

ZOOMLION 中联重科

中联重科股份有限公司

**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 : 1157 | A Share Stock Code : 000157

2025 INTERIM REPORT



* For identification purpose only

Important Notice

The Board of Directors, the Supervisory Board, directors, supervisors and senior management of the Company warrant that there are no misrepresentation, misleading statements or material omissions in this interim report and they, severally and jointly, accept legal responsibility for the truthfulness, accuracy and completeness of the contents of this interim report.

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

This report is published in both Chinese and English Language. If there are any inconsistencies in the content of this interim report (other than the interim financial report prepared in accordance with International Financial Reporting Standards), the Chinese version shall prevail. For the interim financial report prepared in accordance with International Financial Reporting Standards, the English version shall prevail.

Definitions

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

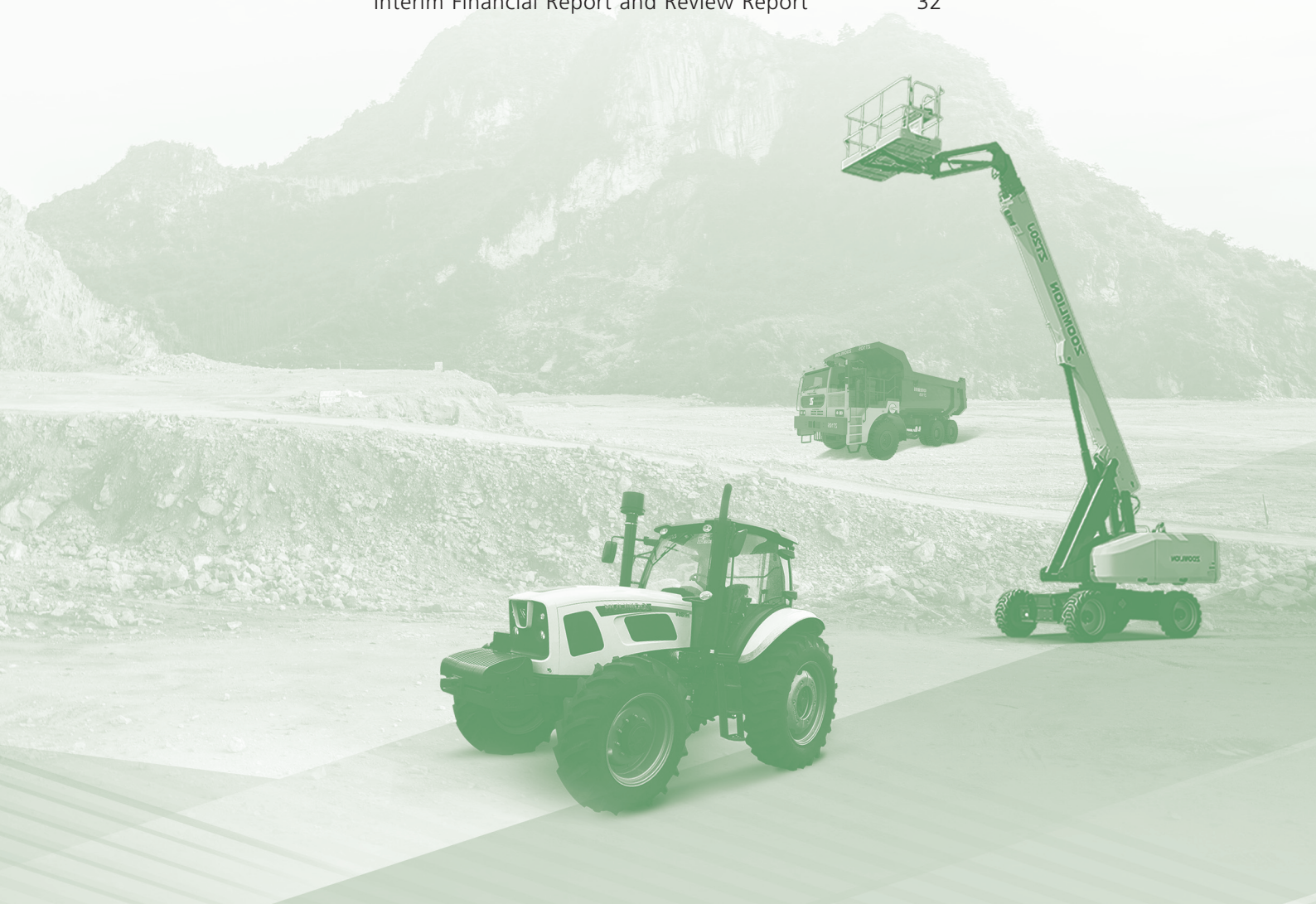
"the Company" or "Zoomlion"	Zoomlion Heavy Industry Science and Technology Co., Ltd.
"the Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"the Reporting Period"	the six months ended 30 June 2025



2025 INTERIM REPORT

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Company Profile

- I. 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
- II. Legal representative of the Company: Zhan Chunxin
- III. Company Secretary: Yang Duzhi
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- IV. Registered address and place of business of the Company: No. 361 Yinpen South Road, Changsha,
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Postal code: 410013
Website: <http://www.zoomlion.com/>
E-mail: 157@zoomlion.com
- V. Authorized representatives Zhan Chunxin
Yang Duzhi
Address of the authorized representatives: No. 361 Yinpen South Road, Changsha, Hunan Province, PRC
- VI. Newspapers for disclosure of the Company's information: China Securities Journal, Shanghai Securities News,
Securities Times, Securities Daily
Website publishing the A share announcements: <http://www.cninfo.com.cn>
Website publishing the H share announcements: <http://www.hkexnews.hk>
- VII. Listing information: A Shares
Shenzhen Stock Exchange of China ("SZSE")
Stock Name: ZOOMLION
Stock Code: 000157
H Shares
The Stock Exchange of Hong Kong Limited ("SEHK")
Stock Name: ZOOMLION
Stock Code: 1157

Company Profile

- VIII. H Share Registrar: Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong
- IX. Legal Advisors
As to PRC law: Fangda Partners
27/F North Tower Beijing Kerry Centre, 1 Guanghua Road Chaoyang District,
Beijing 100020, PRC
As to Hong Kong law: Norton Rose Fulbright Hong Kong
38/F, Jardine House, 1 Connaught Place, Central, Hong Kong
- X. 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

Principal Financial Data and Indicators

I. Major financial data and indicators prepared in accordance with China Accounting Standards for Business Enterprises ("PRC GAAP")

Unit: RMB

	The Reporting Period	Corresponding period of last year	Changes in the Reporting Period as compared with the corresponding period of last year
Operating income	24,854,631,984.97	24,535,498,960.57	1.30%
Net profit attributable to shareholders of the Company	2,764,778,602.90	2,288,046,921.87	20.84%
Net profit attributable to equity shareholders of the Company after extraordinary items	1,925,167,888.20	1,479,991,356.91	30.08%
Net cash flow from operating income	1,751,780,276.34	824,534,396.52	112.46%
Basic earnings per share (RMB/share)	0.32	0.28	14.29%
Diluted earnings per share (RMB/share)	0.32	0.27	18.52%
Weighted average return on net assets	4.95%	3.98%	0.97%

	As at the end of the Reporting Period	As at the end of last year	Changes at the end of the Reporting Period as compared with the end of last year
Total assets	129,233,271,831.95	123,745,691,290.43	4.43%
Net assets attributable to shareholders of the Company	57,142,847,169.34	57,137,084,576.40	0.01%

Principal Financial Data and Indicators

II. Major financial data and indicators prepared in accordance with International Financial Reporting Standards (“IFRSs”)

	Note	For the six-month period ended 30 June	
		2025 RMB millions	2024 RMB millions
Profit attributable to:			
Equity shareholders of the Company		2,753	2,281
Non-controlling interests		<u>135</u>	<u>254</u>
Profit for the period		<u>2,888</u>	<u>2,535</u>
Earnings per share (RMB)			
Basic	7	<u>0.32</u>	<u>0.28</u>
Diluted	7	<u>0.32</u>	<u>0.27</u>

Principal Financial Data and Indicators

	Note	For the six-month period ended 30 June	
		2025 RMB millions	2024 RMB millions
Profit for the period		2,888	2,535
Other comprehensive income for the period (after tax):			
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		17	(297)
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries outside PRC		8	(218)
Other comprehensive income for the period		25	(515)
Total comprehensive income for the period		2,913	2,020
Total comprehensive income attributable to:			
Equity shareholders of the Company		2,778	1,766
Non-controlling interests		135	254
Total comprehensive income for the period		2,913	2,020

Principal Financial Data and Indicators

	Note	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Total non-current assets		48,693	49,234
Total current assets		80,503	74,478
Total assets		129,196	123,712
Total current liabilities		45,012	42,987
Total non-current liabilities		24,844	20,923
NET ASSETS		59,340	59,802
Gearing ratio ^(Note)		54.07%	51.66%

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

III. Reconciliation of unaudited interim financial information prepared under PRC GAAP to IFRSs

Unit: RMB

	Net profit attributable to the shareholders of the Company		Net assets attributable to the shareholders of the Company	
	Reporting period	Corresponding period of last year	As at the end of the Reporting Period	As at the beginning of the Reporting Period
Under PRC GAAP	<u>2,764,778,602.90</u>	<u>2,288,046,921.87</u>	<u>57,142,847,169.34</u>	<u>57,137,084,576.40</u>
Items and amounts adjusted under IFRS				
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	<u>-11,267,149.85</u>	<u>-8,657,200.95</u>		
Under IFRS	<u>2,753,511,453.05</u>	<u>2,279,389,720.92</u>	<u>57,106,318,569.34</u>	<u>57,100,555,976.40</u>

Management Discussion and Analysis

I. Business review

Following the core concept of “building up enterprises with Internet thinking and producing products by pushing everything to the limit”, the Company has unswervingly committed itself to the goal of high-quality development, and worked harder on the three transformation initiatives of “related diversification, globalization and digitization”. By seeking high-quality development powered by technological innovation, the Company refreshed its efforts to advance the transformation and upgrading of digitization, intelligence and green operations. The Company continued to deepen its traditional strengths while accelerating the cultivation and expansion of emerging business sectors. Through a comprehensive global market expansion strategy, this has unlocked new growth opportunities for the Company, enabling it to navigate economic cycles and achieve robust, sustainable, and high-quality development.

During the Reporting Period, the Company’s operating income amounted to RMB24,855 million, representing a year-on-year increase of 1.30%, and the net profit attributable to the parent company amounted to RMB2,753 million, representing a year-on-year increase of 20.69%.

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

1. Accelerating the construction of industrial echelons and promoting the coordinated development of all sectors

During the Reporting Period, the Company accelerated the diversification of its industrial sectors to seek a pattern of synergistic integration and competitive development where traditional advantageous industries and emerging industries integrate and thrive together. The Company further strengthened strategic execution to ensure the effective implementation of its overall strategy. The traditional advantageous industries have been improving their competitiveness, laying a solid foundation for development, while the emerging industries have accelerated to thrive and shape new growth poles.

Management Discussion and Analysis

(1) Our leading products remained solid in the market

A steady development strategy was adopted for our product lines of the three key traditional competitive products (concrete machinery, engineering cranes and construction cranes). The Company took a holistic approach to global resource allocation to advance overseas transformation in an all-round way and deepened its “pin-shaped” management model. By rigorously controlling risks in both domestic and international markets and elevating operational management quality across the board, the Company has built new momentum to drive its high-quality development. All three major product lines maintained a solid position in the domestic market, with sales of new energy mixers and crawler cranes doubling their growth. The scale of overseas business and market position continued to increase, with a year-on-year growth of the export sales for the three major product lines exceeding 13%.

(2) Earth working machinery built edges in a full-scenario product matrix and achieved a dual growth in domestic and overseas markets

In terms of earth working machinery, the Company expanded the product spectrum of micro-excavation, enhanced the performance of medium and large excavation across the board and pioneered green mining technologies for ultra-large-tonnage equipment. The Company has built the full-scenario product matrix with industry-leading competitiveness. In the domestic market, the Company has transitioned its sales model to a distributor model, continuously optimized its product mix, and achieved an industry-leading market share in medium and large excavators. In the overseas market, the Company deepened its global footprint by efficiently introducing the “pin-shaped” management model and the “ground forces + air forces” collaboration framework, while continuously optimizing its worldwide service and parts network, achieving dual growth in sales volume and market share. During the Reporting Period, the export sales of earth working machinery recorded a year-on-year increase of over 33%, leading the industry.

Management Discussion and Analysis

(3) Aerial machinery led the development of global high-end markets

Powered by sustained technological innovation, the Company has established solid core competitive advantages and gained global pricing power in the superhigh work heights. Notably, the boom lift products with superhigh work heights rank first in the global market share, and the world's tallest 82-meter superhigh straight-boom lift has obtained the EU CE certification. The ZA32J articulated boom lift with high work heights tops the global market share. At present, the Company's products with high work heights have achieved large-scale export to Europe, the Americas, and the Asia-Pacific regions, demonstrating remarkable technological leadership and product competitiveness. For industrial layout, the Company works on its worldwide footprint and local presence. The Hungarian factory is constructed as scheduled, and domestic production competitiveness continues to strengthen. This multi-dimensional approach is already unlocking new growth drivers for future development, laying a solid foundation for its cemented global leadership in the field of aerial machinery.

(4) Agricultural machinery advanced strategic restructuring and lean development Transformation

Aligned with the "High-end, International, and New Energy" core development strategies, the Company has driven comprehensive upgrades across its product portfolio, R&D, marketing, production, and human resource systems. The Company focused on agricultural machinery for large-scale cultivation of key crops, building an integrated industrial ecosystem that synergizes complete machines with core components. In its seven priority markets, the Company has had in place elite teams to strengthen end-user penetration. Through systematic integration of factory manufacturing resources, the Company has enabled a global lean manufacturing network. By consolidating resources and restructuring operational frameworks, the Company has enhanced its input-output efficiency to achieve lean development on all fronts. During the Reporting Period, wheat machines were among the top two places and tractor and rice machine products achieved growth against headwinds during the industrial adjustment, and the business mix accelerated its transformation to high-value-added areas, laying a solid foundation for high-quality development.

(5) With a strategic focus on "Green, Large-Scale, and Intelligence", the Company achieved dual breakthroughs in both competitiveness and market performance in the mining machinery

Prioritizing the "Green, Large-Scale, and Intelligent" initiative for mining machinery, the Company is committed to developing high-end full-process mining equipment, achieving industry-leading comprehensive product competitiveness. Manufacturing capacity has leaped forward, tripling since the beginning of the year. Domestic business grew against the market headwinds, securing a firm foothold with central and State-owned enterprises in the energy sector. Overseas, the Company notched successive breakthroughs, gaining full access to the global high-end mining market. During the Reporting Period, sales increased by over 29% year on year.

Management Discussion and Analysis

(6) R&D Acceleration of embodied intelligent robots

The Company has developed three new humanoid robots, including one wheeled humanoid robot and two bipedal humanoid robots. Dozens of them have entered factory operation and are being piloted in mechanical processing, logistics, assembly, quality inspection and other links to accelerate industrialization. By developing a complete set of tool chain for data collection, data labeling, and model training, the Company has built a 120-station embodied intelligent training ground and an embodied intelligent operation center, establishing a closed-loop mechanism for the entire process of “data collection – model training – application iteration” and initially forming a data flywheel to promote the evolution of Zoomlion’s humanoid robot embodied intelligent large-scale model.

(7) Emerging business thrived

Relying on its platform and brand advantages, the Company has rapidly expanded the product portfolios of its emerging businesses, like emergency equipment, foundation construction machinery and industrial vehicles, to continuously refine its market presence and steadily elevate its industry standing.

Driven by technological innovation, for the emergency equipment, the Company stayed committed to shaping internationally competitive emergency vehicles, overseas products, and electric-construction machinery, forging an industrial layout that is “domestically leading and globally expanding.” The Company continued to deepen its presence in the domestic market while securing new breakthroughs overseas, with both revenue and profit recording new highs. During the Reporting Period, sales increased by over 54% year on year.

Following the “Stabilize Fundamentals, Pursue Growth, Address Weaknesses, and Develop Flagship Products” approach, the Company has established global market coverage through its “High-end Product Platform + Global Regional Market Portfolio” model. Meanwhile, the Company worked on digitalization and intelligence transformation and successfully developed the Ma’anshan industrial park into a green, intelligent modern plant. During the Reporting Period, the Company achieved sustained growth across domestic and international markets with better operational quality across the board. Notably, the export sales increased by over 85% year on year.

Management Discussion and Analysis

2. The global footprint strategy deepened the development in global markets

The Company has firmly implemented the international development strategy with Zoomlion's characteristics, and continued to work on the "end-to-end, digital and localised" overseas business direct-sale system. Relying on integrated advantages in corporate culture, operational philosophy, and digital technologies, the Company accelerates comprehensive localization of all operational elements, including overseas R&D, manufacturing, supply chains, and sales-service networks to build enduring competitive advantages in overseas markets and drive sustained, rapid development of the overseas business.

- (1) Diversified market footprints strongly underpinned the robust development of the overseas business. In the first half of the year, the Company's overseas revenue continued its growth of more than 14% year on year. With the deepening of the globalization process, the overseas markets have demonstrated multi-dimensional growth momentum. The sales in the African market increased over 179% year on year. Middle East, Southeast Asia, Australia, and New Zealand markets continued their fast-growing sales. Emerging markets contributed 39% of total overseas sales. The Company has deepened cross-regional synergies and optimized its sales structure, entering a high-quality development stage characterized by "Structural Optimization + Local Market Deep Cultivation".
- (2) Deeply advanced its "Airports + Ground Troops + Flying Squadrons" end-to-end operating model, achieving comprehensive penetration through a refined direct sales system to empower sustainable overseas business growth. Firstly, the Company has established an integrated management system that makes overseas operations flatter, streamlined, standardized and systematic. The "pin-shaped" management model has been deepened, and a red/yellow-card mechanism has been introduced to tighten process management, ensuring every task is assigned to a named individual and every risk is kept in check. Secondly, the Company has forged a three-tier defense in sales, risk management, and legal affairs to safeguard the steady expansion of its overseas business by developing differentiated risk-control models, diversifying collateral and guarantee structures, introducing local financial resources, and reinforcing business guardrails. Thirdly, focusing on the three core segments of business, logistics and service, the Company has been on track for "standardization, digitization and automation" across the board. Leveraging AI to optimize end-to-end process efficiency and building and expanding the application of its digital remote-collaboration platform, the Company has seen better market response and service performance to underpin its global business growth.

Management Discussion and Analysis

- (3) Pushed forward the layout of outlets by extending the outlet construction to lower-tier markets to empower airports to transform and upgrade their operational systems for a more efficient global sales and service network.

The Company has further optimized its outlet layout. The Company stepped up investment in high-potential markets. While consolidating the core functions of its primary airports, the Company pressed ahead with the expansion and build-out of 55 secondary outlets. In its traditional key markets, the Company accelerated the “airports in lower-tier markets” strategy by establishing 47 secondary outlets and developing nodes in surrounding cities and reinforced a star-shaped service structure of “one central warehouse + N satellite warehouses.” Concurrently, the Company has completed site selection and construction of 24 specialized service outlets, materially improving service responsiveness and market coverage depth.

The operational efficiency has been significantly improved. The Company has systematically optimized the utilization and reasonability of its global outlet warehousing by consolidating resources at key market centers and refining the layout of service and repair zones to improve overall operational efficiency of outlets. At present, relying on more than 30 primary business airports and more than 430 secondary and tertiary outlets established globally, the Company is promoting the extension of outlet construction from regional centers to important cities to build a more efficient global sales and service network. With a total of approximately 5,000 overseas localized employees, the Company’s products are widely offered in more than 170 countries and regions thanks to its well-established sales and service networks.

- (4) Continued the expansion and upgrading of overseas R&D and manufacturing bases. The Company continued to deepen its Europe localization strategy to reinforce its market competitiveness in the region and establish a high-end equipment manufacturing base. The Company has expanded and upgraded the German Wilbert plant, transforming it into a comprehensive production base. The Company has built a new aerial platform plant in Hungary to further accelerate its business growth through localized production, setting an example for China-Hungary industrial cooperation. By simultaneously upgrading capacity in its German base and expanding business in its Hungarian base, the Company has completed a European manufacturing network that spans multiple categories of high-end equipment, enhancing local supply efficiency and market responsiveness to fully underpin its global development strategy.

Management Discussion and Analysis

3. Accelerated to advance digital transformation to reshape the business ecosystem using an AI engine

The Company has been comprehensively accelerating the process of digital transformation to innovate the market operation model with Internet thinking, reshape the management and business model with the help of digital means, and build a new development pattern driven by digitalization in all aspects.

Digital efforts empowered the efficient operation of overseas business. The Company has deepened its “pin-shaped” management system by fully applying a global marketing & service process diagnosis tool and a performance-management platform that deliver real-time visibility of frontline team’s indicators and link them directly to bonus incentives, energizing the team’s force; accelerated efforts in the “last-mile” localization overseas by facilitating the integration of local e-ecosystems and piloting e-contracts in key markets to raise the efficiency of localized contracting and archiving; continued to optimize its overseas service platform and deepen its parts-order dispatch system. The system has already covered 9 product lines in more than 30 countries and regions. The system has enabled precise control of service costs, real-time shortage tracking and zero service downtime, significantly enhancing customer experience and service efficiency.

Digital efforts empowered the refined management and control of production, sales and storage. The Company took a holistic approach to inventory management and control, intelligent manufacturing and supply-chain platform building to refine the production-sales coordination mechanism for a fully digital monitoring system that spans the entire value chain from “opportunity insight to value realization”. By integrating cutting-edge technologies such as artificial intelligence, the Company has achieved end-to-end, high-efficiency collaboration, reshaping its operating model into one that is “demand-driven and lean in supply.” This enables us to respond to market needs with an optimal cost structure, thereby reducing inventory levels and improving capital turnover.

Management Discussion and Analysis

4. Intelligent manufacturing industry clusters have been taking shape to lead the sustained high-quality development of the industry

Holding fast to its “digital, intelligent and green” development strategy, the Company has accelerated the upgrade of high-end intelligent manufacturing. Intelligent industrial parks, intelligent plants and intelligent production lines have been rolled out in succession, while cutting-edge research in advanced intelligent manufacturing has rapidly converted into commercial applications. “End-to-end” digital transformation has been deepened across the board, rapidly forging an industry-leading cluster of intelligent manufacturing. These initiatives have firmly established the Company as a benchmark for intelligent manufacturing and cemented its leadership in advantaged intelligent manufacturing sectors and continue to put the industry on track for high-quality development.

- (1) Intelligent manufacturing industry clusters continued to thrive. The Company made fruitful progress in promoting the construction of intelligent factories, laying a solid foundation for its high-quality development. With Zoomlion Smart Industrial City as the core, the Company has promoted the construction of intelligent factories for high-end equipment from mainframes to parts. The 4 intelligent mainframe plants and the key part center of With Zoomlion Smart Industrial City have been built and put into production, and more than 10 intelligent production lines across 3 intelligent plants, including the Changde agricultural-machinery plant, have been built and put into production. To date, the Company has globally built and put into production 17 intelligent factories and more than 370 intelligent production lines, helping to build an important national advanced manufacturing highland on all fronts.
- (2) Rapid transformation and application of advanced intelligent manufacturing technology research. We deeply integrated artificial intelligence, the industrial internet, intelligent manufacturing technology, and intelligent equipment to create digital, intelligent, and green production lines; innovatively developed intelligent control algorithms and digital systems to build flexible, efficient, and interconnected intelligent factories. We continued to promote the application research of over 270 independently developed, industry-leading, full-process sets of intelligent manufacturing technologies, and has made breakthroughs in nearly 250 key technologies related to quality improvement, cost reduction, and efficiency enhancement, which have been applied in intelligent production lines, with over 160 of these reaching an industry-leading level. This strongly supports the continued industry leadership in the overall process technology for the main product lines, demonstrating the Company’s strong intelligent manufacturing technology strength and cutting-edge leading advantages, accelerating the empowerment of production and manufacturing intelligent upgrades, and continuously promoting the Company’s intelligent manufacturing to lead the development of the industry.

Management Discussion and Analysis

- (3) Comprehensive acceleration of digital transformation across the entire manufacturing and supply chain. Deeply integrating technologies like AI Agents, big data and digital twins, we advanced the in-depth deployment and global empowerment of intelligent manufacturing platform, drove the entire business flow to achieve self-perception, self-decision-making, and self-optimizing collaboration, and continuously enhanced the production efficiency and product quality of all manufacturing bases.

The Company built an intelligent collaborative architecture and continued to promote full coverage of intelligent manufacturing platform. By enabling deep linkage between cloud intelligence, edge computing, and terminal execution, the Company empowered efficient human-machine integration and accelerated the in-depth practice of intelligent manufacturing. This has significantly enhanced flexible manufacturing capabilities, enabling precise insight into and efficient response to diverse and dynamic market demands. The Company has efficiently coordinated domestic and overseas main production plans, and the planning and scheduling systems for engineering cranes, pump machinery, and aerial machinery have been rolled out, improving planning accuracy by 15%. The Company has connected end-to-end production processes by launching the manufacturing execution systems for engineering cranes, foundation construction machinery, and Teli Hydraulic, boosting production efficiency by 15%. The Company has fully deployed the “E-Code” system for main machines and the WMS for parts warehouses, creating a digital management network for global machine and spare parts inventory, and further improving the warehouse management efficiency of physical inventory by 20%.

The Company integrated technologies like AI Agents and digital twins to create a self-adaptive decision-making hub that is “extremely responsive, holistically insightful, and precisely executable”. Leveraging AI and intelligent control technology, the Company has upgraded automated debugging and optimization to enable intelligent fault diagnosis for equipment, improving the fault response efficiency by 40% and diagnostic accuracy by 18%. The Company has established quality early warning and quality “fuse” models for components, and piloted in engineering cranes, aerial machinery, and the intelligent company, with component traceability accuracy increased to 99.94%, and accuracy in determining responsibility for market quality increased to 99.84%. The PCM system with raw material big data model enables dynamic price linkage with online raw material prices and intelligent progress monitoring, improving price verification efficiency by 25%. The multi-agent intelligent picking system, based on the AIGC-PaaS platform, achieves optimal scheduling decisions for WES, RCS, and embodied robots.

Management Discussion and Analysis

5. Global competitiveness through technological innovation, and new quality productive forces through the “digitalisation, intelligentisation and ecofriendliness” technologies

The Company continued to drive high-quality development through technological innovation, consistently injecting new momentum into the deep-seated breakthrough of the global strategy. In the first half of the year, we launched 141 new products in overseas markets and had 338 products receive international certifications. As our global product system continues to improve, the model coverage of the main construction and mining machinery products in overseas markets has increased by nearly 10%, leading to rapid growth in our international market share.

During the Reporting Period, we had 1,755 R&D projects in progress, nearly 300 of which focused on new “digitalisation, intelligentisation and ecofriendliness” technologies. In the same period, we launched 206 new machine models, including 76 high-end 4.0 series products and 20 new energy products. The world’s largest 4,000-ton all-terrain crane has achieved batch sales, marking our global leadership in ultra-large all-terrain crane technology. In addition, the Company has created new industry-leading products such as the world’s tallest 216-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 metres. Focusing on the needs of overseas business, the Company has accelerated the R&D of key components to precisely meet the demands of different regional markets, completing the development and application of 56 key components, including intelligent controllers, hydraulic parts, displays, and “three-electric” systems. The main innovation achievements are as follows:

(1) Continuous application of “digitalisation, intelligentisation and ecofriendliness” new technologies significantly enhances product competitiveness

In terms of digitalisation, we initiated 61 projects, 19 of which have achieved batch application. We have further leveraged digitalisation to drive ultimate product enhancement, achieving significant breakthroughs in product operation & maintenance and full-lifecycle health management. Key applications include a crane fault diagnosis system and typical fault Q&A robot, an integrated management system for mixing plants and pump trucks, a global spare parts mall for aerial work platform, a parameter management platform for tower cranes, a multi-dimensional database for tractors, a digital management platform for power construction products, and a thermal load analysis technology for excavators. These digital technologies have strongly supported product quality upgrades and full-lifecycle value creation.

Management Discussion and Analysis

In terms of intelligentisation, we initiated 100 projects, 22 of which have achieved batch application. We deeply promoted the engineering and productization of intelligent technology achievements, continuously enhancing the products' full-process autonomous operation capabilities and collaborative technology levels. L2-level autonomous boom operation technology for pump trucks, one-key horizontal push control technology for front-shovel excavators, drive-by-wire chassis control technology for autonomous mining trucks, and an auxiliary driving system for agricultural machinery have all been deployed in batches. Leveraging our innovative consortium for intelligent construction with engineering machinery, we successfully created an overall smart mining solution. This solution achieves unmanned operation for the entire "excavation-loading-transportation-unloading-return" process, reducing mining and stripping personnel by about 90% and increasing operational efficiency by 10%. This solution is now being applied on a large scale in mining areas in Inner Mongolia.

In terms of ecofriendliness, we initiated 78 projects, with 23 completing prototype verification and 14 achieving small-batch or batch application. The Company has independently overcome a series of green product technology challenges, such as energy consumption optimization for mixer trucks based on operational data, energy recovery from regenerative braking for electric loaders, energy-saving closed-loop hydraulic systems for the main winch of rotary drilling rigs, and extended-range hybrid energy control for high-horsepower tractors, continuously promoting energy conservation and emission reduction in our products. The Company has also innovatively developed a range of green safety technologies, including collision detection and safety control around crane booms, a vision-based walking safety warning system for aerial work platform, an AI safety supervision system for tower crane jacking, a fatigue monitoring and warning system for excavator operators, and a single-pedal combined braking system for wide-body trucks, ensuring that our products' safety performance remains at the forefront of the industry.

(2) Comprehensive expansion of new energy main products and accelerated industrialization of key components

In the first half of the year, the Company launched 20 new energy main products, including the world's first pure electric port tire crane, the world's first five-axle right-hand drive new energy mixer truck, the world's first 5-axle 38-ton pure electric knuckle-boom truck-mounted crane, a 100-ton hybrid off-highway wide-body dump truck with drive-by-wire chassis, a 350-horsepower CVT four-wheel-drive hybrid tractor, and other innovative products. In terms of market penetration, the electrification rate of mixer trucks increased from 36.6% in 2024 to 74%, and the electrification rate of wide-body trucks grew from 2.8% in 2024 to 33%, significantly accelerating the electric transformation of mixer trucks and wide-body trucks in the domestic market.

Management Discussion and Analysis

In terms of “three-electric” components, the Company has built differentiated competitive advantages for agricultural machinery and mining truck products. The Company has launched a 6kWh high-rate battery pack for agricultural machinery, a 120kW compact and efficient flat-wire motor specifically for agricultural machinery, as well as a 397kWh energy-type and a 134kWh high-rate battery pack for mining trucks. These products have been applied in batches with main machines in both domestic and international markets. In terms of hydrogen energy equipment, we are rapidly entering the hydrogen energy sector. The Company has launched a new generation of 45MPa/70MPa/90MPa hydrogen liquid-driven piston compressors suitable for transportation and energy systems. The Company has also developed 2-10Nm³ channel-type PEM electrolyzers and a 300kW fuel cell power station, helping cities build a new economic ecosystem that integrates clean energy, hydrogen-powered transportation, and green manufacturing.

(3) Accelerating research breakthroughs in key core technologies and products for agricultural machinery to create a series of state-of-the-art agricultural machinery.

In the first half of the year, we launched four flagship products: the N-series mechanical-shift tractor, the TK100MAX grain harvester, the PL80 rice harvester, and a 30-ton grain dryer. These products feature significant improvements in performance, appearance, and user comfort. In terms of technological innovation, we developed the industry’s first distributed direct-drive motor technology and launched the first DV4004 electric continuously variable transmission (CVT) tractor. It can couple and decouple its dual-motor coaxial system in response to working conditions and load, achieving an 8% fuel saving under heavy load and a 25% fuel saving during inter-row cultivation and seeding. A new generation of independently controllable, ultimate intelligent control system has been deployed. It integrates three core modules – electrical monitoring and control, intelligent driving, and ISOBUS implement collaborative control – to create an ultimate experience, making field operations more precise and efficient.

Management Discussion and Analysis

(4) Global layout of intellectual property and standards to support the Company's overseas strategy.

During the Reporting Period, we filed 683 new patent applications and were granted 555 patents, including 172 invention patents. Guided by the principles of creating high-value intellectual property, establishing multi-layered protection, and developing a global layout, the Company continued to strengthen its patent fortress around core competitive technologies. The cumulative number of patents for "digitalisation, intelligentisation and ecofriendliness" new technologies reached 5,974, and the cumulative number of patent applications in the agricultural machinery technology reached 2,371. The cumulative number of overseas PCT applications and national phase entries reached 974. By accelerating the patent layout in key overseas countries, we provide strong support for the advancement of our overseas strategy.

During the Reporting Period, the Company successfully hosted the 2025 annual meeting of the International Organization for Standardization's Technical Committee for Cranes (ISO/TC 96), with over 120 renowned industry experts from 14 countries in attendance. During the meeting, four international crane standard projects led by the Company made substantial progress. Among them, ISO/TR 25201 "Cranes — Special wind field conditions" was approved for development, and ISO 4302 "Cranes — Wind load assessment" is scheduled for publication within the year. Work on "digitalisation, intelligentisation and ecofriendliness" standards continued to advance. Five standards led by the Company were successfully approved for development, including the national standard "Intelligent System of Cranes — Obstacle Avoidance Technology", the industry standard "Specification for Automated Data Collection and Transmission in Field Crop Cultivation", and the group standard "Hybrid Corn Harvester". We also published 10 national, industry, and group standards, including "Cranes – Wind load calculation", "Terminology for physical asset leasing", "Wireless remote control devices for tower cranes", and "Intelligent classification of large-scale farms".

Management Discussion and Analysis

6. Continuous improvement of operation quality and effectiveness

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

- (1) Comprehensively strengthening risk control. We have always prioritized risk control as the primary guarantee for its operations, resolutely implemented end-to-end business management and consistently improved a preventative, end-to-end risk control system. This enables terminal overdue monitoring down to each customer, order, and piece of equipment, ensuring risks are fully visible and controlled. During the Reporting Period, we upgraded risk control capabilities in multiple dimensions. We focused on high-quality business and strengthened red-line controls for new business entry. We enhanced synergy in risk collection, building an integrated system of “centralized coordination + decentralized execution”. We adopted a category-based approach to improve disposal efficiency and promoted a “sales-service-risk control” integrated collection model for all staff. We also strengthened backend “Tripartite” management to achieve closed-loop risk handling, comprehensively enhancing the effectiveness of our risk control.
- (2) Strengthening construction of a supply chain system. We continued to promote the consolidated and centralized procurement of bulk and general materials, strengthening cost control to support ultimate cost reduction and optimize supplier ecosystem. We accelerated digital transformation, having completed the full-process integration of the supply chain management platform across 21 business units, with plans for coverage across the Company in the second half of the year. Simultaneously, we consistently implemented an ultimate cost accounting system to comprehensively improve the efficiency of procurement price verification and achieve lifecycle cost management.
- (3) Strengthening the full-process inventory management system. We focused on promoting a digital inventory control project. This system uses business opportunities to drive production and budgets to control inventory, enabling a closed-loop management from opportunity to delivery. It achieves visualized and intelligent control across the entire “opportunity-plan-production-procurement-sales-inventory” chain. During the Reporting Period, the first phase of the digital production-sales-inventory monitoring platform went live, enabling real-time monitoring and early warning of anomalies in production, sales, and inventory data. The Company’s inventory scale has significantly decreased as a result.

Management Discussion and Analysis

- (4) Deepening the development of ultimate service capability. We focused on advancing the development of a hub-based service system, continuously strengthening three core capabilities: service management, service teams, and service support. This involves fully implementing end-to-end and fine-grained management in service operations. Concurrently, we optimized the global service resource layout and accelerated the localization of service operations, with the service localization rate reaching 54%. We have launched digital service tools to empower a dual improvement in global service efficiency and quality, effectively promoting the conversion of service value.
- (5) Tackling challenges to empower a globalized human resources system. In line with the Company's all-out transformation toward an overseas strategy, we have optimized organizational structure and conducted targeted recruitment to strengthen our teams. Focusing on building global capabilities, we have deepened talent training and competency enhancement to create a team with "high identification, high standards, and high caliber". We explored global talent incentive mechanism by upgrading performance management, improving the compensation system, and optimizing value assessment and distribution to motivate employees. We also advanced global digital transformation to empower improvement in both management efficiency and service quality.

Management Discussion and Analysis

II、Analysis of financial results and financial position

1. Analysis of operating income and profit

Following the core concept of “building up enterprises with Internet thinking and producing products by pushing everything to the limit”, the Company has unswervingly committed itself to the goal of high-quality development, and worked harder on the three transformation initiatives of “related diversification, globalization and digitization”. By seeking high-quality development powered by technological innovation, the Company refreshed its efforts to advance the transformation and upgrading of digitization, intelligence and green operations. The Company continued to deepen its traditional strengths while accelerating the cultivation and expansion of emerging business sectors. Through a comprehensive global market expansion strategy, this has unlocked new growth opportunities for the Company, enabling it to navigate economic cycles and achieve robust, sustainable, and high-quality development. During the Reporting Period, the Company’s operating income amounted to RMB24,855 million, representing a year-on-year increase of 1.30%, especially due to the growth of overseas sales. The Company continues to strengthen cost control to improve gross profit margin. Despite the expansion of overseas business had led to an increase in sales and marketing expenses, such increase was partially offset by the decrease in share incentive scheme expenses and the increase in net finance income, resulting in a net profit attributable to the parent company amounted to RMB2,753 million, representing a year-on-year increase of 20.69%.

2. Cash flow and capital expenditure

As at 30 June 2025, the Company had RMB11,271 million in cash and cash equivalents. The Company’s cash and cash equivalents primarily consist of cash and deposits at bank.

(1) Operating activities

For the six months ended 30 June 2025, net cash generated from operating activities was RMB1,603 million, increased by RMB927 million compared to the same period of last year amounting to RMB676 million, which is primarily due to the decrease in payment for redemption of bills payable in relation to the Company’s purchase in the ordinary course of business during the Reporting Period.

(2) Investing activities

For the six months ended 30 June 2025, net cash used in investing activities was RMB3,848 million, consisting primarily of payment for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB2,565 million and prepayment for acquisition of a subsidiary of RMB1,628 million.

Management Discussion and Analysis

(3) Financing activities

For the six months ended 30 June 2025, net cash generated from financing activities was RMB1,246 million, consisting primarily of the proceed from net increase in bank loans and other borrowings by RMB2,703 million, netted off by the payment for acquisition of non-controlling interests in a subsidiary of RMB706 million and interest payment of RMB342 million.

III. Employees

As at 30 June 2025, the Company had employed a total of 34,572 employees. Details of the Company's staff costs are enclosed in note 5(b) to the unaudited interim financial report.

During the Reporting Period, there was no significant change to the number of employees, salaries and remuneration policies of the Group as compared with the information disclosed in the annual report of 2024.

IV. Dividend

Pursuant to a resolution passed at the Board meeting on 29 August 2025, an interim dividend for the six months ended 30 June 2025 of RMB0.2 per share was proposed, totaling RMB1,730 million. The interim dividend is calculated based on the total share capital of the Company as of 30 June 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 extraordinary general meeting of the Company. Information regarding the date of proposed interim dividend to be paid and the record date and book close date to determine the entitlement to the interim dividend and attendance of the extraordinary general meeting will be announced in due course.

Management Discussion and Analysis

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

Non-public issuance of A shares

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. As at 30 June 2025, a total amount of RMB116.09 million of the net proceeds remained unutilised and will be applied as follows:

No.	Purpose	Proposed allocation of net proceeds (RMB million)	Amount utilised during the Reporting Period (RMB million)	Unutilised amount as at 30 June 2025 (RMB million)	Expected timeline of full utilisation
1	Excavating machinery intelligent manufacturing project	2,400.00	315.53	57.67	2025 2H
2	Project for upgrading of intelligent manufacturing of mixer product	350.00	9.30	–	–
3	Key components intelligent manufacturing project	1,300.00	88.63	58.42	2025 2H
4	Liquidity replenishment	1,095.69	–	–	–
	TOTAL	5,145.69	413.46	116.09	

Proceeds from the issue used during the Reporting Period were, and unutilised proceeds are proposed to be used, according to the intentions previously disclosed by the Company.

Save as disclosed in this report, the Company's current information in relation to those matters set out in paragraph 32 of Appendix D2 to the Listing Rules has not changed materially from the information disclosed in its 2024 annual report.

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, and the relevant regulations of the CSRC and SEHK. The Company has improved its internal control, the regulations of shareholders' meeting, board meeting and supervisor meeting so as to ensure effective operation and safeguard the interests of all shareholders and itself. The corporate governance of the Company is substantially the same as required by the regulatory requirements of the CSRC and SEHK on listed companies. The Company will consolidate the efforts of the corporate governance of listed companies by further enhancing corporate governance and internal control of listed companies and their subsidiaries. The accountability mechanism and information disclosure system will be improved to ensure true, accurate, complete, timely and fair disclosure of information. The Company also strictly implemented the management system for insider information and external information user (内幕信息知情人和外部信息使用人管理制度) formulated by the Board of Directors.

1. Compliance with the principles and code provisions of the Corporate Governance Code during the Reporting Period

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

2. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers during the Reporting Period

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

3. Audit Committee

The audit committee of the Company has discussed the accounting principles and practices adopted by the Company with the management and reviewed this report, including the interim financial report of the Group for the six months ended 30 June 2025 prepared in accordance with the International Accounting Standard No. 34.

Changes in Share Capital and Shareholders

1. Changes in share capital

Unit: share

	Before this change		Increase/Decrease in this change (+,-)		After this change	
	Number	Percentage	Other	Sub-total	Number	Percentage
I. Shares subject to sales restriction	25,610,325	0.29%	—	—	25,610,325	0.30%
II. Shares not subject to sales restriction	8,652,381,911	99.70%	-29,457,000	-29,457,000	8,622,924,911	99.70%
Ordinary shares denominated in RMB	7,070,417,363	81.48%	—	—	7,070,417,363	81.75%
Overseas listed foreign invested shares	1,581,964,548	18.23%	-29,457,000	-29,457,000	1,552,507,548	17.95%
III. Total number of shares	<u>8,677,992,236</u>	<u>100.00%</u>	<u>-29,457,000</u>	<u>-29,457,000</u>	<u>8,648,535,236</u>	<u>100.00%</u>

2. Number and shareholdings of the shareholders of the Company

Unit: share

Name of shareholder	Percentage of shares held	Number of shares held at the end of the reporting period
HKSCC NOMINEES LIMITED	17.91%	1,549,089,721
Hunan Xing Xiang Investment Holding Group Co., Ltd.	14.53%	1,256,337,046
Changsha Zoomlion and Yisheng Investment Partnership (LLP)	7.89%	682,201,864
Zoomlion Heavy Industry Science and Technology Co., Ltd.* — Phase II Employee Stock Ownership Plan	4.90%	423,956,781
Zoomlion Heavy Industry Science and Technology Co., Ltd.— Phase I Employee Stock Ownership Plan	3.41%	294,926,276
China Securities Finance Co., Ltd.	2.69%	233,042,928
Hong Kong Securities Clearing Company Limited	2.11%	182,453,864
Real Smart International	1.95%	168,635,602
Urumqi Phoenix Cornerstone Equity Investment Management Limited Partnership — Maanshan Xuanyuan Cornerstone Equity Investment Partnership (Limited Partnership)	1.72%	148,869,223
Industrial and Commercial Bank of China Limited — Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	1.03%	88,806,196

Changes in Share Capital and Shareholders

3. Substantial Shareholders' interests in the shares and underlying shares of the Company

As at 30 June 2025, so far as the Company's directors and chief executive were aware, the following persons (other than the Company's directors, supervisors 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 ("SFO") or as recorded in the register required to be kept by the Company pursuant to Section 336 of SFO:

Name	Nature of interest	Type of shares	Number of shares ⁽¹⁾	Percentage of type of shares issued (%)	Percentage of total issued shares (%)
State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government ⁽²⁾	Interest in a controlled corporation	A share	1,256,337,046 (L)	17.70	14.53
Changsha Zoomlion and Yisheng Investment Partnership (LLP) ⁽³⁾	Beneficial owner	A share	682,201,864 (L)	9.61	7.89
Zoomlion Heavy Industry Science and Technology Co., Ltd. – Employee Stock Ownership Plan (Phase II) ⁽⁴⁾	Beneficial owner	A share	423,956,781 (L)	5.97	4.90
Zoomlion Heavy Industry Science and Technology Co., Ltd. – Employee Stock Ownership Plan (Phase I) ⁽⁵⁾	Beneficial owner	A share	294,926,276 (L)	4.16	3.41
Changsha Hesheng Science and Technology Investment Co., Ltd. ⁽⁶⁾	Interest in a controlled corporation	H share	193,757,462 (L)	12.48	2.23

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 its wholly-owned subsidiary, Hunan Xing Xiang Investment Holding Group Co., Ltd.
- (3) Changsha Zoomlion and Yisheng Investment Partnership (LLP) is an investment entity controlled and owned by the Group's management.
- (4) Zoomlion Heavy Industry Science and Technology Co., Ltd. – Employee Stock Ownership Plan (Phase II) is a stock ownership plan for core management adopted by the Company on 27 September 2023.

Changes in Share Capital and Shareholders

- (5) Zoomlion Heavy Industry Science and Technology Co., Ltd. – Employee Stock Ownership Plan (Phase I) is a stock ownership plan for core management adopted by the Company on 6 January 2020.
- (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 30 June 2025, so far as the Company's directors and chief executive were aware, no persons (other than the Company's directors, supervisors 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 as recorded in the register required to be kept by the Company pursuant to Section 336 of SFO.

4. 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

A total of 29,457,000 H shares were repurchased by the Company between 4 December 2024 and 3 February 2025. Such 29,457,000 H shares were cancelled on 11 June 2025.

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

Directors, Supervisors and Senior Management

I. Changes in Directors, Supervisors and Senior Management

No changes occurred during the Reporting Period in the Company's directors, supervisors or chief executive, nor was there a change in any of the information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

II. Directors, Supervisors and Chief Executive's Interests in Shares or Debentures of the Company

As at 30 June 2025, the directors, chief executive, supervisors and senior management of the Company who have interest or a short position in the shares, underlying shares or debentures of the Company or 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 otherwise notified to the Company and SEHK under the Model Code were as follows:

Name of Directors/ Supervisors	Nature of interest	Type of shares	Number of shares	Percentage of the total share capital of the same type
Zhan Chunxin	Beneficiary owner	A share	10,929,076 (L)	0.1540%
	Interest in a controlled corporation ⁽²⁾	H share	5,250,000 (L)	0.3382%
Xiong Yanming	Beneficiary owner	A share	2,991,051 (L)	0.0422%
Liu Xiaoping	Beneficiary owner	A share	<u>326,840 (L)</u>	<u>0.0046%</u>

Notes:

(1) L represents long position

(2) Such interest is 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 30 June 2025, save as disclosed in this report, none of the directors, supervisors or chief executive of the Company nor any other persons has any interest or short positions in the shares, underlying shares or debentures of the Company or (in the case of directors, supervisors and chief executive) any of its associated corporations within the meaning of Part XV of the SFO as recorded in the registers required to be kept pursuant to Sections 336 and 352 of the SFO or otherwise notified to the Company and SEHK pursuant to the Model Code.

As at 30 June 2025, none of the directors, supervisors, 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.

Review Report



To the board of directors of Zoomlion Heavy Industry Science and Technology Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 33 to 80 which comprises the consolidated statement of financial position of Zoomlion Heavy Industry Science and Technology Co., Ltd. (the "Company") as of 30 June 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *"Interim Financial Reporting"*, as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*, as issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *"Interim Financial Reporting"*.

KPMG

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

29 August 2025

Consolidated Statement of Comprehensive Income (Unaudited)

For the six-month period ended 30 June 2025
(Expressed in RMB)

	Note	For the six-month period ended 30 June	
		2025 RMB millions	2024 RMB millions
Revenue	3	24,855	24,535
Cost of sales and services		(17,859)	(17,589)
Gross profit		6,996	6,946
Other net income	4	904	930
Sales and marketing expenses		(2,098)	(1,902)
General and administrative expenses		(1,284)	(1,340)
Expected credit losses	5(c)	(273)	(377)
Research and development expenses		(1,412)	(1,306)
Profit from operations		2,833	2,951
Finance income		246	320
Finance costs		(293)	(277)
Net exchange gain/(loss)		439	(162)
Net finance income/(costs)	5(a)	392	(119)
Share of profits less losses of associates		59	25
Profit before taxation	5	3,284	2,857
Income tax	6	(396)	(322)
Profit for the period		2,888	2,535

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Statement of Comprehensive Income (Unaudited)

For the six-month period ended 30 June 2025
(Expressed in RMB)

	Note	For the six-month period ended 30 June	
		2025 RMB millions	2024 RMB millions
Profit attributable to:			
Equity shareholders of the Company		2,753	2,281
Non-controlling interests		<u>135</u>	<u>254</u>
Profit for the period		<u>2,888</u>	<u>2,535</u>
Earnings per share (RMB)			
Basic	7	<u>0.32</u>	<u>0.28</u>
Diluted	7	<u>0.32</u>	<u>0.27</u>

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Statement of Comprehensive Income (Unaudited)

For the six-month period ended 30 June 2025
(Expressed in RMB)

	Note	For the six-month period ended 30 June	
		2025 RMB millions	2024 RMB millions
Profit for the period		2,888	2,535
Other comprehensive income for the period (after tax):			
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		17	(297)
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries outside PRC		8	(218)
Other comprehensive income for the period		25	(515)
Total comprehensive income for the period		2,913	2,020
Total comprehensive income attributable to:			
Equity shareholders of the Company		2,778	1,766
Non-controlling interests		135	254
Total comprehensive income for the period		2,913	2,020

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Statement of Financial Position (Unaudited)

At 30 June 2025
(Expressed in RMB)

	Note	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Non-current assets			
Property, plant and equipment		21,688	20,577
Right-of-use assets		3,054	3,625
Investment properties		56	56
Intangible assets		2,235	2,019
Goodwill	8	2,739	2,580
Interests in associates	9	4,451	4,484
Other financial assets	10	1,809	2,017
Trade receivables and contract assets	11	6,261	6,828
Receivables under finance lease	12	3,216	3,835
Loans and advances	11(e)	497	469
Pledged bank deposits		95	107
Deferred tax assets		2,592	2,637
Total non-current assets		48,693	49,234
Current assets			
Inventories	13	23,391	22,564
Other current assets		439	565
Financial assets at fair value through profit or loss ("FVPL")	14	1,571	1,622
Trade and other receivables and contract assets	11	38,879	32,400
Receivables under finance lease	12	2,989	3,328
Loans and advances	11(e)	311	279
Pledged bank deposits		1,652	1,565
Cash and cash equivalents	15	11,271	12,155
Total current assets		80,503	74,478
Total assets		129,196	123,712

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Statement of Financial Position (Unaudited)

At 30 June 2025
(Expressed in RMB)

	Note	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Current liabilities			
Loans and borrowings	16(a)	8,734	10,837
Financial liabilities at FVPL		9	22
Trade and other payables	17	33,807	29,763
Contract liabilities		1,973	1,901
Lease liabilities		143	154
Income tax payable		346	310
Total current liabilities		<u>45,012</u>	<u>42,987</u>
Net current assets		<u>35,491</u>	<u>31,491</u>
Total assets less current liabilities		<u>84,184</u>	<u>80,725</u>
Non-current liabilities			
Loans and borrowings	16(b)	20,355	15,412
Lease liabilities		282	362
Deferred tax liabilities		777	696
Other non-current liabilities		3,430	4,453
Total non-current liabilities		<u>24,844</u>	<u>20,923</u>
NET ASSETS		<u>59,340</u>	<u>59,802</u>

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Statement of Financial Position (Unaudited)

At 30 June 2025
(Expressed in RMB)

	Note	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
CAPITAL AND RESERVES			
Share capital	18(c)	8,649	8,678
Reserves		<u>48,458</u>	<u>48,423</u>
Total equity attributable to equity shareholders of the Company		57,107	57,101
Non-controlling interests		<u>2,233</u>	<u>2,701</u>
TOTAL EQUITY		<u>59,340</u>	<u>59,802</u>

Approved and authorised for issue by the board of directors on 29 August 2025.

Zhan Chunxin
Chairman and Chief Executive Officer

Du Yigang
Chief Finance Officer

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Statement of Changes in Equity (Unaudited)

For the six-month period ended 30 June 2025

(Expressed in RMB)

Attributable to equity shareholders of the Company										
Note	Fair value									Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	(non-recycling)	Other reserves	Retained earnings	Total	Non-controlling interests	
RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	
millions	millions	millions	millions	millions	millions	millions	millions	millions	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 the six-month period ended 30 June 2024:										
Profit for the period	–	–	–	–	–	–	2,281	2,281	254	2,535
Other comprehensive income	–	–	–	(218)	(297)	–	–	(515)	–	(515)
Total comprehensive income	–	–	–	(218)	(297)	–	2,281	1,766	254	2,020
Cash dividends	18(a)	–	–	–	–	–	(2,777)	(2,777)	–	(2,777)
Share incentive scheme										
– Restricted share scheme	18(b)	–	481	–	–	–	–	481	–	481
Acquisition of non-controlling interests in a subsidiary		–	(34)	–	–	–	–	(34)	(17)	(51)
Dividends declared by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	(16)	(16)
Safety production fund	23(b)	–	–	–	–	–	(8)	8	–	–
Balance at 30 June 2024	8,678	19,172	4,384	(1,689)	(321)	372	25,211	55,807	2,981	58,788

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Statement of Changes in Equity (Unaudited)

For the six-month period ended 30 June 2025
(Expressed in RMB)

Attributable to equity shareholders of the Company										
Note	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	Fair value		Other reserves	Retained earnings	Non-controlling interests	Total equity
					(non-recycling)	reserve				
RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
millions	millions	millions	millions	millions	millions	millions	millions	millions	millions	millions
Balance at 1 July 2024	8,678	19,172	4,384	(1,689)	(321)	372	25,211	55,807	2,981	58,788
Changes in equity for the six-month period ended 31 December 2024:										
Profit for the period	–	–	–	–	–	–	1,240	1,240	234	1,474
Other comprehensive income	–	–	–	140	(55)	–	–	85	–	85
Total comprehensive income	–	–	–	140	(55)	–	1,240	1,325	234	1,559
Repurchase of ordinary shares	18(c)	(54)	–	–	–	–	–	(54)	–	(54)
Share incentive scheme										
– Restricted share scheme	–	385	–	–	–	–	–	385	–	385
Contribution from non-controlling shareholders in a subsidiary	–	–	–	–	–	–	–	–	9	9
Acquisition of non-controlling interests in subsidiaries	–	(362)	–	–	–	–	–	(362)	(485)	(847)
Dividends declared by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	(38)	(38)
Safety production fund	–	–	–	–	–	9	(9)	–	–	–
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 45 to 80 form part of the interim financial report.

Consolidated Statement of Changes in Equity (Unaudited)

For the six-month period ended 30 June 2025

(Expressed in RMB)

Attributable to equity shareholders of the Company										
Note	Fair value							Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	(non-recycling)	Other reserves	Retained earnings			
RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	
Balance at 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 the six-month period ended 30 June 2025:										
Profit for the period	–	–	–	–	–	–	2,753	2,753	135	2,888
Other comprehensive income	–	–	–	8	19	–	(2)	25	–	25
Total comprehensive income	–	–	–	8	19	–	2,751	2,778	135	2,913
Repurchase of ordinary shares	18(c)	–	(96)	–	–	–	–	(96)	–	(96)
Cancellation of ordinary shares	18(c)	(29)	29	–	–	–	–	–	–	–
Cash dividends	18(a)	–	–	–	–	–	(2,595)	(2,595)	–	(2,595)
Share incentive scheme										
– Restricted share scheme	18(b)	–	190	–	–	–	–	190	–	190
Acquisition of non-controlling interests in a subsidiary		–	(271)	–	–	–	–	(271)	(435)	(706)
Dividends declared by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	(168)	(168)
Safety production fund	23(b)	–	–	–	–	–	(11)	11	–	–
Balance at 30 June 2025	8,649	18,993	4,384	(1,541)	(357)	370	26,609	57,107	2,233	59,340

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Cash Flow Statement (Unaudited)

For the six-month period ended 30 June 2025
(Expressed in RMB)

	Note	For the six-month period ended 30 June	
		2025 RMB millions	2024 RMB millions
Operating activities			
Profit before taxation		3,284	2,857
Adjustments for:			
Depreciation of property, plant and equipment	5(c)	555	495
Depreciation of right-of-use assets	5(c)	116	111
Amortisation of intangible assets	5(c)	74	73
Share of profits less losses of associates		(59)	(25)
Interest income	5(a)	(246)	(320)
Interest expenses	5(a)	348	314
Gain on disposal of property, plant and equipment and right-of-use assets	4	(549)	(636)
Net realised and unrealised (gain)/loss on financial assets at FVPL	4	(16)	8
Dividends income from financial assets measured at fair value through other comprehensive income ("FVOCI")	4	(10)	(13)
Loss on debt restructurings	4	14	1
Loss on disposal of trade receivables and receivables under finance lease	4	38	88
Share incentive scheme expenses	5(b)	190	481
		<u>3,739</u>	<u>3,434</u>
Changes in working capital:			
Increase in inventories		(821)	(632)
Increase in trade and other receivables and contract assets		(3,864)	(1,014)
Decrease in receivables under finance lease		732	1,745
Increase/(decrease) in trade and other payables		2,125	(2,384)
Increase in contract liabilities		<u>72</u>	<u>121</u>
Cash generated from operations		1,983	1,270
Income tax paid		<u>(380)</u>	<u>(594)</u>
Net cash generated from operating activities carried forward		<u>1,603</u>	<u>676</u>

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Cash Flow Statement (Unaudited)

For the six-month period ended 30 June 2025
(Expressed in RMB)

	Note	For the six-month period ended 30 June	
		2025 RMB millions	2024 RMB millions
Net cash generated from operating activities brought forward		1,603	676
Investing activities			
Payment for purchase of property, plant and equipment		(2,565)	(1,864)
Payment for purchase of right-of-use assets		(17)	(10)
Payment for purchase of intangible assets		(21)	(11)
Dividends from associates		13	26
Prepayment for acquisition of a subsidiary		(1,628)	–
Payment for acquisition of financial assets at FVPL		(3,062)	(895)
Proceeds from disposal of financial assets at FVPL		3,150	1,061
Dividend income from financial assets at FVOCI	4	10	13
Proceeds from disposal of property, plant and equipment and intangible assets		36	16
Proceeds from disposal of financial assets at FVOCI		163	28
Interest received		148	149
(Increase)/decrease in pledged bank deposits		(75)	46
Net cash used in investing activities		(3,848)	(1,441)

The notes on pages 45 to 80 form part of the interim financial report.

Consolidated Cash Flow Statement (Unaudited)

For the six-month period ended 30 June 2025
(Expressed in RMB)

	Note	For the six-month period ended 30 June	
		2025 RMB millions	2024 RMB millions
Financing activities			
Payment for acquisition of non-controlling interests in a subsidiary		(706)	(51)
Payment for repurchase of own shares		(96)	–
Proceeds from loans and borrowings		9,689	5,952
Repayment of loans and borrowings		(6,986)	(4,801)
Interest paid		(342)	(254)
Dividends paid to equity shareholders		(66)	–
Dividends paid by subsidiaries to non-controlling interests		(168)	(16)
Capital element of lease rentals paid		(73)	(62)
Interest element of lease rentals paid		(6)	(10)
Net cash generated from financing activities		<u>1,246</u>	<u>758</u>
Net decrease in cash and cash equivalents		(999)	(7)
Cash and cash equivalents at the beginning of the period		12,155	13,606
Effect of foreign exchange rate changes		<u>115</u>	<u>(27)</u>
Cash and cash equivalents at the end of the period	15	<u>11,271</u>	<u>13,572</u>

The notes on pages 45 to 80 form part of the interim financial report.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

1 Principal activities of reporting entity

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

2 Basis of preparation

- (a) This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (“IASB”). It has been reviewed by the audit committee of the Company and approved for issue on 29 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of these changes in accounting policies are set out in Note 2(b).

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

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards issued by the IASB.

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

- (b) The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report 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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

3 Revenue and segment reporting

(a) Disaggregation of revenue

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

	For the six-month period ended 30 June	
	2025	2024
	RMB millions	RMB millions
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
Construction machinery		
– Concrete machinery	4,866	4,210
– Crane machinery	8,331	8,228
– Aerial machinery	2,591	3,953
– Earth working machinery	4,288	3,516
– Others	2,486	2,032
Agricultural machinery	1,987	2,341
	24,549	24,280
Revenue from other sources		
Rental income	75	48
Financial services	231	207
	306	255
	24,855	24,535
Disaggregated by geographical location of customers		
– Mainland PRC	11,039	12,488
– Outside PRC	13,816	12,047
Total	24,855	24,535

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

3 Revenue and segment reporting (Continued)

(a) Disaggregation of revenue (Continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 3(b).

The Group's customer base is diversified and none of the customer with whom transactions have exceeded 10% of the Group's revenues.

(b) Information about profit or loss

	For the six-month period ended 30 June	
	2025 RMB millions	2024 RMB millions
Reportable segment profit:		
Construction machinery		
– Concrete machinery	1,105	925
– Crane machinery	2,693	2,667
– Aerial machinery	771	1,084
– Earth working machinery	1,268	1,134
– Others	702	616
Agricultural machinery	240	319
Financial services	217	201
	<u>6,996</u>	<u>6,946</u>

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

3 Revenue and segment reporting (Continued)

(c) Reconciliations of segment profit

	For the six-month period ended 30 June	
	2025 RMB millions	2024 RMB millions
Total reportable segment profit	6,996	6,946
Other net income	904	930
Sales and marketing expenses	(2,098)	(1,902)
General and administrative expenses	(1,284)	(1,340)
Expected credit losses	(273)	(377)
Research and development expenses	(1,412)	(1,306)
Net finance income/(costs)	392	(119)
Share of profits less losses of associates	59	25
Profit before taxation	3,284	2,857

4 Other net income

	For the six-month period ended 30 June	
	2025 RMB millions	2024 RMB millions
Government grants	289	171
Additional deduction for value-added tax	80	188
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	549	636
Net realised and unrealised gain/(loss) on financial assets at FVPL	16	(8)
Dividend income from financial assets at FVOCI	10	13
Loss on disposal of trade receivables and receivables under finance lease	(38)	(88)
Loss on debt restructurings	(14)	(1)
Others	12	19
	904	930

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

5 Profit before taxation

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

(a) Net finance (income)/costs:

	For the six-month period ended 30 June	
	2025 RMB millions	2024 RMB millions
Interest income	(246)	(320)
Interest expense on loans and borrowings	342	306
Interest expense on lease liabilities	6	8
Net exchange (gain)/loss	(439)	162
Less: interest expense capitalised into construction in progress (Note)	(55)	(37)
	<u>(392)</u>	<u>119</u>

Note: The borrowing costs have been capitalised at rates of 2.37% to 2.40% (2024:2.30% to 2.77%) per annum.

(b) Staff costs:

	For the six-month period ended 30 June	
	2025 RMB millions	2024 RMB millions
Salaries, wages and other benefits	2,612	2,373
Contributions to retirement schemes	395	365
Share incentive scheme expense	190	481
	<u>3,197</u>	<u>3,219</u>

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

5 Profit before taxation (Continued)

(c) Other items:

	For the six-month period ended 30 June	
	2025 RMB millions	2024 RMB millions
Cost of inventories sold	17,765	17,589
Depreciation charge		
– owned property, plant and equipment	555	495
– right-of-use assets	116	111
Amortisation of intangible assets	74	73
Product warranty costs	94	93
Expected credit losses:		
– trade receivables (Note 11(b))	292	310
– receivables under finance lease (Note 12(c))	(26)	60
– other receivables	6	7
– loans and advances	1	–
Impairment losses:		
– inventories	38	12
– other current assets	9	–

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

6 Income tax

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

	For the six-month period ended 30 June	
	2025 RMB millions	2024 RMB millions
Current tax – PRC income tax	290	486
Current tax – Income tax in other tax jurisdictions	8	57
Deferred taxation	98	(221)
Tax expenses	396	322

(b) 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.

Considering the legislative progress is relatively close to the reporting date in Hong Kong SAR and certain other jurisdictions, and the complexity and uncertainty of information brought by the continuous changes in the overseas business environment and internal strategic optimization, the Group has evaluated its corporate structure and continued to assess its impact, taking necessary measures to mitigate impacts. Based on the Group’s overall planning and business forecast, the Group considers the current impact on the implementation of Pillar Two model rules is not material. The Group expects to further disclose the prudent evaluation results and potential impact of the Pillar Two income taxes in the 2025 annual financial statement.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2025 is based on the profit attributable to equity shareholders of the Company of RMB2,753 million (six-month period ended 30 June 2024: RMB2,281 million) less profit attributable to the unvested restricted A shares of RMB81 million (six-month period ended 30 June 2024: nil) and the weighted-average number of ordinary shares in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	For the six-month period ended 30 June	
	2025	2024
	millions	millions
Issued ordinary shares (excluded unvested restricted A shares) at 1 January	8,413	8,254
Effect of repurchase of ordinary H shares	(16)	—
Weighted average number of ordinary shares at 30 June	8,397	8,254

(b) Diluted earnings per share

For the six-month period ended 30 June 2025, restricted A shares (Note 18(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.

For the six-month period ended 30 June 2024, the effect of deemed issue of restricted A shares would have been slightly dilutive regarding the calculation of diluted earnings per share, based on the profit attributable to ordinary equity shareholders of the Company of RMB2,281 million and the weighted average number of ordinary shares (diluted) of 8,424 million shares.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

8 Goodwill

	2025 RMB millions	2024 RMB millions
Balance at 1 January	2,580	2,641
Effect of exchange rate difference	159	(61)
Balance at 30 June/31 December	2,739	2,580

9 Interests in associates

	30 June 2025 RMB millions	31 December 2024 RMB millions
Carrying amount of the individually material associate in the consolidated financial statements		
Infore Environment Technology Group Co., Ltd.	3,182	3,209
Aggregate carrying amount of individually material associates in the consolidated financial statements	3,182	3,209
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,269	1,275
Total	4,451	4,484

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

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

10 Other financial assets

	30 June 2025 RMB millions	31 December 2024 RMB millions
Financial assets at FVOCI		
Equity securities	1,619	1,760
Financial assets at FVPL		
Listed equity securities	32	33
Private equity fund	158	224
Total	1,809	2,017

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 RMB123 million and RMB1,496 million, respectively, as at 30 June 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 RMB10 million (six-month period ended 30 June 2024: RMB13 million) were received from these investments in equity securities during the six-month period ended 30 June 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 six-month period ended 30 June 2025 (six-month period ended 30 June 2024: nil).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

11 Trade and other receivables and contract assets

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Trade receivables (Note (a))	40,058	35,569
Less: loss allowance (Note (b))	(4,738)	(4,461)
	35,320	31,108
Less: trade receivables due after one year	(6,065)	(6,739)
	29,255	24,369
Bills receivable (Note (c))	924	1,479
	30,179	25,848
Contract assets	198	89
Less: contract assets due after one year	(196)	(89)
	30,181	25,848
Amounts due from related parties (Note 22(b))	181	139
Prepayments for purchase of raw materials	1,008	869
Prepayment for acquisition of a subsidiary	1,628	–
Prepaid expenses	742	594
Prepayments for land use right for property development (Note (d))	1,703	1,703
VAT recoverable	2,446	2,329
Deposits	66	67
Others	924	851
	38,879	32,400

During the six-month period ended 30 June 2025, trade receivables of RMB3,136 million (six-month period ended 30 June 2024: RMB5,940 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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

11 Trade and other receivables and contract assets (Continued)

(a) 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:

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Within 1 year	23,654	20,571
Over 1 year but less than 2 years	5,692	4,993
Over 2 years but less than 3 years	2,193	2,023
Over 3 years but less than 5 years	2,052	1,850
Over 5 years	1,729	1,671
	<u>35,320</u>	<u>31,108</u>

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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

11 Trade and other receivables and contract assets (Continued)

(b) Impairment of trade receivables

Movement in the loss allowance account in respect of trade receivables during the period is as follows:

	Note	2025 RMB millions	2024 RMB millions
Balance at 1 January		4,461	5,514
Impairment losses recognised		292	568
Reclassification from loss allowance of receivables under finance lease	12(c)	31	19
Uncollectible amounts written off		(4)	(229)
Written off upon disposal of trade receivables		(45)	(1,429)
Effect of exchange rate difference		3	18
Balance at 30 June/31 December		4,738	4,461

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

11 Trade and other receivables and contract assets (Continued)

- (c) As at 30 June 2025, bills receivable of RMB873 million (31 December 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 six-month period ended 30 June 2025.

Other bills receivable of RMB51 million (31 December 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 endorse bills receivable to suppliers in order to settle trade payables. Bills receivable are due within one year.

As at 30 June 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 balance sheet date. 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 30 June 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 RMB2,764 million (31 December 2024: RMB3,675 million).

As at 30 June 2025, bills receivable of RMB554 million (31 December 2024: RMB449 million) was discounted to banks or other financial institutions 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.

(d) **Prepayments for land use right**

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 30 June 2025.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

11 Trade and other receivables and contract assets (Continued)

(e) Loans and advances

	2025 RMB millions	2024 RMB millions
Loans and advances	829	767
Less: loss allowance	(21)	(19)
	<u>808</u>	<u>748</u>
Less: loans and advances due after one year	(497)	(469)
Loans and advances due within one year	<u>311</u>	<u>279</u>

The Group provides loan services 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 credit 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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

12 Receivables under finance lease

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Gross investment	7,003	8,217
Unearned finance income	(295)	(443)
	6,708	7,774
Less: loss allowance (Note (c))	(503)	(611)
	6,205	7,163
Less: receivables under finance lease due after one year	(3,216)	(3,835)
Receivables under finance lease due within one year	2,989	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 a period ranging from 1 to 6 years (2024: 1 to 6 years). Customers are normally required to make an upfront payment or security deposit ranging from 5% to 50% of the product price (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 six-month period ended 30 June 2025, receivables under finance lease of RMB1,029 million (six-month period ended 30 June 2024: 1,788 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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

12 Receivables under finance lease (Continued)

(a) Ageing analysis of receivables under finance lease

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

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Present value of the minimum lease payments		
Within 1 year	3,223	3,630
Over 1 year but less than 2 years	1,594	1,743
Over 2 years but less than 3 years	1,055	1,166
Over 3 years	836	1,235
	<u>6,708</u>	<u>7,774</u>
Unearned finance income		
Within 1 year	157	230
Over 1 year but less than 2 years	70	99
Over 2 years but less than 3 years	40	62
Over 3 years	28	52
	<u>295</u>	<u>443</u>
Gross investment		
Within 1 year	3,380	3,860
Over 1 year but less than 2 years	1,664	1,842
Over 2 years but less than 3 years	1,095	1,228
Over 3 years	864	1,287
	<u>7,003</u>	<u>8,217</u>

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

12 Receivables under finance lease (Continued)

(b) Overdue analysis

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

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Not yet due	5,749	6,356
Within 1 year past due	694	1,045
Over 1 year but less than 2 years past due	190	270
Over 2 years past due	75	103
Total past due	959	1,418
	6,708	7,774
Less: loss allowance	(503)	(611)
	6,205	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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

12 Receivables under finance lease (Continued)

(c) Impairment of receivables under finance lease

The movement in the loss allowance account in respect of receivables under finance lease during the period is as follows:

	Note	2025 RMB millions	2024 RMB millions
Balance at 1 January		611	829
Reversal of impairment losses		(26)	(22)
Written off upon disposal of receivables under finance lease		(40)	(104)
Reclassification to loss allowance of trade receivables	11(b)	(31)	(19)
Written off upon repossession of sold machinery		(11)	(73)
Balance at 30 June/31 December		503	611

13 Inventories

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Raw materials	5,486	5,413
Work in progress	2,275	1,898
Finished goods	13,192	12,818
Land to be developed	2,438	2,435
	23,391	22,564

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

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

14 Financial assets at fair value through profit or loss

	Note	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Financial assets carried at fair value through profit or loss			
– Wealth management products and structured deposits	(i)	207	45
– Securities investment funds	(ii)	1,363	1,577
– Derivatives		1	–
		<u>1,571</u>	<u>1,622</u>

Notes:

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

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

15 Cash and cash equivalents

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Cash at bank and on hand		
– RMB denominated	6,947	8,639
– USD denominated	2,646	1,944
– EUR denominated	757	788
– HKD denominated	180	79
– Other currencies	741	705
	<u>11,271</u>	<u>12,155</u>

16 Loans and borrowings

(a) Short-term loans and borrowings:

	Note	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Pledged short-term bank loans			
– RMB denominated	(i)	10	10
Unsecured short-term bank loans			
– RMB denominated	(ii)	50	1,194
– USD denominated	(iii)	515	25
– EUR denominated	(iv)	142	197
		<u>717</u>	<u>1,426</u>
Add: current portion of long-term loans and borrowings	16(b)	<u>8,017</u>	<u>9,411</u>
		<u>8,734</u>	<u>10,837</u>

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

16 Loans and borrowings (Continued)

(a) Short-term loans and borrowings: (Continued)

Notes:

- (i) As at 30 June 2025, RMB denominated pledged short-term bank loans of RMB10 million (31 December 2024: RMB10 million) bore interest at a rate of 4.96% per annum were pledged by patents and will be repayable in full in 2025.
- (ii) As at 30 June 2025, RMB denominated unsecured short-term bank loans of RMB50 million (31 December 2024: RMB1,194 million) bore interest at rates ranging from 1.75% to 2.45% per annum and will be repayable from years 2025 to 2026. Such loans are subject to the fulfilment of certain financial covenants of the Group. As at 30 June 2025, the Group was in compliance with these financial covenants.
- (iii) As at 30 June 2025, USD denominated unsecured short-term bank loans of RMB515 million (31 December 2024: RMB25 million) bore interest at rates ranging from 1.80% to 3.30% per annum and will be repayable from years 2025 to 2026.
- (iv) As at 30 June 2025, EUR denominated unsecured short-term bank loans of RMB142 million (31 December 2024: RMB197 million) bore interest at rates ranging from 0.81% to 2.25% per annum and will be repayable from years 2025 to 2026. Such loans are subject to the fulfilment of certain financial covenants of the Group. As at 30 June 2025, the Group was in compliance with these financial covenants.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

16 Loans and borrowings (Continued)

(b) Long-term loans and borrowings:

	Note	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Unsecured long-term bank loans			
– RMB denominated	(i)	26,728	24,320
– EUR denominated	(ii)	487	333
– USD denominated	(iii)	150	155
Secured long-term bank loans			
– EUR denominated		7	15
Debentures	(iv)	1,000	–
		28,372	24,823
Less: current portion of long-term loans and borrowings	16(a)	(8,017)	(9,411)
		20,355	15,412

Notes:

- (i) As at 30 June 2025, RMB denominated unsecured long-term bank loans of RMB18,922 million (31 December 2024: RMB15,099 million) bore interest at rates ranging from 2.14% to 3.30% per annum and will be repayable from years 2026 to 2030.

As at 30 June 2025, RMB denominated unsecured long-term bank loans of RMB7,806 million (31 December 2024: RMB9,221 million) bore interest at rates ranging from 2.24% 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 30 June 2025, the Group was in compliance with these financial covenants.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

16 Loans and borrowings (Continued)

(b) Long-term loans and borrowings: (Continued)

- (ii) As at 30 June 2025, EUR denominated unsecured long-term bank loans of RMB285 million (31 December 2024: RMB143 million) bore interest at rates ranging from 1.50% to 5.00% per annum and will be repayable from years 2026 to 2030.

As at 30 June 2025, EUR denominated unsecured long-term bank loans of RMB202 million (31 December 2024: RMB190 million) bore interest at rates ranging 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 30 June 2025, the Group was in compliance with these financial covenants.

- (iii) As at 30 June 2025, USD denominated unsecured long-term bank loans of RMB150 million (31 December 2024: RMB155 million) bore interest at rate of 1.80% per annum and will be repayable from years 2026 to 2029.

- (iv) In April 2025, the Company issued 5-year RMB debentures with principal amount of RMB1,000 million. The debentures bore interest at a fixed rate of 2.07% per annum and will mature in April 2030. Interest on the debentures will be payable yearly in arrears in April, beginning from April 2026. As at 30 June 2025, the outstanding balance of the medium-term notes was RMB1,000 million.

- (c) Except as disclosed in Notes 16(a)(ii), 16(a)(iv), 16(b)(i) and 16(b)(ii) above, none of the Group's loans and borrowings contains any financial covenants.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

17 Trade and other payables

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Trade creditors	11,247	8,830
Digital bills payable	3,947	5,192
Bills payable	8,174	7,883
Trade creditors and bills payable	23,368	21,905
Payable for acquisition of property, plant and equipment	2,266	2,063
Accrued staff costs	520	861
Product warranty provision	191	176
Value-added tax payable	1,155	981
Sundry taxes payable	60	78
Security deposits	182	171
Financial guarantees issued (Note 21)	38	33
Dividends payable (Note 18(a))	2,529	–
Other accrued expenses and payables	3,498	3,495
	33,807	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.

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

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Due within 1 month or on demand	6,646	6,046
Due after 1 month but within 3 months	6,937	6,816
Due after 3 months but within 6 months	6,349	6,245
Due after 6 months but within 12 months	3,436	2,798
	23,368	21,905

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

18 Capital, reserves and dividends

(a) Dividends

Pursuant to the shareholders' approval at the Annual General Meeting held on 26 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. As at 30 June 2025, such dividends were not fully paid.

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.

(b) 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.

During the six-month period ended 30 June 2025, no restricted shares were vested (six-month period ended 30 June 2024: nil).

During the six-month period ended 30 June 2025, share incentive scheme expenses of RMB190 million (six-month period ended 30 June 2024: RMB481 million) were recognised in the consolidated statement of comprehensive income.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

18 Capital, reserves and dividends (Continued)

(c) Repurchase of own shares

During the six-month period ended 30 June 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	<u>100,000</u>	<u>5.61</u>	<u>5.61</u>	<u>1</u>

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.

19 Fair value measurement of financial instruments

(a) Financial instruments 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, categorised 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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

19 Fair value measurement of financial instruments (Continued)

(a) Financial instruments measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 30 June 2025	Fair value measurements as at 30 June 2025		
		Level 1	Level 2	Level 3
Recurring fair value measurements				
Financial assets:				
Fair value through other comprehensive income				
– Bills receivable	873	–	–	873
– Unlisted equity securities	1,496	–	–	1,496
– Listed equity securities	123	123	–	–
Fair value through profit or loss				
– Wealth management products and structured deposits	207	–	207	–
– Listed equity securities	32	32	–	–
– Private equity fund	158	–	–	158
– Securities investment funds	1,363	1,363	–	–
– Derivatives	1	–	–	1
Financial liabilities:				
Fair value through profit or loss				
– Derivatives	(9)	–	–	(9)

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

19 Fair value measurement of financial instruments (Continued)

(a) Financial instruments 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
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 fund	224	–	–	224
– Securities investment funds	1,577	1,577	–	–
Financial liabilities:				
Fair value through profit or loss				
– Derivatives	(22)	–	–	(22)

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: nil). 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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

19 Fair value measurement of financial instruments (Continued)

(a) Financial instruments 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: 0.74-2.76 (2024: 0.67-2.15) Price earnings ratio: 28.54-33.27 (2024: 26.14-26.78) Lack of marketability discount: 0%-70% (2024: 0%-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%)
Wealth management products and structured deposits	Cost method	Expected yield	The fair value measurement is positively correlated to the expected yield.	2.30%-2.38% (2024: 2.30% – 2.45%)
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 fund	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 Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

19 Fair value measurement of financial instruments (Continued)

(a) Financial instruments measured at fair value (Continued)

Information about Level 3 fair value measurements (Continued)

The movements during the reporting period in the balance of Level 3 fair value measurements are as follows:

	At 1 January 2025	Acquisition/ (disposal)	Net unrealised gains or losses recognised in other comprehensive income during the period	Net unrealised gains or losses recognised in profit or loss during the period	At 30 June 2025
Financial assets:					
Unlisted equity securities	1,626	(164)	34	–	1,496
Bills receivable	1,385	(512)	–	–	873
Private Equity fund	224	(68)	–	2	158
Derivatives	–	–	–	1	1
Financial liabilities:					
Derivatives	(22)	21	–	(8)	(9)

	At 1 January 2024	Acquisition/ (disposal)	Net unrealised gains or losses recognised in other comprehensive income during the period	Net unrealised gains or losses recognised in profit or loss during the period	At 30 June 2024
Financial assets:					
Unlisted equity securities	1,995	(28)	(92)	–	1,875
Bills receivable	1,489	61	–	–	1,550
Wealth management products	27	(6)	–	(1)	20
Private Equity fund	208	–	–	(2)	206
Derivatives	6	1	–	(7)	–
Financial liabilities:					
Derivatives	(9)	11	–	(3)	(1)

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

19 Fair value measurement of financial instruments (Continued)

(a) Financial instruments 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.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2025 and 31 December 2024.

20 Commitments

Capital commitments

As at 30 June 2025, the Group had capital commitments as follows:

	30 June 2025 RMB millions	31 December 2024 RMB millions
Authorised and contracted for		
– Purchase of property, plant and equipment	3,649	3,642

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

21 Financial guarantee issued and payment commitments**(a) Financial guarantees 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 30 June 2025, the Group's maximum exposure to such guarantees was RMB2,690 million (31 December 2024: RMB2,180 million). For the six-month period ended 30 June 2025, the Group made payments of RMB61 million (six-month period ended 30 June 2024: RMB59 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 30 June 2025, the Group's maximum exposure to such guarantees was RMB1,343 million (31 December 2024: RMB1,498 million). For the six-month period ended 30 June 2025, the Group made payments of RMB11 million for repossession of machinery incurred (six-month period ended 30 June 2024: RMB0.04 million) under the guarantee arrangement as a result of customer default.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

21 Financial guarantee issued and payment commitments (Continued)

(b) Payment commitments

During the years from 2023 to 2025, the Group issued 3-year Asset-backed Plans ("ABP") and Asset-backed Notes ("ABN") for some of the trade receivables and receivables under finance lease ("Underlying Assets") with a face value of RMB4,206 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 30 June 2025, the outstanding planned payment due to the ABP and ABN plans was approximately RMB2,042 million (31 December 2024: RMB2,224 million), none of which has any cashflow shortage as at 30 June 2025 (31 December 2024: nil).

22 Related party transactions

(a) Transactions with related parties

	For the six-month period ended 30 June	
	2025 RMB millions	2024 RMB millions
Transactions with associates:		
Sales of products	75	44
Purchase of raw materials	—	1
Transactions with Beijing Leasing:		
Finance lease service provided through Beijing Leasing	135	465
Repossession of machinery	410	80
Transactions with other related parties:		
Factoring of accounts receivable	401	506

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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

22 Related party transactions (Continued)

(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.

23 Reconciliation of financial information prepared under PRC GAAP to IFRS Accounting Standards

(a) Reconciliation of total equity of the Group

	As at 30 June 2025 RMB millions	As at 31 December 2024 RMB millions
Total equity reported under PRC GAAP	59,377	59,839
– Acquisition-related costs incurred on prior year business combination	(37)	(37)
Total equity reported under IFRS Accounting Standards	59,340	59,802

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 June 2025

23 Reconciliation of financial information prepared under PRC GAAP to IFRS Accounting Standards (Continued)

(b) Reconciliation of total comprehensive income for the period of the Group

	For the six-month period ended 30 June	
	2025	2024
	RMB millions	RMB millions
Total comprehensive income for the period reported under PRC GAAP	2,924	2,028
– Safety production fund (Note)	(11)	(8)
Total comprehensive income for the period reported under IFRS Accounting Standards	2,913	2,020

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 purchased 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.

24 Non-adjusting events after the reporting period

Proposed cash dividend

Pursuant to a resolution passed at the Board meeting on 29 August 2025, an interim dividend in respect of the six-month period ended 30 June 2025 of RMB0.2 per share, totalling approximately RMB1,730 million was proposed for shareholders' approval at the forthcoming extraordinary general meeting of the Company. The interim dividend proposed after the reporting period has not been recognised as a liability at the balance sheet date.

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