering, we will enhance operational efficiency and decision-making accuracy, and achieve digital management of the entire business chain. AI technologies will be utilized to empower the entire chain of overseas business, propelling it into a new digital era.

Fourth, we will strengthen compliance and risk control systems. A comprehensive compliance and risk control framework will be established, covering areas such as intellectual property, data protection, and anti-corruption. Through localized compliance solutions tailored to "one country, one policy", we will implement dynamic lifecycle management spanning "pre-event, in-event, and post-event" stages. This will create a closed-loop system from risk identification to rectification tracking, providing a robust protective shield for the Company's sustainable development.

Fifth, we will promote the global layout of overseas R&D and manufacturing bases. Centered on the "1+N" manufacturing system, we will build a globally integrated, efficient, and clearly delineated production network. This will enhance the capacity of overseas R&D and manufacturing bases to support international operations. We will continue to conduct comprehensive evaluations and planning around key regions, proactively promote the layout of overseas R&D and manufacturing bases, steadily broaden global production capacity coverage, and reserve space for the Company's medium and long-term development.

3. **Strengthening Scientific and Technological Innovation to Accelerate the Development of New Quality Productive Forces**

Adhering to the technology development strategy of "accumulating energy, independent innovation, key breakthroughs, and comprehensive catch-up", we will advance foundational and common technology R&D while exploring forward-looking and future technologies. Addressing key domestic projects and overseas market demands, we will develop a range of industry-leading, groundbreaking major equipment and flagship products. Breakthroughs will be achieved in key technologies such as intelligence and new energy, as well as critical components. By advancing R&D in intelligent and new energy pathways, we will continuously optimize system solutions for smart construction sites, intelligent mines, smart agriculture, and green products. Efforts will be accelerated in the research and industrialization of future industries, including robotics, hydrogen energy, and new emergency rescue equipment. This will deepen the Company's technological reserves, cultivate new business growth drivers, and ensure that technological innovation remains the core driver for the Company's sustainable development.

4. **Accelerating the Construction of a Global Matrix of Smart Factories to Build World-Class Advanced Manufacturing Hubs**

We will expedite the planning and construction of three major domestic smart industrial parks, including the Zoomlion Digital Intelligence Network-Connected High-End Agricultural Machinery and Equipment Industrial Park, the Jiuhua Mining Machinery and Crawler Crane Industrial Park, and the Weinan Earthmoving Industrial Park. Besides, overseas industrial parks, such as those in Germany and Turkey, will also be advanced. More than 70 production lines across five smart factories, including Changde Agricultural Machinery and Quantang Mining Machinery, will be completed and put into operation. This will accelerate the development of a global matrix of smart factories.

5. **Continuously Enhancing Operational Control Capabilities**

First, enhancing budget management. We will continue to optimize the target management system by reinforcing responsibility, compensation, and performance incentive mechanisms. In addition, we will strengthen control over target processes, ensuring monthly targets on a daily basis, quarterly targets on a monthly basis, and annual targets on a quarterly basis, so as to guarantee the full achievement of annual operational indicators.

Second, strengthening cost management. We will persistently pursue "extreme cost reduction" by deepening centralized procurement and bidding integration, accelerating digital innovation in the supply chain, and enhancing supply chain system capabilities. This will drive cost reduction and quality improvement, transforming extreme cost control into a stable and sustainable competitive advantage in the market.

Third, deepening service management. Guided by the Company's "extreme service" strategy and centered on customer satisfaction, we will increase resource investment and accelerate network expansion. By positioning personnel, vehicles, and service outlets in close proximity to customers, service resources will penetrate even the most granular market segments, creating a "hour-level" service circle. Simultaneously, we will accelerate the digitalization of services, and strengthen end-to-end service management across the entire process, so as to comprehensively enhance customer satisfaction and provide global customers with higher-quality, more efficient professional services.

Fourth, optimizing marketing management. We will refine the incentive system, optimize the income distribution management, and promote the integration of marketing, service, and risk control to build a lean and efficient sales team. In addition, we will enhance the market monitoring and analysis systems to continuously improve operational efficiency.

Fifth, reinforcing inventory management. We will establish a closed-loop management mechanism of "dynamic monitoring – real-time alerts – rectification feedback". This will continuously optimize inventory structure, accelerate inventory turnover, and establish a global planning and operational control system to effectively shorten delivery cycles.

IV. Final Dividend

Pursuant to a resolution passed at the Board meeting on 30 March 2026, a final dividend for the year ended 31 December 2025 of RMB0.2 per share was proposed, totaling RMB1,730 million. The final dividend is calculated based on the total share capital of the Company as of 31 December 2025, and adjusted accordingly based on the total share capital at the date of record when profit distribution is made. The specific amount is subject to actual distribution. Such proposal is subject to shareholders' approval at the forthcoming annual general meeting of the Company. The proposed final dividend is expected to be paid to the shareholders of the Company on or about 30 July 2026.

The Company's policy on payment of dividends is set forth in article 187 of the Articles. The Company confirms that all dividend decisions made by the Board during the Reporting Period were made in accordance with its dividend policy.

V. Pre-emptive Rights

The Articles of Associations and laws of China do not contain any pre-emptive provision requiring the Company to issue new shares to existing shareholders on a pro-rata basis according to their existing shareholdings.

VI. Property and Equipment

Movements of the property and equipment of the Company during the reporting period are set out in note 10 to the financial statements prepared under IFRS Accounting Standards.

VII. Major suppliers and customers

Total purchases by the Company from the top five suppliers amounted to RMB5,272,513,354.21, accounting for 20.30% of the aggregate annual purchase of the Company and total purchases by the Company from the largest supplier accounted for 7.69% of the aggregate annual purchase of the Company. To the best knowledge of the Directors, during the Reporting Period, none of the directors, supervisors, their respective close associates or shareholders holding more than 5% of the Company's share capital in issue had an interest in the top five suppliers of the Company.

Total sales to the top five customers of the Company amounted to RMB2,029,174,549.88, accounting for 3.89% of the aggregate annual sales of the Company and the total sales to the largest customer of the Company accounted for 1.16% of the aggregate annual sales of the Company. To the best knowledge of the Directors, during the Reporting Period, none of the directors, supervisors, their respective close associates or shareholders holding more than 5% of the Company's share capital in issue had an interest in the top five customers of the Company.

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VIII. Donations

During the Reporting Period, the charity donations and other donations of the Company amounted to approximately RMB6.23 million in aggregate.

IX. Human Resources

As at 31 December 2025, the Company had employed a total of 35,344 employees. Details of the Company's staff costs and employee benefit plans for 2025 are disclosed in notes 5(b), 26 and 28 to the financial statements prepared under IFRS Accounting Standards respectively.

X. Charge on Assets

Details of the Company's charge on assets are set out in note 22 to the financial statements prepared under IFRS Accounting Standards.

XI. Reserves

The amounts of the Company's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 110 to 111 of this annual report. Details of the movement in the reserves of the Company during the Reporting Period is set out in note 30 to the consolidated financial statements on pages 196 to 200 of this annual report.

XII. Distributable Reserves

The Company's distributable reserves, calculated in accordance with applicable PRC statutory provisions, were RMB26,968 million as at 31 December 2025.

XIII. Employee Benefit Plans

During the year ended 31 December 2025, the Group had no forfeited contributions under its retirement benefit schemes which may be used to reduce existing level of contributions.

XIV. Stock ownership plan

Stock Ownership Plan (Phase I)

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

Purpose

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

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

Scope of participants

To ensure the implementation of the strategies and to improve market competitiveness and operating results of the Company, participants of the Plan (Phase I) include the Company's core management team and key employees who have a significant role in, and impact on, its overall operating results and mid-to-long term development and such other employees as the Board deemed necessary for inclusion, subject to a cap of 1,200 holders and the terms of the Plan (Phase I).

Employees who participate in the Plan (Phase I) must have in place a service agreement with and receive a salary from the Company.

Number of A shares available

A shares underlying the Plan (Phase I) are those repurchased by the Company for the purpose of the Plan (Phase I) and held in the Company's account specifically designated for share repurchases. The Board approved the transfer of a total of 390,449,924 A shares so repurchased to the Plan (Phase I) for allocation among participants. No further A shares are available for grant to participants after such date.

The total number of A shares available under the Plan (Phase I) represents approximately 4.50% of the Company's total issued share capital as at the date of this annual report.

Term

The Plan (Phase I) has a validity period of seven years commencing from 28 April 2020 ("**Effective Date (Phase I)**") until 27 April 2027, subject to extension.

Maximum entitlement of each participant

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

Vesting period

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

Table A

Tranche	Vesting date	% of available A shares
1	Upon the expiry of a 12-month period from the Effective Date (Phase I)	40
2	Upon the expiry of a 24-month period from the Effective Date (Phase I)	30
3	Upon the expiry of a 36-month period from the Effective Date (Phase I)	30

Table B

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

Notes:

1. “Benchmark” means the arithmetic mean of the Net Profits for the three years ended 31 December 2019.

2. “Net Profits” means the net profits of the Company attributable to the shareholders of the parent company.

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

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

Amount payable on acceptance

The number of A shares allocated to each participant is represented by his/her prorated interest in units held in the Plan (Phase I) (totalling 1,073,737,300 units). Such allocation was subject to the participant's full payment of requisite subscription funds toward the Plan (Phase I) for such number of units based on his/her prorated interest in all the A shares allocated, at a price of RMB1.00 per unit. Full payment of the subscription funds was required to be made within one month of the adoption date of the Plan (Phase I).

Purchase price of A shares

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

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

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

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

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Movements of A shares during the Reporting Period

There were no reportable movements in the number of A shares subject to the Plan (Phase I) during the Reporting Period, as all A shares had vested as at 1 January 2024. As stated in the paragraph "— Vesting period" above, unlocked A shares will be sold on the market at such timing and in such manner as determined by the asset management agent appointed by the management committee of the Plan (Phase I), in accordance with the terms of the Plan (Phase I).

Stock Ownership Plan (Phase II)

On 27 September 2023, the Company adopted a stock ownership plan for its core management (phase II) (the "**Plan (Phase II)**"). Set out below is a summary of the terms of the Plan (Phase II).

Purpose

The purpose of the Plan (Phase II) is to further refine the Company's corporate governance structure, enhance corporate governance, establish and refine a mechanism to share benefits with contributors to and owners of the Company, further enhance team cohesion amongst employees, strengthen core competitiveness of the Company, promote the philosophy of sustainable joint development of the Company and the individuals, fully leverage on core management and key employees' incentive and creativity, and attract and promote continuity of excellent management talents and the Company's core business personnel.

The remuneration structure of the Company's core management team is relatively flat. The Plan (Phase II) has aided in providing a long-term incentive to and constituting a restraint on the Company's core management team, and ensure the Company achieves its long-term operation goals and strategic plans. As an innovative and long-term effective mechanism, it will help to further accelerate and promote the stability and team cohesion of the Company's core management team. It will also facilitate the establishment of a business which represents the common interests of the Company and its core management team, ultimately accelerating the transformation and upgrade of the Company and enhancing its long-term value. Against the background of innovation and development as well as upgrading of the industry, the Plan (Phase II) helps to ensure that the Company's business layout will step onto a new track of rapid growth by optimising the operation and management mechanism and continuously improving the effectiveness and operational efficiency of management, with a view to sustaining the long-term, sustainable and healthy development of the Company.

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Scope of participants

To ensure the implementation of the Company's long-term development strategies and plans, strengthen its market core competitiveness and stimulate steady acceleration of the Company's operating results, holders will include the Company's core management and key employees who have a significant role in and impact on the overall operating results and mid-to-long term development of the Company and such other employees as the Board deemed necessary to be included, subject to a cap of 1,500 holders and the terms of the Plan (Phase II).

Employees who participate in the Plan (Phase II) must have in place a service agreement with the Company or its subsidiaries.

Number of A shares available

A shares underlying the Plan (Phase II) are those repurchased by the Company for the purpose of the Plan (Phase II) and held in the Company's account specifically designated for share repurchases. The Board approved the transfer of a total of 423,956,766 A shares so repurchased to the Plan (Phase II) for allocation among participants. No further A shares are available for grant to participants after such date.

The total number of A shares available under the Plan (Phase II) represents approximately 4.89% of the Company's total issued share capital as at the date of this annual report.

Term

The Plan (Phase II) has a validity period of 10 years commencing from 17 October 2023 ("**Effective Date (Phase II)**") until 16 October 2033, subject to extension.

Maximum entitlement of each participant

The maximum entitlement of each participant of the Plan (Phase II) is 1% of the Company's total issued share capital as at 30 August 2023, being the date on which the Board resolved to approve the Plan (Phase II).

Report of the Board of Directors

Vesting period

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

Table A

Tranche	Vesting date	% of available A shares
1	Upon the expiry of a 12-month period from the Effective Date (Phase II)	40
2	Upon the expiry of a 24-month period from the Effective Date (Phase II)	30
3	Upon the expiry of a 36-month period from the Effective Date (Phase II)	30

Table B

Tranche	Performance target
1	As compared to the Benchmark[1], the growth rate of the Net Profits[2] for the financial year ended 31 December 2023 is no less than 40%, and the Net Profits[2] for the financial year ended 31 December 2023 is no less than 75% of the Net Profits[2] of comparable companies for the same year
2	(i) As compared to the Benchmark[1], the growth rate of the Net Profits[2] for the financial year ending 31 December 2024 is no less than 60%, or the arithmetic mean of the growth rate of the Net Profits[2] for the two financial years ended 31 December 2024 is no less than 50%, and (ii) the Net Profits[2] for the financial year ended 31 December 2024 is no less than 75% of the Net Profits[2] of comparable companies for the same year
3	(i) As compared to the Benchmark[1], the growth rate of the Net Profits[2] for the financial year ending 31 December 2025 is no less than 110%, or the arithmetic mean of the growth rate of the Net Profits[2] for the three financial years ending 31 December 2025 is no less than 70%, and (ii) the Net Profits[2] for the financial year ending 31 December 2025 is no less than 75% of the Net Profits[2] of comparable companies for the same year

Notes:

1. "Benchmark" means the Net Profits for the financial year ended 31 December 2022.

2. "Net Profits" means the audited net profits of the Company attributable to shareholders.

The Company falls into the "Construction Machinery and Heavy Trucks" category based on Wind's four-level industry classification standards. A-share listed companies with similar principal businesses are selected from such category as comparable companies. The list of 18 benchmark companies is as follows:

Stock code	Company name	Stock code	Company name
000425.SZ	XCMG Construction Machinery	600031.SH	Sany Heavy Industry
000528.SZ	Liugong Machinery	600169.SH	Taiyuan Heavy Industry
000680.SZ	Santui Construction Machinery	600761.SH	Anhui Heli
002097.SZ	Sunward Intelligent	600815.SH	Xiamen XGMA Machinery
002483.SZ	Jiangsu Rainbow Heavy Industries	600984.SH	Shaanxi Construction Machinery
002523.SZ	Tianqiao Crane	603280.SH	Fujian South Highway Machinery
600375.SH	Hanma Technology	688425.SH	China Railway Construction Heavy Industry
600320.SH	Shanghai Zhenhua Heavy Industries	603611.SH	Noblelift Intelligent Equipment
600262.SH	Beifang Co	603966.SH	Eurocrane China

Note: In the course of the annual performance assessment, if the samples are no longer relevant to the Company's products and businesses, or there are significant deviations from extremum of the samples or other issues due to the changes in the classification of the industry to which the Company or the benchmark companies belongs, or the delisting of the benchmark companies or significant changes in the revenue and profit structure of their main businesses, the Board may exclude or replace the samples taking account of the actual situation.

If a performance target is met, the corresponding portion of A shares will be unlocked and the units represented by such A shares will likewise be unlocked. The management committee of the Plan (Phase II) will then sell the unlocked A shares on the market at such timing and in such appropriate manner as it determines, in accordance with the Plan (Phase II). The sale proceeds after deducting the relevant tax and fees, will be distributed to the holders according to the Plan (Phase II).

If a performance target is not met, the corresponding portion of A shares will be unlocked but the units represented by such A shares will not. The unlocked A shares will be sold and the sales proceeds belong to the Company. The Company shall return the funds originally contributed by the holders to the Plan (Phase II) based on their prorated interest in the said units together with interests accrued thereon with reference to the prevailing bank deposit rate, provided that such payments in aggregate shall not exceed the amount of sales proceeds received.

Amount payable on acceptance

The number of A shares allocated to each participant is represented by his/her prorated interest in units held in the Plan (Phase II) (totalling 1,343,943,000 units). Such allocation was subject to the participant's full payment of requisite subscription funds toward the Plan (Phase II) for such number of units based on his/her prorated interest in all the A shares allocated, at a price of RMB1.00 per unit. Full payment of the subscription funds was required to be made within one month of the adoption date of the Plan (Phase II).

Purchase price of A shares

The price at which the Plan (Phase II) purchased A shares from the Company was RMB3.17 per A share. The purchase price represents not less than the nominal value of A shares and not less than the higher of the following: (i) 50% of the average trading price of A shares on the trading day immediately preceding the date on which the Board approved the adoption of the Plan (Phase II) (i.e. RMB3.17 per A share) and (ii) 50% of the average trading price of A shares in a period of 120 trading days immediately preceding the date on which the Board approved the adoption of the Plan (Phase II) (i.e. RMB3.15 per A share).

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

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

Based on the above and taking into account the domestic and foreign macroeconomic environment, policy and regulatory requirements for the implementation of the Plan (Phase II), prevailing competition in attracting talents in the industry, capital contribution and pressure, fees and costs of implementing the Plan (Phase II) and the level of interest of the core management team in joining the plan, subject to the relevant laws and regulations and regulatory documents, the Plan (Phase II) acquired A shares by way of non-trade transfer at a purchase price of RMB3.17 per A share.

Movements of A shares during the Reporting Period

Movements of A shares subject to the Plan (Phase II) during the Reporting Period are as follows:

Name/category	Date of grant	Number of A shares unvested as at 1 January 2025[4]	Number of A shares granted during the year	Number of A shares lapsed/cancelled during the year	Number of A shares vested during the year[5]	Number of A shares unvested as at 31 December 2025[4]
Director						
Zhan Chunxin	28 September 2023	16,657,844	–	–	8,328,921	8,328,923
Director/Supervisor						
Liu Xiaoping[1]	28 September 2023	2,700,000	–	–	1,350,000	1,350,000
Supervisor						
Xiong Yanming[2]	28 September 2023	3,000,000	–	–	1,500,000	1,500,000
Five highest paid individuals[3]	28 September 2023	32,257,844	–	–	16,128,921	16,128,922
Other employees	28 September 2023	219,416,216	–	–	109,708,107	109,708,109

Notes:

1. On 11 December 2025, the Company abolished its supervisory board and Liu Xiaoping ceased to be a supervisor. On the same date, he was elected by the employees of the Company to act as employee representative director.

2. On 11 December 2025, Xiong Yanming ceased to be a supervisor.

3. Such individuals are Zhan Chunxin (executive Director) and four senior management members.

4. The purchase price paid by the Plan (Phase II) to acquire each A share was RMB3.17. Please refer to the paragraph headed "—Vesting period" above for details of the vesting period that is applicable to the unvested A shares.

5. The purchase price paid by the Plan (Phase II) to acquire each A share was RMB3.17. The weighted average closing price of the A shares immediately before the vesting date was RMB7.74 per A share.

XV. Finance leasing business

The Group provides finance leasing services to customers who purchase its machinery products.

Business model

The Company is principally a manufacturer of high-value construction, agricultural machinery and Mining machinery. Among the various payment options offered by the Group, finance leasing is one that customers may opt for. Finance leasing service is provided exclusively to customers who purchase the Group's machinery products. Such service is ancillary to and not provided independently of the sale of machinery products.

In respect of receivables under finance lease, a risk management committee is responsible for the establishment of credit risk management policies, the supervision on the implementation of such policies and determination of the key terms of the lease contracts. Credit review department, legal department, finance department and information technology department are collectively responsible for credit risk management and monitoring of settlement of receivables under finance lease. Please refer to note 32(b)(ii) of the Company's consolidated financial statements in this annual report for details of its policies for managing risks arising from finance lease arrangement.

Loan portfolio

The aggregate amount of outstanding finance lease receivables due to the Group as at 31 December 2025 was RMB8,903 million (net of unearned finance income), from a total of 13,242 customers. Interest rate chargeable to customers of the Group's finance leasing services during the year were in the region of 1.70% to 11.79% per annum. Please refer to note 19 of the Company's consolidated financial statements in this annual report for a summary of other major terms of the finance lease contracts.

The Group's finance leasing services are offered to both PRC customers and overseas customers. As at 31 December 2025, PRC customers and overseas customers accounted for approximately 89.40% and 10.60% respectively, of the total amount of finance lease receivables due to the Group.

Among PRC customers, lease finance is predominately extended to (i) construction machinery and equipment leasing companies, (ii) construction and engineering companies, and (iii) agricultural companies/farmers. A breakdown of the finance lease receivables due as at 31 December 2025 from these three types of customers is follows: as to 88.26% from (i), 4.38% from (ii) and 7.36% from (iii). Receivables from top five customers of the Group's finance leasing business accounted for approximately 12.30% of the total finance lease receivables as at 31 December 2025.

Please refer to note 19(a) of the Company's consolidated financial statements in this annual report for an aging analysis of receivables under finance lease during the year.

Impairment of finance lease receivables

A risk management department is responsible for recovering finance lease receivables overdue by three months (or more) through taking of legal and other actions, including repossession and sale of relevant machinery. The course of action taken in response to past due receivables is driven by various considerations, including the customer's current financial position, future business plan, the fair value of assets subject to finance lease and the possibility of obtaining collateral(s).

Please refer to note 19(c) of the Company's consolidated financial statements in this annual report for movements in loss allowance in respect of receivables under finance lease during the year, and note 32(b)(ii) for the basis of impairment assessment.

XVI. Connected Transaction(s) and Related Party Transaction(s)

On 28 May 2025, the Company entered into a sale and purchase agreement with Hunan Xingxiang Investment Holding Group Co., Ltd. (the "**Seller**") to acquire 45% interest in Zoomlion Finance and Leasing (Beijing) Co., Ltd. (the "**Target**") at the purchase price of RMB904,050,100 in cash, payable in a single instalment. Completion took place on 5 December 2025. The Target is principally engaged in finance leasing business and the provision of insurance agency services. The Seller is a substantial shareholder and therefore a connected person of the Company. Accordingly, the acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. The acquisition was carried out to enhance the competitiveness of the Company's existing product offering and to reduce related party transactions, among other purposes. For details, please refer to the Company's announcements dated 28 May 2025 and 8 December 2025.

Details of the Company's related party transactions for the year ended 31 December 2025 are set out in note 35 to its consolidated financial statements contained in this annual report. None of such related party transactions falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. To the extent applicable, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

XVII. Important Event(s) Subsequent to the Reporting Period

On 5 February 2026, the Company issued the 0.70% U.S. dollar settled convertible bonds due 2031 in the aggregate principal amount of RMB6,000 million. The convertible bonds are listed on SEHK under debt stock code 40078, and are convertible into fully paid H shares at an initial conversion price of HK$10.02 per H share (subject to adjustments). For details, please refer to the Company's announcements dated 29 January 2026, 3 February 2026 and 5 February 2026.

During the Reporting Period and as at the date of this annual report, the directors of the Company are Dr. Zhan Chunxin and Mr. Liu Xiaoping (effective from 11 December 2025) as executive directors, Mr. He Liu and Mr. Wang Xianpin as non-executive directors, and Mr. Zhang Chenghu, Mr. Huang Guobin, Mr. Wu Baohai and Ms. Huang Jun as independent non-executive directors.

Management Discussion and Analysis

The following management discussion and analysis is based on IFRS financial statements data.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for 2025.

	Year Ended 31 December	
	2025 RMB millions	2024 RMB millions
Revenue	**52,107**	45,478
Cost of sales and services	**(37,497)**	(32,668)
Gross profit	**14,610**	12,810
Other net income	**1,690**	1,162
Sales and marketing expenses	**(4,537)**	(3,721)
General and administrative expenses	**(2,539)**	(2,585)
Expected credit losses	**(516)**	(570)
Research and development expenses	**(2,895)**	(2,769)
Profit from operations	**5,813**	4,327
Finance income	**469**	653
Finance costs	**(596)**	(571)
Net exchange loss	**(6)**	(110)
Net finance costs	**(133)**	(28)
Share of profits less losses of associates	**114**	84
Profit before taxation	**5,794**	4,383
Income tax	**(767)**	(374)
Profit for the year	**5,027**	4,009

Management Discussion and Analysis

Revenue

The following table sets forth the breakdown of our consolidated turnover by our operating segments for 2025:

	Year Ended 31 December	
	2025	2024
	RMB	RMB
	millions	millions
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
Construction machinery		
– Concrete machinery	**10,043**	8,004
– Crane machinery	**16,553**	14,691
– Aerial machinery	**5,969**	6,830
– Earth working machinery	**9,661**	6,666
– Others	**5,742**	4,012
Agricultural machinery	**3,541**	4,646
	51,509	44,849
Revenue from other sources		
Rental income	**151**	157
Financial services	**447**	472
	598	629
	52,107	45,478

Management Discussion and Analysis

Revenue

Our revenue increased by 14.58% from RMB45,478 million for the year ended 31 December 2024 to RMB52,107 million for the year ended 31 December 2025.

Cost of Sales and Services

Due to the increase in the scale of sales, our cost of sales and services increased by 14.90% from RMB32,668 million for the year ended 31 December 2024 to RMB37,497 million for the year ended 31 December 2025.

Gross profit

Our gross profit increased by 14.05% from RMB12,810 million for the year ended 31 December 2024 to RMB14,610 million for the year ended 31 December 2025. Our gross profit margin decreased from 28.17% for the year ended 31 December 2024 to 28.04% for the year ended 31 December 2025, which is mainly due to the impact of the sales product mix and overseas cost of sales.

Other income

Our other income increased from the net gain of RMB1,162 million for the year ended 31 December 2024 to a net gain of RMB1,690 million for the year ended 31 December 2025, which is mainly due to the increase in government grants.

Sales and marketing expenses

Our sales and marketing expenses increased by 21.93% from RMB3,721 million for the year ended 31 December 2024 to RMB4,537 million for the year ended 31 December 2025 primarily due to the increase in expenses related to sales in overseas market.

Management Discussion and Analysis

General and administrative expenses

Our general and administrative expenses decreased from RMB2,585 million for the year ended 31 December 2024 to RMB2,539 million for the year ended 31 December 2025 primarily due to the decrease in share-based payment expenses related to the employee stock ownership plan.

Net finance income

Our net finance costs for the year ended 31 December 2024 was RMB28 million and our net finance costs for the year ended 31 December 2025 was RMB133 million. The fluctuation was due to the decrease in interest income.

Profit for the year

As a result of the foregoing, our profit for the year increased by 25.39% from a profit of RMB4,009 million for the year ended 31 December 2024 to a profit of RMB5,027 million for the year ended 31 December 2025.

Cash Flow

The following table sets forth a summary of our consolidated cash flows for 2025:

	Year Ended 31 December	
	2025 RMB millions	2024 RMB millions
Net cash generated from operating activities	**4,573**	1,474
Net cash used in investing activities	**(5,340)**	(2,254)
Net cash generated from/(used in) financing activities	**466**	(679)
Net decrease in cash and cash equivalents	**(301)**	(1,459)
Cash and cash equivalents at 1 January	**12,155**	13,606
Effect of foreign exchange rate changes	**18**	8
Cash and cash equivalents at 31 December	**11,872**	12,155

Operating activities

In 2025, net cash generated from operating activities was RMB4,573 million, derived primarily from the profit before taxation of RMB5,794 million in total, adjusted to reflect interest expenses of RMB596 million, depreciation and amortization of RMB1,528 million, gains on disposal of property, plant and equipment and intangible assets of RMB548 million, share incentive scheme expenses of RMB343 million, interest income of RMB469 million, and added back the effect of (i) increase in account payables and other payables of RMB6,545 million, and (ii) decrease in receivables under finance lease of RMB2,131 million and offset by the following items: (i) increase in trade and other receivables of RMB9,267 million; and (ii) income tax payment of RMB919 million.

Investing activities

In 2025, net cash used in investing activities was RMB5,340 million, consisting primarily of: (i)proceeds from disposal of financial assets at FVPL of RMB5,200 million; (ii) proceeds from disposal of property, plant and equipment and intangible assets of RMB141 million; (iii) proceeds from disposal of financial assets at fair value through other comprehensive income ("**FVOCI**") of RMB339 million; and (iv) increase in pledged bank deposits of RMB341 million, and offset by the following items: (i) investment in financial assets at FVPL of RMB5,649 million; (ii) payment for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB4,655 million; and (iii) payment for acquisition of a subsidiary of RMB1,041 million.

Financing activities

In 2025, net cash generated from financing activities was RMB466 million, consisting primarily of: (i) repayments of bank and other borrowings of RMB13,138 million; (ii) dividends paid to shareholders of RMB2,784 million; (iii) interest payment of RMB688 million; and (iv) payment for purchase of non-controlling shareholders' interest of RMB706 million, and then added back the proceeds from bank and other borrowings of RMB18,252 million.

Management Discussion and Analysis

Working Capital and Indebtedness

The table below sets forth the details of our current assets and liabilities as of 31 December 2025:

	2025 RMB millions	2024 RMB millions
Non-current assets		
Property, plant and equipment	21,662	20,577
Right-of-use assets	3,455	3,625
Investment properties	71	56
Intangible assets	1,882	2,019
Goodwill	2,709	2,580
Interests in associates	4,079	4,484
Other financial assets	1,730	2,017
Trade receivables and contract assets	6,049	6,828
Receivables under finance lease	3,951	3,835
Loans and advances	620	469
Pledged bank deposits	103	107
Deferred tax assets	2,766	2,637
Total non-current assets	49,077	49,234
Current assets		
Inventories	20,516	22,564
Other current assets	408	565
Financial assets measured at fair value through profit or loss ("**FVPL**")	2,071	1,622
Trade and other receivables and contract assets	42,395	32,400
Receivables under finance lease	4,521	3,328
Loans and advances	337	279
Pledged bank deposits	1,910	1,565
Cash and cash equivalents	11,872	12,155
Total current assets	84,030	74,478
Total assets	133,107	123,712

	2025 RMB millions	2024 RMB millions
Current liabilities		
Loans and borrowings	**10,962**	10,837
Financial liabilities at FVPL	**4**	22
Trade and other payables	**36,083**	29,763
Contract liabilities	**1,437**	1,901
Lease liabilities	**169**	154
Income tax payable	**311**	310
Total current liabilities	**48,966**	42,987
Net current assets	**35,064**	31,491
Total assets less current liabilities	**84,141**	80,725
Non-current liabilities		
Loans and borrowings	**21,980**	15,412
Lease liabilities	**481**	362
Deferred tax liabilities	**570**	696
Other non-current liabilities	**1,272**	4,453
Total non-current liabilities	**24,303**	20,923
NET ASSETS	**59,838**	59,802

Our net current asset increased from RMB31,491 million as at 31 December 2024 to RMB35,064 million as at 31 December 2025.

Management Discussion and Analysis

Liquidity Risk

Exposure to liquidity risk arises in the normal course of the Company's business. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The following table sets out the remaining contractual maturities of the financial liabilities as of 31 December 2025 which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current prevailing rates as of 31 December 2025 and the earliest date the Company would be required to repay):

	As at 31 December 2025					
	Carrying amount RMB millions	Total contractual undiscounted cash flow RMB millions	Within 1 year or on demand RMB millions	More than 1 year but less than 2 years RMB millions	More than 2 years but less than 5 years RMB millions	More than 5 years RMB millions
Loans and borrowings	32,942	34,072	11,572	9,455	12,757	288
Trade and other payables	36,083	36,083	36,083	–	–	–
Lease liabilities	650	695	169	190	207	129
Other non-current liabilities						
– Security deposits and others	100	100	–	–	100	–
	69,775	70,950	47,824	9,645	13,064	417
Financial guarantees issued and payment commitments						
Maximum exposure	47	6,660	2,550	1,216	2,875	19

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's working capital requirements and repay its borrowings and obligations when they become due.

Credit Risk

Credit risk is primarily attributable to bank deposits, trade and other receivables, receivables under finance lease, financial guarantees and endorsed bills with full recourse which were derecognized by the Group. The maximum exposure to credit risk is represented by the carrying amount of these financial assets and guarantee obligations.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. Collaterals, such as properties, machinery or third party guarantees, are generally required for customers with lower credit ratings. In addition, credit insurance coverage is required for overseas sales. Certain customers are required to pay by letters of credit. Debtors overdue by three months or more are handled by risk management department which is responsible for recovering debts through legal and other actions. In respect of receivables under finance lease, a risk control committee is responsible for the establishment of credit risk management policies, the supervision on the implementation of such policies and determination of the key terms of the lease contracts. Credit review department, legal department, finance department and information technology department are collectively responsible for credit risk management and monitoring of settlement of receivables under finance lease. Bank deposits are placed with financial institutions that have high credit ratings. Given their credit ratings, management does not expect any counterparty to fail to meet its obligations.

Please refer to notes 18, 19 and 32 of the financial statements prepared under IFRS Accounting Standards for more quantitative information about the Company's credit risk.

Interest Rate Risk

Interest rate risk exposure arises primarily from bank deposits, receivables under finance lease, short-term and long-term bank and other borrowings. These financial instruments bearing interest at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively.

Please refer to note 32(b)(ii) of the financial statements prepared under IFRS Accounting Standards for more quantitative information about the Company's interest rate risk.

Currency Risk

The Company is exposed to currency risk primarily through deposits, sales, purchases and borrowings which give rise to receivables, payables, loans and borrowings and cash balances that are denominated in a foreign currency, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US dollars, HK dollars, Japanese Yen and Euro.

Please refer to note 32(b)(v) of the financial statements prepared under IFRS Accounting Standards for more quantitative information about the Company's currency risk.

Changes in Share Capital and Shareholders

I. Changes in Share Capital (as at 31 December 2025)

1. Changes in share capital

Unit: shares

	Before this change		After this change	
	Number	Percentage	Number	Percentage
1. Shares subject to sales restriction	25,610,325	0.30%	26,358,088	0.30%
2. Shares not subject to sales restriction	8,652,381,911	99.70%	8,622,177,148	99.70%
3. Total number of shares	8,677,992,236	100.00%	8,648,535,236	100.00%

II. Shareholders

1. Shareholdings of the shareholders of the Company

Unit: shares

Shareholdings of shareholders holding more than 5% of shares or the top ten shareholders

Name of shareholder	Nature of shareholder	Percentage of shares held	Number of shares held at the end of the reporting period	Changes during the Reporting period	Number of restricted shares	Number of Unrestricted shares
HKSCC NOMINEES LIMITED	Overseas legal person	17.91%	1,549,132,621	-29,321,250	0	1,549,132,621
Hunan Xing Xiang Investment Holding Group Co., Ltd.	Domestic legal person	14.53%	1,256,337,046	0	0	1,256,337,046
Changsha Zoomlion and Yisheng Investment Partnership (LLP)	Domestic nonstate-owned legal person	7.89%	682,201,864	0	0	682,201,864
Zoomlion Heavy Industry Science and Technology Co., Ltd.* — Phase II Employee Stock Ownership Plan	Other	4.90%	423,956,781	0	0	423,956,781
Zoomlion Heavy Industry Science and Technology Co., Ltd.* — Phase I Employee Stock Ownership Plan	Other	3.30%	285,094,026	-22,571,030	0	285,094,026
China Securities Finance Corporation Limited	State-owned legal person	2.69%	233,042,928	0	0	233,042,928
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.50%	216,369,540	-78,333,961	0	216,369,540
Real Smart International Limited	Overseas legal person	1.95%	168,635,602	0	0	168,635,602
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership — Maanshan Xuanyuan Cornerstone Equity Investment Partnership (Limited Partnership)	Other	1.61%	139,469,223	-9,400,000	0	139,469,223
Industrial and Commercial Bank of China Limited — Huatai- PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	Other	0.95%	82,064,296	-3,636,500	0	82,064,296

Changes in Share Capital and Shareholders

Based on information that is publicly available to the Company and within the knowledge of the Directors as at 15 April 2026 (being the latest practicable date prior to the issue of this annual report), the Company is in compliance with the minimum public float requirement under the Listing Rules of Hong Kong.

2. Substantial shareholders' interests in the shares and underlying shares of the Company

As at 31 December 2025, so far as the Company's directors and chief executive were aware, the following persons (other than the Company's directors and chief executive) had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**") or required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of interest	Type of shares	Number of shares[1]	% to total issued shares of the same type
State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government[2]	Interest in a controlled corporation	A shares	1,256,337,046 (L)	17.70
Changsha Zoomlion and Yisheng Investment Partnership (LLP)[3]	Beneficial owner	A shares	682,201,864 (L)	9.61
Zoomlion Heavy Industry Science and Technology Co., Ltd. – Phase I Employee Stock Ownership Plan[4]	Beneficial owner	A shares	285,094,026 (L)	4.02
Zoomlion Heavy Industry Science and Technology Co., Ltd. – Phase II Employee Stock Ownership Plan[5]	Beneficial owner	A shares	423,956,781 (L)	5.97
Changsha Hesheng Science and Technology Investment Co., Ltd.[6]	Interest in a controlled corporation	H shares	193,757,462 (L)	12.48

Notes:

1. (L) represents long position.

2. Such interest is held by the State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government via Hunan Xingxiang Investment Holding Group Co., Ltd, which it holds 90% interest in.

3. Changsha Zoomlion and Yisheng Investment Partnership (LLP) is an investment entity controlled and owned by the Group's management.

Changes in Share Capital and Shareholders

4. Zoomlion Heavy Industry Science and Technology Co., Ltd. – Phase I Employee Stock Ownership Plan is the Stock Ownership Plan for the Core Management of Zoomlion Heavy Industry Science and Technology Co., Ltd. adopted by the Company on 6 January 2020.

5. Zoomlion Heavy Industry Science and Technology Co., Ltd. – Phase II Employee Stock Ownership Plan is the Stock Ownership Plan for the Core Management of Zoomlion Heavy Industry Science and Technology Co., Ltd. adopted by the Company on 27 September 2023.

6. Changsha Hesheng Science and Technology Investment Co., Ltd. is an investment entity controlled and owned by the Group's management. Such interest is held by Changsha Hesheng Science and Technology Investment Co., Ltd. via its wholly-owned subsidiary, Cherry Sun (HK) Investment Management Limited.

Save as disclosed above, as at 31 December 2025, so far as the Company's directors and chief executive were aware, no persons (other than the Company's directors and chief executive) had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

3. Purchase, Sale or Redemption of Shares by the Company and its Subsidiaries

During the Reporting Period, the Company repurchased a total of 18,746,800 H shares on SEHK as follows:

Month	Number of H shares repurchased	Highest price paid per H share (HKD)	Lowest price paid per H share (HKD)	Aggregate consideration (HKD)
January	18,646,800	5.83	5.49	103,027,328
February	100,000	5.61	5.61	561,000
Total	18,746,800	–	–	103,588,328

Save as disclosed, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period. The Company did not hold any shares in treasury during the Reporting Period.

The above repurchases were made with the aim of improving the return on investment for shareholders through enhancing the earning per share. The Board believes that this will better protect the interests of investors and further strengthen their confidence in investing in the Company.

III. Proceeds brought forward from issue of equity securities made in previous financial year(s)

On 27 October 2020, the shareholders of the Company approved a non-public issuance of new A shares under general mandate. On 5 February 2021, the Company issued and allotted a total of 511,209,439 new A shares to eight subscribers at the issue price of RMB10.17 per A share, and raised a total amount of RMB5,199 million in gross proceeds and a total amount of RMB5,146 million in net proceeds respectively. A total amount of RMB530 million in net proceeds was brought forward and applied during the Reporting Period in the following manner:

No.	Purpose	Allocation of net proceeds (RMB million)	Amount utilised during the Reporting Period (RMB million)	Amount unutilised as at 31 December 2025 (RMB million)
1	Excavating machinery intelligent manufacturing project	2,400	383	–
2	Project for upgrading of intelligent manufacturing of mixer product	350	–	–
3	Key components intelligent manufacturing project	1,300	147	–
4	Liquidity replenishment	1,096	–	–
	Total	5,146	530	–

Proceeds from the issue were used during the Reporting Period according to the intentions previously disclosed by the Company in all material respects. As at 31 December 2025, all of the net proceeds had been utilised.

Directors, Supervisors, Senior Management and Employees

I. Changes in Shareholdings of Directors and Senior Management

Name	Gender	Age	Post	Employment Status	Number of Shares held at the beginning of the period (share)	Number of Shares held at the end of the period (share)	Reasons for changes
Zhan Chunxin	Male	70	Chairman and CEO	Incumbent	10,929,076	10,929,076	
He Liu	Male	55	Director	Incumbent	0	0	
Wang Xianping	Male	43	Director	Incumbent	0	0	
Liu Xiaoping[1]	Male	62	Employee Director	Incumbent	326,840	326,840	
Zhang Chenghu	Male	67	Independent Director	Incumbent	0	0	
Huang Guobin	Male	57	Independent Director	Incumbent	0	0	
Wu Baohai	Male	50	Independent Director	Incumbent	0	0	
Huang Jun	Female	49	Independent Director	Incumbent	0	0	
Yan Mengyu[2]	Female	52	Chairman of Supervisory Board	Non-incumbent	0	0	
Xiong Yanming[2]	Male	61	Supervisor	Non-incumbent	2,991,061	2,991,061	
Wang Yongxiang	Male	48	Co-President	Incumbent	1,227,500	1,227,500	
Luo Kai	Male	55	Co-President	Incumbent	1,241,800	1,241,800	
Du Yigang	Female	50	Chief Financial Officer	Incumbent	2,506,332	2,506,332	
Sun Changjun	Male	63	Vice President	Incumbent	3,229,828	3,229,828	
Fu Ling	Female	58	Vice President, Chief Engineer	Incumbent	2,984,068	2,984,068	
Tang Shaofang	Male	51	Vice President	Incumbent	1,087,500	1,087,500	
Chen Peiliang	Male	53	Vice President	Incumbent	200,000	200,000	
Shen Ke	Male	54	Vice President	Incumbent	3,517,006	3,517,006	
Hu Keman	Female	59	Vice President	Incumbent	1,840,000	1,840,000	
Yuan Ye	Male	41	Vice President	Incumbent	0		
Ren Huili	Male	49	Vice President	Incumbent	123,600	123,600	
Huang Jianbing	Male	54	Assistant President	Incumbent	0	0	
Qin Xiuhong	Male	51	Assistant President	Incumbent	0	0	
Tian Bing	Male	51	Assistant President	Incumbent	1,942,500	1,942,500	
Wang Furong	Female	54	Assistant President	Incumbent	0	0	
Dong Jun	Male	57	Assistant President	Incumbent	0	0	
Tao Zhaobo	Male	39	Board Secretary	Incumbent	0	0	

Notes:

1. On 11 December 2025, the Company abolished its supervisory board and Liu Xiaoping ceased to be a supervisor. On the same date, he was elected by the employees of the Company to act as employee representative director.

2. On 11 December 2025, each of Yan Mengyu and Xiong Yanming ceased to be a supervisor.

Directors, Supervisors, Senior Management and Employees

II. Biography of directors, supervisors and senior management

Mr. Zhan Chunxin, born in 1955, is the Chairman and Chief Executive Officer of our Company. Mr. Zhan has served as an engineer, senior engineer, a researcher-level senior engineer, deputy head and head of former Construction Machinery Research Institute of Changsha. As the founder of the Company, Mr. Zhan led the entrepreneurial team to establish Zoomlion Construction Machinery Industry Co., Ltd. in 1992, and has been appointed as a director of Zoomlion Heavy Industry Science and Technology Co., Ltd. since 1999, and as the Chairman since 2001. Currently, Mr. Zhan also serves as the chairman of various subsidiaries of our Company, such as Zoomlion Capital Company Limited and Hunan Teli Hydraulic Co., Ltd., and as a director of various subsidiaries of our Company, such as Zoomlion H.K. Holding Co., Ltd. Mr. Zhan has been serving various public functions. He was a representative at the 16th, 17th and 19th National Congress of the Communist Party of China, the 10th and 12th National People's Congress, a member of the 13th CPPCC National Committee, a member of the 8th, 9th and 10th National Congress of the Communist Party of China in Hunan Province and a member of the 10th session of CPC Hunan Provincial Committee. Currently, Mr. Zhan also serves as the deputy chairman of China Enterprise Confederation, China Entrepreneurs Association, and China Association for Public Companies. Mr. Zhan has received various titles and awards, mainly including special government subsidy granted by the State Council, National Outstanding Worker, Expert Consultant Member of the professional service centre of the Ministry of Personnel, Review Expert for the National Science and Technology Progress Award, Yuan Baohua Enterprises Management Gold Award (the most distinguished award for corporate executives in China), Leonardo Award in Italy, CCTV Chinese Economic Annual Figure and the China Outstanding Quality Model. Mr. Zhan graduated from Northwestern Polytechnical University in 1978 and obtained a master's degree in aeronautical engineering from Northwestern Polytechnical University in 2000 and a doctorate degree in system engineering from Northwestern Polytechnical University in 2005.

Mr. He Liu, born in 1970, has acted as a non-executive director of our Company since 2019 and is a senior economist. Mr. He has served as a member of the party committee, director, the deputy general manager, deputy secretary to CPC committee, deputy chairman, the general manager, secretary to CPC committee and chairman of Hunan Xing Xiang Investment Holding Group Co., Ltd. since August 2006. Mr. He served as the deputy chairman of Tiger Forest and Paper Co., Ltd. from April 2018 to September 2022. Mr. He served as the chairman of Power Metallurgy Research Centre of Central South University Company Limited from July 2020 to November 2024 (and secretary to CPC committee from September 2020 to November 2024), and chairman of Hunan Boyun New Materials Co., Ltd. from August 2020 to November 2024 (and secretary to CPC committee from November 2020 to November 2024). Mr. He was head of audit and legal department of Hunan Nonferrous Metals Holding Group Company Limited from August 2005 to September 2005, and supervisor and head of human resources of Hunan Nonferrous Metals Corporation Limited from September 2005 to August 2006. He served as chairman and legal representative of Hunan Xingxiang Assets Operation Co., Ltd. from August 2019 to July 2020. Mr. He Liu obtained a bachelor's degree in economics from the College of Finance and Statistics of Hunan University (formerly known as Hunan University of Finance and Economics) and a master's degree in business administration from Changsha University of Science and Technology.

Directors, Supervisors, Senior Management and Employees

Mr. Wang Xianping, born in 1983, has acted as a non-executive director of our Company since 2023. Mr. Wang has worked at CoStone Asset Management Co., Ltd. since 2019 and is currently a managing director of the Beijing Department. He served as general manager of Xiufeng Cornerstone (Shandong) Private Equity Fund Management Co., Ltd. from August 2021 to November 2023 and has served as general manager of Beijing Ocean Cornerstone Venture Investment Management Co., Ltd. since April 2022. Mr. Wang Xianping worked at CITIC Securities Co., Ltd. from 2008 to 2018, during which time he served as vice president of the investment banking committee, and senior vice president of CITIC M&A Fund and Goldstone Investment respectively. He worked at Galaxy Asset Management Co., Ltd. from 2018 to 2019, where he served as deputy director of research and development department. Mr. Wang graduated from Wuhan University with a bachelor's degree in management and law and a master's degree in management.

Mr. Liu Xiaoping, born in 1963, has acted as an employee director of the Company since December 2025, and is a senior engineer. Since joining Zoomlion in 1995, Mr. Liu Xiaoping has served as the director of the Guangdong office, the general manager of Zoomlion Siwei Company (中聯重科四維公司), a manager of the engineering and development department, the general manager of Zoomlion Zhongchen Company (中聯重科中宸公司), a director of the brand management centre, the deputy director of the marketing department, an assistant to chairman and the director of the brand promotion department, an assistant to general manager of the heavy machinery division, the director of the engineering machinery centre and an employee supervisor. Mr. Liu Xiaoping was also engaged by the Ministry of Industry and Information Technology as the first batch of branding experts of industrial enterprises in May 2012. Mr. Liu Xiaoping graduated from Hunan University in 1984 majoring in mechanical manufacturing. In August 2006, he completed the professional program for CEO at Tsinghua University's major course of innovation administration (MIA). In March 2012, he completed the professional course for CEO in the program of executive master of business administration at Shanghai Jiao Tong University.

Directors, Supervisors, Senior Management and Employees

Mr. Zhang Chenghu, born in 1958, has acted as an independent director of our Company since 2023. He is a holder of doctor of philosophy ("**PhD**") in management, a second-level professor and a PhD supervisor at the School of Economics and Finance of Xi'an Jiaotong University, an expert entitled to special government subsidy granted by the State Council, a director of the Research Center for Financial Business Intelligence and Anti-Money Laundering of Xi'an Jiaotong University, and president of Xi'an Jiaotong University — Hithink RoyalFlush Fintech Research Institute. Mr. Zhang Chenghu graduated from Xi'an Jiaotong University with a PhD degree in business Administration. He has hosted two projects for the National Natural Science Foundation of China, one key project for the National Financial Informatization Research Project, one major project for the National Social Science Foundation, one key project for the National Social Science Foundation, and one planning project for the National Social Science Foundation. He has hosted more than 20 provincial and ministerial projects, including those for the PRC Ministry of Education, the China Banking Regulatory Commission and Shaanxi Province. Mr. Zhang has received first, second and third prizes in provincial and ministerial teaching and scientific research on many occasions, published 10 academic publications, edited five textbooks, and published more than 150 academic papers. Mr. Zhang Chenghu concurrently serves as an independent director in Shaanxi Qinnong Rural Commercial Bank Co., Ltd., Western Leadbank Fund Management Co., Ltd and Shaanxi Traffic Control Technology Development Group Co., Ltd.

Mr. Huang Guobin, born in 1968, has acted as an independent director of our Company since 2023. Mr. Huang Guobin is currently the Chairman of PEC International Group Limited. Mr. Huang Guobin worked in CICC from 1999 to 2011, responsible for CICC's key clients and major project financing and investment banking business, and served as head of human resources committee, head of business development committee, head of European investment banking department and a member of the investment bank operation committee of CICC. He was head of the China Industrials Group for Goldman Sachs from 2011 to 2015. He served as chief executive officer of global investment banking for China of J.P. Morgan between 2015 and 2022, and as legal representative, chief executive officer and head of investment banking of J.P. Morgan Securities (China) Co., Ltd and as senior consultant at J.P. Morgan Securities (Asia Pacific) Limited from 2022 to 2023. Mr. Huang Guobin graduated from Tongji University with a bachelor's degree in engineering in 1991 and received a master's degree in business administration from the Management School of Lancaster University in the United Kingdom in 1997. Mr. Huang Guobin was awarded the Shanghai Overseas Golden Talent and is a member of the council of Tongji University in the PRC. Mr. Huang Guobin concurrently serves as an independent director of RemeGen Co., Ltd. and MiniMax Group Inc., as well as a non-executive director of Ucloud Technology Co., Ltd.

Directors, Supervisors, Senior Management and Employees

Mr. Wu Baohai, born in 1975, has acted as an independent director of our Company since 2023. He is a professor and PhD supervisor at the School of Mechanical Engineering of Northwestern Polytechnical University, and the director of the Engineering Research Center of Advanced Manufacturing Technology of Aero-Engine. He has long been engaged in the research of computer-aided design and manufacturing, five-axis computer numerical control machining and intelligent manufacturing technology. Mr. Wu Baohai graduated from Xi'an Jiaotong University, and then was engaged in postdoctoral research at the School of Mechanical Engineering of Northwestern Polytechnical University, and has continued to teach thereafter. Mr. Wu has also hosted or taken part as the key participant in more than 10 national projects, such as national major science and technology projects, Programme 973 and the National Natural Science Foundation of China, and more than 20 provincial and ministerial level cooperation projects and enterprise cooperation projects. He received a second prize of National Defense Science and Technology Progress and owns 16 national invention patents and 12 national software copyright registrations and has published more than 100 papers. He also serves as the director of the Professional Committee of Intelligent Manufacturing of Shaanxi Computer Society, the director of Shaanxi Industrial Engineering and Management Society, and member of the Professional Committee of Intelligent Manufacturing of Chinese Association of Artificial Intelligence. Mr. Wu Baohai concurrently serves as a director of Jiangsu Aerospace Intelligent Manufacturing Research Institute Co., Ltd. and an independent director of Aecc Aero Science and Technology Co., Ltd.

Ms. Huang Jun, born in 1976, has acted as an independent director of our Company since 2023. She is a PhD at Shanghai Jiaotong University and a Chinese certified public accountant. She is currently a professor and PhD supervisor at Hunan University, a fellow member of the Accounting Society of China, a director of the Financial Cost Branch of the Accounting Society of China, a director of the Finance Society of Hunan Province, and an expert reviewer for senior professional titles in accounting industry of Hunan Province. She has been a lecturer and associate professor at Hunan University and a visiting scholar sponsored by China Scholarship Council at Durham University Business School in the United Kingdom. Ms. Huang Jun concurrently serves as an independent director of Hunan New Wellful Co., Ltd.

Ms. Yan Mengyu, born in 1973, acted as the chairman of the Board of Supervisors of our Company between 2023 and December 2025. Ms. Yan graduated from Hunan University with a bachelor's degree in administration. She is a senior accountant, a certified public accountant, a tax accountant, a management accountant, a securities fund practitioner, a fund practitioner, and a management accounting consulting expert in Hunan Province. Ms. Yan is currently a member of the CPC committee and chief accountant of Hunan Xingxiang Investment Holding Group Co., Ltd., and also serves as chairman of Zoomlion Financial Leasing (Beijing) Co., Ltd. Ms. Yan worked at the Hunan Provincial Government Offices Administration System from June 1995 to May 2017, where she served successively as department head, financial leader and head of the affiliated organs. Ms. Yan worked at Huatian Hotel Group Co., Ltd. from May 2017 to April 2020, where she served as assistant to general manager, manager of the financial management department, and assistant to general manager (in charge of finance). Ms. Yan served as chief of capital finance department and deputy chief accountant of Hunan Xingxiang Investment Holding Group Co., Ltd. from April 2020 to July 2022; and she has been a member of the CPC committee and chief accountant of Hunan Xingxiang Investment Holding Group Co., Ltd. since July 2022.

Directors, Supervisors, Senior Management and Employees

Mr. Xiong Yanming, born in 1964, acted as a supervisor of the Company between 2023 and December 2025. Mr. Xiong has become a senior engineer specialised in construction machinery recognised by the Ministry of Construction since December 1999 and obtained the qualification certificate of senior professional manager of machinery enterprises conferred by China Machinery Enterprise Management Association in December 2004. Mr. Xiong was previously an assistant engineer and engineer of Research Institute from 1985 to 1998. Mr. Xiong was a member of the 1st session of the Supervisory Board of our Company from August 1999 to March 2001, the deputy general manager of our Company from April 2001 to July 2002, an executive vice president of our Company from August 2002 to July 2006, a member of the 2nd session of the Board of Directors of our Company from September 2004 to July 2006. He has served as a vice president of our Company since August 2006 and served as the general manager of the engineering crane branch of our Company from August 2006 to June 2014. Mr. Xiong has received various awards, including Hunan Province Technology Innovation Advanced Individuals Award in 1999, Changsha City Advancement Award in Technological Development (Grade II) in 1999, the Award of Succeeding Leader for Academics and Technology of Changsha City in 2007 and the Outstanding Leaders' Award in Hunan Province Quality Group Activity in 2009. He has also received the Outstanding Personage Award by the Dealers Committee of China Construction Machinery – DCCCM 10th Anniversary (Facilitating Advancement of the Dealers System) in 2013. Mr. Xiong obtained a bachelor's degree in port machinery design and manufacturing from Wuhan Marine Engineering College (currently known as Wuhan University of Technology) in Wuhan City, the PRC in 1985 and a master's degree in executive business administration under the BiMBA project from Peking University in June 2007.

Mr. Wang Yongxiang, born in 1977, is a co-president of our Company. Mr. Wang previously served as the general manager of marketing branch of concrete division, assistant to general manager of concrete machinery division of our Company and the head of the operation and management department of Zoomlion. He has served as the assistant president and vice president of the Company since 2019. Mr. Wang was awarded the title of Outstanding Entrepreneur of National Hi-Tech Industrial Development Zone in Changsha (長沙高新技術開發區優秀企業家) in 2015. Mr. Wang graduated from Xi'an Technological University majoring in mechanical manufacturing in 1997.

Directors, Supervisors, Senior Management and Employees

Mr. Luo Kai, born in 1970, is a co-president of our Company. Mr. Luo previously served as the director of technological research institute of engineering crane branch, the deputy head of technical department of engineering crane branch, the manager of crawler crane division of engineering crane branch, deputy general manager and general manager of engineering crane branch of our Company. Mr. Luo has served as assistant president, vice president, and co-president of the Company since 2019. Mr. Luo has been the director of the National Local Joint Engineering Research Center for Mobile Crane Technology, the chairman of the Technical Subcommittee on Mobile Cranes under the National Technical Committee on Lifting Appliance of Standardization Administration of China and many other positions in the industry since 2013. He was awarded the title of Changsha Class B Talent (National Leading Talent). He has participated in and organized the formulation and revision of several national standards and industry standards, such as the Test Specifications for Truck Cranes and Tire Cranes, published a number of technical papers, and obtained multiple patents. Mr. Luo graduated from Taiyuan Heavy Machinery Institute with a bachelor's degree in lifting transportation and engineering machinery in 1995, and obtained the title of senior engineer of mechanical design.

Ms. Du Yigang, born in 1975, is the chief financial officer and a senior accountant and an Australian CPA. Ms. Du Yigang was previously the head of the accounting division of Zhuzhou Southern Motor Company Limited, the financial manager of Hunan IIN-Galaxy Software Development Co., Limited, Zoomlion Engineering Crane Company and Zoomlion Concrete Machinery Company, the deputy head of the financial management division of Zoomlion, the head of accounting and audit division of Zoomlion, the deputy general manager of Zoomlion Concrete Machinery Company, the director of Zoomlion Financial Management Center, the general manager of Zoomlion Financial Management Company, and the vice president of Zoomlion. Ms. Du was awarded the titles of the Outstanding Entrepreneur of Changsha Hi-Tech Industrial Development Zone, the First Leading Accounting Talent in Hunan Province and the National Advanced Accounting Worker. Ms. Du graduated from Xiangtan University with a bachelor's degree in international accounting in 1997 and completed a master's degree in business administration programme at the School of Business of Hunan University in September 2011.

Directors, Supervisors, Senior Management and Employees

Mr. Sun Changjun, born in 1962, is a vice president of our Company. Mr. Sun is a member of the Communist Party of China (CPC), a professor of law and a doctoral supervisor. Before 2006, Mr. Sun Changjun served as, among others, the deputy director of the first business section of Hunan Provincial People's Police School, a senior member of the legal and labour affairs committee of Hunan People's Congress, the director of criminal law research office of Hunan University of Finance and Economics, the vice director of the industrial economics office of Hunan University, the deputy head of the law faculty of Hunan University, and the general legal counsel of Changsha Construction Machinery Research Institute. Mr. Sun has been the vice president and Chief Legal Officer of the Company since 2006. Mr. Sun concurrently serves various other positions, including a member of the 13^{th} session of the CPPCC of Hunan Province, the deputy chairman of the 7^{th} China Construction Machinery Association, the vice president of the 9th China Machinery Enterprise Management Association, the vice president of Hunan Machinery Industry Association, the vice president of Hunan Charity Federation, a member of the Academic Committee of the Law Society and the chairman of Criminal Law Research Association of Hunan Province, the chairman of the Risk Management Research Association of Hunan Province, the vice chairman of the Legislative Research Association of Hunan Province and a member of executive council of China Securities Law Research Association (中國證券法學研究會). Mr. Sun has won various titles and awards, including the Research Results (Grade I) Prize of Organisation Division of Central Government, the 5-Best Project Prize of Hunan Province, the Social Science Results (Grade I) Prize of Hunan Province, the Outstanding Achievements (Grade II) Prize of Philosophy and Social Sciences of Hunan Province, the Outstanding Legal Counsel of Provincial Supervisory Corporations, the Innovative Results (Grade I) Prize in Modern Enterprise Management of Hunan Province (湖南省企業管理現代化創新成果一等獎) and the Annual Outstanding Corporate Counsel in China (中國律政年度精英公司律師). Mr. Sun graduated from Southwest College of Political Science and Law (currently known as Southwest University of Political Science and Law) with a bachelor's degree in law in 1983, and obtained a doctorate degree in law (full-time) from Wuhan University in 1998.

Directors, Supervisors, Senior Management and Employees

Ms. Fu Ling, born in 1967, is a vice president and chief engineer of our Company. Ms. Fu is a researcher-level senior engineer, and is currently serving as President of Academia Sinica and Chairman of ZValley Technology Co., Ltd. Ms. Fu Ling was ever the deputy general manager of Zoomlion Environmental Industry Company and the general manager of Zoomlion Earthmoving Machinery Company. She is a representative of the 18th and the 20th National Congress of the CPC, and also serves as vice chairman of Hunan Association for Science and Technology. Ms. Fu has received many honors and awards, mainly including the Expert Enjoying the Special Government Allowance of the State Council, the National Labour Day Medallion, the National Woman Pacesetter, the Excellent CPC Member of Hunan Province, the First Prize of China Machinery Industry Science and Technology Award, China Patent Gold Award, the First Prize of Science and Technology Advancement Award of Hunan Province, Hunan Guangzhao Technology Award, etc. Ms. Fu Ling graduated from Shenyang Jianzhu Engineering College (currently known as Shenyang Jianzhu University) with a bachelor's degree in construction and crane transportation machinery in 1988, graduated from Jilin University of Technology (currently known as Jilin University) with a doctorate degree in mechanical design and theory in 1998 and completed a postdoctoral research programme at the Automotive Engineering Institute of China Agricultural University in 2002.

Mr. Tang Shaofang, born in 1974, is a vice president and a senior engineer. Mr. Tang previously served as executive deputy general manager and general manager of construction crane branch of our Company. He has served as an assistant president and vice president of our Company since 2019. Mr. Tang was awarded the Excellent Builder of the Cause of the Socialism with Chinese Characteristics of Hunan Province. Mr. Tang graduated from University of South China majoring in mechanical engineering in 1996 and obtained a master's degree in business administration from Central South University in 2009.

Mr. Chen Peiliang, born in 1972, is a vice president of our Company. Mr. Chen Peiliang previously served as the general manager of Zoomlion Overseas Company, the executive deputy general manager of Zoomlion Concrete Machinery Company and the chairman of Zoomlion New Materials Co., Ltd. Mr. Chen was awarded the titles of the Outstanding Entrepreneur of Changsha Hi-Tech Industrial Development Zone and the Changsha Class B High-level Talent in 2011. Mr. Chen graduated from Hunan University of Finance and Economics with a bachelor's degree in international trade in 1994.

Directors, Supervisors, Senior Management and Employees

Mr. Shen Ke, born in 1971, is a vice president of our Company. Mr. Shen Ke previously served as the deputy manager and head of the investment and development division, the deputy head of the investment and financing management division, the secretary of the board of directors and investment director of our Company. Mr. Shen graduated from Shenyang University of Technology with a bachelor's degree in industrial management in July 1993 and Central South University of Technology (currently known as Central South University) with a master's degree in management science and engineering in December 1998.

Ms. Hu Keman, born in 1966, is a vice president of our Company. Ms. Hu Keman joined the Chief Engineer's Office of Changsha Construction Machinery Research Institute (the predecessor of Zoomlion) in 1988, became the office director of Zoomlion in 1993 and the manager of the Real Estate Department of Zoomlion in 2003, and served as the chairman of Changsha COFCO Property Co., Ltd. from June 2007 to May 2009 on behalf of Zoomlion. Ms. Hu has been the assistant to the chairman, the vice chairman of the Finance Company, the director of Zoomlion Capital, the chairman of Junlai Capital, the deputy director of the strategic management committee of Zoomlion, and the deputy director of the management committee of Zoomlion since May 2009. Ms. Hu was awarded as the Outstanding Entrepreneur of Changsha Hi-Tech Industrial Development Zone in 2017 and 2019. Ms. Hu graduated from Hunan University with a bachelor's degree in electrical engineering in 1988 and with a master's degree in management science and engineering in 2005.

Mr. Yuan Ye, born in 1984, is a vice president and senior engineer of our Company. He is also the general manager of Zoomlion Earthmoving Machinery Company and the general manager of mining machinery company. Mr. Yuan was previously an assistant president of our Company, a transmission research engineer, hydraulic technology research supervisor, deputy director of new product research and development center at the central research institute of Zoomlion headquarters. Mr. Yuan was awarded the First Prize of China Machinery Industry Science and Technology Award, the First Prize of Hunan Provincial Patent Award, and the title of "Leading Talent in Science and Technology Innovation of Hunan Province". Mr. Yuan was elected as a deputy to the Changsha People's Congress in 2021, and is a professional and technical talent entitled to special allowances from the Hunan Provincial Government. Mr. Yuan graduated from Zhejiang University with a bachelor's degree in mechanical engineering and automation in 2008 and a master's degree in mechatronic engineering in 2011.

Directors, Supervisors, Senior Management and Employees

Mr. Ren Huili, born in 1977, is a vice president of our Company. Mr. Ren Huili previously served as the assistant president of our Company, the director of the Technology Research Center of Academia Sinica and the assistant to the president of Academia Sinica, and currently serves as the general manager of Hunan Zoomlion Intelligent Aerial Work Machinery Co., Ltd. Mr. Ren Huili also serves as deputy director of the State Key Laboratory of Critical Technologies for Lifting Machinery and a director of the China Machinery Industry Standardization Technology Association. Mr. Ren Huili was appraised as Changsha High-level Talent (Provincial and Municipal Leading Talent) and Changsha Science and Technology Innovation and Entrepreneurship Leading Talent, and won numerous prizes such as the first prize of Hunan Science and Technology Progress Award, the first prize of China Mechanical Industry Science and Technology Award, the outstanding award of the China Patent Award, and the first prize of Hunan Patent Award. Mr. Ren Huili graduated from Taiyuan University of Science and Technology in 1998 with a bachelor's degree in mechanical engineering and a master's degree in mechanical design in 2004, and received a doctoral degree in mechanical design from Huazhong University of Science and Technology in 2008.

Mr. Huang Jianbing, born in 1971, is an assistant president and senior engineer of our Company. Mr. Huang has served as the assistant president of our Company since January 2019. Mr. Huang concurrently served as the general manager of Zoomlion Concrete Machinery Company and currently serves as the general manager of the construction crane division of our Company. Mr. Huang graduated from Chongqing University with a bachelor's degree in engineering, majoring in lifting transportation and engineering machinery in 1994 and obtained a master's degree in vehicle engineering from Jilin University in 2004.

Mr. Qin Xiuhong, born in 1974, is an assistant president of our Company. He graduated from China University of Mining and Technology with postgraduate qualifications and a doctor degree of Management in financial management systems engineering. Mr. Qin is currently the assistant president of our Company, the director of the Financial Management Centre, senior accountant, a senior member of Accounting Society of China and qualified to serve as an independent director. He is currently a postgraduate tutor at Tsinghua University and China University of Mining and Technology and a consulting expert of financial affairs of National People's Congress Financial and Economic Affairs Committee of Hunan Province. Mr. Qin participated in Urgently-Needed Talent in Changsha (長沙市緊缺急需人才) and High-level Talent in Changsha (長沙市高層次人才). He was awarded the honorary title of "2015 China International Financial Excellence Talent" (2015中國國際財務卓越人才) and "2015 China TPOCFO" (2015中國十大資本運營TOPCFO).

Directors, Supervisors, Senior Management and Employees

Mr. Tian Bing, born in 1974, is an assistant president of our Company. Mr. Tian previously served as the head of administrative department of our Company, the general manager of concrete machinery branch of our Company and the general manager of Zhongwang branch of our Company. Mr. Tian obtained the title of lecturer in October 2000 and was awarded the title of Outstanding Entrepreneur of National Hi-Tech Industrial Development Zone in Changsha (長沙市高新區優秀企業家) in 2017. Mr. Tian obtained a Bachelor of Arts degree from Hunan Normal University in 1995, a Bachelor of Law degree from Xiangtan University in 1999, a Bachelor of Management degree from Hunan University in 2007 and a bachelor's degree in economics from Hunan University in 2013.

Ms. Wang Furong, born in 1971, is an assistant president of our Company. Ms. Wang was previously the director of the investment division and the director of the capital operations division of State Development and Investment Corporation, the assistant to general manager of SDIC Capital Co., Ltd., the director of China-Belgium Direct Equity Investment Fund, the general manager of Haixia Capital Management Co., Ltd. and the general manager of Hengfeng Meilin Investment Management Co., Ltd., and is currently the general manager of the Financial Services Company. Ms. Wang Furong graduated from the University of Science and Technology Beijing with a bachelor's degree in materials science and engineering in 1993, and graduated from Renmin University of China with a master's degree in business administration in 1998.

Mr. Dong Jun, born in 1968, is an assistant president of our Company. Mr. Dong was previously a technician of Xuzhou Special Vehicle General Factory, the director of the Second Institute of Machinery, the director of the Production and Operation Department, the assistant to the president and the vice president of the First Design & Research Institute of Machinery Industry, and the deputy general manager of First Design & Research Institute MI China Co., Ltd. Mr. Dong is currently the deputy general director of the construction management command of Zoomlion Intelligent Industrial City, the director of the production line construction office, the general manager of Hunan Zoomlion Caizhi Technology Co., Ltd. and also serves as the vice chairman of the painting branch of China Surface Treatment Association and a member of the Subcommittee on Coatings of the National Safety Production Standardization Committee. Mr. Dong graduated from Hefei University of Technology with a bachelor's degree in automobile and tractor design and manufacturing in 1990, and completed a master's degree in engineering project management from the Graduate School of Chinese Academy of Sciences in 2008.

Mr. Tao Zhaobo, born in 1986, is the secretary of the Board of Directors of our Company. Mr. Tao engaged in investment banking business at China Securities Co., Ltd. from July 2012 to September 2015, at Huatai United Securities Co., Ltd. from September 2015 to December 2021, and at Huatai Financial Holdings (Hong Kong) Limited from December 2021 to October 2023; and served as an assistant president of our Company from October 2023 to December 2023. Mr. Tao obtained a bachelor's degree in economics and a bachelor's degree in science from Peking University in July 2009, a master's degree in economics from Peking University in July 2012 and a master's degree in finance from the University of Hong Kong in November 2012.

III. Remunerations of directors, senior management and employees

During the reporting period, the remuneration and assessment committee of the Board carried out performance assessment on the directors and senior management pursuant to the assessment standards based on the fulfillment of major financial indicators and operating targets in 2025, scope of work and major responsibilities of directors and senior management, and fulfillment of targets in the relevant performance assessment system. The performance assessment was submitted to the Board of the Company for review.

The Board of the Company determined the remuneration standards of directors and senior management for the year pursuant to the remuneration management system and the annual performance assessment conducted by the remuneration and assessment committee of the Board. In 2025, remuneration of directors and senior management disclosed was in compliance with the remuneration management system of the Company. The remuneration was not in violation or inconsistent with the remuneration management system.

Directors, Supervisors, Senior Management and Employees

Unit: RMB ten thousand

Name	Post	Total remuneration before tax received from the Company
Zhan Chunxin	Chairman and CEO	251.10
He Liu	Non-executive Director	0
Wang Xianping	Non-executive Director	0
Liu Xiaoping	Employee Director	163.18
Zhang Chenghu	Independent Director	15
Huang Guobin	Independent Director	15
Wu Baohai	Independent Director	15
Huang Jun	Independent Director	15
Wang Yongxiang	Co-President	249.84
Luo Kai	Co-President	191.57
Du Yigang	Chief Financial Officer	239.87
Sun Changjun	Vice President	253.94
Fu Ling	Vice President, Chief Engineer	266.90
Tang Shaofang	Vice President	210.35
Chen Peiliang	Vice President	184.16
Shen Ke	Vice President	161.50
Hu Keman	Vice President	241.88
Yuan Ye	Vice President	140.73
Ren Huili	Vice President	127.72
Huang Jianbing	Assistant President	71.63
Qin Xiuhong	Assistant President	139.94
Tian Bing	Assistant President	165.94
Wang Furong	Assistant President	161.11
Dong Jun	Assistant President	138.68
Tao Zhaobo	Board Secretary	188.06
Total	–	3,608.09

IV. Service Contracts of Directors and Supervisors

None of the directors and supervisors of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

V. Directors' and Supervisors' Interests in Contracts

No director or supervisor of the Company, or an entity connected with a director or supervisor of the Company, had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Corporate Governance

The Company has established and improved the structure of its corporate governance to regulate its operation strictly in accordance with the Company Law, Securities Law, the relevant regulations of the CSRC and code provisions of the Corporate Governance Code (the "**Code**") contained in Appendix C1 to the Listing Rules of Hong Kong. According to the relevant regulations, the Company improves its internal control, the regulations of shareholders' meeting and board meeting so as to implement a comprehensive governance system and disclosure procedures. The Company ensures its sustainable and healthy development to further enhance the corporate value and safeguard the interests of all shareholders and itself.

As a world-leading manufacturer of engineering machinery with a focus on digitalisation, new energy and new materials, the Company is committed to success in both the PRC and the larger global market. Our expertise extends beyond the mechanics of high-tech equipment and is acutely sensitive to changes in customer needs. We have created a rapid-response innovative chain of effective collaboration involving research and development ("**R&D**"), manufacturing, logistics, sales and service links, all of which are centred around the three leading R&D pillars of being green, smart and reliable. The Company is committed to a culture of creating real value for our stakeholders through innovative solutions, sustainable results and long-term growth.

I. Statement of the Compliance of Corporate Governance Requirements of the PRC Regulatory Authorities and Code on Corporate Governance of Hong Kong

The corporate governance of the Company is substantially the same as required by the regulatory requirements of the CSRC on listing companies. Pursuant to the requirements of the regulatory authorities, the Board of the Company reviewed and refined the structure and implementation of the corporate governance system and the management system for information insider, and external user. It also prepared a report on the insider information and external information users and report to relevant regulatory authority.

The Board has applied the principles of good corporate governance set out in Part 2 of the Code in formulating and evaluating from time to time its corporate governance practices. It has adopted all code provisions in Part 2 of the Code as the code of the Company. During the year ended 31 December 2025, the Company 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 formulation and implementation of business strategies of the Company, and that through the supervision of the Board and the independent non-executive directors in scrutinizing important decisions and monitoring the exercise of power by the chairman cum chief executive as well as the internal 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.

Corporate Governance

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 directors and all its directors have confirmed that they complied with the Model Code throughout the year ended 31 December 2025. The Company has not identified any non-compliance with the Model Code by any of its directors.

II. Shareholders and Shareholder's General Meeting

The shareholders' general meetings are convened and conducted strictly in accordance with the relevant PRC and overseas statutory requirements and the Articles of Association. Lawyers are invited to attend and witness the meeting. Minutes of shareholders' general meeting are properly maintained to secure the rights of shareholders.

The shareholding structures of the Company are set out in section "Changes in Share Capital and Shareholders" in this annual report.

The Company maintains effective communication with its shareholders through disclosures of financial and operating results in annual reports, interim reports and quarterly reports. The Company has set up investor telephone hotline and email account to receive advices from shareholders or allow them to exercise their rights. Website of the Company is updated regularly to allow investors and the public to understand the latest development of the Company. The date, contents, method of delivery and announcement of notice of shareholders' general meetings and the voting conducted at shareholders' general meetings are strictly in compliance with the rules and regulations within and outside China including the Company Law and Securities Law of the PRC and the Companies Ordinance of Hong Kong, Listing Rules of Shenzhen and Hong Kong and the Articles of Association to ensure that shareholders are entitled to attend the general meetings.

III. Directors and Board

All Directors have attended board meetings and shareholders' general meetings strictly in accordance with the Articles of Association and Rules of Board Meeting in a bona fide manner. Directors have actively participated in the relevant training programs to understand the requirements of laws and regulations and the rights, obligations and liabilities of Directors to ensure the smooth operation and rational decisions of the Board. The Directors oversee and regulate the operation of the Company for its best interest. They bear joint and several liabilities for the management, supervision and operation of the Company and are accountable to all shareholders.

The number of members and structure of the Board are in compliance with the relevant laws and regulations. Independent Directors represent half of the Board. The Board has performed its duties in accordance with the relevant laws and regulations and the Articles of Association. The decisions of the Board are legal, complying with the laws and efficient.

(I) Responsibilities of the Board

The Board shall convene shareholders' general meetings to submit their work report to shareholders and then promptly implement the resolutions passed at shareholders' general meetings. The Board shall also monitor the overall development of business strategies and determine the business plans and investment plans of the Company. In addition, the Board shall supervise and provide guidance to the management of the Company. The Board shall be responsible for the supervision of operation and financial performance and formulation of budget and auditing plans of the Company as well as determining the policy for the corporate governance of the Company.

The Directors understand that they have the responsibility to prepare annual financial statements for each financial year to give a true and fair view of the position, results and cash flow of the Company in the relevant period. In preparing the financial statements for the year ended 31 December 2025, the Directors have consistently adopted proper accounting policies and made reasonable estimates and have complied with all applicable accounting standards. Having made proper enquiries, the Directors are satisfied that the Company has adequate resources for its business in the foreseeable future. Therefore, the Company's financial statements have been prepared on a going concern basis.

The Board is responsible for making all major decisions of the Company, including the approval and monitoring of all major policies of the Group, overall strategies and budgets, internal control and risk management systems, notifiable and connected transactions, nomination of directors and other significant financial and operational matters.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions being entered into by senior management.

(II) Composition of the Board

The Board of the Company has eight members, including a chairman and an Employee Director who are executive Directors, two Non-executive Directors who have extensive experience in the business and operation of the Company and four Independent Non-executive Directors who have extensive experience and relevant academic and professional qualifications in finance, management, and business strategy. The Independent Non-executive Directors are influential and active in the strict review and supervision of the internal control procedures of the Company to protect the interest of all shareholders, in particular the minority shareholders. The particulars and term of office of all Directors are set out in section "Directors, Supervisors, Senior Management and Employees" in this annual report. There is no financial, business, family or other major/relevant relationship among the Directors, supervisors and senior managers.

Set out below is the length of tenure (since first appointment up to 16 April 2026, being the latest practicable date prior to the issue of this annual report) and current period of appointment of each director:

Name	Approximate length of tenure (years)	Current period of appointment
Mr. Zhan Chunxin	25.0	The tenure of members of the seventh session of the Board is three years from the date of appointment (subject to extension), except that Liu Xiaoping's term of office will expire at the end of the seventh session of the Board
Mr. He Liu	7.2	
Mr. Wang Xianping	2.7	
Mr. Liu Xiaoping	0.3	
Mr. Zhang Chenghu	2.8	
Mr. Huang Guobin	2.8	
Mr. Wu Baohai	2.8	
Ms. Huang Jun	2.8	

Mr. Liu Xiaoping was elected by the Company's employees to act as employee representative director on 11 December 2025, following the abolition of the Company's supervisory board (of which he was a member). Mr. Liu obtained the legal advice referred to in rule 3.09D of the Listing Rules on 12 December 2025 and has confirmed he understood his obligations as a director of a listed issuer.

The Company confirms that it has received the annual confirmation of independence from all Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules of Hong Kong and the Company is satisfied that all Independent Non-executive Directors are independent according to the independence guidelines under the Listing Rules of Hong Kong.

(III) Appointment and removal of Directors

A Director of the Company shall have a term of office of three years (subject to extension) and shall be entitled to be reappointed if so elected provided that the term of office of Independent Non-executive Directors shall not be more than six years. The appointment and removal of Directors shall be approved by shareholders at general meeting. During the year, the changes of Directors of the Company are set out in section "Directors, Supervisors, Senior Management and Employees" in this annual report.

(IV) Board meetings and general meetings

1. According to the Articles of Association, the Board shall hold at least 4 meetings a year. In the year of 2025, the Board had held 7 meetings. The attendance of all Directors at the Board meetings and general meetings in 2025 was as follows:

	Name of Directors	Number of Board meetings held during his/her tenure	Attendance	Number of general meetings held during his/her tenure	Attendance
Chairman/Executive Director	Mr. Zhan Chunxin	7	7	2	2
Employee Director/ Executive Director (effective from 11 December 2025)	Mr. Liu Xiaoping	1	1	0	0
Non-executive Director	Mr. He Liu	7	7	2	2
	Mr. Wang Xianping	7	7	2	2
Independent Non-executive Director	Mr. Zhang Chenghu	7	7	2	2
	Mr. Huang Guobin	7	7	2	2
	Mr. Wu Baohai	7	7	2	2
	Ms. Huang Jun	7	7	2	2

2. The Company convened its board meetings by giving 14 days' notice in advance for regular meetings and five days' notice in advance for ad-hoc meetings in accordance with all code provisions in Part 2 of the Code. The secretary to the Board shall deliver all relevant materials of regular board meetings (including reports from all committees of the Board) to all Directors no less than three days before the date of the meetings to ensure all Directors can acquire understanding on the resolutions to be tabled at the meetings in advance.

   For ad-hoc board meetings convened upon requests of management of the Company through means of communication, the relevant meeting materials shall be delivered to all Directors through email or fax and allow the Directors to have adequate time to consider the matters concerned before the meetings. The secretary to the Board shall promptly reply any questions raised by the Directors and take necessary action to ensure that the board meeting is conducted in accordance with the relevant provisions of the Company Law, the Articles of Association and the Listing Rules of Hong Kong.

3. Minutes of each board meeting shall be endorsed by all attending Directors and recorder and shall be kept for at least 10 years. The minutes shall be available for inspection upon request by any Director.

4. When considering connected transactions, Directors who are considered of having significant interest in the relevant transactions should be absent from the meeting and abstained from voting in respect of the matters concerned.

(V) Performance of Independent Directors

During the Reporting Period, the Independent Non-executive Directors attended the board meetings and shareholders' general meetings and use their respective professional knowledge in performing their duties. They have made useful advice in respect of the operation procedures of the Board and made significant contribution to decisions of the Board. Their independent and objective advices have enabled the Board to make rational decisions for the best interest of the Company and its shareholders as a whole.

To ensure independent views and input are provided to the Board, several mechanisms are in place (as detailed below), the implementation and effectiveness of which are reviewed by the Board on an annual basis:

1. during the Reporting Period, the Board had at all times met the requirements of the Listing Rules relating to the appointment of independent non-executive directors (i.e., the number of independent non-executive directors must represent at least one-third of the Board and at least one independent non-executive director must possess appropriate professional qualifications or accounting or related financial management expertise);

2. the chairman of the Board met with the independent non-executive directors without the presence of other directors at least annually to facilitate the expression of independent views;

3. prior to their respective appointment, each of the independent non-executive directors had confirmed their independence;

4. during the Reporting Period, the Company received an annual confirmation of independence from each independent non-executive director; and

5. all material decisions taken by the Board during the Reporting Period were arrived at after vigorous discussions at physical meetings, to promote discussion and exchange of independent views.

During the Reporting Period, the Independent Non-Executive Directors have made no objection to the resolutions and proposals raised at boarding meetings and other meetings of the Company in the year.

(VI) Measures to ensure that Directors can perform their duties properly

1. Upon appointment of a Director, the Company will provide all necessary materials to the Director to allow him/her to understand the requirement of the Listing Rules of Shenzhen and Hong Kong and other relevant laws and regulations. The Director shall also be provided with the updates of the relevant laws and regulation and internal publications and other information concerning the duties of Directors. Ongoing training will also be provided to allow the Directors to fully understand their duties under the Listing Rules of Shenzhen and Hong Kong and other relevant law and regulations and the operation of the Company in a timely manner. On-site inspections and communications with accounting staff and auditors will also be organised for the Independent Non-executive Directors to facilitate full performance of their duties.

2. In formulating their opinion on guarantee for third parties, appropriation of funds and connected transactions, Directors may seek independent advice from independent auditor and solicitor engaged by the Company to facilitate the performance of their duties.

(VII) Responsibilities of the Board and the management

The authorities and responsibilities of the Board and the management have clear separation. The responsibilities of the Board are set out in the Company's Articles of Association. The day-to-day management, administration and operation of the Company are delegated to the senior management. The Company has one general manager, who is accountable to the Board and exercises the functions and powers set out in the Articles. The management shall report to the Board and provide adequate updated information to the Board and its committees to enable them to make informed decisions. Management shall also provide further information upon request by the Directors.

(VIII) Trainings for Directors

The training records of each incumbent Director in 2025 are summarized as follows:

Directors	Type of training
Mr. Zhan Chunxin	ABD
Mr. He Liu	ABD
Mr. Wang Xianping	BD
Mr. Liu Xiaoping (effective from 11 December 2025)	BD
Mr. Zhang Chenghu	ABD
Mr. Huang Guobin	ABD
Mr. Wu Baohai	ABD
Ms. Huang Jun	ABD

A Attending seminars or forums

B Reading documents relating to general business, development and investment and duties and responsibilities of directors etc.

C Making speeches at external seminars or forums

D Participating in corporate activities or visits

(IX) Board performance review

No board performance reviewed was conducted by the Company during the Reporting Period. The first board performance review will be conducted in compliance with code provision B.1.4 of the Code on or before 30 June 2027.

IV. Performance of Duties by Committees of the Board during the Reporting Period

The Board has established four committees, namely the Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategy and Investment Decision-making Committee. The committees have their terms of reference which set out their respective compositions, duties and authority, decision-making procedures and rules of meeting. The Board is charged with duties in corporate governance, procuring the management to establish a compliant organisational structure and regime and to abide by all code provisions in Part 2 of the Code and other laws and regulations in day-to-day management, and to monitor the training and continuous professional development of the Company's directors and senior management. The Board has delegated some of its functions to the board committees, details of which are set out below.

(I) Remuneration and Appraisal Committee

1. Role and responsibilities of the Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee shall determine the criteria for and shall conduct the performance appraisal of Directors and senior management. The committee shall also be responsible for considering, reviewing, verifying and formulating the remuneration policies and proposals for Directors and senior management for approval by the Board. The committee shall supervise and procure the implementation of resolutions of the Board in relation to remuneration or performance appraisal of Directors and senior management. It shall perform other duties in relation to the remuneration or performance appraisal of Directors and senior management in accordance with the Articles of Association and as authorised by the Board.

2. **Composition and meetings of the Remuneration and Appraisal Committee**

In 2025, the Remuneration and Appraisal Committee had three members, including two Independent Non-executive Directors and a Non-executive Director. The chairman of the Remuneration and Appraisal Committee was Mr. Zhang Chenghu, Independent Non-executive Director. Other members included Mr. He Liu (non-executive director) and Mr. Huang Guobin (independent non-executive director). In 2025, the Remuneration and Appraisal Committee held one meeting. During the meeting, the committee reviewed the performance of the Directors and senior management of the Company and conducted annual performance appraisal based on the appraisal criteria and remuneration policies and proposals.

	Attendance/ Number of meetings during the Reporting Period
Mr. Zhang Chenghu	1/1
Mr. He Liu	1/1
Mr. Huang Guobin	1/1

3. **Determination and the basis of remuneration packages of Directors and senior management**

The remuneration of Directors and senior management shall be proposed and recommended by the Remuneration and Appraisal Committee based on their individual responsibilities and the remuneration level of other comparable listed companies for approval by the Board according to the Assessment Method for Senior Management of the Company. The remuneration of Directors shall be approved at the shareholders' general meeting. The Remuneration and Appraisal Committee shall review the remuneration and performance appraisal results annually and propose the remuneration packages for the next year. The committee shall conduct annual appraisal of the senior management and determine their remuneration accordingly.

Corporate Governance

(II) Nomination Committee

1. Role and responsibilities of the Nomination Committee

The Nomination Committee is responsible for the establishment of the criteria and procedures for the election of Directors and senior management. The committee shall consider and discuss the qualifications, the election procedures and term of office of Directors and senior management in accordance with relevant laws and regulations and the Articles of Association with reference to the Company's condition for approval by the Board.

2. Composition and meetings of the Nomination Committee

In 2025, the Nomination Committee had four members, including three Independent Non-executive Directors and an Executive Director. Mr. Wu Baohai, an Independent Non-executive Director, was at all times the chairman of the committee. Other members includes Mr. Zhan Chunxin (executive director), Ms. Huang Jun (independent non-executive director, effective from 29 April 2025) and Mr. Zhang Chenghu (independent non-executive director, ceased to be a member effective from 29 April 2025). In 2025, the Nomination Committee held two meetings. During the meetings, the committee reviewed the qualifications, the election procedures and term of office of senior management.

	Attendance/ Number of meetings held in his/her tenure during the Reporting Period
Mr. Wu Baohai	2/2
Mr. Zhan Chunxin	2/2
Mr. Zhang Chenghu (ceased to be a member effective from 29 April 2025)	1/1
Ms. Huang Jun (effective from 29 April 2025)	1/1

3. Appointment of Directors and senior management

Executive Directors and Non-executive Directors of the Company shall be nominated by shareholders for approval by shareholders at general meeting. The Independent Non-executive Directors shall be nominated by the Board for approval by shareholders at general meeting. The appointment of senior management shall be reviewed by the Nomination Committee and approved by the Board. The nomination, appointment and re-appointment of Directors and senior management are based on the professional knowledge, experience, integrity, commitment, academic qualifications and other relevant standards of the candidates.

4. **Nomination Policy**

In assessing the suitability of a proposed candidate, the Nomination Committee would consider factors including reputation for integrity, experience, whether the proposed candidate is able to assist the Board in effective performance of its responsibilities; the perspectives and skills that the proposed candidate is expected to bring to the Board, commitment in respect of available time and relevant interest diversity in all its aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. These factors are for reference only, and not meant to be exhaustive and decisive.

5. **Board Diversity Policy**

The Board adopted the board diversity policy ("**Board Diversity Policy**") in accordance with the requirement set out in the Code. Such policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

The Company currently has one female director, and the Board will endeavour to increase female representation on the Board over time as and when suitable candidates are identified.

As at 31 December 2025, the Company had a total of 35,344 employees in its workforce, of which female employees comprise approximately 9.60%. The Company operates in a male-dominated industry which makes achieving gender diversity across the workforce more challenging, as there tends to be only a small pool of qualified female personnel from which we are able to recruit and attract talent. Therefore, the Company has not set down any numerical target (or timeline) for achieving greater gender diversity. However, we will review the need to adopt measurable objectives from time to time. At present, the Company strives to ensure gender diversity when recruiting staff at mid to senior level, and is committed to providing female staff with career development opportunities so that a pipeline of female senior management and potential successors to the Board in the future can be developed. The Company offers all-rounded trainings to female employees whom we consider are sufficiently well-versed in our operations and business and possess relevant experience and skills.

(III) Audit Committee

1. Role and responsibilities of the Audit Committee

The Audit committee shall give advice to the Board on the appointment, termination, fee and terms of appointment of external auditors. The committee shall also oversee the internal audit system of the Company. The committee shall examine the integrity and accuracy of financial information and disclosure of the Company, including the financial statements, annual report and accounts, interim report and quarterly report. The committee shall review the material opinions regarding the financial reporting of the Company as set out in the statements and reports. The committee shall review the financial control, internal control and risk management systems of the Company and examine major connected transactions.

2. Composition and meetings of the Audit Committee

In 2025, the Audit committee had three members, including two Independent Non-executive Directors and one Non-executive Director. The chairman of Audit committee was Ms. Huang Jun, an Independent Non-executive Director. Other members included Mr. Wu Baohai, an Independent Non-executive Director, and Mr. He Liu, a Non-executive Director. The composition of the Audit Committee complies with Rule 3.21 of the Listing Rules of Hong Kong.

The Audit Committee of the Company is primarily responsible for making recommendation to the Board on the appointment and removal of external auditors and their remuneration and terms of engagement; monitoring internal control system of the Company and its implementation; reviewing financial information of the Company and its disclosure, including monitoring the integrity and accuracy of financial statements, annual report and accounts, half-year report and quarterly reports, and review significant financial reporting judgments contained therein; reviewing the financial controls, internal control and risk management systems of the Company; and reviewing material connected transactions of the Company.

The Audit Committee held four meetings during the year considering the annual results of the Company for the year ended 31 December 2024, its interim results for the six months ended 30 June 2025 and its quarterly results during the Reporting Period which were attended by all members. The Audit Committee has reviewed the audited annual financial statements of the Company for the year ended 31 December 2025 and the accounting principles and practices adopted by the Company and discussed matters relating to internal control and financial reporting. In conducting its annual review, the Audit Committee considered factors including (a) the changes, since the last annual review, in the nature and extent of significant risks and the Company's ability to respond to changes in its business and the external environment, (b) the scope and quality of management's ongoing monitoring of potential risks, and the work of our internal audit function and other assurance providers, (c) the extent and frequency of reporting to the Board, (d) internal control failings or weaknesses that were identified during the Reporting Period, if any, and (e) other factors which affect the effectiveness of the Company's risk management system. No significant control failings or weaknesses were identified. The review has covered financial, operational and compliance controls.

Having reviewed the Group's risk management and internal control systems (including the Company's internal audit function) for the year ended 31 December 2025, the Audit Committee considers them effective and adequate. The Board is satisfied that the Company has fully complied with the code provisions in Part 2 of the Code in respect of internal controls and risk management during the year ended 31 December 2025.

	Attendance/ Number of meetings during the Reporting Period
Ms. Huang Jun	4/4
Mr. Wu Baohai	4/4
Mr. He Liu	4/4

The Board acknowledges its responsibility for maintaining adequate risk management and internal control systems to safeguard shareholders' investments and the Company's assets. It does so by reviewing the effectiveness of such systems on an annual basis with the assistance of the Audit Committee.

The Board confirms that, based on its review of the findings of and having regard to the confirmation from the Audit Committee, the risk management and internal control systems of the Company and its subsidiaries on the whole are appropriate and effective for the purposes set out in Principle D2 of the Code, and there are no significant changes during the Reporting Period in (i) the Company's assessment of risks (including ESG risks) and (ii) the risk management and internal control systems.

Corporate Governance

(IV) Strategy and Investment Decision-making Committee

1. Role and responsibilities of the Strategy and Investment Decision-making Committee

The committee is mainly responsible for the formulation and provision of advice on long-term development strategies and major investment decisions of the Company.

2. Composition and meeting of the Strategy and Investment Decision-making Committee

In 2025, the Strategy and Investment Decision-making Committee had three members, including an Executive Director, a Non-executive Director and an Independent Non-executive Director. The chairman of the Strategy and Investment Decision-making Committee is Mr. Zhan Chunxin, an Executive Director, and other members included Mr. Wang Xianping (non-executive director) and Mr. Huang Guobin (independent non-executive director). In 2025, the Strategy and Investment Decision-making Committee did not hold any meeting.

V. Remuneration and Interests of Directors and Senior Management

(I) Remuneration

The remuneration of Directors and senior management of the Company for the year is set out in section headed “Directors, Supervisors, Senior Management and Employees” in this annual report.

Further details regarding the remuneration of the Directors during the year are set out in note 7 to the financial statements prepared under IFRS Accounting Standards.

(II) Interests

Service contract of Directors and Supervisors and their contractual interests

The Company has not entered into any service contract with any of its Directors and then supervisors which is not terminable by the Company in less than one year without payment of compensation (except statutory compensation).

Directors’ and Supervisors’ interests in contracts

None of the Directors and Supervisors, or an entity connected with a Director or a supervisor, is or was materially interested in, whether directly or indirectly, any transaction, arrangement or contract of significance in relation to the business of the Group, which subsisted during or at the end of the Reporting Period.

Directors and senior management's interests in shares or debentures

The Directors and senior management's interests in shares of the Company as at 31 December 2025 are set out in Section "Directors, Supervisors, Senior Management and Employees" in this annual report.

Directors and senior management's interests or short positions in securities of the Company or its associated corporations under Hong Kong laws and regulations

As at 31 December 2025, the Directors and senior management who have interest or a short position in the shares, underlying shares and debentures of the Company or any associated corporation (as defined in Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and SEHK pursuant to the Model Code were as follows:

Name of Directors	Nature of interest	Type of shares	Number of shares(1)	Percentage of the total share capital of the same type
Zhan Chunxin	Beneficiary owner	A Share	10,929,076(L)	0.1540%
	Interest of a controlled corporation(2)	H share	5,250,000 (L)	0.3382%
Liu Xiaoping	Beneficiary owner	A Share	326,840(L)	0.0046%

Notes:

(1) L represents long position.

(2) Such interest is being held by Fair Sun (Hong Kong) Holdings Limited, a wholly-owned subsidiary of Hunan Fangsheng Company Limited, which in turn is controlled by Zhan Chunxin.

As at 31 December 2025, save as disclosed above, none of the Directors or chief executive officer has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of SFO as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and SEHK pursuant to the Model Code set out in the Listing Rules of Hong Kong.

As at 31 December 2025, none of the Directors or chief executive officers or their respective spouse or children under 18 years of age has any rights to acquire the shares or debentures of the Company or any of its associated corporations, nor exercise any of these rights.

Dealings in securities by Directors

The Company has adopted the Model Code to regulate the dealing in shares of the Company by Directors. Having made specific enquiry of all Directors and then supervisors, all Directors and then supervisors confirmed that they had complied with the Model Code during 2025. The Company was not aware of any non-compliance of Model Code during the Reporting Period.

VI. Auditors

KPMG Huazhen LLP and KPMG, respectively, were the domestic and international auditors of the Company for 2025.

KPMG Huazhen LLP and KPMG provide audit services for the Company on its financial statements and other non-audit services, included the audit of the Company's annual financial statements of 2025, the review of interim financial report, internal control audit and the audits of subsidiaries' statutory financial statements, relevant financial consultation and due diligence investigation. Please refer to note 5(c) of the consolidated financial statements for the amount of audit fees paid during the Reporting Period. A total of RMB5 million was paid by the Company to KPMG and its global members for non-audit services such as financial consultation and due diligence investigation during the Reporting Period.

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2025.

The responsibility statements of KPMG Huazhen LLP and KPMG on the financial statements of the Company were set out in the Domestic Auditor's Report and International Auditor's Report respectively.

VII. Trainings for Company Secretary

Yang Duzhi, the Company Secretary, confirmed that he has received no less than 15 hours of relevant professional trainings in 2025.

VIII. Performance Appraisal and Award System of Senior Management

The Remuneration and Appraisal Committee of the Board is responsible for formulating and reviewing remuneration schemes and proposals of the Company, mainly including the performance evaluation criteria and procedures, the major appraisal system, the major award and penalty schemes and systems, based on the terms of reference, responsibilities and importance of the respective positions held by the senior management and the remuneration levels of the relevant positions in the industry. It is also accountable for the establishment of the appraisal standards for senior management of the Company, the review of their performance of duties, and the annual performance appraisal in accordance with the appraisal standards and remuneration policies and schemes of the Company.

The Board determined the remuneration standards of senior management for the year pursuant to the unified remuneration management system and the annual performance assessment conducted by the Remuneration and Appraisal Committee. In 2025, remuneration of senior management was in compliance with the remuneration management system of the Company. The remuneration was not in violation or inconsistent with the remuneration management system.

IX. Control on Appraisal and Award System

The Company determines the remuneration and compensation of the employees based on their respective function, position and performance. The performance and work efficiency of the employees are assessed to determine if they shall be awarded. The appraisal criteria and award mechanism are fair and open. The appointment of employees is conducted in an open and transparent manner and is in compliance with the relevant laws and regulations.

X. Relationship with Shareholders and Investors

(I) Shareholders

The annual general meeting is considered as an important annual event of the Company. The Directors and senior management have attended the meetings and answered enquiries from shareholders to maintain direct communication with shareholders.

Shareholders' right to convene an extraordinary general meeting and a meeting of shareholders of a particular class

According to the Articles of Association, shareholders individually or in aggregate holding 10% or more of the shares of the Company shall have the right to make a written request to the Board to convene an extraordinary general meeting or class meeting. The Board shall reply in writing on whether agree or not to convene an extraordinary general meeting or class meeting within 10 days after receiving the request in accordance with laws, administrative regulations and the Articles of Association.

Where the Board agrees to convene an extraordinary general meeting or class meeting, a notice convening such meeting shall be issued within five days after the resolution made by the Board. Any change to the original proposal in the notice is subject to the approval by relevant shareholders. Once the notice is issued, the Board may not propose new motions or change or postpone the date of such meeting without obtaining approval from the proposing shareholders.

Where the Board does not agree to convene an extraordinary general meeting or class meeting or fails to give response within 10 days after receiving the request, shareholders individually or in aggregate holding 10% or more of the shares of the Company are entitled to make a written request to the Audit Committee to convene an extraordinary general meeting or class meeting.

Where the Audit Committee agrees to convene an extraordinary general meeting or class meeting, a notice convening such meeting shall be issued within five days after receiving the request. Any change to the original proposal in the notice is subject to the approval by the relevant shareholders.

Where the Audit Committee fails to issue a notice convening such meeting within the prescribed period, the Audit Committee is deemed not to convene or preside over the general meeting and shareholders individually or in aggregate holding 10% or more of the shares of the Company for over 90 consecutive days may convene and preside over the general meeting.

Where the proposing shareholders convene and hold a meeting because the Board and the Audit Committee fail to convene such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

Shareholders' right to propose resolutions at general meetings

According to the Articles of Association, any shareholders who hold, individually or in aggregate, 1% or more of shares of the Company shall have the right to propose a new resolution. The matters within the scope of authority of the general meeting in the proposal shall be included in the agenda.

Any shareholders who hold, individually or in aggregate, 3% or more of the shares of the Company shall have the right to propose and submit interim proposals in writing to the convener 10 days prior to the convening of a general meeting. The convener shall issue a supplementary notice of general meeting containing the details of the interim proposals within 2 days after receiving the proposal.

Please refer to the Articles of Association for details of the rights of shareholders.

Shareholders' communication policy

The Company maintains multiple channels of communication with shareholders include general meetings, the Company's website, as well as Company's H share registrar hotline for taking enquiries and for receiving information request, and various reports and announcements published from time to time.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The chairman of the Board as well as chairmen of the Board committees and, in their absence, other members of the respective committees are available to answer questions at shareholders' meetings. During the Reporting Period, the Company held one annual general meeting and one extraordinary general meeting.

To promote effective communication, the Company maintains a website where information and updates on the Company's business developments and operations, financial and stock information, press releases, social responsibility activities and other information are available for public access. The Company also publishes its reports and announcements, notices and other corporate communications on its website and the website of SEHK.

By proactively engaging with shareholders and stakeholders through announcements, website information, meetings and open channels of enquiry, the Company ensures its material information is clearly disclosed and helps its shareholders and stakeholders fully understand its operation, development and corporate actions. Following the Company's review of the implementation of its shareholders and stakeholders engagement and communication activities conducted during the Reporting Period, the Company was satisfied with the effectiveness of its shareholders' communication policy.

Shareholders may send their enquiries or suggestions in writing by post to the Board or the Company Secretary at the registered addresses of the Company or by email to the Company. In addition, if the shareholders have any enquiry regarding their shares or dividends, they may contact Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company. The contact information is set out in the "Company Profile" in this annual report.

(II) Investors

The Company is dedicated to the development of investor relationship. It maintains close relationship with its investors through telephone hotline, email and direct contact.

Looking forward, the Company will enhance the communication with investors so as to increase their understanding about the Company and to seek their continuous support and concern.

XI. Stakeholders

The Company fully respects and protects legal rights of the stakeholders such as creditors, employees and consumers. It also attaches importance to the cooperation with its stakeholders, which helps to jointly promote sustainable and healthy development of the Company.

Corporate Governance

XII. Information Disclosure and Transparency

The secretary to the Board is responsible for disclosing information, receiving shareholders visits and answering enquiries. The Company is required to disclose relevant information in a true, accurate, complete and timely manner, maintain good relationship with investors and ensure all shareholders received information equally pursuant to the laws, regulations and requirements of the Articles of Association. The Company is cautious about the accuracy of the information disclosed and the relevant officer will be held responsible for any disclosure of inaccurate information. The Company has further improved the quality and transparency of information disclosure in the annual report. The Company also implemented the Management System for Information Insider and External Information User (內幕信息知情人和外部信息使用人管理制度).

XIII. Remuneration and Retirement Benefits of Employees

The remuneration package of our employees includes salary, bonuses and allowances. Our employees also enjoy medical insurance, housing subsidies, retirement pension and other benefits. The Company participated in the social insurance scheme administrated by relevant government authorities pursuant to applicable regulations. Under the scheme, the Company is required to contribute social insurance for the staff at specific proportion of the monthly salary of the staff.

Details of staff welfare benefits offered by the Company are set out in note 28 to the financial statements prepared under IFRS Accounting Standards.

XIV. Amendments to Constitutional Documents

During the Reporting Period, the Company amended its Articles of Association to reflect changes in applicable laws and regulations. For details, please refer to the Company's circular dated 25 November 2025.

Independent Auditor's Report

KPMG

Independent auditor's report to the shareholders of Zoomlion Heavy Industry Science and Technology Co., Ltd.
(Incorporated in the People's Republic of China)

Opinion

We have audited the consolidated financial statements of Zoomlion Heavy Industry Science and Technology Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 105 to 232 which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Revenue recognition on sale of goods</td></tr>
<tr><td colspan="2">Refer to Note 3 to the consolidated financial statements and the accounting policies on pages 139 to 140 and page 144.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's revenue is principally derived from the sale of construction machinery and agricultural machinery to a significant number of customers.

Revenue of goods is recognised when the Group satisfies the performance obligation by transferring the control over products promised in the contract with customer, which is the point of time when a customer accepts the goods and signs on the goods delivery and acceptance note.

Sales of goods contributed approximately 99% of the Group's revenue for the year ended 31 December 2025.</td><td>Our audit procedures to assess the recognition of revenue on sale of goods included the following:

• obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sales of goods;

• inspecting customer contracts, on a sample basis, to identify performance obligations and terms and conditions relating to goods acceptance and the right of return and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;</td></tr>
</table>

Key audit matters (continued)

Revenue recognition on sale of goods	
Refer to Note 3 to the consolidated financial statements and the accounting policies on pages 139 to 140 and page 144.	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified revenue recognition on sale of goods as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there may be an incentive for management to advance or delay the timing of revenue recognition to the incorrect accounting period to meet performance expectations or targets, which is more susceptible to misstatement.	• comparing, on a sample basis, revenue transactions recorded during the year with the underlying customer contracts, bills of lading, goods delivery and acceptance notes to assess whether the related revenue was recognised in accordance with the Group's accounting policies; • comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying customer contracts, bills of lading, goods delivery and acceptance notes to assess whether the related revenue had been recognised in the appropriate financial period; and • inspecting relevant underlying documentation for journal entries relating to revenue raised during the year which meet specific risk-based criteria.

Independent Auditor's Report

Key audit matters (continued)

<table>
<tr><th colspan="2">Expected credit loss allowance for trade debtors</th></tr>
<tr><td colspan="2">Refer to Notes 18, 19 and 32(b)(ii) to the consolidated financial statements and the accounting policies on pages 130 to 134.</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Trade debtors include trade receivables and receivables under finance lease arrangements. As at 31 December 2025, the Group's gross trade receivables and gross receivables under finance lease arrangements totalled RMB45,475 million and RMB8,903 million, respectively, against which allowances of RMB5,046 million and RMB431 million for expected credit losses (ECLs), respectively, were recorded.

Management measures loss allowance which takes into account loss given default, probability of default, and forward-looking information.

According to the past experience of the Group, the credit loss patterns of different customer groups are significantly different. The Group clusters customers into customer groups based on a number of factors including their ownership background and financial strength, industries in which they operate and region, etc. The Group estimates ECL allowance for trade debtors for each of the customer groups with similar loss patterns.</td><td>Our audit procedures to assess the ECL allowance for trade debtors included the following:

• obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to provision of expected credit loss allowance;

• evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standards;

• obtaining an understanding of the basis adopted by the management in assessment of the credit loss allowance on the trader debtors assessed individually, and, on a sample basis, select items to testing the public information, litigation information, ageing and other supporting information or documents on which the management assess the loss allowance based.</td></tr>
</table>

Key audit matters (continued)

Expected credit loss allowance for trade debtors	
Refer to Notes 18, 19 and 32(b)(ii) to the consolidated financial statements and the accounting policies on pages 130 to 134.	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified the ECL allowance for trade debtors as a key audit matter because trade debtors and ECL allowance are material to the Group's financial statements and because the recognition of ECL is inherently subjective and requires significant management judgement.	• obtaining an understanding of the key data and assumptions adopted by the management in the ECL model, including the basis of segmentation of the trade debtors based on the shared credit risk characteristics, historical default data, and the assumptions involved in management's estimated loss rates; • assessing the appropriateness of management's estimates of loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current market conditions and forward-looking information; • assessing whether items in the trade debtors ageing report were categorised in the appropriate ageing brackets by comparing a sample of individual items with the underlying goods delivery and acceptance notes, sales invoices and other relevant underlying documentation; and • recalculating the loss allowance to assess if this is consistent with the Group policies.

Independent Auditor's Report

Key audit matters (continued)

<table>
<tr><th colspan="2">Assessing potential impairment of goodwill and trademarks</th></tr>
<tr><td colspan="2">Refer to Notes 12 and 13 to the consolidated financial statements and the accounting policies on page 123, page 127 and pages 133 to 134.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 December 2025, the aggregate carrying value of the Group's goodwill and trademarks with an indefinite useful life totalled RMB3,968 million, which represented 2.98% of the total assets of the Group at the reporting date.

These assets have been recognised in the consolidated statement of financial position as a result of the acquisitions of various businesses.</td><td>Our audit procedures to assess the potential impairment of goodwill and trademarks included the following:

• obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to assessing potential impairment of goodwill and trademarks;

• assessing and challenging management's impairment assessment models and the allocation of goodwill and trademarks to relevant CGUs, which included assessing whether the impairment assessment models were consistent with the requirements of the prevailing accounting standards;

• engaging our internal valuation specialists to assist us in assessing the methodology adopted by management in determining the recoverable amount of goodwill and trademarks with reference to the requirements of the prevailing accounting standards.</td></tr>
</table>

Key audit matters (continued)

Assessing potential impairment of goodwill and trademarks	
Refer to Notes 12 and 13 to the consolidated financial statements and the accounting policies on page 123, page 127 and pages 133 to 134.	
The Key Audit Matter	**How the matter was addressed in our audit**
Management performs annual impairment assessments of the cash-generating units ("CGUs") to which goodwill and trademarks have been allocated. Management compares the carrying amount of each CGU with its recoverable amount. The recoverable amount is determined by the higher of the fair value less cost of disposal of the CGU or the value-in-use based on discounted cash flow forecasts.	• for the management's assessment of the value-in-use of CGU based on discounted cash flow forecasts, our procedures include: – comparing the most significant inputs used in the discounted cash flow forecasts, including future revenue growth rates, future operating margins and future changes in working capital with the historical performance of the relevant CGU; – comparing forecast revenue, operating margins and capital expenditure in the discounted cash flows forecasts with the Group's approved financial budget;

Independent Auditor's Report

Key audit matters (continued)

<table>
<tr><th colspan="2">Assessing potential impairment of goodwill and the trademarks</th></tr>
<tr><td colspan="2">Refer to Notes 12 and 13 to the consolidated financial statements and the accounting policies on page 123, page 127 and pages 133 to 134.</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The discounted cash flow forecasts involves significant management judgement and estimation from the management, particularly in estimating the following:

• future revenue growth rates;

• future operating margins; and

• the discount rates applied.</td><td>– comparing forecast sales with publicly available market forecasts, assessing the expected operating margin with reference to the trends for selling prices and forecast steel and labour costs;

– engaging our internal valuation specialists to assist us in assessing the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards, and assessing the discount rates applied in the cash flow forecasts by benchmarking against other comparable companies in the same industry; and

– performing sensitivity analyses of the key assumptions adopted in the discounted cashflow forecasts, including the discount rates and future revenue growth rates, and considering the resulting impact on the impairment assessments and whether there were any indicators of potential management bias.</td></tr>
</table>

Key audit matters (continued)

Assessing potential impairment of goodwill and the trademarks	
Refer to Notes 12 and 13 to the consolidated financial statements and the accounting policies on page 123, page 127 and pages 133 to 134.	
The Key Audit Matter	**How the matter was addressed in our audit**
When the management uses the market approach to determine the fair value less cost of disposal of a CGU, the stock price of the listed company which the CGU belongs to is adjusted with, if any, a number of factors. We identified assessing potential impairment of goodwill and trademarks as a key audit matter because of the inherent level of complex and subjective management judgement required in assessing the variable factors and assumptions in the valuation process and because of the potential for management bias in considering the variable factors and assumptions.	• for the management's assessment of the fair value less cost of disposal of CGU, our procedures include: – comparing the share price of the listed company we obtained independently to the share price that management used in the calculation of the fair value of CGU; – evaluating the appropriateness of other adjustments, if any, by benchmarking with the selected comparable companies and capital transactions; – assessing the appropriateness of estimated cost of disposal; and – recalculating the amount of fair value less cost of disposal. • considering the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill and trademarks, including the key assumptions adopted, with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

Auditor's responsibility for the audit of the consolidated financial statements
(continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong, Chi Yeung (practising certificate number: P08077).

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2026

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

(Expressed in RMB)

	Note	2025 RMB millions	2024 RMB millions
Revenue	3	52,107	45,478
Cost of sales and services		(37,497)	(32,668)
Gross profit		14,610	12,810
Other net income	4	1,690	1,162
Sales and marketing expenses		(4,537)	(3,721)
General and administrative expenses		(2,539)	(2,585)
Expected credit losses	5(c)	(516)	(570)
Research and development expenses		(2,895)	(2,769)
Profit from operations		5,813	4,327
Finance income		469	653
Finance costs		(596)	(571)
Net exchange loss		(6)	(110)
Net finance costs	5(a)	(133)	(28)
Share of profits less losses of associates	14	114	84
Profit before taxation	5	5,794	4,383
Income tax	6	(767)	(374)
Profit for the year		5,027	4,009

The notes on pages 115 to 232 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB millions	2024 RMB millions
Profit attributable to:			
Equity shareholders of the Company		4,779	3,521
Non-controlling interests		248	488
		5,027	4,009
Profit for the year		5,027	4,009
Earnings per share (RMB)			
Basic and diluted	9	0.55	0.41

The notes on pages 115 to 232 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

(Expressed in RMB)

	2025 RMB millions	2024 RMB millions
Profit for the year	**5,027**	4,009
Other comprehensive income for the year (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)	**80**	(352)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Chinese mainland	**(76)**	(78)
Total other comprehensive income for the year	**4**	(430)
Total comprehensive income for the year	**5,031**	3,579
Total comprehensive income attributable to:		
Equity shareholders of the Company	**4,783**	3,091
Non-controlling interests	**248**	488
Total comprehensive income for the year	**5,031**	3,579

The notes on pages 115 to 232 form part of these financial statements.

ZOOMLION
中联重科

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in RMB)

	Note	2025 RMB millions	2024 RMB millions
Non-current assets			
Property, plant and equipment	10	**21,662**	20,577
Right-of-use assets	11	**3,455**	3,625
Investment properties		**71**	56
Intangible assets	12	**1,882**	2,019
Goodwill	13	**2,709**	2,580
Interests in associates	14	**4,079**	4,484
Other financial assets	15	**1,730**	2,017
Trade receivables and contract assets	18	**6,049**	6,828
Receivables under finance lease	19	**3,951**	3,835
Loans and advances	18(f)	**620**	469
Pledged bank deposits	20	**103**	107
Deferred tax assets	27(b)	**2,766**	2,637
Total non-current assets		**49,077**	49,234
Current assets			
Inventories	16	**20,516**	22,564
Other current assets		**408**	565
Financial assets measured at fair value through profit or loss (“FVPL”)	17	**2,071**	1,622
Trade and other receivables and contract assets	18	**42,395**	32,400
Receivables under finance lease	19	**4,521**	3,328
Loans and advances	18(f)	**337**	279
Pledged bank deposits	20	**1,910**	1,565
Cash and cash equivalents	21	**11,872**	12,155
Total current assets		**84,030**	74,478
Total assets		**133,107**	123,712
Current liabilities			
Loans and borrowings	22(a)	**10,962**	10,837
Financial liabilities at FVPL		**4**	22
Trade and other payables	23	**36,083**	29,763
Contract liabilities	24	**1,437**	1,901
Lease liabilities	25	**169**	154
Income tax payable	27(a)	**311**	310
Total current liabilities		**48,966**	42,987
Net current assets		**35,064**	31,491
Total assets less current liabilities		**84,141**	80,725

The notes on pages 115 to 232 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in RMB)

	Note	2025 RMB millions	2024 RMB millions
Non-current liabilities			
Loans and borrowings	22(b)	21,980	15,412
Lease liabilities	25	481	362
Deferred tax liabilities	27(b)	570	696
Other non-current liabilities	29	1,272	4,453
Total non-current liabilities		24,303	20,923
NET ASSETS		59,838	59,802
CAPITAL AND RESERVES			
Share capital	30(a)	8,649	8,678
Reserves		48,885	48,423
Total equity attributable to equity shareholders of the Company		57,534	57,101
Non-controlling interests		2,304	2,701
TOTAL EQUITY		59,838	59,802

Approved and authorised for issue by the board of directors on 30 March 2026.

Zhan Chunxin
Chairman and Chief Executive Officer

Du Yigang
Chief Financial Officer

The notes on pages 115 to 232 form part of these financial statements.

ZOOMLION
中联重科

Consolidated Statement of Changes In Equity

For the year ended 31 December 2025

(Expressed in RMB)

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB millions (Note 30(a))	Capital reserve RMB millions (Note 30(b)(i))	Statutory surplus reserve RMB millions (Note 30(b)(ii))	Exchange reserve RMB millions (Note 30(b)(iii))	Fair value reserve (non-recycling) RMB millions (Note 30(b)(iv))	Other reserves RMB millions (Note 30(b)(v))	Retained earnings RMB millions	Total RMB millions	Non-controlling interests RMB millions	Total equity RMB millions
Balance at 1 January 2024		8,678	18,725	4,384	(1,471)	(24)	380	25,699	56,371	2,760	59,131
Changes in equity for 2024											
Profit for the year		–	–	–	–	–	–	3,521	3,521	488	4,009
Other comprehensive income		–	–	–	(78)	(352)	–	–	(430)	–	(430)
Total comprehensive income		–	–	–	(78)	(352)	–	3,521	3,091	488	3,579
Repurchase of ordinary shares	30(d)	–	(54)	–	–	–	–	–	(54)	–	(54)
Cash dividends	30(c)	–	–	–	–	–	–	(2,777)	(2,777)	–	(2,777)
Share incentive scheme – Restricted share scheme	26	–	866	–	–	–	–	–	866	–	866
Contribution from non-controlling shareholders in a subsidiary		–	–	–	–	–	–	–	–	9	9
Acquisition of non-controlling interests in subsidiary		–	(396)	–	–	–	–	–	(396)	(502)	(898)
Dividends declared by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	–	(54)	(54)
Safety production fund	30(b)(v)	–	–	–	–	–	1	(1)	–	–	–
Balance at 31 December 2024		8,678	19,141	4,384	(1,549)	(376)	381	26,442	57,101	2,701	59,802

The notes on pages 115 to 232 form part of these financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2025

(Expressed in RMB)

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB millions (Note 30(a))	Capital reserve RMB millions (Note 30(b)(i))	Statutory surplus reserve RMB millions (Note 30(b)(ii))	Exchange reserve RMB millions (Note 30(b)(iii))	Fair value reserve (non-recycling) RMB millions (Note 30(b)(iv))	Other reserves RMB millions (Note 30(b)(v))	Retained earnings RMB millions	Total RMB millions	Non-controlling interests RMB millions	Total equity RMB millions
Balance at 31 December 2024 and 1 January 2025		8,678	19,141	4,384	(1,549)	(376)	381	26,442	57,101	2,701	59,802
Changes in equity for 2025											
Profit for the year		–	–	–	–	–	–	4,779	4,779	248	5,027
Other comprehensive income		–	–	–	(76)	82	–	(2)	4	–	4
Total comprehensive income		–	–	–	(76)	82	–	4,777	4,783	248	5,031
Repurchase of ordinary shares	30(d)	–	(96)	–	–	–	–	–	(96)	–	(96)
Cancellation of ordinary shares	30(d)	(29)	29	–	–	–	–	–	–	–	–
Cash dividends	30(c)	–	–	–	–	–	–	(4,324)	(4,324)	–	(4,324)
Share incentive scheme – Restricted share scheme	26	–	343	–	–	–	–	–	343	–	343
Acquisition of non-controlling interests in subsidiaries		–	(271)	–	–	–	–	–	(271)	(435)	(706)
Dividends declared by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	–	(210)	(210)
Appropriation for general risk reserve	30(b)(v)	–	–	–	–	–	7	(7)	–	–	–
Safety production fund	30(b)(v)	–	–	–	–	–	(80)	80	–	–	–
Others		–	(2)	–	–	–	–	–	(2)	–	(2)
Balance at 31 December 2025		8,649	19,144	4,384	(1,625)	(294)	308	26,968	57,534	2,304	59,838

The notes on pages 115 to 232 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2025

(Expressed in RMB)

	Note	**2025 RMB millions**	2024 RMB millions
Operating activities			
Profit before taxation		**5,794**	4,383
Adjustments for:			
Depreciation of property, plant and equipment	5(c)	**1,031**	921
Depreciation of right-of-use assets	5(c)	**356**	256
Amortisation of intangible assets	5(c)	**141**	153
Share of profits less losses of associates		**(114)**	(84)
Interest income	5(a)	**(469)**	(653)
Interest expense	5(a)	**596**	571
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	4	**(548)**	(663)
Net realised and unrealised (gain)/loss on financial assets at FVPL	4	**(53)**	119
Loss on debt restructurings	4	**14**	19
Loss on disposal of trade receivables and receivables under finance lease	4	**30**	41
Dividend income from financial assets measured at fair value through other comprehensive income ("FVOCI")	4	**(26)**	(42)
Gain on deemed disposal of interest in an associate	4	**(19)**	–
Share incentive scheme expenses	5(b)	**343**	866
		7,076	5,887
Changes in working capital:			
(Increase)/decrease in inventories		**(529)**	651
(Increase)/decrease in trade and other receivables		**(9,267)**	2,011
Decrease in receivables under finance lease		**2,131**	3,856
(Decrease)/increase in contract liabilities		**(464)**	84
Increase/(decrease) in trade and other payables		**6,545**	(10,012)
Cash generated from operations		**5,492**	2,477
Income tax paid		**(919)**	(1,003)
Net cash generated from operating activities carried forward		**4,573**	1,474

The notes on pages 115 to 232 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2025

(Expressed in RMB)

	Note	2025 RMB millions	2024 RMB millions
Net cash generated from operating activities brought forward		**4,573**	1,474
Investing activities			
Payment for purchase of property, plant and equipment		**(4,353)**	(4,004)
Payment for purchase of right-of-use assets		**(233)**	(21)
Payment for purchase of intangible assets		**(69)**	(11)
Payment for acquisition of a subsidiary, net of cash acquired	13(b)	**(1,041)**	–
Proceeds from disposal of a subsidiary		**42**	–
Payment for investments in associates		**(1)**	–
Proceeds from disposal of partial interest in an associate		**205**	–
Proceeds from disposal of financial assets at FVOCI		**339**	114
Payment for acquisition of financial assets at FVPL		**(5,649)**	(1,543)
Proceeds from disposal of financial assets at FVPL		**5,200**	1,648
Dividends from associates		**94**	97
Dividends income from financial assets at FVOCI	4	**26**	42
Proceeds from disposal of property, plant and equipment and intangible assets		**141**	102
Interest received		**300**	653
(Increase)/decrease in pledged bank deposits		**(341)**	669
Net cash used in investing activities		**(5,340)**	(2,254)

The notes on pages 115 to 232 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2025

(Expressed in RMB)

	Note	2025 RMB millions	2024 RMB millions
Financing activities			
Proceeds from loans and borrowings	21(a)	**18,252**	14,291
Proceeds of capital contributions from non-controlling shareholders		**–**	9
Repayments of loans and borrowings	21(a)	**(13,138)**	(10,322)
Payment for repurchase of own shares	30(d)	**(96)**	(54)
Payment for acquisition of non-controlling interests of subsidiaries		**(706)**	(898)
Interest paid	21(a)	**(688)**	(651)
Dividends paid to equity shareholders	30(c)	**(2,784)**	(2,777)
Dividends paid by subsidiaries to non-controlling interests		**(210)**	(54)
Capital element of lease rentals paid	21(a)	**(155)**	(212)
Interest element of lease rentals paid	21(a)	**(9)**	(11)
Net cash generated from/(used in) financing activities		**466**	(679)
Net decrease in cash and cash equivalents		**(301)**	(1,459)
Cash and cash equivalents at 1 January		**12,155**	13,606
Effect of foreign exchange rate changes		**18**	8
Cash and cash equivalents at 31 December	21	**11,872**	12,155

The notes on pages 115 to 232 form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2025

1 Principal activities of reporting entity, organisation and basis of preparation

(a) 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 lease services.

(b) Organisation

The Company was incorporated in the People's Republic of China on 31 August 1999 by six founding shareholders with registered and issued share capital of 100 million ordinary shares with a par value of RMB1 per share. Upon the Company's incorporation, Construction Machinery Research Institute of Changsha, the Ministry of Construction ("Research Institute"), a state-owned entity, held 74.7% equity interest in the Company and the other five founding shareholders held 25.3% equity interest in the Company in aggregate. These founding shareholders are hereinafter referred to as the non-public shareholders.

On 12 October 2000, the Company completed an initial public offering of 50 million newly issued A Shares with a par value of RMB1 per share to public shareholders in the Shenzhen Stock Exchange of China ("SZSE"). Upon the initial public offering, the public shareholders owned 33.3% of the equity interest in the Company. The equity interest of Research Institute and the other five non-public shareholders in the Company was then reduced to 49.8% and 16.9%, respectively.

During the years from 2001 to 2009, the Company completed several stock splits in the form of bonus shares to achieve wider distribution and improve marketability of the ordinary shares. As a result, the Company's share capital increased from RMB150 million to RMB1,673 million.

In July 2006, the public shareholders accepted the share reform proposal offered by the non-public shareholders whereby the non-public shareholders transferred a total of 54 million A Shares to the public shareholders, in exchange for the approval for the listing of all shares held by the non-public shareholders. After the share transfer, the equity interest in the Company held by Research Institute and the other five non-public shareholders was reduced from 49.8% and 16.9% to 41.9% and 14.1%, respectively, while the public shareholders' equity interest in the Company was increased from 33.3% to 44.0%.

Notes to the consolidated financial statements

For the year ended 31 December 2025

1 Principal activities of reporting entity, organisation and basis of preparation (continued)

(b) Organisation (continued)

In December 2008, Research Institute was deregistered and the 41.9% equity interest of the Company held by Research Institute was transferred to Research Institute's shareholders, consisting of 25.0% equity interest transferred to Hunan State-owned Assets Supervision and Administration Commission of the People's Government of Hunan Province ("Hunan SASAC"), and 16.9% equity interest transferred to the four other shareholders of Research Institute.

In February 2010, the Company completed a Non-public Offering of 297,954,705 A Shares to nine institutional investors. In August 2010, the Company further conducted a stock split in the form of bonus shares. Following the stock split, the Company's share capital was increased to approximately RMB4,928 million comprising 4,927,636,762 A Shares, among which Hunan SASAC held 21.4% equity interest.

On 23 December 2010, the Company completed a Global Offering of 869,582,800 newly issued H Shares with a par value of RMB1 per share to institutional and public shareholders in The Stock Exchange of Hong Kong Limited. In this connection, Hunan SASAC and Hunan Development Investment Group Co., Ltd. ("Hunan Development Group"), the Company's state-owned shareholders, transferred a total of 86,958,280 A Shares to the National Council for Social Security Fund of the PRC ("NSSF"), which were converted into H Shares on a one-for-one basis. Upon the completion of the Global Offering, the share capital of the Company was increased to approximately RMB5,797 million, comprising 4,840,678,482 A Shares and 956,541,080 H Shares. After the Global Offering, Hunan SASAC held 16.77% equity interest in the Company.

On 5 January 2011, the underwriters of the Global Offering exercised the over-allotment option in full. As a result, 130,437,400 H Shares with a par value of RMB1 per share were additionally issued by the Company. In this connection, Hunan SASAC and Hunan Development Group transferred a total of additional 13,043,740 A Shares to the NSSF, which were converted into H Shares on a one-for-one basis. Upon completion of the issuance of new H Shares and conversion of A Shares into H Shares, the share capital of the Company was increased to approximately RMB5,928 million, comprising 4,827,634,742 A Shares and 1,100,022,220 H Shares.

1 Principal activities of reporting entity, organisation and basis of preparation (continued)

(b) Organisation (continued)

On 3 June 2011, the Company further conducted a stock split in the form of bonus shares. Following the stock split, the Company's share capital was increased to approximately RMB7,706 million, comprising 6,275,925,164 A Shares and 1,430,028,886 H Shares, among which Hunan SASAC held 16.19% equity interest.

During the period from July to September 2015, the Company repurchased 41,821,800 H Shares of its own share capital with an aggregate consideration of approximately RMB128 million, which were then cancelled during the year.

During the period from May to June 2017, the Company repurchased 38,845,086 A Shares of its own share capital with a total consideration of approximately RMB170 million, which were then cancelled in July 2017.

In November 2017, the Company adopted a share option and restricted share scheme (the "Share Incentive Scheme"). Pursuant to this scheme, it issued 168,760,911 restricted A Shares, which will be unlocked for trading upon completion of certain period of services and meeting the performance target (the "First Grants").

In September 2018, the Company issued additional 18,554,858 share options and additional 18,554,858 restricted shares under the Share Incentive Scheme adopted in 2017.

During the period from August to November 2018, the Company forfeited 4,066,300 restricted A Shares of its own share capital with a total consideration of approximately RMB9 million, which were then cancelled in November 2018.

During the period from April to September 2019, the Company forfeited 4,937,804 restricted A Shares of its own share capital with a total consideration of approximately RMB10 million, which were then cancelled in July and October 2019.

During 2019, 71,376,029 share options were exercised.

Notes to the consolidated financial statements

For the year ended 31 December 2025

1 Principal activities of reporting entity, organisation and basis of preparation (continued)

(b) Organisation (continued)

During 2020, the Company forfeited 3,232,375 restricted A Shares of its own share capital with a total consideration of approximately RMB6 million, which were then cancelled during the year.

During 2020, 65,948,050 share options were exercised.

During 2021, the Company allotted and issued a total of 193,757,462 H Shares to one subscriber at a subscription price of HKD5.863 per H Share, and allotted and issued a total of 511,209,439 A Shares to eight subscribers at a subscription price of RMB10.17 per A Share. Besides, 35,334,802 share options were exercised.

In April 2021, Hunan SASAC transferred a total of 1,253,314,876 A Shares to Hunan Xing Xiang Investment Holding Group Co., Ltd. (Hunan Xing Xiang), which was 100% ownership interest held by Hunan SASAC.

During 2022 and 2023, the Company repurchased 683,819,949 A Shares of its own share capital with a total consideration of approximately RMB4,196 million, which were used in Employee Stock Ownership Plan.

During 2024 and 2025, the Company repurchased 29,457,000 H Shares of its own share capital with a total consideration of approximately RMB150 million and were then cancelled in June 2025. At 31 December 2025, the share capital of the Company was approximately RMB8,649 million, comprising 7,096,027,688 A Shares and 1,552,507,548 H shares.

1 Principal activities of reporting entity, organisation and basis of preparation (continued)

(c) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). IFRS Accounting Standards include all individual International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IASs") and related interpretations.

These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective for the current accounting period of the Group. Note 1(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(ii) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for the re-measurement of equity investments (Note 2(e)) and derivative financial instruments (Note 2(f)) which are stated at fair value.

Notes to the consolidated financial statements

For the year ended 31 December 2025

1 Principal activities of reporting entity, organisation and basis of preparation (continued)

(c) Basis of preparation (continued)

(ii) Basis of preparation of the financial statements (continued)

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and the major sources of estimation uncertainty are disclosed in Note 36.

(d) Changes in accounting policies

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

2 Material accounting policies

(a) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (Note 2(b)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (Note 2(j)(iii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (Note 2(e)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

2 Material accounting policies (continued)

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(o) and (p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

The details of the Group's principal subsidiaries are set out in Note 37.

2 Material accounting policies (continued)

(c) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see Note 2(j)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see Note 2(j)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(j)).

2 Material accounting policies (continued)

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(a). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(vi)); foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 Material accounting policies (continued)

(e) Other investments in securities (continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(t)(v)).

(f) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(j)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

2 Material accounting policies (continued)

(g) Property, plant and equipment (continued)

The estimated useful lives for the current and comparative periods are as follows:

–	buildings	20 to 40 years
–	machinery, plant and equipment	3 to 10 years
–	motor vehicles	3 to 10 years
–	office equipment	4 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(j)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets with finite useful lives less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

–	Capitalised development costs	2 to 10 years
–	Patents and trademarks	10 to 15 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 Material accounting policies (continued)

(h) Intangible assets (other than goodwill) (continued)

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

The Group's intangible asset that is determined to have an indefinite useful life consists of trademarks.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

2 Material accounting policies (continued)

(i) Leased assets (continued)

(i) As a lessee (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(t)(iii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECL"s) on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including those loans to associates and joint ventures that are held for the collection of contractual cash flows which represent solely payments of principal and interest);

- lease receivables;

- loans and advances; and

- financial guarantee contracts issued.

Financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling), listed equity securities measured at FVPL, structured deposits, wealth management products, security investment funds and derivative financial instruments and etc. are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate;

- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets (continued)

(i) **Credit losses from financial instruments and lease receivables** (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets (continued)

(i) **Credit losses from financial instruments and lease receivables** (continued)

Measurement of ECLs (continued)

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(t)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets (continued)

(i) **Credit losses from financial instruments and lease receivables** (continued)

Measurement of ECLs (continued)

Basis of calculation of interest income (continued)

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets (continued)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value. The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income (see Note 2(t)(viii)).

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(j)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the payments that are guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets (continued)

(iii) **Impairment of other non-current assets** (continued)

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 Material accounting policies (continued)

(l) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(t)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(m)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)).

(m) Trade and other receivables and contract assets

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(j)(i).

2 Material accounting policies (continued)

(o) Trade and other payables

Trade and other payables are initially recognised at fair value, except for financial guarantee liabilities measured in accordance with Note 2(j)(ii), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(v).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payment

The grant-date fair value of equity-settled share-based payments granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

2 Material accounting policies (continued)

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

2 Material accounting policies (continued)

(r) Income tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2 Material accounting policies (continued)

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted and taken possession of the goods. Revenue excludes value added tax and is after deduction of any trade discounts.

(ii) Finance income under finance lease

Where the Group provides finance leasing of its machinery products to customers, the Group recognises profit or loss equivalent to the profit or loss resulting from an outright sale of the machinery products being leased at normal selling prices and finance income over the period of the lease. Finance income implicit in finance lease is recognised over the period of the lease so as to produce an approximately constant periodic rate of return on the outstanding net investment in the lease for each accounting period. Commission paid to dealers for acquisition of finance lease contract is included in the carrying value of the assets and amortised to the profit or loss over the expected life of the lease as an adjustment to finance income.

2 Material accounting policies (continued)

(t) Revenue and other income (continued)

(iii) Rental income from operating lease

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned

(iv) Rendering of services

The Group recognises revenue from rendering of services including maintenance service, technical consultation services etc. over the period of the service.

(v) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(vi) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(viii) Income from financial guarantees issued

Income from financial guarantees issued is recognised over the term of the guarantees (see Note 2(j)(ii)).

2 Material accounting policies (continued)

(u) Translation of foreign currencies

The presentation currency of the Group is Renminbi ("RMB"). The functional currency of the Company and its subsidiaries in the Chinese mainland is RMB and the functional currency of the Company's subsidiaries in the Hong Kong Special Administrative Region ("HKSAR") is United States Dollars ("USD") as the major operating and financing activities of these entities are transacted in USD. The functional currencies of the Company's subsidiaries outside PRC is the currency of the primary economic environment in which these subsidiaries operate.

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

– an investment in equity securities designated as at FVOCI;

– a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

– qualifying cash flow hedges to the extent that the hedges are effective.

2 Material accounting policies (continued)

(u) Translation of foreign currencies (continued)

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Profit distributions

Distributions of profit proposed in the profit appropriation plan to be approved after the end of the reporting period are not recognised as a liability at the end of the reporting period but are disclosed in the notes separately.

2 Material accounting policies (continued)

(x) Related parties

For the purposes of these financial statements, a related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third party and the other entity is an associate of the third party.

(v) the entity is a post-employment benefit plan for the benefit of employees of the Group or an entity related to the Group.

(vi) the entity controlled or jointly controlled by a person identified in (a).

(vii) the person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Material accounting policies (continued)

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Revenue and segment reporting

(a) Revenue

The Group is principally engaged in three main operating segments, including (i) research, development, manufacturing and sale of construction machinery; (ii) research, development, manufacturing and sale of agricultural machinery; and (iii) finance lease services.

Revenue from sales and lease of the Group's machinery products is net of value added tax and after deduction of any trade discounts.

3 Revenue and segment reporting (continued)

(a) Revenue (continued)

(i) Disaggregation of revenue

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

	2025 RMB millions	2024 RMB millions
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
Construction machinery		
– Concrete machinery	**10,043**	8,004
– Crane machinery	**16,553**	14,691
– Aerial machinery	**5,969**	6,830
– Earth working machinery	**9,661**	6,666
– Others	**5,742**	4,012
Agricultural machinery	**3,541**	4,646
	51,509	44,849
Revenue from other sources		
Rental income	**151**	157
Financial services	**447**	472
	598	629
	52,107	45,478

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Notes 3(b)(i) and 3(b)(iv) respectively.

The Group's customer base is diversified and none of the customer with whom transactions have exceeded 10% of the Group's revenues. Details of concentrations of credit risk arising from this customer are set out in Note 32(b)(ii).

3 Revenue and segment reporting (continued)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business sectors. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

a. Construction machinery segment consists of the following sub-segments:

   Concrete machinery sub-segment primarily researches, develops, manufactures and sells various concrete machineries, including truck-mounted concrete pumps, trailer-mounted concrete pumps, dry mortar products, concrete placing booms, concrete mixing plants, truck-mounted concrete mixers, truck-mounted line concrete pumps and self-propelled boom concrete pumps.

   Crane machinery sub-segment primarily researches, develops, manufactures and sells a variety of cranes, including truck cranes, all-terrain truck cranes, crawler cranes and various types of tower cranes.

   Aerial machinery sub-segment primarily researches, develops, manufactures and sells a variety of aerial work vehicles.

   Earth working machinery sub-segment primarily researches, develops, manufactures and sells a variety of earth working machineries, including loaders, bulldozer and various types of excavators.

   Others primarily research, develop, manufacture and sell of other machinery products, including road construction and pile foundation machinery, material handling machinery and systems, specialised vehicles and vehicle axles.

   None of these segments met any of the quantitative thresholds for determining reportable segments for the years ended 31 December 2025 and 2024.

b. Agricultural machinery segment primarily researches, develops, manufactures and sells a wide range of agricultural machineries, including tractors, grain harvesters and drying machines.

c. Financial services segment primarily provides finance lease services to customers for purchasing machinery products of the Group and from other vendors.

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following basis:

The measure used for reporting segment profit is revenue less cost of sales and services.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

Disaggregation of revenue 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 years ended 31 December 2025 and 2024 is set out below:

	2025			2024		
	Point in time RMB millions	**Over time RMB millions (Note)**	**Total RMB millions**	Point in time RMB millions	Over time RMB millions (Note)	Total RMB millions
Reportable segment revenue:						
Construction machinery						
– Concrete machinery	**10,043**	**14**	**10,057**	8,004	10	8,014
– Crane machinery	**16,553**	**84**	**16,637**	14,691	95	14,786
– Aerial machinery	**5,969**	**2**	**5,971**	6,830	3	6,833
– Earth working machinery	**9,661**	**11**	**9,672**	6,666	5	6,671
– Others	**5,742**	**39**	**5,781**	4,012	40	4,052
Agricultural machinery	**3,541**	**1**	**3,542**	4,646	4	4,650
Financial services	**–**	**447**	**447**	–	472	472
	51,509	**598**	**52,107**	44,849	629	45,478

Note: revenue recognised over time include rental income and financial service income.

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For the year ended 31 December 2025

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Information about profit or loss

	2025 RMB millions	2024 RMB millions
Reportable segment profit:		
Construction machinery		
– Concrete machinery	2,329	1,817
– Crane machinery	5,331	4,792
– Aerial machinery	1,745	2,030
– Earth working machinery	2,867	2,013
– Others	1,562	1,133
Agricultural machinery	347	570
Financial services	429	455
	14,610	12,810

(iii) Reconciliations of segment profit

	2025 RMB millions	2024 RMB millions
Total reportable segment profit	14,610	12,810
Other net income	1,690	1,162
Sales and marketing expenses	(4,537)	(3,721)
General and administrative expenses	(2,539)	(2,585)
Expected credit losses	(516)	(570)
Research and development expenses	(2,895)	(2,769)
Net finance costs	(133)	(28)
Share of profits less losses of associates	114	84
Profit before taxation	5,794	4,383

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(iv) Geographic information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and right-of-use assets ("specified non-current assets"). The geographical location of revenue is based on the selling location. The geographical location of specified non-current assets is based on the physical location of the asset. No geographic information is presented for trademarks, technical know-how and goodwill as these assets are commonly used by the Group both in and outside PRC. Most of the other non-current assets are physically located in the PRC, except for customer relationships acquired through business combination of CIFA S.p.A ("CIFA") and m-tec mathis technik GmbH ("m-tec"), which are determined to be outside PRC.

	2025 RMB millions	2024 RMB millions
Revenue from external customers		
– Chinese mainland	**21,592**	22,164
– Outside PRC	**30,515**	23,314
Total	**52,107**	45,478

	2025 RMB millions	2024 RMB millions
Specified non-current assets		
– Chinese mainland	**23,213**	22,175
– Outside PRC	**2,690**	2,027
Total	**25,903**	24,202

4 Other net income

	2025 RMB millions	2024 RMB millions
Government grants and preferential taxation (Note)	**908**	602
Net realised and unrealised gain/(loss) on financial assets and liabilities at FVPL	**53**	(119)
Gain on disposal partial interest in an associate	**156**	–
Dividend income from financial assets at FVOCI	**26**	42
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	**548**	663
Loss on disposal of trade receivables and receivables under finance lease	**(30)**	(41)
Loss on debt restructurings	**(14)**	(19)
Gain on deemed disposal of interest in an associate (Note 13)	**19**	–
Others	**24**	34
	1,690	1,162

Note: Government grants mainly represent operating subsidies and other grants. There were no unfulfilled conditions and other contingencies attached to these grants.

5 Profit before taxation

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

(a) Net finance costs:

	2025 RMB millions	2024 RMB millions
Interest income	**(469)**	(653)
Interest on loans and borrowings	**711**	651
Interest on lease liabilities (Note 21(a))	**9**	11
Net exchange loss	**6**	110
Less: interest expense capitalised into construction in progress (Note)	**(124)**	(91)
	133	28

Note: The borrowing costs have been capitalised at rates of 2.13% to 2.93% (2024: 2.30% to 2.77%) per annum.

5 Profit before taxation (continued)

(b) Staff costs:

	2025 RMB millions	2024 RMB millions
Salaries, wages and other benefits	**5,862**	4,815
Share incentive scheme expenses (Note 26(b))	**343**	866
Contributions to retirement schemes (Note 28)	**898**	822
	7,103	6,503

(c) Other items:

	2025 RMB millions	2024 RMB millions
Cost of inventories sold (Note 16)	**37,295**	32,483
Depreciation charge:		
– owned property, plant and equipment (Note 10)	**1,031**	921
– right-of-use assets, land use rights (Note 11)	**140**	71
– right-of-use assets, plant, machinery and equipment (Note 11)	**216**	185
Amortisation of intangible assets (Note 12)	**141**	153
Auditors' remuneration:		
– audit services	**10**	9
Product warranty costs (Note 23(b))	**228**	185
Expected credit losses:		
– trade receivables (Note 18(c))	**491**	568
– receivables under finance lease (Note 19(c))	**(34)**	(22)
– other receivables	**20**	27
– loan and advance	**5**	(3)
Impairment losses:		
– inventories	**63**	13
– other current assets	**8**	–
– intangible assets	**23**	–

Notes to the consolidated financial statements

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6 Income tax

Income tax in the consolidated statement of comprehensive income represents:

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB millions	2024 RMB millions
Current tax – PRC income tax	**575**	614
Current tax – Income tax in other tax jurisdictions	**141**	110
Deferred taxation – origination and reversal of temporary differences	**51**	(350)
Tax expenses	**767**	374

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

	2025 RMB millions	2024 RMB millions
Profit before taxation	**5,794**	4,383
Notional tax on profit before taxation, calculated at the statutory income tax rate (Note (i))	**1,449**	1,096
Tax effect of non-deductible expenses	**39**	16
Current year loss for which no deferred tax assets was recognised	**161**	64
Tax effect of non-taxable income	**(37)**	(63)
Tax effect of subsidiaries subject to a difference tax rate (Note (ii))	**(341)**	(246)
Additional deduction for qualified research and development expenses (Note (iii))	**(504)**	(493)
Actual income tax expenses	**767**	374

6 Income tax (continued)

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

Notes:

(i) The PRC statutory income tax rate is 25% (2024: 25%).

(ii) 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 Company and certain of its PRC subsidiaries obtained or renewed its status as high-technology enterprises in 2025 and accordingly are subject to income tax at 15% for the years from 2025 to 2027.

The Company's subsidiaries in the HKSAR are subject to Hong Kong Profits Tax at 16.5% (2024: 16.5%) in respect of assessable profits arising in or derived from Hong Kong.

The Company's overseas subsidiaries are subject to income tax at rates ranging from 9% to 34% (2024: 9% to 34%).

(iii) 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 ended 31 December 2025 (2024: 100%).

(c) Pillar Two income taxes

The Company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development. Certain jurisdictions in which the Group operates have implemented Pillar Two income tax legislation based on this framework, and those Pillar Two income tax laws became effective on 1 January 2024. The Group has preliminarily assessed its potential exposure based on the information available regarding the 2024 annual financial performance of the Group.

The Group continues to prudently monitor and evaluate the potential impact of the Pillar Two model rules. At the reporting date, certain other jurisdictions in which the Group operates have enacted Pillar Two model rules or relevant adjustment. For example, from 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong SAR. Based on the analysis performed by the Group, the jurisdictions that have enacted Pillars Two in 2025 which are relevant to the Group's operation did not have a material impact to the Group's consolidated financial statements.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

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For the year ended 31 December 2025

7 Directors' and supervisors' emoluments

Directors' and supervisors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors'/ supervisors' fee RMB thousands	Salaries, allowances and other benefits RMB thousands	Discretionary bonuses RMB thousands	Contributions to retirement scheme RMB thousands	Share incentive scheme RMB thousands	Total RMB thousands
For the year ended 31 December 2025						
Executive director						
ZHAN Chunxin	–	1,248	1,248	16	22,442	24,954
Non-executive directors						
HE Liu	–	–	–	–	–	–
Wang Xianping	–	–	–	–	–	–
Employee Director						
LIU Xiaoping (appointed on 11 December 2025) *	–	808	808	16	3,638	5,270
Independent non-executive directors						
ZHANG Chenghu	150	–	–	–	–	150
HUANG Guobin	150	–	–	–	–	150
WU Baohai	150	–	–	–	–	150
HUANG Jun	150	–	–	–	–	150
Supervisors						
YAN Mengyu (resigned on 11 December 2025)	–	–	–	–	–	–
XIONG Yanming (resigned on 11 December 2025) *	–	1,168	1,168	16	4,042	6,394
	600	3,224	3,224	48	30,122	37,218

7 Directors' and supervisors' emoluments (continued)

	Directors'/ supervisors' fee RMB thousands	Salaries, allowances and other benefits RMB thousands	Discretionary bonuses RMB thousands	Contributions to retirement scheme RMB thousands	Share incentive scheme RMB thousands	Total RMB thousands
For the year ended 31 December 2024						
Executive director						
ZHAN Chunxin	–	1,342	1,342	16	56,699	59,399
Non-executive directors						
HE Liu	–	–	–	–	–	–
Wang Xianping	–	–	–	–	–	–
Independent non-executive directors						
ZHANG Chenghu	150	–	–	–	–	150
HUANG Guobin	150	–	–	–	–	150
WU Baohai	150	–	–	–	–	150
HUANG Jun	150	–	–	–	–	150
Supervisors						
YAN Mengyu	–	–	–	–	–	–
XIONG Yanming	–	992	992	16	1,0211	12,211
LIU Xiaoping	–	692	692	16	9,190	10,590
	600	3,026	3,026	48	76,100	82,800

* The emoluments disclosed above include those services rendered by the respective director and supervisor as a employee.

None of these directors and supervisors received any inducements or compensation for loss of office, or waived any emoluments during the year (2024: Nil).

8 Individuals with highest emoluments

Of the five highest paid individuals of the Group, one individual (2024: one individuals) was director or supervisor of the Company, whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the remaining four individuals (2024: four individuals) are as follows:

	2025 RMB thousands	2024 RMB thousands
Salaries, allowances and other benefits in kind	**9,606**	7,536
Share incentive scheme expenses	**22,634**	57,183
Contributions to retirement scheme	**64**	64
	32,304	64,783

The emoluments of the non-director/supervisor employees among the five highest paid individuals are within the following bands:

	2025 Number	2024 Number
HKD 3,000,001-HKD6,000,000	**–**	–
HKD 6,000,001-HKD9,000,000	**2**	–
HKD 9,000,001-HKD12,000,000	**2**	–
HKD 12,000,001-HKD15,000,000	**–**	–
HKD 15,000,001-HKD18,000,000	**–**	4

None of these employees received any inducements or compensation for loss of office, or waived any emoluments during the year (2024: Nil).

9 Earnings per share

(a) Basic earnings per share

For the year ended 31 December 2025, the calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders and the weighted-average number of ordinary shares in issue during the period, calculated as follows:

Profit attributable to ordinary equity shareholders (basic)

	2025 millions	2024 millions
Profit attributable to equity shareholders	**4,779**	3,521
Less: profit attributable to the unvested restricted A shares	**(126)**	(158)
Profit attributable to ordinary equity shareholders (basic)	**4,653**	3,363

Weighted average number of ordinary shares

	2025 millions	2024 millions
Issued ordinary shares at 1 January (excluded unvested restricted A shares) at 1 January	**8,413**	8,254
Effect of repurchase of ordinary H shares	**(17)**	(1)
Effect of restricted A shares vested (Note 26(a))	**26**	35
Weighted average number of ordinary shares at 31 December	**8,422**	8,288

(b) Diluted earnings per share

For the years ended 31 December 2025 and 2024, restricted A shares (Note 26(a)) were not included in the calculation of diluted earnings per share because their effect would have been anti-dilutive. Accordingly, diluted earnings per share were the same as basic earnings per share.

10 Property, plant and equipment

	Buildings RMB millions	Machinery, plant and equipment RMB millions	Motor vehicles and office equipment RMB millions	Construction in progress RMB millions	Total RMB millions
Cost:					
Balance at 1 January 2024	8,301	8,075	1,044	6,428	23,848
Additions	232	175	148	4,477	5,032
Transferred from construction in progress	1,039	331	244	(1,614)	–
Disposals	(866)	(697)	(182)	–	(1,745)
Effect of exchange rate difference	(40)	(23)	(9)	–	(72)
Balance at 31 December 2024	8,666	7,861	1,245	9,291	27,063
Balance at 1 January 2025	**8,666**	**7,861**	**1,245**	**9,291**	**27,063**
Additions	**882**	**252**	**146**	**3,338**	**4,618**
Transferred from construction in progress	**3,820**	**853**	**176**	**(4,849)**	**–**
Additions through business combinations	**4**	**1**	**2**	**–**	**7**
Disposals	**(2,383)**	**(885)**	**(143)**	**–**	**(3,411)**
Transferred to investment property	**(22)**	**–**	**–**	**–**	**(22)**
Effect of exchange rate difference	**59**	**91**	**18**	**–**	**168**
Balance at 31 December 2025	**11,026**	**8,173**	**1,444**	**7,780**	**28,423**
Accumulated depreciation and impairment:					
Balance at 1 January 2024	(2,202)	(3,616)	(666)	–	(6,484)
Depreciation charge for the year	(282)	(528)	(111)	–	(921)
Impairment loss	(9)	–	–	–	(9)
Written back on disposals	420	422	58	–	900
Effect of exchange rate difference	9	14	5	–	28
Balance at 31 December 2024	(2,064)	(3,708)	(714)	–	(6,486)
Balance at 1 January 2025	**(2,064)**	**(3,708)**	**(714)**	**–**	**(6,486)**
Depreciation charge for the year	**(303)**	**(544)**	**(184)**	**–**	**(1,031)**
Written back on disposals	**297**	**441**	**112**	**–**	**850**
Transferred to investment property	**6**	**–**	**–**	**–**	**6**
Effect of exchange rate difference	**(21)**	**(67)**	**(12)**	**–**	**(100)**
Balance at 31 December 2025	**(2,085)**	**(3,878)**	**(798)**	**–**	**(6,761)**
Net book value:					
Balance at 31 December 2025	**8,941**	**4,295**	**646**	**7,780**	**21,662**
Balance at 31 December 2024	6,602	4,153	531	9,291	20,577

10 Property, plant and equipment (continued)

As at 31 December 2025, the carrying amount of machinery, plant and equipment leased out under operating leases is RMB87 million (31 December 2024: RMB137 million). The lease term generally ranges from 1 to 2 years (2024: 1 to 2 years). These operating leases does not contain contingent lease rentals. The future minimum lease payments under non-cancellable operating lease in the aggregate are receivable as follows:

	2025 RMB millions	2024 RMB millions
Within 1 year	**33**	51
After 1 year but within 2 years	**23**	10
After 2 years but within 3 years	**–**	–
Thereafter	**–**	–
	56	61

11 Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset is as follows:

	Note	**2025 RMB millions**	2024 RMB millions
Land use rights, carried at depreciated cost	(i)	**2,777**	3,020
Plant, machinery and equipment, carried at depreciated cost	(ii)	**678**	605
		3,455	3,625

11 Right-of-use assets (continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB millions	2024 RMB millions
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights, carried at depreciated cost	**140**	71
Plant, machinery and equipment, carried at depreciated cost	**216**	185
	356	256
Interest on lease liabilities (Note 5(a))	**9**	11
Expense relating to short-term leases	**137**	14
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**9**	10

During the year ended 31 December 2025, additions to right-of-use assets were RMB653 million (2024: RMB523 million). This amount primarily related to land use rights and capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 21 and 25, respectively.

(i) Land use rights

Land use rights are mainly located in Hunan Province and Anhui Province, the PRC, and are held on medium-term leases of 20 to 50 years from the respective dates of acquisition.

Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on ratable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Plant, machinery and equipment

The Group leases production plant under operating leases expiring from 2 to 12 years. None of the leases includes an option to purchase the leased equipment at the end of the lease term or includes variable lease payments. Some of the leases includes an option to renew the lease.

12 Intangible assets

	Trademarks RMB millions	Technical know-how RMB millions	Software, patents, operating and similar rights RMB millions	Customer relationships RMB millions	Capitalised development costs RMB millions	Total RMB millions
Cost:						
Balance at 1 January 2024	1,263	273	894	589	971	3,990
Additions	–	11	180	–	42	233
Effect of exchange rate difference	(30)	(23)	(15)	(15)	(17)	(100)
Balance at 31 December 2024	1,233	261	1,059	574	996	4,123
Balance at 1 January 2025	**1,233**	**261**	**1,059**	**574**	**996**	**4,123**
Additions	**–**	**16**	**130**	**–**	**–**	**146**
Additions through business combinations	**–**	**–**	**6**	**–**	**–**	**6**
Disposals	**–**	**–**	**(237)**	**–**	**–**	**(237)**
Effect of exchange rate difference	**63**	**28**	**27**	**30**	**36**	**184**
Balance at 31 December 2025	**1,296**	**305**	**985**	**604**	**1,032**	**4,222**
Accumulated amortisation and impairment:						
Balance at 1 January 2024	(37)	(261)	(459)	(566)	(679)	(2,002)
Amortisation for the year	–	(3)	(79)	(19)	(52)	(153)
Effect of exchange rate difference	–	21	7	14	9	51
Balance at 31 December 2024	(37)	(243)	(531)	(571)	(722)	(2,104)
Balance at 1 January 2025	**(37)**	**(243)**	**(531)**	**(571)**	**(722)**	**(2,104)**
Amortisation for the year	**–**	**(10)**	**(105)**	**(2)**	**(24)**	**(141)**
Impairment loss	**–**	**–**	**–**	**–**	**(24)**	**(24)**
Written back on disposals	**–**	**–**	**10**	**–**	**–**	**10**
Effect of exchange rate difference	**–**	**(27)**	**(23)**	**(31)**	**–**	**(81)**
Balance at 31 December 2025	**(37)**	**(280)**	**(649)**	**(604)**	**(770)**	**(2,340)**
Net book value:						
Balance at 31 December 2025	**1,259**	**25**	**336**	**–**	**262**	**1,882**
Balance at 31 December 2024	1,196	18	528	3	274	2,019

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For the year ended 31 December 2025

12 Intangible assets (continued)

Impairment testing for trademarks with an indefinite useful life

For the purposes of impairment testing, trademarks with an indefinite useful life as follows:

	2025 RMB millions	2024 RMB millions
CIFA	**732**	667
Zoomlion Agriculture Machinery Co., Ltd. (“Agriculture Machinery”)	**457**	457
Other trademarks	**70**	72
	1,259	1,196

The recoverable amounts of the trademarks were based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the trademark. The cash flow projections covered a period of five years. The following table shows the amount by which the trademark’s recoverable amount exceeds its carrying amount.

	2025 RMB millions	2024 RMB millions
CIFA	**88**	28
Agriculture Machinery	**397**	526

12 Intangible assets (continued)

Impairment testing for trademarks with an indefinite useful life (continued)

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2025	2024
Pre-tax discount rate		
– CIFA	**10.3%**	11.5%
– Agriculture Machinery	**12.8%**	12.2%
Terminal value growth rate		
– CIFA	**2.3%**	2.0%
– Agriculture Machinery	**2.0%**	2.0%
Sales growth rate		
– CIFA	**21.4%**	14.8%
– Agriculture Machinery	**21.2%**	18.6%

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these three assumptions would need to change to individually for the estimated recoverable amount to be equal to the carrying amount.

	Key assumption required for carrying amount to equal recoverable amount	
	2025	2024
Pre-tax discount rate		
– CIFA	**11.6%**	11.9%
– Agriculture Machinery	**19.8%**	23.5%
Terminal value growth rate		
– CIFA	**0.3%**	1.4%
– Agriculture Machinery	**-11.2%**	-24.4%
Sales growth rate		
– CIFA	**18.8%**	14.1%
– Agriculture Machinery	**2.8%**	-2.8%

Notes to the consolidated financial statements

For the year ended 31 December 2025

13 Goodwill and business combination

(a) Goodwill

	2025 RMB millions	2024 RMB millions
Balance at 1 January	**2,580**	2,641
Effect of exchange rate difference	**129**	(61)
Balance at 31 December	**2,709**	2,580

The goodwill arose from the acquisition of the following entities:

		Carrying amount	
Name of entity	**Date of acquisition**	**2025 RMB millions**	2024 RMB millions
CIFA	September 2008	**1,592**	1,467
Zoomlion Earth Working Machinery	June 2008	**85**	85
Hunan Zoomlion Axle Co., Ltd.	June 2008	**11**	11
m-tec	April 2014	**35**	32
Agriculture Machinery	January 2015	**363**	363
Guoyu Europe Holding GmbH	June 2019	**7**	6
Shenzhen Luchang Technology Co., Ltd. (“Luchang Technology”)	February 2022	**616**	616
		2,709	2,580

For the purposes of impairment testing, goodwill has been allocated to the Group’s CGUs (operating divisions) as follows:

	2025 RMB millions	2024 RMB millions
CIFA and concrete business (“CMS business”)	**1,592**	1,467
Luchang Technology	**616**	616
Agriculture Machinery	**363**	363
Other CGUs	**138**	134
	2,709	2,580

13 Goodwill and business combination (continued)

(a) Goodwill (continued)

The recoverable amounts of these CGUs have been determined by the higher of value-in-use and fair value less costs of disposal. The following table shows the amount by which the CGU's recoverable amount exceeds its carrying amount.

	2025 RMB millions	2024 RMB millions
CMS business	**10,868**	7,735
Luchang Technology	**1,093**	212
Agriculture Machinery	**289**	573

The calculation of value-in-use used cash flow projections based on financial budgets approved by management. The cash flow projections covered a period of five years and adopted pre-tax discount rates ranging from approximately 9.9% to 13.1% (2024: 9.4% to 13.8%). The discount rates were determined based on the applicable weighted average cost of capital of the CGUs, which reflects the time value of money and the specific risks relating to the respective acquirees' businesses. The cash flow projections have taken into account the historical financial performance, expected sales growth rates and profit margins of the respective acquirees, market conditions and other available information. The assumptions used are based on management's past experience of the specific market, having made reference to external sources of information. Cash flows beyond the five-year period are extrapolated using estimated growth rates 2.0% (2024: 2.0%), which does not exceed the long-term average growth rate for the business in which the respective cash-generating units operate.

The calculation of fair value less costs of disposal is determined by market method. When using the market method, the fair value of the CGU is estimated on the basis of the stock price of the listed company which the CGU belongs to, and adjusted with a number of factors (including adjustment of working capital, non-operating assets or liabilities and interest-bearing liabilities of the CGU, etc.).

13 Goodwill and business combination (continued)

(a) Goodwill (continued)

The key assumptions used in the estimation of the recoverable amount of CMS business and Zoomlion Agriculture Machinery Co., Ltd. based on value-in-use are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2025	2024
Pre-tax discount rate		
– CMS business	**12.9%**	12.9%
– Agriculture Machinery	**13.0%**	13.5%
Terminal value growth rate		
– CMS business	**2.0%**	2.0%
– Agriculture Machinery	**2.0%**	2.0%
Sales growth rate		
– CMS business	**16.7%**	22.2%
– Agriculture Machinery	**21.2%**	18.6%

The key assumption used in the estimation of the recoverable amount of Luchang Technology based on fair value less costs of disposal is mainly the stock closing price of Luchang Technology which was RMB29.03 per share as at 31 December 2025 (2024: RMB22.33 per share).

Management has identified that a reasonably possible change in key assumptions could cause the carrying amount to exceed the recoverable amount for CGUs with significant goodwill. The following table shows the amount by which these two assumptions would need to change to individually for the estimated recoverable amount to be equal to the carrying amount.

	Key assumption required for carrying amount to equal recoverable amount	
	2025	2024
Pre-tax discount rate		
– CMS business	**19.4%**	18.0%
– Agriculture Machinery	**13.7%**	15.1%
Terminal value growth rate		
– CMS business	**-14.3%**	-9.2%
– Agriculture Machinery	**0.9%**	0.4%
Sales growth rate		
– CMS business	**10.7%**	16.1%
– Agriculture Machinery	**19.0%**	14.8%

13 Goodwill and business combination (continued)

(b) The acquisition of Zoomlion Finance and Leasing (Beijing) Co., Ltd.

In May 2025, the Group entered into a share purchase agreement with Hunan Xingxiang Investment Holding Group Co., Ltd. (hereinafter referred to as "Xingxiang Group") and Hunan Dice Investment Co., Ltd. (hereinafter referred to as "Dice Investment") to purchase 45% and 36% share of Zoomlion Finance and Leasing (Beijing) Co., Ltd. (hereinafter referred to as "Beijing Leasing") through public bidding. The considerations transferred to Hunan Xingxiang Group and Dice Investment were RMB904 million and RMB723 million respectively. Beijing Leasing was an associate of the Group which the Group held 19% interest before this transaction and became a 100% wholly owned subsidiary of the Group after completion of the share purchase transaction.

If the merger and acquisition involve a financial leasing company (i.e., a licensed financial institution), according to the "Administrative Measures for Financial Leasing Companies" (implemented on November 1, 2024) and relevant regulations of the National Financial Regulatory Administration, the acquisition of financial leasing companies require approval from the National Financial Regulatory Administration. Beijing Leasing obtained the approval on 2 December 2025 which indicate the share transfer has been completed. Therefore, 2 December 2025 is considered as the acquisition date.

For the period from 2 December 2025 to 31 December 2025, Beijing Leasing contributed immaterial revenue and profit to the Group's results. If the acquisition had occurred on 1 January 2025, management estimates consolidated revenue would have been RMB52,326 million, and consolidated profit for the year would have been RMB5,081 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2025.

13 Goodwill and business combination (continued)

(b) The acquisition of Zoomlion Finance and Leasing (Beijing) Co., Ltd. (continued)

The recognised amounts of assets acquired and liabilities at the date of acquisition of the Beijing Leasing comprise the following:

	RMB millions
Property, plant and equipment	7
Intangible assets	6
Trade and other receivables	3,026
Deferred tax assets	319
Cash and cash equivalents	586
Loans and borrowings	(1,480)
Trade and other payables	(377)
Income tax payable	(54)
Less: Fair value of previously held equity investment as at acquisition date	(387)
Gain on deemed disposal of an associate (Note 4)	(19)
Total considerations transferred	1,627
Less: cash of subsidiary acquired	586
Net cash outflow arising from the acquisition of a subsidiary	1,041

14 Interests in associates

	2025 RMB millions	2024 RMB millions
Infore Environment Technology Group Co., Ltd. ("Infore Environment")	**3,215**	3,209
Aggregate carrying amount of individually material associates in the consolidated financial statements	**3,215**	3,209
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**864**	1,275
Total	**4,079**	4,484

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:

				Proportion of ownership interest		
Name of associate	**Form of business structure**	**Place of incorporation and business**	**Particulars of issued and paid-up capital (millions)**	**Group's effective interest**	**Held by the Company**	**Principal activities**
Infore Environment (Note)	Incorporated	China	RMB3,180	12.61%	12.61%	Environmental construction and project operation

Note: Infore Environment is listed on the main board of Shenzhen Stock Exchange. As at 31 December 2025, the quoted market price of Infore Environment was RMB7.34 (2024: RMB4.97) per share and the fair value of the investment in Infore Environment was RMB2,930 million (2024: RMB1,985 million), lower than the carrying value. As at 31 December 2025, the management carried out an impairment assessment of the investment and determined its recoverable amount based on the present value of projected future cash flows. The cash flow projections covered a period of five years and adopted a pre-tax discount rate of 11.1% (2024: 11.4%). Cash flows beyond the five-year period are extrapolated using estimated growth rates 2.0% (2024: 2.0%). The discount rate used to estimate the cash flow is based on the cost of capital used to assess investments of a similar nature in Chinese mainland. Forecasting the future cash flow involves the judgment of management. The key assumptions are determined with reference to external information. According to the results of the assessment, no impairment of the investment is required as at 31 December 2025.

14 Interests in associates (continued)

	2025 RMB millions	2024 RMB millions
Amounts of the Group's share of Infore Environment		
Profit from operations	**81**	68
Other comprehensive income	**–**	–
Total comprehensive income	**81**	68

During the year ended 31 December 2025, Infore Environment distributed dividends of RMB75 million (2024: RMB50 million) to the Group.

	2025 RMB millions	2024 RMB millions
Aggregate amounts of the Group's share of individually immaterial associates		
Profit from operations	**33**	16
Other comprehensive income	**–**	–
Total comprehensive income	**33**	16

15 Other financial assets

	Note	2025 RMB millions	2024 RMB millions
Financial assets at FVOCI			
Equity securities	(i)	**1,519**	1,760
Financial assets at FVPL			
Listed equity securities		**36**	33
Private equity funds		**175**	224
Total		**1,730**	2,017

Note:

(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 RMB108 million and RMB1,411 million, respectively, as at 31 December 2025 (31 December 2024: RMB134 million and RMB1,626 million). The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividends of RMB26 million (2024: RMB42 million) were received from these investments in equity securities during the year ended 31 December 2025 (see Note 4). A loss accumulated in the fair value reserve (non-recycling) of RMB2 million in relation to disposal of equity securities was transferred to retained earnings during the year ended 31 December 2025 (2024: loss of RMB0.25 million).

16 Inventories

(a) Inventories in the consolidated statement of financial position comprise:

	2025 RMB millions	2024 RMB millions
Raw materials	**5,818**	5,413
Work in progress	**1,619**	1,898
Finished goods	**10,639**	12,818
Land to be developed	**2,440**	2,435
	20,516	22,564

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

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is presented in Note 5(c).

17 Financial assets at fair value through profit or loss

	Note	2025 RMB millions	2024 RMB millions
Financial assets carried at fair value through profit or loss:			
– Wealth management products and structured deposits	(i)	**494**	45
– Securities investment funds	(ii)	**1,573**	1,577
– Derivatives financial assets		**4**	–
		2,071	1,622

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. The Group evaluates these products on a fair value basis in accordance with the accounting policy set out in Note 2(e).

(ii) 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. The Group evaluates these products on a fair value basis in accordance with the accounting policy set out in Note 2(e).

18 Trade and other receivables and contract assets

	2025 RMB millions	2024 RMB millions
Trade receivables (Notes (a) and (b))	**45,475**	35,569
Less: loss allowance (Note (c))	**(5,045)**	(4,461)
	40,430	31,108
Less: trade receivables due after one year (Note (a))	**(5,853)**	(6,739)
	34,577	24,369
Bills receivable (Note (d))	**890**	1,479
	35,467	25,848
Contract assets	**202**	89
Less: Contract assets due after one year	**(196)**	(89)
	6	–
Amounts due from related parties (Note 35(b))	**97**	139
Prepayments for purchase of raw materials	**1,117**	869
Prepaid expenses	**740**	594
Prepayments for land use rights (Note (e))	**1,703**	1,703
VAT recoverable	**2,197**	2,329
Deposits	**75**	67
Others	**993**	851
	42,395	32,400

All of the trade and other receivables, except those described below, are expected to be recovered or recognised as expense within one year.

18 Trade and other receivables and contract assets (continued)

(a) Trading terms and factoring of trade receivables

The Group generally allows certain customers with appropriate credit standing to make payments in instalments generally over a period of 6 to 60 months ("instalment payment method"). Instalment payments with terms more than one year are discounted at a rate which approximates the debtor's borrowing rate in transactions with an independent lender under comparable terms and conditions. For the year ended 31 December 2025, the discount rates ranged from 1.37% to 15.28% (2024: 2.57% to 12.25%) per annum.

Trade receivables due after one year is as follows:

	2025 RMB millions	2024 RMB millions
Gross investment	**6,326**	7,379
Unearned finance income	**(396)**	(538)
	5,930	6,841
Less: loss allowance	**(77)**	(102)
Trade receivables due after one year	**5,853**	6,739

During the year ended 31 December 2025, trade receivables of RMB6,027 million (2024: RMB13,248 million) was factored to banks and financial institutions without recourse. Since the Group has transferred substantially all the risks and rewards of ownership in respect of the relevant factored receivables to the banks and financial institutions, these factored trade receivables were therefore derecognised.

(b) Ageing analysis of trade receivables

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:

	2025 RMB millions	2024 RMB millions
Within 1 year	**27,011**	20,571
Over 1 year but less than 2 years	**7,086**	4,993
Over 2 years but less than 3 years	**2,639**	2,023
Over 3 years but less than 5 years	**1,626**	1,850
Over 5 years	**2,068**	1,671
	40,430	31,108

18 Trade and other receivables and contract assets (continued)

(b) Ageing analysis of trade receivables (continued)

Trade receivables under credit sales arrangement are generally due within 1 to 6 months (2024: 1 to 6 months) from the date of billing, and customers are normally required to make an upfront payment ranging from 5% to 30% (2024: 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 (2024: 6 to 60 months), customers are normally required to make an upfront payment ranging from 5% to 30% (2024: 5% to 30%) of the product price.

As part of the Group's ongoing control procedures, management monitors the creditworthiness of customers to which it grants credit in the normal course of business. Credit exposure limits are established to avoid concentration risk with respect to any single customer.

(c) Impairment of trade receivables

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025 RMB millions	2024 RMB millions
Balance at 1 January	**4,461**	5,514
Impairment losses recognised	**491**	568
Reclassification from loss allowance of receivables under finance lease (Note 19(c))	**63**	19
Uncollectible amounts written off	**(50)**	(229)
Written off upon sale of trade receivables (Note)	**(56)**	(1,429)
Effect of exchange rate difference	**136**	18
Balance at 31 December	**5,045**	4,461

Note: During the year ended 31 December 2025, RMB56 million of loss allowance for trade receivables were written off due to factoring of certain receivables to banks and financial institutions without recourse (2024: RMB1,429 million).

18 Trade and other receivables and contract assets (continued)

(d) As at 31 December 2025, bills receivable of RMB848 million (2024: RMB1,385 million), including bank acceptance bills and digital bills receivable, whose fair values approximate to their carrying values were classified as financial assets at FVOCI under IFRS 9. The fair value changes of these bills receivable measured at FVOCI were insignificant during the year.

Other bills receivable of RMB42 million (2024: RMB94 million) are measured at amortised cost, including bank and commercial acceptance bills.

Bills receivable mainly represent short-term bank acceptance notes receivable that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 3 to 6 months from the date of issuance. Historically, the Group had experienced no credit losses on such bank acceptance notes receivable. The Group from time to time endorses bills receivable to suppliers in order to settle trade payables. Bills receivable are due within one year.

As at 31 December 2025, the Group endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is not probable. As at 31 December 2025, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB3,569 million (31 December 2024: RMB3,675 million).

As at 31 December 2025, bills receivable of RMB1,260 million (31 December 2024: RMB449 million) was discounted to banks without recourse, where substantially all the risks and rewards of ownership had been transferred. Since the Group does not have continuing involvement in the transferred assets, these discounted bills receivable were therefore derecognised.

18 Trade and other receivables and contract assets (continued)

(e) Prepayments for land use rights

Prepayments for land are related to land acquisition costs prepaid by subsidiaries engaged in real estate development while the relevant land use right certificates have not been obtained as at 31 December 2025.

(f) Loans and advances

	2025 RMB millions	2024 RMB millions
Loans and advances	**982**	767
Less: loss allowance	**(25)**	(19)
	957	748
Less: Loans and advances due after one year	**(620)**	(469)
Loans and advances due within one year	**337**	279

The Group provides loans to customers purchasing machinery products of the Group. Customers are normally required to make an upfront payment ranging from 20% to 50% (2024: 20% to 50%) of the product price. Loans and advances under these arrangements are generally due within 1 to 5 years (2024: 1 to 5 years).

As part of the Group's ongoing control procedures, management monitors the creditworthiness of customers to which it provides loans and advances in the business. Loan credit exposure limits are established to avoid concentration risk with respect to any single customer.

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19 Receivables under finance lease

	2025 RMB millions	2024 RMB millions
Gross investment	**9,296**	8,217
Unearned finance income	**(393)**	(443)
	8,903	7,774
Less: loss allowance (Note(c))	**(431)**	(611)
	8,472	7,163
Less: receivables under finance lease due after one year	**(3,951)**	(3,835)
Receivables under finance lease due within one year	**4,521**	3,328

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 periods ranging from 1 to 6 years (2024: 1 to 6 years). Customers are normally required to make an upfront payment ranging from 5% to 50% of the product price (2024: 5% to 50%) and pay a security deposit ranging from 1% to 30% of the product price (2024: 1% to 30%). 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.

During the year ended 31 December 2025, receivables under finance lease of RMB1,815 million (2024: RMB3,230 million) was factored to banks and financial institutions without recourse. Since the Group has transferred substantially all the risks and rewards of ownership in respect of the relevant factored receivables under finance lease to the banks and financial institutions, these factored receivables under finance lease were therefore derecognised.

19 Receivables under finance lease (continued)

(a) Ageing analysis of receivables under finance lease

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

	2025 RMB millions	2024 RMB millions
Present value of the minimum lease payments		
Within 1 year	**5,135**	3,630
Over 1 year but less than 2 years	**1,947**	1,743
Over 2 years but less than 3 years	**1,055**	1,166
Over 3 years	**766**	1,235
	8,903	7,774
Unearned finance income		
Within 1 year	**244**	230
Over 1 year but less than 2 years	**90**	99
Over 2 years but less than 3 years	**36**	62
Over 3 years	**23**	52
	393	443
Gross investment		
Within 1 year	**5,379**	3,860
Over 1 year but less than 2 years	**2,037**	1,842
Over 2 years but less than 3 years	**1,091**	1,228
Over 3 years	**789**	1,287
	9,296	8,217

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19 Receivables under finance lease (continued)

(b) Overdue analysis

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

	2025 RMB millions	2024 RMB millions
Not yet due	**6,549**	6,356
Within 1 year past due	**1,828**	1,045
Over 1 year but less than 2 years past due	**446**	270
Over 2 years past due	**80**	103
Total past due	**2,354**	1,418
	8,903	7,774
Less: loss allowance	**(431)**	(611)
	8,472	7,163

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.

19 Receivables under finance lease (continued)

(c) Impairment of receivables under finance lease

The movement in the loss allowance in respect of receivables under finance lease during the year, is as follows:

	Note	2025 RMB millions	2024 RMB millions
Balance at 1 January		**611**	829
Reversal of impairment losses		**(34)**	(22)
Written off upon sale of receivables under finance lease		**(54)**	(104)
Reclassification to loss allowance of trade receivables	18(c)	**(63)**	(19)
Written off upon repossession of sold machinery		**(29)**	(73)
Balance at 31 December		**431**	611

(d) The Group monitors the credit risk arising from finance lease arrangement through various control measures as set out in Note 32(b)(ii). Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, finance income under finance lease is recognised in accordance with the accounting policies as set out in Note 2(t)(ii).

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20 Pledged bank deposits

The pledged bank deposits primarily represent cash maintained at banks as security for guarantees of payment relating to the issuance of bills payable to certain vendors of the Group, for guarantees given by the Group to banks in respect of loans provided by such banks to certain customers for purchase of the Group's products (Note 34) and for receivables that have been factored to banks. Upon maturity of the bills payable, which generally range from 3 to 6 months, or upon full repayment of the customers' loans or receivables, the restriction on the bank deposits is released.

21 Cash and cash equivalents

	2025 RMB millions	2024 RMB millions
Cash at bank and on hand		
– RMB denominated	**7,381**	8,639
– USD denominated	**2,493**	1,944
– EUR denominated	**853**	788
– Other currencies	**1,145**	784
	11,872	12,155

21 Cash and cash equivalents (continued)

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Note	Bank loans and other borrowings RMB million (Note 22)	Lease liabilities RMB million (Note 25)	Total RMB million
At 1 January 2024		22,321	434	22,755
Changes from financing cash flows:				
Capital element of lease rentals paid		–	(212)	(212)
Interest element of lease rentals paid		–	(11)	(11)
Proceeds from loans and borrowings		14,291	–	14,291
Repayments of loans and borrowings		(10,322)	–	(10,322)
Interest paid		(651)	–	(651)
Total changes from financing cash flows		3,318	(223)	3,095
Exchange adjustments		(41)	(10)	(51)
Other changes:				
Increase in lease liabilities from entering into new lease during the year		–	304	304
Interest on loans and borrowings	5(a)	651	–	651
Interest on lease liabilities	5(a)	–	11	11
Total other changes		651	315	966
At 31 December 2024		26,249	516	26,765

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21 Cash and cash equivalents (continued)

(a) Reconciliation of liabilities arising from financing activities (continued)

	Note	Bank loans and other borrowings RMB million (Note 22)	Lease liabilities RMB million (Note 25)	Total RMB million
Changes from financing cash flows:				
Capital element of lease rentals paid		–	(155)	(155)
Interest element of lease rentals paid		–	(9)	(9)
Proceeds from loans and borrowings		18,252	–	18,252
Repayments of loans and borrowings		(13,138)	–	(13,138)
Interest paid		(688)	–	(688)
Total changes from financing cash flows		4,426	(164)	4,262
Exchange adjustments		76	(16)	60
Other changes:				
Increase in lease liabilities from entering into new lease during the year		–	305	305
Interest on loans and borrowings	5(a)	711	–	711
Interest on lease liabilities	5(a)	–	9	9
Acquisition of a subsidiary	13(b)	1,480	–	1,480
Total other changes		2,191	314	2,505
At 31 December 2025		32,942	650	33,588

21 Cash and cash equivalents (continued)

(b) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 RMB millions	2024 RMB millions
Within operating cash flows	146	49
Within financing cash flows	164	223
	310	272

These amounts relate to the following:

	2025 RMB millions	2024 RMB millions
Lease rentals paid	310	272

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For the year ended 31 December 2025

22 Loans and borrowings

(a) Short-term loans and borrowings

	Note	2025 RMB millions	2024 RMB millions
Pledged short-term bank loans			
– RMB denominated	(i)	**10**	10
Unsecured short-term bank loans			
– RMB denominated	(ii)	**3,057**	1,194
– USD denominated		**–**	25
– EUR denominated	(iii)	**152**	197
		3,219	1,426
Add: current portion of long-term loans and borrowings	22(b)	**7,743**	9,411
		10,962	10,837

Notes:

(i) As at 31 December 2025, RMB denominated pledged short-term bank loan of RMB10 million (31 December 2024: RMB10 million) bore interest at a rate of 4.96% (31 December 2024: ranging from 4.96% per annum were pledged by invention patents and will be repayable in full in 2026.

(ii) As at 31 December 2025, RMB denominated unsecured short-term bank loans of RMB3,057 million (31 December 2024: RMB1,194 million) bore interest at rates ranging from 1.80% to 2.34% (31 December 2024: from 1.75% to 2.30%) per annum and will be repayable in full in 2026. Such loans are subject to the fulfilment of certain financial covenants of the Group. As at 31 December 2025, the Group was in compliance with these financial covenants.

(iii) As at 31 December 2025, EUR denominated unsecured short-term bank loans of RMB152 million (31 December 2024: RMB197 million) bore interest at rates ranging from 0.81% to 2.25% (31 December 2024: from 0.81% to 2.25%) per annum and will be repayable in 2026.

22 Loans and borrowings (continued)

(b) Long-term loans and borrowings

	Note	2025 RMB millions	2024 RMB millions
Unsecured long-term bank loans			
– RMB denominated	(i)	**27,166**	24,320
– EUR denominated	(ii)	**396**	333
– USD denominated	(iii)	**144**	155
Secured long-term bank loans			
– EUR denominated		**17**	15
Unsecured medium-term notes	(iv)	**2,000**	–
		29,723	24,823
Less: current portion of long-term loans and borrowings	22(a)	**(7,743)**	(9,411)
		21,980	15,412

Notes:

(i) As at 31 December 2025, RMB denominated unsecured long-term bank loans of RMB19,590 million (31 December 2024: RMB15,099 million) bore interest at rates ranging from 2.20% to 4.05% (31 December 2024: from 2.14% to 3.30%) per annum and will be repayable from 2027 to 2030.

As at 31 December 2025, RMB denominated unsecured long-term bank loans of RMB7,576 million (31 December 2024: RMB9,221 million) bore interest at rates ranging from 2.14% to 3.90% (31 December 2024: from 2.30% to 3.30%) per annum and will be repayable within 12 months.

Such loans are subject to the fulfilment of certain financial covenants of the Group. As at 31 December 2025, the Group was in compliance with these financial covenants.

(ii) As at 31 December 2025, EUR denominated unsecured long-term bank loans of RMB230 million (31 December 2024: RMB143 million) bore interest at rates ranging from 0.81% to 5.00% (31 December 2024: from 1.50% to 5.00%) per annum and will be repayable from 2027 to 2036.

As at 31 December 2025, EUR denominated unsecured long-term bank loans of RMB166 million (31 December 2024: RMB190 million) bore interest at rates ranging from 2.00% to 5.00% (31 December 2024: from 2.00% to 5.00%) per annum and will be repayable within 12 months.

Such loans are subject to the fulfilment of certain financial covenants of the Group. As at 31 December 2025, the Group was in compliance with these financial covenants.

(iii) As at 31 December 2025, USD denominated unsecured long-term bank loans of RMB144 million (31 December 2024: RMB155 million) bore interest at a rate of 1.80% (31 December 2024: 1.80%) per annum and will be repayable from 2028 to 2029.

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22 Loans and borrowings (continued)

(b) Long-term loans and borrowings (continued)

(iv) In April 2025, the Group issued 5-year RMB unsecured medium-term notes with principal amount of RMB1,000 million. The notes bore interest at a fixed rate of 2.07% per annum and will mature in April 2030. Interest on the notes will be payable yearly in arrears in April, beginning from April 2026.

In August 2025, the Group issued 5-year RMB unsecured medium-term notes with principal amount of RMB1,000 million. The notes bore interest at a fixed rate of 1.98% per annum and will mature in August 2030. Interest on the notes will be payable yearly in arrears in August, beginning from August 2026.

As at 31 December 2025, the outstanding balance of the unsecured medium-term notes was RMB2,000 million.

(c) Except as disclosed in Note 22(a)(ii), Note 22(b)(i) and Note 22(b)(ii) above, none of the Group's loans and borrowings contains any financial covenants.

23 Trade and other payables

	2025 RMB millions	2024 RMB millions
Trade creditors	**10,994**	8,830
Digital bills payable	**4,547**	5,192
Bills payable	**9,452**	7,883
Trade creditors and bills payable (Note (a))	**24,993**	21,905
Accrued staff costs	**815**	861
Value added tax payable	**1,210**	981
Sundry taxes payable	**103**	78
Payable for acquisition of property, plant and equipment	**2,422**	2,769
Product warranty provision (Note (b))	**170**	176
Financial guarantees issued (Note 34)	**36**	33
Dividends payable (Note 30(c))	**1,540**	–
Other accrued expenses and payables	**4,794**	2,960
	36,083	29,763

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

23 Trade and other payables (continued)

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

	2025 RMB millions	2024 RMB millions
Due within 1 month or on demand	**6,060**	6,046
Due after 1 month but within 3 months	**8,702**	6,816
Due after 3 months but within 6 months	**6,669**	6,245
Due after 6 months	**3,562**	2,798
	24,993	21,905

(b) Product warranty provision

	RMB millions
Balance at 1 January 2024	127
Provision for the year	185
Utilisation during the year	(136)
Balance at 31 December 2024 and 1 January 2025	**176**
Provision for the year	**228**
Utilisation during the year	**(234)**
Balance at 31 December 2025	**170**

A provision for warranties is recognised when the underlying products are sold. Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within predominantly 3 to 12 months from the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

24 Contract liabilities

	2025 RMB millions	2024 RMB millions
Contract liabilities		
Receipts in advance from customers	**1,437**	1,901

	2025 RMB millions	2024 RMB millions
Balance at 1 January	**1,901**	1,817
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(1,901)**	(1,817)
Increase in contract liabilities as a result of billing in advance	**1,437**	1,901
Balance at 31 December	**1,437**	1,901

25 Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period are as follows:

	2025		2024	
	Present value of the minimum lease payments RMB millions	**Total minimum lease payments RMB millions**	Present value of the minimum lease payments RMB millions	Total minimum lease payments RMB millions
Within 1 year	**169**	**169**	154	154
After 1 year but within 2 years	**182**	**190**	171	181
After 2 years but within 5 years	**190**	**207**	179	200
After 5 years	**109**	**129**	12	16
	481	**526**	362	397
	650	**695**	516	551
Less: total future interest expenses		**(45)**		(35)
Present value of lease liabilities		**650**		516

26 Share incentive scheme

On 30 August 2023, an 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 of the ESOP II 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 subject to certain performance conditions, whose percentages of restricted shares vested are 40%, 30% and 30% respectively.

(a) Restricted shares

The number of restricted shares are as follows:

	2025 Number of restricted shares	2024 Number of restricted shares
Outstanding at the beginning of the year	**254,374,060**	423,956,766
Vested during the year	**(127,187,030)**	(169,582,706)
Outstanding at the end of the year	**127,187,030**	254,374,060
Contractual life of restricted shares	**0.83 years**	1.33 years

The fair value of restricted share of the ESOP II granted on 28 September 2023 were RMB3.72 per share, which is the difference between the market price of the ordinary share at the grant date and the proceeds received from the employees.

26 Share incentive scheme (continued)

(b) Expected demission rate of the Participants and share incentive scheme expenses

For the ESOP II, no matter Participants leave the Group or not at the end of the vesting period, all share incentive scheme expenses are to be recognised in the consolidated statement of comprehensive income. For the year ended 31 December 2025, share incentive scheme expenses of RMB343 million (2024: RMB866 million) were recognised in the consolidated statement of comprehensive income.

27 Income tax in the consolidated statement of financial position

(a) Income tax payable in the consolidated statement of financial position represents:

	2025 RMB millions	2024 RMB millions
Provision for PRC income tax	**246**	265
Provision for income tax in other tax jurisdictions	**65**	45
	311	310

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27 Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are presented as follows:

Year ended 31 December 2025

	Balance at 31 December 2024 RMB millions	Addition from acquisition of Beijing Leasing (note 13(b)) RMB millions	Credited/ (charged) to profit or loss RMB millions	Credited/ (charged) to reserves RMB millions	Balance at 31 December 2025 RMB millions
Deferred tax assets arising from:					
Receivables	647	319	(2)	–	964
Inventories	239	–	(72)	–	167
Accrued expenses	112	–	(36)	–	76
Tax losses	417	–	80	–	497
Deferred income	966	–	15	–	981
Others	391	–	(69)	20	342
Total	2,772	319	(84)	20	3,027
Deferred tax liabilities arising from:					
Property, plant and equipment	(65)	–	10	–	(55)
Intangible assets	(267)	–	(15)	–	(282)
Right-of-use assets	(74)	–	5	–	(69)
Others	(425)	–	33	(33)	(425)
Total	(831)	–	33	(33)	(831)

	Deferred tax assets RMB millions	Deferred tax liabilities RMB millions
Gross amount	3,027	(831)
Offset amount	(261)	261
After offset	2,766	(570)

27 Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax assets and liabilities recognised: (continued)

Year ended 31 December 2024

	Balance at 31 December 2023 RMB millions	Credited/ (charged) to profit or loss RMB millions	Credited/ (charged) to reserves RMB millions	Balance at 31 December 2024 RMB millions
Deferred tax assets arising from:				
Receivables	845	(198)	–	647
Inventories	116	123	–	239
Accrued expenses	90	22	–	112
Tax losses	175	242	–	417
Deferred income	903	63	–	966
Others	200	124	67	391
Total	2,329	376	67	2,772
Deferred tax liabilities arising from:				
Property, plant and equipment	(41)	(24)	–	(65)
Intangible assets	(265)	(2)	–	(267)
Right-of-use assets	(28)	(46)	–	(74)
Others	(499)	46	28	(425)
Total	(833)	(26)	28	(831)

	Deferred tax assets RMB millions	Deferred tax liabilities RMB millions
Gross amount	2,772	(831)
Offset amount	(135)	135
After offset	2,637	(696)

As at 31 December 2025, deferred tax assets in respect of tax losses totalling RMB524 million (31 December 2024: RMB511 million) were not recognised by certain subsidiaries of the Company, as it is not probable that sufficient future taxable profits will be available to utilise such tax benefits. The unused tax losses at 31 December 2025 will expire on or before 31 December 2034.

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28 Employee benefits plans

As stipulated by the regulations of the PRC, the Company and its subsidiaries in the PRC participate in various defined contribution retirement plans organised by municipal and provincial governments for the Group's PRC employees. These entities are required to make contributions to the retirement plans at 20% of the salaries, bonuses and certain allowances of the employee, subject to certain salary limits. A member of the above plans is entitled to a pension equal to a fixed percentage of the salary prevailing at his or her retirement date. In addition, the Group have some subsidiaries outside the PRC, and pursuant to the local laws, the foreign subsidiaries are required to contribute to a government-mandated pension fund from 3.7% to 30% of the employee's salary each month. Contributions to these retirement plans are charged to profit or loss as the related employee service is provided (Note 5(b)). The Group has no other material obligation for the payment of benefits associated with these plans beyond the contributions described above.

29 Other non-current liabilities

	2025 RMB millions	2024 RMB millions
Deferred income of government grants	**583**	2,698
Security deposits received from finance lease arrangement	**7**	155
Compensation received for tentative relocation of production premises	**589**	1,513
Others	**93**	87
	1,272	4,453

30 Capital and reserves

(a) Share capital

	2025 RMB millions	2024 RMB millions
Ordinary shares issued and fully paid:		
Balance at 1 January	**8,678**	8,678
Cancellation of ordinary shares (Note 30(d))	**(29)**	–
Balance at 31 December	**8,649**	8,678
7,096,027,626 A Shares of RMB1.00 each 1,552,507,548 H Shares of RMB1.00 each (2024: 7,096,027,626 A Shares of RMB1.00 each 1,581,964,548 H Shares of RMB1.00 each)	**8,649**	8,678

30 Capital and reserves (continued)

(a) Share capital (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The restricted shares issued are subject to the unlocking conditions as detailed in Note 26. The forfeited restricted shares will not be entitled to the declared dividends.

All ordinary shares rank equally with regard to the Company's residual assets.

(b) Reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated reserves is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual component of reserves between the beginning and the end of the year are as follows:

	The Company	
	2025 RMB millions	2024 RMB millions
Capital reserve		
Balance at 1 January	**21,162**	20,350
Repurchase of ordinary shares (Note 30(d))	**(96)**	(54)
Cancellation of ordinary shares (Note 30(d))	**29**	–
Share incentive scheme (Note 26)		
– Restricted share scheme	**343**	866
Balance at 31 December	**21,438**	21,162
Statutory surplus reserve		
Balance at 1 January and 31 December	**4,383**	4,383
Other reserves		
Balance at 1 January	**(88)**	(39)
Safety production fund	**(20)**	(10)
Other comprehensive income	**32**	(39)
Balance at 31 December	**(76)**	(88)

30 Capital and reserves (continued)

(b) Reserves (continued)

	The Company	
	2025	2024
	RMB millions	RMB millions
Retained earnings		
Balance at 1 January	**9,750**	**11,965**
Safety production fund (Note 30(b)(v))	**20**	10
Cash dividends (Note 30(c))	**(4,324)**	(2,777)
Transfer upon disposal of financial assets at FVOCI	**(2)**	–
Profit for the year	**2,719**	552
Balance at 31 December	**8,163**	9,750
Total		
Balance at 1 January	**35,207**	36,659
Balance at 31 December	**33,908**	35,207

(i) Capital reserve

Under PRC rules and regulations, capital reserve is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

(ii) Statutory surplus reserve

Under PRC rules and regulations, the Company and its PRC subsidiaries are required to set aside 10% of the net income determined in accordance with the PRC accounting rules and regulations to a statutory surplus reserve until such reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of any dividend to shareholders. For the year ended 31 December 2025, such reserve balance of the Company has reached 50% of the registered capital.

The statutory surplus reserve is non-distributable other than in liquidation and can be used to make good previous years' losses, if any, and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders, provided that the balance after such issuance is not less than 25% of the registered capital. No such statutory surplus reserve is required for the Group's subsidiaries outside the Chinese mainland.

30 Capital and reserves (continued)

(b) Reserves (continued)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's subsidiaries outside the Chinese mainland which are dealt with in accordance with the accounting policies set out in Note 2(u).

(iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see Note 2(e)).

(v) Other reserves

Other reserves contain general risk reserve and safety production fund.

Pursuant to the relevant notices issued by regulatory bodies, one subsidiary in the financial services segment in the Chinese mainland is required to set aside a general risk reserve. In principle, the balance of general risk reserve shall be no less than 1.5% of the ending balance of risk assets.

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a legal reserve at different rates ranging from 0.05% to 2.35% of the total revenue recognised for the previous year. The reserve can be utilised for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

30 Capital and reserves (continued)

(c) Cash dividends

Pursuant to the shareholders' approval at the Annual General Meeting held on 28 June 2025, a final cash dividend of RMB0.30 per share based on 8,649 million ordinary shares in issue, totaling RMB2,595 million in respect of the year ended 31 December 2024 was declared, which was fully paid by 31 December 2025.

Pursuant to the shareholders' approval at the Extraordinary General Meeting held on 11 December 2025, an interim cash dividend of RMB0.20 per share based on 8,649 million ordinary shares in issue, totaling RMB1,729 million in respect of the year ended 30 June 2025 was declared. Such dividends were fully paid by 8 January 2026.

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, which was fully paid by 31 December 2024.

(d) Repurchase of own shares

During the year ended 31 December 2025, the Company repurchased its own shares on the Hong Kong Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregated price paid HKD millions
January/2025	**18,646,800**	**5.83**	**5.49**	**103**
February/2025	**100,000**	**5.61**	**5.61**	**1**

The total amount paid for the repurchased shares of HKD104 million (RMB equivalent: RMB96 million) was paid wholly out of capital reserve. In June 2025, the Company cancelled 29,457,000 shares, which includes 10,710,200 shares and 18,746,800 shares repurchased in 2024 and 2025 respectively.

31 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide investment returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

Management regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Management monitors its capital structure on the basis of the debt-to-equity ratio. For this purpose, the Group defines debt as total loans and borrowings and defines equity as all components of equity attributable to equity shareholders of the Company.

During 2025, the Group's strategy, which was unchanged from 2024, was to maintain the debt-to-equity ratio at less than 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

31 Capital management (continued)

As at 31 December 2025, the Group's debt-to-equity ratio was as follows:

	2025 RMB millions	2024 RMB millions
Current liabilities:		
Short-term loans and borrowings	10,962	10,837
Lease liabilities	169	154
Total current liabilities	11,131	10,991
Non-current liabilities:		
Long-term loans and borrowings	21,980	15,412
Lease liabilities	481	362
Total non-current liabilities	22,461	15,774
Total debt	33,592	26,765
Total equity attributable to equity shareholders of the Company	57,534	57,101
Debt-to-equity ratio	58.39%	46.87%

32 Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis was categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement.* The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2025 RMB millions	Fair value measurements as at 31 December 2025 Level 1 RMB millions	Level 2 RMB millions	Level 3 RMB millions
Recurring fair value measurements				
Financial assets:				
Fair value through other comprehensive income				
– Bills receivable	848	–	–	848
– Unlisted equity securities	1,411	–	–	1,411
– Listed equity securities	108	108	–	–
Fair value through profit or loss				
– Wealth management products and structured deposits	494	–	494	–
– Listed equity securities	36	36	–	–
– Private equity funds	175	–	–	175
– Securities investment funds	1,573	1,573	–	–
– Derivatives financial assets	4	–	–	4
Financial liabilities:				
Fair value through profit or loss				
– Derivatives financial liabilities	(4)	–	–	(4)

32 Financial instruments – fair values and risk management (continued)

(a) Accounting classifications and fair values (continued)

(i) **Financial assets and liabilities measured at fair value** (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024		
		Level 1	Level 2	Level 3
	RMB millions	RMB millions	RMB millions	RMB millions
Recurring fair value measurements				
Financial assets:				
Fair value through other comprehensive income				
– Bills receivable	1,385	–	–	1,385
– Unlisted equity securities	1,626	–	–	1,626
– Listed equity securities	134	134	–	–
Fair value through profit or loss				
– Wealth management products and structured deposits	45	–	45	–
– Listed equity securities	33	33	–	–
– Private equity funds	224	–	–	224
– Securities investment funds	1,577	1,577	–	–
Financial liabilities:				
Fair value through profit or loss				
– Derivatives	(22)	–	–	(22)

During the years ended 31 December 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products and structured deposits in Level 2 is determined by expected yield that links to underlying asset with observable inputs.

32 Financial instruments – fair values and risk management (continued)

(a) Accounting classifications and fair values (continued)

(i) **Financial assets and liabilities measured at fair value** (continued)

Information about Level 3 fair value measurements

	Valuation technique(s)	Unobservable(s)	Relationship of unobservable input(s) to fair value	Range
Unlisted equity securities	Comparable transaction method/Comparable company method	Price book value ratio Price earnings ratio Lack of marketability discount	The fair value measurement is positively correlated to the price book value ratio and earnings ratio. The fair value measurement is negatively correlated to the lack of marketability discount.	Price book value ratio:0.80-3.43 (2024: 0.67-2.15) Lack of marketability discount: 10%-70% (2024: 10%-70%)
Bills receivable	Discounted cash flow model	Lack of marketability discount	The fair value measurement is negatively correlated to the lack of marketability discount.	0% (2024: 0%)
Derivatives	Using the forward exchange rates at the end of the reporting period and comparing them to the contractual rates	Foreign currency exchange rate	The fair value measurement is positively correlated to purchase currency rate/sell currency rate.	Not applicable
Private equity funds	Derived from fund valuation report from fund manager	Net assets	The fair value measurement is positively correlated to the net assets.	Not applicable

Notes to the consolidated financial statements

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32 Financial instruments – fair values and risk management (continued)

(a) Accounting classifications and fair values (continued)

(i) **Financial assets and liabilities measured at fair value** (continued)

Information about Level 3 fair value measurements (continued)

	1 January 2025	Acquisition/ (disposal)	Net unrealised gains or losses recognised in other comprehensive income during the year	Net unrealised gains or losses recognised in profit or loss during the year	**31 December 2025**
	RMB millions	RMB millions	RMB millions	RMB millions	**RMB millions**
Financial assets:					
Unlisted equity securities	1,626	(341)	126	–	**1,411**
Bills receivable	1,385	(537)	–	–	**848**
Private Equity funds	224	(67)	–	18	**175**
Derivatives financial assets	–	–	–	4	**4**
Financial liabilities:					
Derivatives financial liabilities	(22)	35	–	(17)	**(4)**

	1 January 2024	Acquisition/ (disposal)	Net unrealised gains or losses recognised in other comprehensive income during the year	Net unrealised gains or losses recognised in profit or loss during the year	31 December 2024
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Financial assets:					
Unlisted equity securities	1,995	(96)	(273)	–	1,626
Bills receivable	1,489	(104)	–	–	1,385
Wealth management products	27	(26)	–	(1)	–
Private Equity funds	208	20	–	(4)	224
Derivatives financial assets	6	1	–	(7)	–
Financial liabilities:					
Derivatives financial liabilities	(15)	24	–	(31)	(22)

32 Financial instruments – fair values and risk management (continued)

(a) Accounting classifications and fair values (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements (continued)

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

(b) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

– credit risk (Note 32(b)(ii))
– liquidity risk (Note 32(b)(iii))
– interest rate risk (Note 32(b)(iv))
– currency risk (Note 32(b)(v))

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management of the Company have established a risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the consolidated financial statements

For the year ended 31 December 2025

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(i) Risk management framework (continued)

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to bank deposits, wealth management products, trade and other receivables and contract assets, receivables under finance lease, financial guarantees and endorsed bills with full recourse which were derecognised by the Group. The maximum exposure to credit risk is represented by the carrying amount of these financial assets and guarantee obligations as disclosed in Note 34.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's background and financial strengths, past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as the economic environment in which the customer operates. Trade receivables under credit sales arrangement are normally due within 1 to 6 months from the date of billing, and an upfront payment ranging from 5% to 30% of the product price is normally required from the customer. For sales under instalment payment method that has instalment payment periods generally ranging from 6 to 60 months, customers are normally required to make an upfront payment ranging from 5% to 30% of the product price. Collaterals such as properties, machinery or third party guarantees are generally required for customers with lower credit ratings. In addition, credit insurance coverage is required for overseas sales. Certain customers are required to pay by letters of credit.

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(ii) Credit risk (continued)

In respect of receivables under finance lease, individual credit evaluations are performed which are similar to those of credit and instalment sales. The risk management committee is responsible for the establishment of credit risk management policies, the supervision on the implementation of such policies and determination of the key terms of the lease contracts, including interest rate, lease period and percentage of deposit, etc. The risk management committee members are also responsible for approval of each leasing transaction within their respective authority. Credit review department, legal department, finance department and information technology department are collectively responsible for credit risk management and monitoring of settlement of receivables under finance lease. The Group's credit risk management procedures include pre-lease investigation, lease approval, lease payment collection and management, as well as recovery measures in case of customer default.

Debtors overdue by 3 months or more are handled by risk management department which is responsible for recovering debts through legal and other actions, including repossession and subsequent sale of machineries in case of customer default. Action taken to various overdue debts are assessed by taking into consideration of the customers' current financial position, future business plan, the fair value of pledged assets and possibility of additional collateral.

The Group measures loss allowances for trade receivables and receivables under finance lease at an amount equal to lifetime ECLs, which is calculated using a provision matrix. According to the past experience of the Group, the loss patterns of different customer groups are significantly different. The Group classifies customers into customer groups based on a number of factors including their ownership background and financial strength, industries in which they operate and region etc. The Group estimates loss allowance for trade receivables for each of the customer groups with similar loss patterns.

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(ii) Credit risk (continued)

The following table provides information about Group's exposure to credit risk and ECLs for trade receivables:

	31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB millions	RMB millions
Within 1 year	**1.7%**	**27,482**	**(471)**
Over 1 year but less than 2 years	**5.8%**	**7,519**	**(433)**
Over 2 years but less than 3 years	**9.7%**	**2,923**	**(284)**
Over 3 years but less than 5 years	**30.8%**	**2,351**	**(725)**
Over 5 years	**60.2%**	**5,200**	**(3,132)**
		45,475	**(5,045)**

	31 December 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB millions	RMB millions
Within 1 year	0.9%	20,758	(187)
Over 1 year but less than 2 years	3.6%	5,179	(186)
Over 2 years but less than 3 years	9.2%	2,228	(205)
Over 3 years but less than 5 years	24.6%	2,453	(603)
Over 5 years	66.2%	4,951	(3,280)
		35,569	(4,461)

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(ii) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for receivables under finance lease:

	31 December 2025		
	Expected loss rate %	**Gross carrying amount** RMB millions	**Loss allowance** RMB millions
Current (not past due)	**0.8%**	**3,673**	**(29)**
1 – 30 days past due	**3.6%**	**952**	**(34)**
31 – 60 days past due	**5.7%**	**593**	**(34)**
61 – 90 days past due	**5.9%**	**691**	**(41)**
More than 90 days past due	**9.8%**	**2,994**	**(293)**
		8,903	**(431)**

	31 December 2024		
	Expected loss rate %	Gross carrying amount RMB millions	Loss allowance RMB millions
Current (not past due)	1.5%	3,162	(48)
1 – 30 days past due	3.5%	485	(17)
31 – 60 days past due	7.9%	470	(37)
61 – 90 days past due	5.7%	596	(34)
More than 90 days past due	15.5%	3,061	(475)
		7,774	(611)

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(ii) Credit risk (continued)

Loss allowances for receivables under finance lease are measured at an amount equal to lifetime ECLs. Thus, past due receivables under finance lease refer to the net amounts caused by receivables under finance lease deducting unearned finance income whose all or part of principals or interests have overdue for more than 1 day.

Expected loss rates are based on actual loss experience over the past few years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Credit risk in respect of other receivables is limited as the balance mainly includes prepayments to tax authorities and reputable suppliers, deposits to landlord, and debts due from related parties.

The Group measures a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Bank deposits is placed with financial institutions that have high credit ratings. Given their credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. As at 31 December 2025, 0.8% (31 December 2024: 0.7%) of the total trade and bills receivables was due from the Group's largest customer and 3.3% (31 December 2024: 3.3%) of the total trade and bills receivables was due from the Group's five largest customers respectively. As at 31 December 2025, 86.4% and 88.9% (31 December 2024: 88.5% and 87.2%) of total impaired trade receivables and receivables under finance lease was due from the Group's customers located in Chinese mainland.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 18. Overdue analysis of the Group's receivables under finance lease is set out in Note 19.

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(ii) Credit risk (continued)

In the normal course of business, certain customers of the Group may finance their purchase of the Group's machinery products through bank loans or leasing arrangements provided by third party financial institutions. The Group provides guarantees to banks and other financial institutions for such bank loans and financing provided to the customers. Pursuant to the guarantee arrangements, the Group agrees to pay any outstanding loan principal and interest due to the banks and other financial institutions should such customers default.

Details of the Group's exposure and credit control policy in respect of such guarantees provided are disclosed in Note 34.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash and committed lines of funding from financial institutions to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table sets out the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current prevailing rates at the end of the reporting period) and the earliest date the Group would be required to repay, other than endorsed bills with full recourse which were derecognised by the Group (Note 18(d) for details).

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(iii) Liquidity risk (continued)

	As at 31 December 2025					
	Carrying amount RMB millions	Total contractual undiscounted cash flow RMB millions	Within 1 year or on demand RMB millions	More than 1 year but less than 2 years RMB millions	More than 2 years but less than 5 years RMB millions	More than 5 years RMB millions
Loans and borrowings	32,942	34,072	11,572	9,455	12,757	288
Trade and other payables	36,083	36,083	36,083	–	–	–
Lease liabilities	650	695	169	190	207	129
Other non-current liabilities						
– Security deposits and others	100	100	–	–	100	–
	69,775	70,950	47,824	9,645	13,064	417
Financial guarantees issued and payment commitments						
Maximum exposure (Note 34)	47	6,660	2,550	1,216	2,875	19

	As at 31 December 2024					
	Carrying amount RMB millions	Total contractual undiscounted cash flow RMB millions	Within 1 year or on demand RMB millions	More than 1 year but less than 2 years RMB millions	More than 2 years but less than 5 years RMB millions	More than 5 years RMB millions
Loans and borrowings	26,249	27,216	11,449	6,841	8,888	38
Trade and other payables	29,763	29,763	29,763	–	–	–
Lease liabilities	516	551	154	181	200	16
Other non-current liabilities						
– Security deposits and others	242	242	–	–	242	–
	56,770	57,772	41,366	7,022	9,330	54
Financial guarantees issued and payment commitments						
Maximum exposure (Note 34)	50	5,904	3,631	954	1,319	–

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(iii) Liquidity risk (continued)

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's working capital requirements and repay its borrowings and obligations when they become due.

(iv) Interest rate risk

The Group's interest rate risk exposure arises primarily from lease liabilities, short-term and long-term loans and borrowings. These borrowings bearing interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The following table sets out the interest rate profile of the Group's borrowings as at 31 December 2025.

	31 December 2025		31 December 2024	
	Effective interest rate %	**Amount RMB millions**	Effective interest rate %	Amount RMB millions
Fixed rate borrowings:				
Lease liabilities	**2.60% – 4.15%**	**650**	2.60% – 4.15%	516
Short-term loans and borrowings	**0.53% – 2.55%**	**4,293**	1.06% – 5.00%	6,923
Long-term loans and borrowings	**1.06% – 5.00%**	**7,967**	1.75% – 5.00%	6,413
		12,910		13,852
Variable rate borrowings:				
Short-term loans and borrowings	**0.81% – 3.50%**	**6,669**	0.81% – 3.25%	3,914
Long-term loans and borrowings	**1.50% – 3.45%**	**14,013**	2.14% – 2.70%	8,999
		20,682		12,913
Total borrowings:		**33,592**		26,765
Fixed rate borrowings as a percentage of total borrowings		**38.4%**		51.8%

Notes to the consolidated financial statements

For the year ended 31 December 2025

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

The following table indicates the change in the Group's profit or loss after taxation and retained earnings and other components of consolidated equity that would arise if it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant:

	Profit or loss		Retained profits	
Effect in millions of RMB	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 December 2025				
Variable rate borrowings	**155**	**(155)**	**155**	**(155)**
31 December 2024				
Variable rate borrowings	97	(97)	97	(97)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and the change was applied to the Group's debts outstanding at the end of the reporting period which had exposure to interest rate risk. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the next reporting period end. The analysis is performed on the same basis for 2024.

(v) Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings which give rise to receivables, payables, loans and borrowings and cash balances that are denominated in a foreign currency, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US dollars and Euro.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(v) **Currency risk** (continued)

	Exposure to foreign currencies risk (expressed in equivalent RMB millions)			
	31 December 2025		31 December 2024	
	USD	**EUR**	USD	EUR
Trade debtors	**15,047**	**5,189**	10,504	4,161
Cash and cash equivalents	**1,070**	**203**	675	384
Trade creditors	**(9,461)**	**(890)**	(7,334)	(817)
Loans and borrowings	**(9)**	**(156)**	(26)	(218)
Net exposure arising from recognised assets and liabilities	**6,647**	**4,346**	3,819	3,510

The following table indicates the change in the Group's profit or loss after taxation and retained earnings and other components of consolidated equity that would arise if foreign exchange rates to which the Group's financial assets and liabilities have significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant:

	Profit or loss		**Retained profits**	
Effect in millions of RMB	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
31 December 2025				
USD (5% movement)	**249**	**(249)**	**249**	**(249)**
EUR (5% movement)	**163**	**(163)**	**163**	**(163)**
31 December 2024				
USD (5% movement)	143	(143)	143	(143)
EUR (5% movement)	132	(132)	132	(132)

32 Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(v) Currency risk (continued)

Other than the amounts as disclosed above, the amounts of other financial assets and liabilities of the Group are substantially denominated in the functional currency of the respective entity within the Group.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit or loss after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2024.

33 Commitments

Capital commitments

As at 31 December 2025, the Group had capital commitments as follows:

	2025 RMB millions	2024 RMB millions
Authorised and contracted for		
– property, plant and equipment	**3,145**	3,642

34 Financial guarantee issued and payment commitments

(a) Financial guarantee issued

Certain customers of the Group from time to time may finance their purchase of the Group's machinery products through bank loans, and the Group provides guarantees to the banks for the amount drawn by customers. Under the guarantee arrangement, in the event of customer default, the Group is required to repossess the machinery collateralised the bank loans, and is entitled to sell the machinery and retain any net proceeds in excess of the guarantee payments made to the banks. The terms of these guarantees coincide with the tenure of bank loans which generally range from 1 to 5 years. The initial fair value of the financial guarantees upon the initial recognition was immaterial, which was measured based on the future net cash outflow. Subsequently, the financial guarantee contract was measured at the higher of the initial recognised amount and the expected credit loss allowance. As at 31 December 2025, the Group's maximum exposure to such guarantees was RMB3,282 million (31 December 2024: RMB2,180 million). For the year ended 31 December 2025, the Group made payments of RMB106 million (2024: RMB94 million) to banks for repossession of machinery under the guarantee arrangement as a result of customer default.

Certain customers of the Group finance their purchase of the Group's machinery products through finance leases provided by third-party leasing companies. Under the third party leasing arrangement, the Group provides guarantee to the third-party leasing companies that in the event of customer default, the Group is required to make payment to the leasing companies for the outstanding lease payments due from the customer. At the same time, the Group is entitled to repossess and sell the leased machinery, and retain any net proceeds in excess of the guarantee payments made to the leasing companies. The terms of these guarantees coincide with the tenure of the lease contracts which generally range from 2 to 5 years. The initial fair value of the financial guarantees upon the initial recognition was immaterial, which was measured based on the future net cash outflow. Subsequently, the financial guarantee contract was measured at the higher of the initial recognised amount and the expected credit loss allowance. As at 31 December 2025, the Group's maximum exposure to such guarantees was RMB822 million (31 December 2024: RMB1,498 million). For the year ended 31 December 2025, the Group made payments of RMB25 million for repossession of machinery incurred (2024: RMB6 million) under the guarantee arrangement as a result of customer default.

Notes to the consolidated financial statements

For the year ended 31 December 2025

34 Financial guarantee issued and payment commitments (continued)

(b) Payment commitments

During years 2023 to 2025, the Group issued 3-year Asset-backed Plans (“ABP”), Asset-backed Notes (“ABN”) and Asset-Backed Securities (“ABS”) for some of the trade and other receivables and receivables under finance lease (“Underlying Assets”) with a face value of RMB5,433 million which bear interest at rates ranging from 1.95% to 3.3% per annum for priority tranches and no more than 10% per annum for inferior tranches. The Group undertakes to provide payment to the shortage between actual cash inflows from the Underlying Assets and the planned priority tranches cash inflows. The payment for the shortage will be compensated by future cash inflows from the Underlying Assets. As at 31 December 2025, the outstanding planned payment due to the ABP, ABN and ABS was approximately RMB2,556 million (31 December 2024: RMB2,224 million), none of which has any shortage as at 31 December 2025 (31 December 2024: nil).

35 Related party transactions

(a) Transactions with related parties

	2025 RMB millions	2024 RMB millions
Transactions with associates:		
Sales of products	**177**	64
Purchase of raw materials and finished goods	**1**	6
Transactions with Beijing Leasing as an associate:		
Finance lease service provided through Beijing Leasing	**363**	677
Repossession of machinery	**666**	441
Transactions with other related parties:		
Factoring of accounts receivable	**398**	506

35 Related party transactions (continued)

(a) Transactions with related parties (continued)

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions which are comparable to normal commercial terms.

None of the above related party transactions falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties

Amounts due from/to related parties are arising in the Group's normal course of business and are included in the account captions of trade and other receivables and trade and other payables, respectively. These balances bear no interest, are unsecured and are repayable in accordance with the agreements governing such transactions which are comparable to credit period with third-party customers/suppliers.

(c) Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group. The key management personnel compensation are as follows:

	2025 RMB thousands	2024 RMB thousands
Short-term employee benefits	**35,713**	33,132
Retirement scheme contributions	**368**	368
Share incentive scheme	**100,043**	252,754
	136,124	286,254

Total emoluments are included in "staff costs" as disclosed in Note 5(b).

(d) Contributions to retirement plans

The details of the Group's employee benefit plans are disclosed in Note 28.

Notes to the consolidated financial statements

For the year ended 31 December 2025

36 Accounting estimates and judgements

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the consolidated financial statements. Management bases the assumptions and estimates on historical experience and on other factors that the management believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of significant accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The material accounting policies are set forth in Note 2 to the financial statements. Note 13 contains information about significant assumptions and their risk factors relating to goodwill impairment.

Management reviews estimations and underlying assumptions ongoing basis. Revisions to accounting estimations are recognised in the period in which the estimations are revised and in any future periods affected.

Other key sources of estimation uncertainty are as follows:

(a) Impairment of receivables

The Group's management determines the loss allowance for expected credit losses on trade, finance lease, loans and advances, bills and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

(b) Write-down of inventories

As described in Note 2(k), the Group writes down the cost of inventories to net realisable value when the net realisable value of inventories is lower than the cost. The Group estimates the net realisable value of inventories by taking into account the recent selling prices and forecasted market demand. However, the actual realised value of the inventories may be significantly different from the estimated amount at the end of the reporting period.

36 Accounting estimates and judgements (continued)

(c) Impairment of long-lived assets

If circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the asset may be considered “impaired”, and an impairment loss would be recognised in accordance with accounting policy for impairment of long-lived assets as described in Note 2(j)(iii). The carrying amounts of the Group’s long-lived assets, including property, plant and equipment, intangible assets and investments in subsidiaries and associates are reviewed periodically to determine whether there is any indication of impairment. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. For goodwill and trademarks with indefinite useful lives, the impairment testing is performed at least annually at the end of each year. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and the fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. It is difficult to precisely estimate selling price of the Group’s long-lived assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of revenue, amount of operating costs and applicable discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(d) Depreciation and amortisation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account their estimated residual value, if any. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group’s historical experience with similar assets and take into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Amortisation of intangible assets is recognised on a straight-line basis over the respective intangible assets’ estimated useful lives. Management reviews the estimated useful lives annually in order to estimate the amount of amortisation expense to be recorded during any reporting period. The estimated useful lives are based on the estimated periods over which future economic benefits will be received by the Group and take into account the level of future competition, the risk of technological or functional obsolescence and the expected changes in the regulatory and social environment. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates.

Notes to the consolidated financial statements

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37 Investments in subsidiaries

The following list contains particulars of subsidiaries as at 31 December 2025 which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

		Proportion of ownership interest				
Name of company	Particulars of issued and paid-up capital (millions)	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities	Principal location of operations and location of incorporation
Zoomlion Agriculture*	RMB1,200	79.16%	65.57%	13.59%	Manufacture of agriculture machinery	China Mainland
CIFA S.p.A*	EUR15	100%	–	100%	Manufacture of concrete machinery	Italy
Shaanxi Zoomlion Earth Working Machinery Co., Ltd.*	RMB254	100%	–	100%	Manufacture of earth working machinery	China Mainland
Hunan Zoomlion Axle Co., Ltd.*	RMB466	100%	100%	–	Manufacture of motor vehicle components	China Mainland
Zoomlion Material Handling Equipment Co., Ltd.*	RMB100	100%	100%	–	Manufacture of material handling machinery	China Mainland
Hunan Zoomlion International Trade Co., Ltd.*	RMB50	100%	100%	–	Trading of equipment and machinery	China Mainland
Hunan Teli Hydraulic Co., Ltd.*	RMB180	84.43%	84.43%	–	Manufacture of hydraulic products	China Mainland
Zoomlion Finance and Leasing (China) Co., Ltd.*	RMB280	100%	–	100%	Leasing of equipment and machinery	China Mainland
Hunan Zoomlion Crawling Crane Ltd.*	RMB360	100%	100%	–	Manufacture of crawling cranes	China Mainland
Zoomlion Crawling Crane (Hunan) Ltd.*	RMB420	100%	100%	–	Manufacture of crawling cranes	China Mainland
Hunan Zoomlion Hardware Co., Ltd.*	RMB100	100%	100%	–	Manufacture of components	China Mainland
Shanghai Zoomlion Pile Foundation Machinery Co., Ltd.*	RMB50	100%	100%	–	Manufacture of pile foundation Machinery	China Mainland

37 Investments in subsidiaries (continued)

Name of company	Particulars of issued and paid-up capital (millions)	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities	Principal location of operations and location of incorporation
Hunan Zoomlion Intelligent Technology Co., Ltd.*	RMB50	100%	100%	–	Research and manufacture of machine software	China Mainland
Hunan Zoomlion Concrete Machinery Site Equipment Co., Ltd.*	RMB451	100%	100%	–	Manufacture of concrete machinery	China Mainland
Zoomlion H.K. SPV Co., Limited*	USD25	100%	–	100%	Bond issuance	Hong Kong
Anhui Zoomlion Earth Working Machinery Co., Ltd.*	RMB500	100%	–	100%	Manufacture of earth working machinery	China Mainland
Zoomlion Finance Co., Ltd.*	RMB1,500	100%	100%	–	Financial services	China Mainland
Shaanxi Zoomlion Culture Tourism Development Co., Ltd.*	RMB220	100%	100%	–	Exploitation and management of tourism resource	China Mainland
Guoyu Europe Holding GmbH*	EUR4	100%	100%	–	Manufacture of tower cranes	Germany
Hunan Zoomlion engineering hoisting equipment Co., Ltd.*	RMB200	100%	100%	–	Manufacture of hoisting machinery	China Mainland
Hunan Zoomlion Construction Hoisting Machinery Co., Ltd.*	RMB800	100%	100%	–	Manufacture of hoisting machinery	China Mainland
ZValley Co., Ltd.*	RMB50	72%	72%	–	Research and manufacture of machine software	China Mainland
Changsha Zoomlion Auto Parts Co., Ltd.*	RMB50	100%	100%	–	Automotive manufacturing	China Mainland
Changsha Zoomlion Zhicheng Real Estate Development Co., Ltd.*	RMB10	100%	100%	–	Real estate development	China Mainland
Changsha Zoomlion Yizhen Real Estate Development Co. Ltd.*	RMB10	100%	100%	–	Real estate development	China Mainland

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For the year ended 31 December 2025

37 Investments in subsidiaries (continued)

Name of company	Particulars of issued and paid-up capital (millions)	Proportion of ownership interest			Principal activities	Principal location of operations and location of incorporation
		Group's effective interest	Held by the Company	Held by a subsidiary		
Shenzhen Luchang Technology Co., Ltd.#	RMB120	53.82%	53.82%	–	Research and manufacture of electronic component of automobile	China Mainland
Zoomlion Aerial Machinery Co., Ltd.*	RMB589	80.36%	80.36%	–	Manufacture of aerial machinery	China Mainland
Zoomlion Neo Material Technology Co., Ltd.*	RMB50	75.55%	75.55%	–	Manufacture of material machinery and new material	China Mainland
Changsha Zoomlion emergency equipment Machinery Co., Ltd.*	RMB50	65.00%	65.00%	–	Manufacture of emergency equipment	China Mainland
Zoomlion Mining Machinery (Changsha) Co., Ltd.*	RMB500	100%	100%	–	Manufacture of mining machinery	China Mainland
Zoomlion Mining Machinery (Xiangtan) Co., Ltd.*	RMB510	100%	100%	–	Manufacture of mining machinery	China Mainland
Zoomlion Finance and Leasing (Beijing) Co., Ltd.*	RMB2,025	100%	100%	–	Leasing of equipment and machinery	China Mainland
Zoomlion Brazil Industry and Trade of Machinery Ltd.*	BRL127	100%	–	100%	Sales of equipment and machinery	Brazil
Zoomlion Heavy Industry RUS LLC*	RUB32	100%	–	100%	Sales of equipment and machinery	Russia
Zoomlion Heavy Industry India Private Limited*	INR813	100%	–	100%	Sales of equipment and machinery	India
Pt.Zoomlion Indonesia Heavy Industry*	IDR40,001	100%	–	100%	Sales of equipment and machinery	Indonesia
ZOOMLION International Trading Company*	SAR30	100%	–	100%	Sales of equipment and machinery	Saudi Arabia

37 Investments in subsidiaries (continued)

Name of company	Particulars of issued and paid-up capital (millions)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities	Principal location of operations and location of incorporation
Zoomlion International Trading (H.K.) Co., Limited*	USD297	100%	–	100%	Sales of equipment and machinery	Hong Kong
ZOOMLION CIFA MAKiNE SANAYi VE TiCA*	TRY3	100%	–	100%	Sales of equipment and machinery	Turkey
Zoomlion Middle East Machinery Rental LLC*	AED0.3	100%	–	100%	Sales of equipment and machinery	The United Arab Emirates
Zoomlion South Africa (Pty) Ltd*	ZAR0.001	100%	–	100%	Sales of equipment and machinery	South Africa
Zoomlion Malaysia*	MYR3	100%	–	100%	Sales of equipment and machinery	Malaysia
Zoomlion Tanzania*	TZS1,197	100%	–	100%	Sales of equipment and machinery	Tanzania
Zoomlion Netherlands*	EUR1	100%	–	100%	Sales of equipment and machinery	Netherlands
Zoomlion Gulf FZE*	AED8	100%	–	100%	Sales of equipment and machinery	The United Arab Emirates

* Companies established as limited liability companies under PRC law

\# Company established as company limited by shares under PRC law

Notes to the consolidated financial statements

For the year ended 31 December 2025

38 Company-level statement of financial position

	2025 RMB millions	2024 RMB millions
Non-current assets		
Property, plant and equipment	8,927	9,242
Right-of-use assets	571	653
Intangible assets	603	738
Investments in subsidiaries	37,315	33,011
Interests in associates	2,848	3,274
Other financial assets	253	244
Trade and other receivables	2,468	3,711
Pledged bank deposits	103	107
Deferred tax assets	863	888
Total non-current assets	53,951	51,868
Current assets		
Inventories	2,467	3,308
Other current assets	408	565
Financial assets at fair value through profit or loss	204	–
Trade and other receivables	48,083	55,165
Pledged bank deposits	1,074	832
Cash and cash equivalents	4,879	6,256
Total current assets	57,115	66,126
Total assets	111,066	117,994

38 Company-level statement of financial position (continued)

	Note	2025 RMB millions	2024 RMB millions
Current liabilities			
Loans and borrowings		**14,386**	14,995
Financial liabilities at fair value through profit or loss		**4**	22
Trade and other payables		**35,233**	39,964
Contract liabilities		**853**	1,090
Lease liabilities		**10**	30
Total current liabilities		**50,486**	56,101
Net current assets		**6,629**	10,025
Total assets less current liabilities		**60,580**	61,893
Non-current liabilities			
Loans and borrowings		**17,243**	14,406
Lease liabilities		**10**	19
Other non-current liabilities		**770**	3,583
Total non-current liabilities		**18,023**	18,008
Net assets		**42,557**	43,885
Capital and reserves			
Share capital	30(a)	**8,649**	8,678
Reserves	30(b)	**33,908**	35,207
Total equity		**42,557**	43,885

Notes to the consolidated financial statements

For the year ended 31 December 2025

39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, *Financial instruments and IFRS 7, Financial instruments: disclosures – Contracts referencing nature-dependent electricity*	1 January 2026
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements. The group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.

40 Reconciliation of financial information prepared under PRC GAAP to IFRS Accounting Standards

(a) Reconciliation of total equity of the Group

	As at 31 December 2025 RMB millions	As at 31 December 2024 RMB millions
Total equity reported under PRC GAAP	**59,875**	59,839
– Acquisition-related costs incurred on prior year business combination	**(37)**	(37)
Total equity reported under IFRS Accounting Standards	**59,838**	59,802

(b) Reconciliation of total comprehensive income for the year of the Group

	2025 RMB millions	2024 RMB millions
Total comprehensive income for the year reported under PRC GAAP	**5,111**	3,578
– Safety production fund (Note)	**(80)**	1
Total comprehensive income for the year reported under IFRS Accounting Standards	**5,031**	3,579

Note: Under PRC GAAP, safety production fund should be accrued and recognised in profit or loss with a corresponding credit in reserve according to relevant PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related equipment are purchased, is reduced by the purchase cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRS Accounting Standards, expense is recognised in profit or loss when incurred, and fixed assets are capitalised and depreciated in accordance with applicable accounting policies.

(c) There is no material difference between the consolidated cash flow of the Group reported under PRC GAAP and IFRS Accounting Standards.

Notes to the consolidated financial statements

For the year ended 31 December 2025

41 Non-adjusting events after the reporting period

(a) Proposed cash dividend

Pursuant to a resolution passed at the directors' meeting on 30 March 2026, a final dividend in respect of the year ended 31 December 2025 of RMB0.2 per share, totalling approximately RMB1,730 million was proposed for shareholders' approval at the forthcoming Annual General Meeting, and repurchased shares are not included in the profit distribution. The final dividend proposed after the reporting period has not been recognised as a liability at the end of the reporting date.

(b) Convertible bonds

Pursuant to the Specific Mandate granted to the board by the shareholders at the EGM and the Class Meetings held on 11 December 2025, the issuance of the USD settled convertible bonds in an aggregate amount of RMB6,000 million (equivalent to approximately HKD6,745 million based on the fixed exchange rate) was completed on 5 February 2026. The listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange was effective on 6 February 2026. The Company has obtained the approval for the listing of the Conversion Bonds on the Stock Exchange.

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