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

中聯重科股份有限公司

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

(Stock Code: 1157)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations of the Group for the year ended 31 December 2023 amounted to RMB47,075 million, representing an increase of RMB5,444 million or 13.08% from 2022.

- Profit attributable to equity shareholders of the Company for the year ended 31 December 2023 amounted to RMB3,550 million, representing an increase of RMB1,203 million or 51.26% from 2022.

- Basic earnings per share for the year ended 31 December 2023 amounted to RMB43.05 cents, representing an increase of RMB15.25 cents compared with basic earnings per share of RMB27.80 cents in 2022. Diluted earnings per share for the year ended 31 December 2023 amounted to RMB42.85 cents, representing an increase of RMB15.17 cents compared with diluted earnings per share of RMB27.68 cents in 2022.

- The Board proposed a final dividend of RMB0.32 per share for the year ended 31 December 2023.

The board of directors (the "**Board**") of Zoomlion Heavy Industry Science and Technology Co., Ltd.* (the "**Company**") hereby announces the audited results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 (the "**Reporting Period**") together with the comparative figures for 2022:

FINANCIAL RESULTS

Financial information extracted from the audited financial statements for 2023 prepared in accordance with the IFRS accounting standards:

Consolidated statement of comprehensive income
For the year ended 31 December 2023
(Expressed in RMB)

	Note	**2023** *RMB millions*	2022 *RMB millions*
Revenue	*3*	**47,075**	41,631
Cost of sales and services		**(34,109)**	(32,543)
Gross profit		**12,966**	9,088
Other income		**935**	982
Sales and marketing expenses		**(3,557)**	(2,635)
General and administrative expenses		**(2,274)**	(2,400)
Expected credit losses	*4(c)*	**(794)**	(446)
Research and development expenses		**(3,441)**	(2,507)
Profit from operations		**3,835**	2,082
Net finance income	*4(a)*	**284**	300
Share of profits less losses of associates		**153**	130
Profit before taxation	*4*	**4,272**	2,512
Income tax	*5*	**(457)**	(86)
Profit for the year		**3,815**	2,426

	Note	**2023**	2022
		RMB millions	*RMB millions*
Profit attributable to:			
Equity shareholders of the Company		**3,550**	2,347
Non-controlling interests		**265**	79
		3,815	2,426
Profit for the year		**3,815**	2,426
Earnings per share (cents)			
Basic	*7*	**43.05**	27.80
Diluted	*7*	**42.85**	27.68

	2023 *RMB millions*	2022 *RMB millions*
Profit for the year	**3,815**	2,426
Other comprehensive income for the year (after tax)		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	**29**	(93)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside mainland PRC	**72**	(71)
Total other comprehensive income for the year	**101**	(164)
Total comprehensive income for the year	**3,916**	2,262
Total comprehensive income attributable to:		
Equity shareholders of the Company	**3,651**	2,183
Non-controlling interests	**265**	79
Total comprehensive income for the year	**3,916**	2,262

Consolidated statement of financial position
At 31 December 2023
(Expressed in RMB)

	Note	**2023** **RMB millions**	2022 RMB millions
Non-current assets			
Property, plant and equipment		**17,364**	13,903
Right-of-use assets		**3,621**	3,995
Investment properties		**90**	161
Intangible assets		**1,988**	1,926
Goodwill		**2,641**	2,562
Interests in associates	*8*	**4,497**	4,476
Other financial assets	*9*	**2,669**	2,263
Trade and other receivables	*11*	**10,882**	11,829
Receivables under finance lease	*12*	**6,120**	6,456
Loans and advances		**568**	277
Pledged bank deposits		**76**	160
Deferred tax assets	*15(b)*	**2,303**	1,907
Total non-current assets		**52,819**	49,915
Current assets			
Inventories		**22,504**	14,203
Other current assets		**708**	1,040
Financial assets measured at fair value through profit or loss (“**FVPL**”)	*10*	**1,767**	4,011
Trade and other receivables	*11*	**32,033**	33,962
Receivables under finance lease	*12*	**4,843**	4,717
Loans and advances		**280**	170
Pledged bank deposits		**2,265**	1,708
Cash and cash equivalents		**13,606**	13,791
Total current assets		**78,006**	73,602
Total assets		**130,825**	123,517
Current liabilities			
Loans and borrowings		**7,377**	11,018
Financial liabilities at FVPL		**9**	–
Trade and other payables	*13*	**40,513**	35,259
Contract liabilities		**1,817**	1,892
Lease liabilities		**126**	117
Income tax payable	*15(a)*	**154**	107
Total current liabilities		**49,996**	48,393
Net current assets		**28,010**	25,209
Total assets less current liabilities		**80,829**	75,124

	Note	2023 RMB millions	2022 RMB millions
Non-current liabilities			
Loans and borrowings		**14,944**	10,962
Lease liabilities		**308**	355
Deferred tax liabilities	*15(b)*	**807**	842
Other non-current liabilities		**5,639**	6,026
Total non-current liabilities		**21,698**	18,185
NET ASSETS		**59,131**	56,939
CAPITAL AND RESERVES			
Share capital		**8,678**	8,678
Reserves		**47,693**	46,027
Total equity attributable to equity shareholders of the Company		**56,371**	54,705
Non-controlling interests		**2,760**	2,234
TOTAL EQUITY		**59,131**	56,939

Consolidated statement of changes in equity

For the year ended 31 December 2023
(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company									
		Share capital *RMB millions*	Capital reserve *RMB millions*	Statutory surplus reserve *RMB millions*	Exchange reserve *RMB millions*	Fair value reserve (non-recycling) *RMB millions*	Other reserves *RMB millions*	Retained earnings *RMB millions*	Total *RMB millions*	Non-controlling interests *RMB millions*	Total equity *RMB millions*
Balance at 31 December 2021 and 1 January 2022		8,678	19,601	4,384	(1,472)	11	260	25,369	56,831	1,429	58,260
Changes in equity for 2022											
Profit for the year		–	–	–	–	–	–	2,347	2,347	79	2,426
Other comprehensive income		–	–	–	(71)	(61)	–	(32)	(164)	–	(164)
Total comprehensive income		–	–	–	(71)	(61)	–	2,315	2,183	79	2,262
Repurchase of ordinary shares		–	(1,556)	–	–	–	–	–	(1,556)	–	(1,556)
Cash dividends	*6*	–	–	–	–	–	–	(2,777)	(2,777)	–	(2,777)
Share incentive scheme – Restricted share scheme	*14*	–	164	–	–	–	–	–	164	–	164
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	383	383
Acquisition of non-controlling interests in subsidiaries		–	(626)	–	–	–	–	–	(626)	(256)	(882)
Contribution from non-controlling shareholders in a subsidiary		–	486	–	–	–	–	–	486	625	1,111
Dividends declared by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	–	(26)	(26)
Safety production fund		–	–	–	–	–	42	(42)	–	–	–
Balance at 31 December 2022		8,678	18,069	4,384	(1,543)	(50)	302	24,865	54,705	2,234	56,939

Consolidated statement of changes in equity
For the year ended 31 December 2023 (continued)
(Expressed in RMB)

		Attributable to equity shareholders of the Company									
	Note	Share capital *RMB millions*	Capital reserve *RMB millions*	Statutory surplus reserve *RMB millions*	Exchange reserve *RMB millions*	Fair value reserve (non-recycling) *RMB millions*	Other reserves *RMB millions*	Retained earnings *RMB millions*	Total *RMB millions*	Non-controlling interests *RMB millions*	Total equity *RMB millions*
Balance at 31 December 2022 and 1 January 2023		**8,678**	**18,069**	**4,384**	**(1,543)**	**(50)**	**302**	**24,865**	**54,705**	**2,234**	**56,939**
Changes in equity for 2023											
Profit for the year		–	–	–	–	–	–	3,550	3,550	265	3,815
Other comprehensive income		–	–	–	72	26	–	3	101	–	101
Total comprehensive income		–	–	–	72	26	–	3,553	3,651	265	3,916
Repurchase of ordinary shares		–	(1,085)	–	–	–	–	–	(1,085)	–	(1,085)
Cash dividends	*6*	–	–	–	–	–	–	(2,641)	(2,641)	–	(2,641)
Share incentive scheme – Restricted share scheme	*14*	–	1,635	–	–	–	–	–	1,635	–	1,635
Contribution from non-controlling shareholders in a subsidiary		–	106	–	–	–	–	–	106	271	377
Disposal of non-controlling interests of a subsidiary		–	–	–	–	–	–	–	–	6	6
Dividends declared by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	–	(16)	(16)
Appropriation for general risk reserve		–	–	–	–	–	35	(35)	–	–	–
Safety production fund		–	–	–	–	–	43	(43)	–	–	–
Balance at 31 December 2023		**8,678**	**18,725**	**4,384**	**(1,471)**	**(24)**	**380**	**25,699**	**56,371**	**2,760**	**59,131**

Notes to the financial information

1 STATEMENT OF COMPLIANCE

The financial information contained in this preliminary announcement of annual results was extracted from the Group's consolidated financial statements. These financial statements have been prepared in accordance with all applicable IFRS accounting standards as issued by the International Accounting Standards Board ("**IASB**"). IFRS accounting standards include all individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and related interpretations.

These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRS accounting standards and new standard that are first effective for the current accounting period of the Group:

- IFRS 17, Insurance contracts
- Amendments to IAS 8, Definition of Accounting Estimates
- Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12, International tax reform – Pillar Two model rules
- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

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

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

(i) Disaggregation of revenue

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

	2023	2022
	RMB millions	*RMB millions*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
Construction machinery		
– Concrete machinery	**8,571**	8,432
– Crane machinery	**19,175**	18,859
– Aerial machinery	**5,701**	4,593
– Earth working machinery	**6,647**	3,511
– Others	**4,208**	3,415
Agricultural machinery	**2,089**	2,133
	46,391	40,943
Revenue from other sources		
Rental income	**187**	186
Financial services	**497**	502
	684	688
	47,075	41,631

(b) Segment reporting

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

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

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

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

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

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

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

None of these segments met any of the quantitative thresholds for determining reportable segments for the years ended 31 December 2023 and 2022.

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

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

(i) Segment results, assets and liabilities

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

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

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

Disaggregation of revenue from contracts with customers by timing of revenue recognition regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below:

	2023			2022		
	Point in time *RMB millions*	**Over time** *RMB millions (Note)*	**Total** *RMB millions*	Point in time *RMB millions*	Over time *RMB millions (Note)*	Total *RMB millions*
Reportable segment revenue:						
Construction machinery						
– Concrete machinery	**8,571**	**27**	**8,598**	8,432	28	8,460
– Crane machinery	**19,175**	**116**	**19,291**	18,859	120	18,979
– Aerial machinery	**5,701**	**6**	**5,707**	4,593	4	4,597
– Earthworking machinery	**6,647**	**–**	**6,647**	3,511	–	3,511
– Others	**4,208**	**35**	**4,243**	3,415	29	3,444
Agricultural machinery	**2,089**	**3**	**2,092**	2,133	5	2,138
Financial services	**–**	**497**	**497**	–	502	502
	46,391	**684**	**47,075**	40,943	688	41,631

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

(ii) Information about profit or loss

	2023	2022
	RMB millions	*RMB millions*
Reportable segment profit:		
Construction machinery		
– Concrete machinery	**1,971**	1,779
– Crane machinery	**5,989**	4,348
– Aerial machinery	**1,293**	957
– Earthworking machinery	**1,857**	824
– Others	**1,130**	594
Agricultural machinery	**246**	95
Financial services	**480**	491
	12,966	9,088

(iii) Reconciliations of segment profit

	2023	2022
	RMB millions	*RMB millions*
Reconciliation of segment profit:		
Total reportable segment profit	**12,966**	9,088
Gross profit	**12,966**	9,088
Other income	**935**	982
Sales and marketing expenses	**(3,557)**	(2,635)
General and administrative expenses	**(2,274)**	(2,400)
Expected credit losses	**(794)**	(446)
Research and development expenses	**(3,441)**	(2,507)
Net finance costs	**284**	300
Share of profits less losses of associates	**153**	130
Profit before taxation	**4,272**	2,512

(iv) Geographic information

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

	2023 ***RMB millions***	2022 *RMB millions*
Revenue from external customers		
– Mainland PRC	**29,026**	31,639
– Outside PRC	**18,049**	9,992
Total	**47,075**	41,631

	2023 ***RMB millions***	2022 *RMB millions*
Specified non-current assets		
– Mainland PRC	**18,931**	16,961
– Outside PRC	**1,164**	937
Total	**20,095**	17,898

4 PROFIT BEFORE TAXATION

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

(a) Net finance income:

	2023	2022
	RMB millions	*RMB millions*
Interest income	**(914)**	(989)
Interest on loans and borrowings	**682**	914
Interest on lease liabilities	**9**	23
Net exchange gain	**(61)**	(248)
	(284)	(300)

(b) Staff costs:

	2023	2022
	RMB millions	*RMB millions*
Salaries, wages and other benefits	**4,491**	3,794
Share incentive scheme expenses	**279**	170
Contributions to retirement schemes	**690**	574
	5,460	4,538

(c) Other items:

	2023	2022
	RMB millions	*RMB millions*
Cost of inventories sold	**34,109**	32,543
Depreciation charge		
– owned property, plant and equipment	**995**	794
– right-of-use assets, land use rights	**105**	79
– right-of-use assets, plant, machinery and equipment	**138**	122
Amortisation of intangible assets	**150**	161
(Gain)/loss on disposal of property, plant and equipment, intangible assets and right-of-use assets	**(233)**	8
Auditors' remuneration:		
– audit services	**11**	11
Product warranty costs	**191**	198
Expected credit losses:		
– trade receivables	**561**	259
– bills receivables	**2**	4
– receivables under finance lease	**164**	157
– other receivables	**56**	21
– loan and advance	**11**	5
Impairment losses:		
– inventories	**39**	590
– other current assets	**51**	–
Loss on disposal of trade receivables and receivables under finance lease	**184**	59

5 INCOME TAX

Income tax in the consolidated statement of comprehensive income represents:

(a) Taxation charged/(credited) to profit or loss:

	2023	2022
	RMB millions	*RMB millions*
Current tax – PRC income tax	**742**	374
Current tax – Income tax in other tax jurisdictions	**129**	18
Deferred taxation	**(414)**	(306)
Tax expenses	**457**	86

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

	2023	2022
	RMB millions	*RMB millions*
Profit before taxation	**4,272**	2,512
Notional tax on profit before taxation, calculated at the statutory income tax rate *(Note (i))*	**1,068**	628
Tax effect of non-deductible expenses	**30**	37
Current year loss for which no deferred tax assets was recognised	**125**	109
Tax effect of non-taxable income *(Note (i))*	**(94)**	(51)
Tax effect of subsidiaries subject to a different tax rate *(Note (ii))*	**(197)**	232
Additional deduction for qualified research and development expenses *(Note (iii))*	**(454)**	(265)
Additional deduction for qualified machineries and equipment acquired *(Note (iv))*	**–**	(604)
Others	**(21)**	–
Actual income tax expenses	**457**	86

Notes:

(i) The PRC statutory income tax rate is 25% (2022: 25%).

(ii) According to the income tax law and its relevant regulations, entities that qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%. The Company and certain of its PRC subsidiaries obtained or renewed its status as high-technology enterprises in 2023 and accordingly are subject to income tax at 15% for the years from 2023 to 2025.

The Company's subsidiaries in the HKSAR are subject to Hong Kong Profits Tax at 16.5% (2022: 16.5%) in respect of assessable profits arising in or derived from Hong Kong. In years 2023 and 2022, the Group did not derive any income chargeable to Hong Kong Profits Tax on the basis that all the income was offshore sourced, all the expenses incurred by the subsidiaries in Hong Kong have been disallowed.

The Company's overseas subsidiaries are subject to income tax at rates ranging from 15% to 34% (2022: 15% to 34%).

(iii) Under the income tax law and its relevant regulations, a 100% additional tax deduction is allowed for qualified research and development expenditure for the year ended 31 December 2023 (2022: 100%).

(iv) Under the income tax law and its relevant regulations, a 100% tax deduction and a 100% additional tax deduction was allowed for qualified machineries and equipment acquired in the fourth quarter of 2022 for high-technology enterprises. No such deduction is allowed in year 2023.

(c) Pillar Two income taxes

The Group has subsidiaries operating in HKSAR, which has enacted new tax laws to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("**OECD**"). The new tax laws will take effect from 1 January 2025. When these laws take effect, the Group expects to be subject to a new top-up tax in HKSAR, where the local effective tax rate is lower than 15%. As the new tax laws are not yet effective, the Group does not recognize any current tax relating to the Pillar Two model rules for the year ended 31 December 2023.

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

Had the new tax laws applied in HKSAR in 2023, the profits relating to the Group's subsidiaries in HKSAR would be subject to the corresponding Pillar Two income taxes. For the year ended 31 December 2023, such profits amounted to approximately RMB838 million and the average effective tax rate applicable to those profits was 14.17%.

6 CASH DIVIDENDS

(i) Dividends paid during year

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

Pursuant to the shareholders' approval at the Annual General Meeting held on 2 June 2022, 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 2021 was declared, which was fully paid by 31 December 2022.

(ii) Dividends proposed after the balance sheet date

Pursuant to a resolution passed at the directors' meeting on 28 March 2024, a final dividend in respect of the year ended 31 December 2023 of RMB0.32 per share, totalling approximately RMB2,777 million was proposed for shareholders' approval at the forthcoming Annual General Meeting, and repurchased shares are not included in the profit distribution. The final dividend proposed after the reporting period has not been recognised as a liability at the balance sheet date.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB3,537 million (2022: RMB2,347 million) and the weighted average of 8,247 million ordinary shares (2022: 8,443 million shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2023	2022
	millions	*millions*
Issued ordinary shares at 1 January	**8,301**	8,444
Effect of repurchase of ordinary A shares	**(133)**	(81)
Effect of restricted A shares unlocked	**79**	80
Weighted average number of ordinary shares at 31 December	**8,247**	8,443

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB3,537 million (2022: RMB2,347 million) and the weighted average number of ordinary shares of 8,285 million shares (2022: 8,480 million shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2023	2022
	millions	*millions*
Weighted average number of ordinary shares at 31 December	**8,247**	8,443
Effect of deemed issue of restricted A shares	**38**	37
Weighted average number of ordinary shares (diluted) at 31 December	**8,285**	8,480

The unvested restricted shares are subject to vesting conditions including certain performance conditions, which are excluded in the calculation of diluted earnings per share.

8 INTERESTS IN ASSOCIATES

	2023	2022
	RMB millions	*RMB millions*
Infore Environment Technology Group Co., Ltd. (“**Infore Environment**”)	**3,191**	3,132
Aggregate carrying amount of individually material associates in the consolidated financial statements	**3,191**	3,132
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**1,306**	1,344
Total	**4,497**	4,476

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

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

				Proportion of ownership interest		
Name of associate	**Form of business structure**	**Place of incorporation and business**	**Particulars of issued and paid-up capital** ***(millions)***	**Group’s effective interest**	**Held by the Company**	**Principal activities**
Infore Environment *(Note)*	Incorporated	China	RMB3,179	12.56%	12.56%	Environmental construction and project operation

Note: Infore Environment is listed on the main board of Shenzhen Stock Exchange. On 31 December 2023, the quoted market price of Infore Environment was RMB4.75 (2022: RMB4.51) per share and the fair value of the investment in Infore Environment was RMB1,897 million (2022: RMB1,800 million), which was lower than the carrying value. As at 31 December 2023, the management carried out an impairment assessment of the investment and determined its recoverable amount based on the present value of projected future cash flows. The cash flow projections covered a period of five years and adopted a pre-tax discount rate of 11.92%. Cash flows beyond the five-year period are extrapolated using estimated growth rates 2.5%. The discount rate used to estimate the cash flow is based on the cost of capital used to assess investments of a similar nature in mainland China. Forecasting the future cash flow involves the judgment of management. The key assumptions are determined with reference to external information. According to the results of the assessment, no impairment of the investment is required as at 31 December 2023.

	2023	2022
	RMB millions	*RMB millions*
Amounts of the Group's share of Infore Environment		
Profit from operations	**102**	61
Other comprehensive income	**–**	–
Total comprehensive income	**102**	61

During the year ended 31 December 2023, Infore Environment distributed dividends of RMB44 million (2022: RMB40 million) to the Group.

	2023	2022
	RMB millions	*RMB millions*
Aggregate amounts of the Group's share of individually immaterial associates		
Profit from operations	**51**	69
Other comprehensive income	**–**	–
Total comprehensive income	**51**	69

9 OTHER FINANCIAL ASSETS

	Note	**2023**	2022
		RMB millions	*RMB millions*
Financial assets at FVOCI			
Equity securities	*(i)*	**2,417**	2,186
Financial assets at FVPL			
Listed equity securities		**44**	77
Investment funds		**208**	–
Total		**2,669**	2,263

Notes:

(i) The equity securities comprise listed equity securities and other unlisted equity securities. The aggregate fair value of listed equity securities and other unlisted equity securities was RMB422 million and RMB1,995 million, respectively, as at 31 December 2023 (31 December 2022: RMB12 million and RMB2,174 million). The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividends of RMB34 million (31 December 2022: RMB32 million) were received from these investments in equity securities during the year ended 31 December 2023. A gain accumulated in the fair value reserve (non-recycling) of RMB3 million in relation to disposal of equity securities was transferred to retained earnings during the year ended 31 December 2023 (31 December 2022: loss of RMB32 million).

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**2023** **RMB millions**	2022 RMB millions
Financial assets carried at fair value through profit or loss:			
– Wealth management products	*(i)*	**349**	2,806
– Securities investment funds	*(ii)*	**1,418**	1,205
		1,767	4,011

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 products are a wide range of government and corporate bonds, asset-backed securities, bond repurchases, bank deposits and other financial instruments.

11 TRADE AND OTHER RECEIVABLES

	2023 **RMB millions**	2022 RMB millions
Trade receivables	**41,008**	44,764
Less: loss allowance	**(5,514)**	(5,260)
	35,494	39,504
Less: trade receivables due after one year	**(10,882)**	(11,829)
	24,612	27,675
Bills receivable	**1,572**	1,239
	26,184	28,914
Amounts due from related parties	**137**	240
Prepayments for purchase of raw materials	**930**	735
Prepaid expenses	**334**	215
Prepayments for land use rights	**1,703**	1,703
VAT recoverable	**2,120**	1,458
Deposits	**75**	99
Others	**550**	598
	32,033	33,962

All of the trade and other receivables, except those described below, are expected to be recovered or recognised as expense within one year.

(a) Trading terms and factoring of trade receivables

The Group generally allows certain customers with appropriate credit standing to make payments in instalments generally over a period of 6 to 60 months ("**instalment payment method**"). Instalment payments with terms more than one year are discounted at a rate which approximates the debtor's borrowing rate in transactions with an independent lender under comparable terms and conditions. For the year ended 31 December 2023, the discount rates ranged from 2.57% to 18.75% (2022: 4.45%) per annum.

Trade receivables due after one year is as follows:

	2023	2022
	RMB millions	*RMB millions*
Gross investment	**11,660**	12,766
Unearned finance income	**(621)**	(814)
	11,039	11,952
Less: loss allowance	**(157)**	(123)
Trade receivables due after one year	**10,882**	11,829

(b) Ageing analysis of trade receivables

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

	2023	2022
	RMB millions	*RMB millions*
Within 1 year	**21,237**	28,233
Over 1 year but less than 2 years	**5,849**	6,730
Over 2 years but less than 3 years	**4,078**	1,279
Over 3 years but less than 5 years	**1,859**	1,391
Over 5 years	**2,471**	1,871
	35,494	39,504

Trade receivables under credit sales arrangement are generally due within 1 to 6 months (2022: 1 to 3 months) from the date of billing, and customers are normally required to make an upfront payment ranging from 5% to 30% (2022: 30% to 50%) of the product price. For sales under instalment payment method that has instalment payment periods generally ranging from 6 to 60 months (2022: 6 to 60 months), customers are normally required to make an upfront payment ranging from 5% to 30% (2022: 20% to 50%) of the product price.

As part of the Group's ongoing control procedures, management monitors the creditworthiness of customers to which it grants credit in the normal course of business. Credit exposure limits are established to avoid concentration risk with respect to any single customer.

(c) Impairment of trade receivables

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

	2023 *RMB millions*	2022 *RMB millions*
Balance at 1 January	**5,260**	4,937
Impairment losses recognised	**580**	292
Reclassification from loss allowance of receivables under finance lease	**124**	284
Uncollectible amounts written off	**(174)**	(244)
Written off upon sale of trade receivables *(Note)*	**(276)**	(9)
Balance at 31 December	**5,514**	5,260

Note: During the year ended 31 December 2023, RMB174 million of loss allowance for trade receivables were written off due to disposal of certain receivables (2022: RMB9 million).

(d) As at 31 December 2023, bills receivable of RMB1,489 million (2022: RMB952 million), including bank acceptance bills and digital bills receivable, whose fair values approximate to their carrying values were classified as financial assets at FVOCI under IFRS 9. The fair value changes of these bills receivable measured at FVOCI were insignificant during the year.

Other bills receivable of RMB83 million (2022: RMB287 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 from3 to 6 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivable. The Group from time to time endorses bills receivable to suppliers in order to settle trade payables.

As at 31 December 2023, the Group endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is not probable. As at 31 December 2023, 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 RMB1,998 million (31 December 2022: RMB658 million).

As at 31 December 2023, bills receivable of RMB1,304 million (31 December 2022: RMB1,362 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.

12 RECEIVABLES UNDER FINANCE LEASE

	2023	2022
	RMB millions	*RMB millions*
Gross investment	**12,364**	12,587
Unearned finance income	**(572)**	(615)
	11,792	11,972
Less: loss allowance	**(829)**	(799)
	10,963	11,173
Less: receivables under finance lease due after one year	**(6,120)**	(6,456)
Receivables under finance lease due within one year	**4,843**	4,717

The Group provides equipment finance lease services to customers purchasing machinery products of the Group or other vendors through its leasing subsidiaries. Under the finance lease arrangement, the collectability of the minimum lease payments is reasonably predictable, there is no significant uncertainty surrounding the amount of un-reimbursable cost yet to be incurred by the Group under the lease arrangement. The finance lease contracts entered into by the Group typically are for periods ranging from 1 to 6 years (2022: 1 to 6 years). Customers are normally required to make an upfront payment ranging from 5% to 50% of the product price (2022: 5% to 50%) and pay a security deposit ranging from 1% to 20% of the product price (2022: 1% to 20%). 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.

(a) Ageing analysis of receivables under finance lease

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

	2023	2022
	RMB millions	*RMB millions*
Present value of the minimum lease payments		
Within 1 year	**5,157**	5,043
Over 1 year but less than 2 years	**3,070**	3,001
Over 2 years but less than 3 years	**1,906**	1,968
Over 3 years	**1,659**	1,960
	11,792	11,972
Unearned finance income		
Within 1 year	**265**	270
Over 1 year but less than 2 years	**131**	140
Over 2 years but less than 3 years	**88**	98
Over 3 years	**88**	107
	572	615
Gross investment		
Within 1 year	**5,422**	5,313
Over 1 year but less than 2 years	**3,201**	3,141
Over 2 years but less than 3 years	**1,994**	2,066
Over 3 years	**1,747**	2,067
	12,364	12,587

(b) Overdue analysis

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

	2023	2022
	RMB millions	*RMB millions*
Not yet due	**10,498**	10,841
Within 1 year past due	**1,084**	929
Over 1 year but less than 2 years past due	**72**	176
Over 2 years past due	**138**	26
Total past due	**1,294**	1,131
	11,792	11,972
Less: loss allowance	**(829)**	(799)
	10,963	11,173

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.

(c) Impairment of receivables under finance lease

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

	2023	2022
	RMB millions	*RMB millions*
Balance at 1 January	**799**	954
Impairment losses recognised	**164**	157
Written off upon sale of receivables under finance lease	**–**	(19)
Reclassification to loss allowance of trade receivables	**(124)**	(284)
Written off upon repossession of sold machinery	**(10)**	(9)
Balance at 31 December	**829**	799

13 TRADE AND OTHER PAYABLES

	2023	2022
	RMB	*RMB*
	millions	*millions*
Trade creditors	**11,215**	13,075
Digital bills payable	**8,663**	5,260
Bills payable	**11,836**	8,159
Trade creditors and bills payable	**31,714**	26,494
Accrued staff costs	**895**	834
Value added tax payable	**992**	1,120
Sundry taxes payable	**74**	66
Security deposits	**764**	774
Payable for acquisition of property, plant and equipment	**2,778**	2,314
Product warranty provision	**127**	126
Financial guarantees issued	**43**	68
Amounts due to related parties	**–**	1
Other accrued expenses and payables	**3,126**	3,462
	40,513	35,259

All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

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

	2023	2022
	RMB	*RMB*
	millions	*millions*
Due within 1 month or on demand	**8,288**	2,386
Due after 1 month but within 3 months	**11,261**	14,624
Due after 3 months but within 6 months	**9,159**	6,026
Due after 6 months but less than 12 months	**3,006**	3,458
	31,714	26,494

(b) Product warranty provision

	RMB millions
Balance at 1 January 2022	137
Provision for the year	198
Utilisation during the year	(209)
Balance at 31 December 2022 and 1 January 2023	126
Provision for the year	191
Utilisation during the year	(190)
Balance at 31 December 2023	127

A provision for warranties is recognised when the underlying products are sold. Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within predominantly 3 to 12 months from the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

14 SHARE INCENTIVE SCHEME

On 15 November 2019, an Employee Stock Ownership Plan ("**ESOP**") was considered and approved at the seventh extraordinary meeting of the sixth session of the board of directors. On 6 January 2020, the ESOP and the related resolution were considered and passed at the first extraordinary general meeting of 2020, pursuant to which 390,449,924 restricted shares were planned to be granted to no more than 1,200 selected current employees ("**the Participants**") of the Group. On 3 April 2020, related resolutions were considered and passed at the First Meeting of Participants, pursuant to which the date of grant for the ESOP has been set for 3 April 2020. The Participants are entitled to purchase Zoomlion restricted A shares at RMB2.75 each. The Participants of the ESOP included directors, senior executives and core technical employees. As a result, 390,449,924 restricted shares were granted to the ESOP Participants on 3 April 2020 and the transfer of restricted A shares was completed on 29 April 2020.

The first vesting period of the ESOP 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.

On 30 August 2023, a new Employee Stock Ownership Plan (Phase II) ("**ESOP II**") was considered and approved at the second extraordinary meeting of the seventh session of the board of directors. On 27 September 2023, the ESOP II and the related resolution were considered and passed at the second extraordinary general meeting of 2023, pursuant to which 423,956,766 restricted shares were planned to be granted to no more than 1,500 selected current employees ("**the Participants**") of the Group. On 28 September 2023, the Participants signed the share subscription agreement under ESOP II, pursuant to which the date of grant for the ESOP II has been set for 28 September 2023. The Participants are entitled to purchase Zoomlion restricted A shares at RMB3.17 each. The Participants of the ESOP II included directors, senior executives and core technical employees. As a result, 423,956,766 restricted shares were granted to the Participants of the ESOP II on 28 September 2023 and the transfer of restricted A shares was completed on 19 October 2023.

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

(a) Restricted shares

The number of restricted shares are as follows:

	2023 Number of restricted shares	2022 Number of restricted shares
Outstanding at the beginning of the year	**117,134,977**	234,269,954
Vested during the year	**(117,134,977)**	(117,134,977)
Granted during the year	**423,956,766**	–
Outstanding at the end of the year	**423,956,766**	117,134,977
Contractual life of restricted shares	**1.73 years**	0.33 years

The fair value of restricted share of the ESOP granted on 3 April 2020 were RMB3.00 per share, and the fair value of restricted share of the ESOP II granted on 28 September 2023 were RMB3.72 per share, which is the difference between the market price of the ordinary share at the grant date and the proceeds received from the employees.

(b) Expected demission rate of the Participants and share incentive scheme expenses

For the ESOP and the ESOP II, no matter Participants leave the Group or not at the end of the vesting period, all share incentive scheme expenses are to be recognised in the consolidated statement of comprehensive income. For the year ended 31 December 2023, share incentive scheme expenses of RMB279 million (2022: RMB170 million) were recognised in the consolidated statement of comprehensive income.

15 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payable in the consolidated statement of financial position represents:

	2023	2022
	RMB millions	*RMB millions*
Provision for PRC income tax	**128**	99
Provision for income tax in other tax jurisdictions	**26**	8
	154	107

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are presented as follows:

Year ended 31 December 2023

	Balance at 31 December 2022	**Credited/ (charged) to profit or loss**	**Credited/ (charged) to reserves**	**Balance at 31 December 2023**
	RMB millions	***RMB millions***	***RMB millions***	***RMB millions***
Deferred tax assets arising from:				
Receivables	**852**	**(7)**	**–**	**845**
Inventories	**125**	**(9)**	**–**	**116**
Accrued expenses	**73**	**17**	**–**	**90**
Tax losses	**578**	**(58)**	**–**	**520**
Others	**279**	**477**	**2**	**758**
Total	**1,907**	**420**	**2**	**2,329**
Deferred tax liabilities arising from:				
Property, plant and equipment	**(54)**	**13**	**–**	**(41)**
Intangible assets	**(267)**	**2**	**–**	**(265)**
Right-of-use assets	**(43)**	**20**	**–**	**(23)**
Others	**(478)**	**(41)**	**15**	**(504)**
Total	**(842)**	**(6)**	**15**	**(833)**

	Deferred tax assets	Deferred tax liabilities
	RMB millions	*RMB millions*
Gross amount	2,329	(833)
Offset amount	(26)	26
After offset	2,303	(807)

Year ended 31 December 2022

	Balance at 31 December 2021	Credited/ (charged) to profit or loss	Credited/ (charged) to reserves	Balance at 31 December 2022
	RMB millions	*RMB millions*	*RMB millions*	*RMB millions*
Deferred tax assets arising from:				
Receivables	731	121	–	852
Inventories	82	43	–	125
Accrued expenses	94	(21)	–	73
Tax losses	166	412	–	578
Others	75	207	(3)	279
Total	1,148	762	(3)	1,907
Deferred tax liabilities arising from:				
Property, plant and equipment	(26)	(28)	–	(54)
Intangible assets	(292)	25	–	(267)
Right-of-use assets	(40)	(3)	–	(43)
Others	(47)	(450)	19	(478)
Total	(405)	(456)	19	(842)

As at 31 December 2023, deferred tax assets in respect of tax losses totalling RMB469 million (31 December 2022: RMB422 million) were not recognised by certain subsidiaries of the Company, as it is not probable that sufficient future taxable profits will be available to utilise such tax benefits.

16 RECONCILIATION OF FINANCIAL INFORMATION PREPARED UNDER PRC GAAP TO IFRS ACCOUNTING STANDARDS

(a) Reconciliation of total equity of the Group

	As at 31 December 2023 ***RMB millions***	As at 31 December 2022 *RMB millions*
Total equity reported under PRC GAAP	**59,168**	56,976
– Acquisition-related costs incurred on prior year business combination	**(37)**	(37)
Total equity reported under IFRS accounting standards	**59,131**	56,939

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

	2023 ***RMB millions***	2022 *RMB millions*
Total comprehensive income for the year reported under PRC GAAP	**3,873**	2,220
– Safety production fund *(Note)*	**43**	42
Total comprehensive income for the year reported under IFRS accounting standards	**3,916**	2,262

Note: Under PRC GAAP, safety production fund should be accrued and recognised in profit or loss with a corresponding credit in reserve according to relevant PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related equipment are purchased, is reduced by the purchase cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRS accounting standards, expense is recognised in profit or loss when incurred, and fixed assets are capitalised and depreciated in accordance with applicable accounting policies.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis was prepared based on our financial information prepared in accordance with IFRS accounting standards.

Revenue

Our revenue increased by 13.08% from RMB41,631 million for the year ended 31 December 2022 to RMB47,075 million for the year ended 31 December 2023.

Cost of Sales and Services

Due to the increase of sales volume, our cost of sales and services increased by 4.81% from RMB32,543 million for the year ended 31 December 2022 to RMB34,109 million for the year ended 31 December 2023.

Gross profit

Our gross profit increased by 42.67% from RMB9,088 million for the year ended 31 December 2022 to RMB12,966 million for the year ended 31 December 2023. Our gross profit margin increased from 21.83% for the year ended 31 December 2022 to 27.54% for the year ended 31 December 2023, which is mainly due to the growth in the scale of the Company's overseas revenue as well as the continuous implementation of cost reduction and efficiency measures.

Other income

Our other income decreased from the net gain of RMB982 million for the year ended 31 December 2022 to a net gain of RMB935 million for the year ended 31 December 2023.

Sales and marketing expenses

Our sales and marketing expenses increased by 34.99% from RMB2,635 million for the year ended 31 December 2022 to RMB3,557 million for the year ended 31 December 2023 primarily due to the increase in expenses related to sales in overseas markets.

General and administrative expenses

Our general and administrative expenses decreased from RMB2,400 million for the year ended 31 December 2022 to RMB2,274 million for the year ended 31 December 2023, primarily due to the decrease of impairment losses from inventories.

Net finance income

Our net finance income for the year ended 31 December 2022 was RMB300 million and our net finance income for the year ended 31 December 2023 was RMB284 million.

Profit for the year

As a result of the foregoing, our profit for the year increased by 57.25% from a profit of RMB2,426 million for the year ended 31 December 2022 to a profit of RMB3,815 million for the year ended 31 December 2023.

Operating activities

In 2023, net cash generated from operating activities was RMB2,292 million, derived primarily from the profit before taxation of RMB4,272 million in total, adjusted to reflect interest expense of RMB691 million, interest income RMB914 million, depreciation and amortisation of RMB1,388 million, net realized and unrealized gains on financial assets at fair value through profit or loss ("**FVPL**") of RMB39 million, gains on disposal of property, plant and equipment and intangible assets of RMB233 million, share incentive scheme expenses of RMB279 million, share of profits or losses of associates of RMB153 million, loss on disposal of trade receivables and receivables under finance lease of RMB184 million and added back the effect of (i) increase in trade and other payables of RMB6,607 million and net off the following items: (i) increase in trade and other receivables of RMB1,862 million; (ii) increase in inventories of RMB7,345 million; (iii) increase in receivables under finance lease of RMB162 million; (iv) decrease in contract liabilities of RMB75 million.

Investing activities

In 2023, net cash generated from investing activities was RMB143 million, consisting primarily of: (i) proceeds from disposal of financial assets at FVPL of RMB8,896 million; (ii) interest received of RMB421 million; (iii) proceeds from disposal of property, plant and equipment and intangible assets of RMB98 million; (iv) proceeds from disposal of financial assets at fair value through other comprehensive income ("**FVOCI**") of RMB84 million; and (v) increase in pledged bank deposits of RMB473 million and offset by the following items: (i) investment into financial assets at FVPL of RMB6,894 million; (ii) payment for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,940 million; (iii) investment into financial assets at FVOCI of RMB268 million; and (iv) payment for investments in associates of RMB40 million.

Financing activities

In 2023, net cash used in financing activities was RMB2,644 million, consisting primarily of: (i) repayments of bank and other borrowings assets of RMB16,344 million; (ii) dividends paid to shareholders of RMB2,641 million; (iii) interest paid of RMB681 million; (iv) payment for repurchase of own shares of RMB1,085 million; and then added (i) proceeds from bank and other borrowings of RMB16,538 million; (ii) contributions from non-controlling shareholders of RMB376 million; and (iii) proceeds from issue of restricted shares of RMB1,344 million.

BUSINESS REVIEW AND PROSPECT

I. Review of operation for the year 2023

In 2023, the economic growth in developed economies slowed down, while emerging markets and developing economies maintained a higher growth rate, becoming the primary drivers of global economic growth. Domestic market demand gradually stabilized and recovered, leading to an overall improvement in economic performance and a solid push towards high-quality development.

In 2023, influenced by the sustained downturn in the real estate market and other factors, the domestic engineering machinery industry remained in a downward adjustment period. In contrast, the export sales for the engineering machinery industry registered a high growth thanks to the continuous increase in the overseas market demand along with the enhancement in the competitiveness of Chinese brands in the global market.

Under the guidance of the philosophy of "building up enterprise with internet thinking and producing products by pushing everything to the limit", the Company closely focused on the goal of high-quality development, accelerated the transformation and upgradation of digitization, intelligentisation, and eco-friendliness, sped up the development of emerging business sectors, promoted the expansion of overseas markets, nurtured new growth poles and points, and enhanced the development tenacity and endogenous momentum of the Company, achieving comprehensive improvements in sales scale, operational quality, and profitability.

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

1. The industrial echelons of the Company gathered momentum continuously

Guided by the core values of "ultimate integrity, and long-lasting profoundness," the Company persistently focused on optimizing, strengthening, and expanding its core advantageous businesses. It accelerated the development of new quality productive forces and the nurturing of high-growth emerging businesses, fostering robust growth momentum.

(1) The engineering machinery products of the Company was becoming increasingly important on the market

① The leading products of the Company were unparalleled on the market.

The Company saw a steady rise in the market positions of its three core traditional advantageous industries (i.e. concrete machinery, engineering cranes, and construction cranes) without compromising the high-quality management strategy and strict business risk control of the Company. The competitiveness of its products continued to strengthen.

The market shares of the Company's concrete long-boom pump trucks and mixing plants still ranked first in the industry, and the market share of its concrete mixers remained second in the industry.

The Company's engineering cranes still led in the market share of the industry. The sales of its truck-mounted cranes with a maximum duty of lifting 25 tonnes or above, and crawler cranes with a maximum duty of 500 tonnes and above ranked first in the industry. The construction of the Chongqing mobile crane plant has commenced comprehensively.

The sales of its construction crane firmly ranked first in the world, with the R-generation tower cranes covering the market extensively. Breakthroughs have been achieved in the development of large tower crane products, with bulk deliveries of R20000-720, R6600-240, R8000-320, R4300-200, and other large tower crane products. The Company has been continuously leading the industry with mature technology, serialized products and an ecological mode.

② Rapid development of and new breakthroughs in emerging potential businesses

Earthmovers expanded the Company's product catalogue of medium and large-sized excavators. The Company accelerated the improvement of electric product catalogue and series, and sped up the development, iteration, and market layout of new super-large excavator products with a maximum duty of above 75 tonnes. As the whole demonstrative intelligent plant manufacturing excavators in Changsha went into operation, the reliability, cost control ability, production efficiency, and the level of intelligence for medium and large-sized excavators have been continuously enhanced. Effective efforts in expanding large clients and major project channels yielded positive results, not only doubling the domestic market share of medium and large-sized excavators but also ranking it among the top of the industry.

Aerial machinery has rapidly risen to the forefront of the domestic industry, securing the first place in terms of market share among small and medium-sized customers in the domestic market. It serves as an exemplary model for Zoomlion's building of high-speed growth businesses under the framework of "system, mechanism, and culture". The Company's product catalogue covers heights ranging from 4 to 72 meters, with an electric product penetration rate exceeding 90%, making it the domestic manufacturer with the most comprehensive range of aerial equipment models. Boom products with superhigh work heights and key technologies have reached international leading levels. Notably, the "Key Technologies and Application Project of Boom Lifts with Superhigh Work Heights" won the first prize in the China Machinery Industry Science and Technology Awards. The launch of the 72-meter straight boom product set a new global record. The key technology of electric boom lifts with superhigh work heights has also reached international leading levels, with mainstream models of articulated booms of 10-20 meters and those of straight booms of 20-50 meters having been electrified. Among them, the 51-meter electric-driven product stands as the world's tallest electric-driven boom, leading the way to new heights in electric-driven boom vehicles. New products such as forklifts, spider boom lifts, and the industry's first glass installation robot have been successfully launched in bulk. The prototype production of the 5-meter electric underwater rust removal robot and four aerial robots like the 26-meter aerial spraying robot has completed, filling gaps in the industry.

In the mining machinery sector, focusing on open-pit mining, the Company accelerated market expansion and team building. In terms of product development, the Company effectively incorporated such cutting-edge technologies as clean energy, big data, mobile connectivity, and artificial intelligence, achieving "unmanned" and "fewer personnel" operations. The company launched its first self-developed domestically produced hundred-tonne electric-driven mining dump truck, marking its entry into the high-end mining equipment market.

③ Accelerating independent research and development of key components

The Company expanded its key product industry, and improved the quality of key products through further research. It also made continuous innovation in technologies and products, with the focus on high-strength steel, thin plates, cabins, perception, control, transmissions, axles, hydraulics, and cylinders, and accelerated the upgrade of intelligent manufacturing, thereby empowering high-quality development of the overall units of engineering and agricultural machinery.

Breakthroughs were made in the research and development of the axles of large-tonnage cranes, having replaced the imported products. Independent supporting for tractor axles have been achieved gradually. In addition, the Company developed a full range of cylinder products for agricultural machinery, accelerated the deployment of electric-drive transmission and gearbox development, and the independent research and development of intelligent electronic control components, enhancing capabilities in self-research and self-controlled production of core components.

(2) Promoting the transformation and upgradation of agricultural machinery industry

In the field of agricultural machinery, the Company focused on staple food grain harvesting machinery, leveraging the technological expertise and strategic resources of the engineering machinery sector's framework of "digitalisation, intelligentisation and eco-friendliness". It went all out to promote the integrated technological innovation of engineering and agricultural machinery, continuously empowering the field of agricultural machinery. The Company introduced the industry's first hybrid wheat harvester, completed the trial marketing and trial of the first batch of rice harvesters, upgraded two main selling products of corn harvesters, rolled out and manufactured a new series of high-horsepower tractor machinery, achieving full coverage of the main models of agricultural machinery. The new products exhibited significant improvements in reliability, operational efficiency, and reduced fuel consumption. In 2023, the domestic market share of dryers and wheat harvesters remained among the best.

In the field of intelligent agriculture, the Company made continuous advancements in the research and development of digital agronomic technologies, and expedited the development and research of intelligent decision-making systems for agricultural production. The company has carried out industrial chain and rice industry Internet projects around Dongting Lake Plain in Hunan and Wuhu in Anhui Province, realizing the application and promotion of digitalised technologies throughout the planting process of field crop. The Zoomlion Wuhu base for intelligent agriculture has been selected as a national innovation application base for digital planting, and the Company's technological roadmap and service models of intelligent agriculture have been implemented in multiple provinces and cities through project collaborations.

(3) *Steady progress in dry mix mortar new material business*

The Company fully utilized the distinctive features of new dry mix mortar materials, creating overall solutions for specific application scenarios and new construction processes. It introduced the combination of new processes, materials, and equipment, improving construction quality and efficiency, and reducing overall costs.

The business units of new dry mix mortar materials in the plants of Xiangyin, Ma'anshan, and Bozhou were successfully completed and commenced operations, with their productions covering the core regions in central and eastern China. Breakthroughs were achieved in marketing expansion and collaboration with major general contracting and construction companies and large-scale interior design enterprises, with products of the business units starting to be implemented in key projects undertaken by the partners.

2. Comprehensive acceleration of overseas business development

The Company adhered to the distinctive international development strategy of Zoomlion, takes "global village, end-to-end, and twin-platform" as the strategic development themes, and fully leverages the Internet thinking. It formed a unique "end-to-end, digital and localised" overseas business system, achieving leapfrog development of overseas business.

(1) The overseas business kept on breaking records of growth. Effective breakthroughs were made in key markets, and remarkable results of localisation development strategies were achieved in key countries, with rapidly increasing product market shares. Engineering cranes became the brand with the highest market share in Turkey and Central Asia. Construction cranes maintained their top position in the Turkish market. Market shares in Saudi Arabia, Malaysia, Vietnam, Kenya, and other countries increased rapidly through localised efforts.

(2) Deepening the "end-to-end, digital and localised" overseas business system continuously. The Company implemented an end-to-end business model, connecting the whole process of overseas R&D, manufacturing, logistics, sales, and services through information flow; perfected the digital platform for overseas business, establishing a twin-mapping mechanism and forming an efficient and orderly control system based on the digital system; continuously strengthened the capabilities of ground forces, twin platforms, end-to-end management, and risk control, ensuring the effective control over teams, equipment, business, services, and finance; and an effective operating mechanism was set up to support the rapid growth of overseas business.

(3) Promoting outlet construction and layout in depth. Focusing on key countries and markets, the Company continuously strengthens the breadth and depth of outlet construction. It has successively established over 30 first-level business air hubs globally, more than 350 second-level outlets, extending outlet construction from regional centres to important cities. The total number of overseas local employees exceeds 3,000, and the products cover over 140 countries and regions.

(4) Promoting the expansion and upgradation of overseas manufacturing bases in depth. Apart from strengthening the core concrete business, CIFA (headquartered in Italy) was expanded and upgraded to a comprehensive global company covering engineering cranes and construction cranes. The Company accelerated the assimilation of technologies with m-tec mathis technik GmbH ("**m-tec**") to cultivate and develop the new material industry. The integration and transformation with WILBERT TowerCranes GmbH were expedited to strengthen the layout of construction-related products in the high-end market. The Company strengthened the synergy between Rabe, the world's leading agricultural machinery manufacturer, and the sectors of agricultural machinery and construction cranes. The Zoomlion European Global Centre Air Hub was built to achieve comprehensive and effective linkage and integration of global resources.

3. *Promoting digital transformation*

With the help of the Internet thinking and the empowerment of emerging digital technologies, the Company focused on core business scenarios, making breakthroughs in core technology fields such as the Internet of Things, cloud computing, big data, and Generative AI. It accelerated the construction of an end-to-end, globalised digital support system, efficiently advancing the construction of overseas business end-to-end platforms, intelligent manufacturing digital platforms, ultimate cost reduction digital platforms, agricultural machinery digital platforms, and other systems. It also promoted innovations in management modes, business modes, manufacturing modes, and commercial modes, supporting business expansion and managing operations with data, and forging ahead towards the great goal of equipping Zoomlion with intelligent data operation.

In 2023, ZValley Co., Ltd was selected as a national-level "cross-industry and cross-field industrial Internet" platform. This platform represents the highest level of domestic industrial Internet platforms, serving as a crucial carrier for the aggregation and sharing of industrial resources, integration and utilization of industrial data, and optimization and innovation of industrial production and services.

4. *An intelligent manufacturing industry cluster leading the high-quality industrial development*

(1) An intelligent manufacturing industry cluster was taking shape in an accelerated manner. The construction of intelligent plants was highly effective, comprehensively solidifying the foundation for the Company's high-quality development. With the Zoomlion Intelligent Industrial City as the core, the Company fully promoted the construction of intelligent plants from overall units to components. Intelligent plants, including the High-strength Steel Material Preparation Centre and the Thin Plate Centre of Zoomlion Intelligent Industrial City, were established and put into operation. As of 2023, the Company has completed and put into operation 11 intelligent plants, with accelerated construction of eight intelligent plants underway, including engineering cranes, foundation construction machinery, mobile cranes, axles for construction vehicles, and middle and high-end hydraulic cylinders, contributing to the building of a national advanced manufacturing hub.

The manufacturing capacity of fully operational intelligent plants manufacturing excavators, tower cranes, concrete mixers, and hydraulic valves was increasing. The national intelligent manufacturing demonstration project "Demonstrative Intelligent Plant Manufacturing Excavators" achieved a monthly output of over 1,200 units. The intelligent plant manufacturing tower cranes was recognised as 2023 Intelligent Manufacturing Demonstration Plant Unveiling Unit by the Ministry of Industry and Information Technology. The "man-machine coordination manufacturing" of the intelligent plant manufacturing hydraulic valves was recognised as 2023 Intelligent Manufacturing Excellent Scenario by the Ministry of Industry and Information Technology. At the same time, the intelligent plants manufacturing hydraulic valves and concrete mixers were awarded as 2023 Green Plant by the Ministry of Industry and Information Technology, solidifying our leading position in the intelligent manufacturing industry and providing clients with more premium products than ever before.

(2) The application research in advanced intelligent manufacturing technologies produced speedy results. The Company integrated AI, intelligent manufacturing technology and intelligent equipment in a deep-going way to create intelligent, flexible and green manufacturing lines. The Company innovatively applied intelligent control algorithms and digital systems to create efficient and collaborative intelligent plants. We kept on promoting the application research in more than 150 industry-leading end-to-end complete sets of intelligent manufacturing technologies. 132 technologies of them were applied to the intelligent manufacturing lines. 61 technologies of them were new technologies in the industry. The advanced technologies facilitated the progress of empowering and upgrading manufacturing and helped the Company lead the development of the intelligent manufacturing industry.

(3) The "end-to-end" digital transformation in research and development, manufacturing, and supply chain was continuously promoted, creating integrated capabilities for intelligent manufacturing software and hardware. Based on eight key business scenarios, i.e., research and development processes, planning and scheduling, warehousing logistics, manufacturing execution, quality control, equipment management, visual management, and automation integration, the Company continued to deepen business scenarios, achieving seamless data connection among all systems. Simultaneously, it integrated advanced technologies such as Artificial Intelligence, Big Data, and Cloud Computing, realizing intelligent control of the production process. This creates an intelligent manufacturing application system to support the improvement of quality and efficiency, cost reduction, and inventory reduction of the entire manufacturing process.

5. *Innovation leading continuous advancement in industry technology*

The Company has always adhered to the innovative ideas of "technology and products are the foundation" and "producing products by pushing everything to the limit". It continuously deepens its digitalisation, intelligentisation, and eco-friendliness transformation and upgrading, so as to create industry-leading technologies and high-end products, accelerate the development of new energy technologies and products, and support the Company's sustainable and high-quality development. The Company's crane technology innovation team was honored with the prestigious title of "National Distinguished Engineering Team" by the Party's Central Committee and the State Council for the first time, signifying the Company's capability in innovation leadership recognized by the national government.

(1) Continuously promoting innovation and upgrading, and creating a batch of industry-leading products

During the Reporting Period, the Company completed the manufacturing of 130 new products and entered 394 products into the market, thereby accelerating the pace of innovation in digitalisation, intelligentisation and eco-friendliness. Throughout the year, a total of 289 technologies were developed, with 77.5% of them focusing on digitalisation, intelligentisation and eco-friendliness. Two projects, namely, the "Key Hydrogen Fuel-Powered Engineering Machinery Vehicle Technologies" and the "R&D of Efficient and Intelligent Agricultural Machinery Equipment for Hilly and Mountainous Terrain", were recognized as part of the "Top Ten Technical Projects for Tackling Key Issues of Hunan Province in 2023". The integration of intelligent technology continues to empower various sectors, with a comprehensive suite of intelligent technologies successfully demonstrated in the construction of nuclear power plants. Technologies such as one-key control technology for concrete pump truck boom, intelligent driving and intelligent operation key technology for mixer truck have been realized. 122 major innovative technologies were overcome, achieving innovative leadership in terms of operation efficiency, safety and reliability, overall controllability, energy saving and consumption reduction. The Company took the lead in undertaking the National Key Research and Development Program of "Simulation Test Technology and Platform for Complex Service Conditions of Engineering Equipment", laying the foundation for the high-level forward design and research and development of engineering machinery. The project of "Key Technology and Application of Ultra-high-rise Boom Aerial Work Platform" won the first prize of the Science and Technology Award of the Machinery Industry.

The Company has developed a batch of "world's best" and industry-first products, including four "world's best" products such as the 20,000-ton-meter tower crane, as well as industry-first products such as the 10-ton walking multifunctional rescue robot, the 800-kg high-rise glass installation robot, and the 13-ton fire extinguishing agent hybrid airport rapid response fire truck. The Company has developed the world's largest rated lifting moment 20,000-ton Mita crane, with a maximum lifting capacity of 720-ton and a maximum lifting height of 400-meter. It has also contributed to the construction of national key projects such as large modular construction of bridges by participating in the construction of the Chaoma Railway Ma'anshan Public Railway Yangtze River Bridge, the world's largest three-tower steel truss cable-stayed bridge. Additionally, the Company has developed the world's tallest wind power hoisting ZCC17000 crawler crane, the first in the industry to break through 190 meters in wind power hoisting with a rated lifting capacity of 185 tons, with the longest single arm of 204 meters among global crawler cranes. Its capability of extreme wind power hoisting fills the gap in the wind power hoisting industry and is suitable for future demands for 7-10 megawatt wind turbine hoisting. The Company has also developed the world's longest arm five-bridge 70-meter light concrete pump truck, the first to create a hollow arm with a concreting height of over 70 meters. The arm can be controlled by one key in any position, and it can be retracted and released freely. It also has a fully autonomous lightweight hybrid power system, saving 15% energy. It has successfully assisted in the construction of the world's largest capacity natural gas project. Furthermore, the Company has developed the world's tallest 72.3-meter straight arm aerial work platform, once again breaking world records and filling the gap in global self-propelled arm-type high-altitude machinery equipment in construction areas above 70 meters in height.

(2) Accelerating the development of new energy products to lead the industry towards green initiatives

The Company has achieved full coverage of product categories in new energy main engines, catering to diverse application scenarios, continuously promoting the greening of the industry. The industrialization of three-electric components and hydrogen energy equipment is accelerating, supporting the construction of core competitiveness of the whole industrial chain.

During the Reporting Period, the Company introduced a total of 49 new energy products to the market and developed industry-first products such as the four-bridge 59-meter pure electric concrete pump truck and the electric multi-function 75-ton crawler crane. It also developed six new complete new energy products including the distributed pure electric direct drive 40-ton tire crane, the four-bridge 8-cubic-meter pure electric mixer truck, the world's highest 51-meter electric range straight boom aerial work platform, the 21-ton pure electric excavator, the 160-ton hybrid wide-body vehicle and the hybrid harvester, as well as a series of key new energy components such as hydrogen energy, electric drive and transmission. The construction of the hydrogen energy test center and the battery pack environmental performance test platform has been completed, and the R&D capability of new energy products has been greatly improved.

As of now, the Company offers a total of 177 models of new energy products for sale, covering concrete pump trucks, concrete mixers, truck-mounted cranes, MEWPs, excavators, mining dump trucks, forklifts, emergency vehicles, agricultural machinery, etc. The new energy forms consist of pure electricity, hybrid power, and hydrogen fuel, and a full range of new energy products were taking shape. Electric telescopic boom lift series MEWP products and new energy mixer trucks were sold on a large scale, and they were in the leading position in the industry.

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

During the Reporting Period, the Company focused on the layout of intellectual property rights around "digitalisation, intelligentisation and eco-friendliness" and new industries. The number of patent applications for the invention of digital technologies such as big data and cloud computing ranked first in the industry. By conducting patent navigation analysis on "key technologies of new energy for engineering machinery", the Company has formed multiple high-value patent portfolios in the fields of crane and aerial work machinery regenerative current technology, providing strong support for the R&D of new energy products. The "Boom Monitoring Method, System, Engineering Machinery and Machine Readable Storage Medium" won the only China Patent Gold Award in the industry. Four patents, including the "Engineering Machinery and Its Safety Status Determination Method, Device and System", "Hydraulic Valve Core Control Circuit and Method", "Aerial Work Platform", and "A Kind of Divider, Agricultural Machinery with the Same and Method for Preventing Crop Loss" won the China Patent Excellence Award. The growth rate of high-value patents has accelerated, ranking at the forefront of the industry.

During the Reporting Period, the Company took the lead in the research and development of seven international standards, the release of ten national, industry and group standards, and the formulation of three new green standards, ranking first in the industry. The international standard *Cranes – Safe use – Part 1: General* (ISO 12480-1) led by the Company passed the voting stage (DIS); the national standard *Cranes – Design principles for loads and load combinations – Part 2: Mobile cranes* led by the Company was completed and submitted for approval; the five national green product evaluation group standards led by the Company, such as *Technical Specification for Green Design Product Evaluation – Crawler Crane* and *Technical Specification for Green Design Product Evaluation – Concrete Pump Truck,* were completed in the form of draft for comments.

6. Continuous improvement of operation and management quality and efficiency

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 Company's high-quality development.

(1) Comprehensively strengthening risk control. The Company always takes risk control management as the primary guarantee resolutely implements end-to-end management of the business side, monitors the overdue status of each customer, order and equipment at the terminal, and controls the risks to the end. The Company uses the "risk intelligent early warning platform with perception and thinking" to actively identify operational risks, firmly grasp the key points of risk control and help the steady growth of the business.

(2) Strengthening the construction of a supply chain system. The Company continues to increase the cost reduction efforts of centralised procurement integration and strategic procurement of key materials, helping the Company to reduce costs and increase efficiency; accelerate the informatization and systematisation of supply chain construction, and promote the digital transformation of the supply chain; efficiently promote special assistance, establish bidding and comparison mechanism, professional category classification management, organise full source search, and promote extreme cost reduction.

(3) Creating the ultimate service capability. Focus on promoting the construction of digital service capabilities, fully implement end-to-end and refined management of the service side, promote high-quality and efficient services, enhance service efficiency, continuously improve customer satisfaction and service quality.

(4) Strengthening the construction and motivation of talent teams. Closely follow the Company's strategic development, adapt to business needs, refine talent management, and accelerate the construction of key employee teams. Establish a sound "strict entry and exit, able to go up and down" regular mechanism, and cultivate a capable cadre and employee team with "four strengths"; complete the implementation of the second phase of the employee stock ownership plan, and stimulate the management team and core backbone staff The initiative of doing business and starting a business.

II. Business Outlook of the Group

(1) Industry development trend and market outlook

1. Engineering machinery market

At the end of 2023, the government introduced a real estate financing whitelist to actively and prudently resolve real estate risks, satisfy the reasonable financing needs of real estate enterprises of different ownership systems, promote the steady and sound development of the real estate market, and accelerate the implementation of the "three major projects", including the construction of government-subsidized housing, the building of public infrastructure for both normal and emergency use, and urban village renovation. The recovery of the domestic engineering machinery market is expected to gather speed as the real estate and infrastructure investment will significantly boost demand for engineering machinery.

In 2024, staying committed to the general principle of seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old, China makes positive efforts to transform the growth model, adjust the structure, improve quality, and increase efficiency, continuously consolidating the foundation for stable and sound development. It strengthens the counter-cyclical and cross-cyclical adjustment of macro policies, and keeps implementing proactive fiscal policy and prudent monetary policy. The continuous enhancement and implementation of domestic "stable growth" policies are expected to exert a positive impact on the industry demand.

The year 2024 is expected to see stable growth in the overseas engineering machinery market and agricultural machinery market, and robust resilience as ever in export, which can be attributed to the following three aspects: Firstly, for domestic brands, overseas markets feature growth. China's engineering machinery products are widely praised by overseas customers for their strong performance, good quality, cost-effectiveness, high degree of digitalisation and intelligence, and short delivery cycle. Secondly, thanks to the increasing perfection of overseas channel layout of domestic enterprises, the comprehensive competitiveness of domestic brands continues to improve, which will boost the overseas market penetration rate. Lastly, from the perspective of the proportion of major export markets, many countries currently do not have marketable products that can meet their needs of localisation, leaving still much room for improvement.

2. *Agricultural machinery market*

At present, the country attaches great importance to the development of agriculture, and the agricultural industry will usher in major development opportunities. The No. 1 central document in 2024 is the 21st No. 1 document issued by the CPC Central Committee to guide the work of "agriculture, rural areas and farmers" since the beginning of the new century. The document highlights the need to ensure national food security, strengthen the support of agricultural science and technology, vigorously implement the action of replenishing the weak spots of agricultural machinery and equipment, improve the subsidy policy for the purchase and application of agricultural machinery, and open up a "green channel" for the appraisal of urgently needed and applicable agricultural machinery. On March 1, 2024, the executive meeting of the State Council reviewed and adopted the *Action Plan for Promoting Large-scale Equipment Renewal and Trade-in of Consumer Goods,* with the aim to orderly promote the renewal and transformation of old agricultural machinery, and generate the scale effect of renewal and replacement. The Trade-in Action Plan will promote the technological progress and industrial upgrading of the agricultural machinery industry, improve the efficiency and effectiveness of agricultural production, and cultivate agricultural machinery industry clusters, thereby promoting the high-quality development of agricultural machinery in the medium and long term.

(2) Operation initiatives in 2024

1. *Accelerating the development of industrial echelons*

We will enable traditional industries and emerging industries to further integrate and develop, further strengthen the implementation of strategies, and highlight the results of the overall strategy. The traditional advantageous industries will continue to enhance sustainable competitiveness in the process of steady improvement; the emerging industries will continue to provide new growth poles in the process of development and growth.

First, in terms of concrete machinery, engineering cranes, and construction cranes, the industry's high-quality development will be high on our list of priorities. We will strive to keep a balance between efficiency improvement and quality control, consolidate and strengthen our position in the domestic market, and exploit overseas markets.

Second, in terms of the earthmovers, we will make up the type spectrum of products such as super-large excavators, micro excavators, and mini excavators. Leveraging the world's leading "lighthouse factory", we will rapidly enhance our product competitiveness and make a great leap in the domestic and overseas markets to achieve a comprehensive breakthrough in scale, efficiency, and quality.

Third, in terms of aerial machinery, we will strengthen our abilities to innovate technology and products, comprehensively expand the domestic and international market segmentation, and fully penetrate the markets, so that we can enjoy absolute advantages in terms of technology, quality, cost, and service.

Fourth, in terms of agricultural machinery, we will make full use of the resource advantages of construction machinery, optimize the product structure, strive to promote product upgrading and transition, increase production and efficiency, and try to make high-end, intelligent, and green products, so that we can achieve improvement of scale and efficiency.

Fifth, in terms of emerging businesses such as mining machinery, emergency equipment, and Zoomlion's new materials, we will, based on technology and products, make the most of the advantages of Zoomlion's platform and brand to make great breakthroughs in the expansion of categories.

2. *Facilitating the full development of our overseas business*

We will firmly adhere to the overseas business strategy of "Global Village", use the "end-to-end" mode to expand our business, empower sales growth with "airports", and realize a big leap in overseas business performance.

First, we will achieve the strict implementation of our strategies. In accordance with the general guideline of "strengthening the back-office support and revitalizing the regions" and the general requirement of "making good preparations, managing people well, and keeping accurate accounts", we will build an overseas business operation system with clear responsibilities and effective synergy, and perfect the twinning mechanism of the frontline and back-office support without national boundaries, time difference, and language barriers, so that we can fully support the high-speed growth of the overseas business.

Second, we will increase investment in the domestic market, accelerate the construction of the "Airport Base" and improve the local operation mechanism. We will improve the fine management of the "Airport Base" with digitalisation and focus on logistics and warehousing, business administration, team building, and financial management to enhance the core capacity of overseas airports. We will organize a large-scale local team to consolidate the foundation of talent and operation platform for local development; we will use the local team to exploit markets, get the target customers, horizontally expand the market coverage of our business, and vertically enhance the competitiveness of our products, so that we can consolidate the foundation for the high-quality growth of our overseas business.

Third, we will continue to promote the expansion and upgrading of overseas R&D and manufacturing bases. We will make full use of the technology, resource, and location advantages of the overseas R&D and manufacturing bases such as the CIFA in Italy, Wilbert in Germany, plants in India and Mexico, to optimize and share resources and enhance our global competitiveness.

3. *Continuously improving scientific research and innovation, and accelerate the development of new quality productive forces*

By adhering to the philosophy of "technology as the root, products as the fundamental," we will continuously carry out the product 4.0A project. Revolving around "digitalisation, intelligentisation, and eco-friendliness", we will strive to establish international standards, maintain the leading edge in product technology performance, preserve our ability to empower new technologies and rapidly incubate new industries, and make our voices be heard in terms of the industry's technology. By tackling the core technological problems based on market demand, we will develop a number of industry benchmark products in the field of earthmovers, lifting machinery, aerial machinery, concrete machinery, and other products; we will promote the industrialized application of new technologies and products such as integrated key technologies in intelligent construction site, unmanned aircraft, special robots; we will improve the research and development of key components such as high-end hydraulic parts, agricultural bridges, engineering bridges, speed reducers, gearboxes, intelligent sensors, new energy components, and realize the autonomy of technological products; we will improve the research and development of new energy technologies and products of construction machinery, focus on the research and development of the overall units with obvious energy-saving effect and significant demonstration effect after substituting new energy for traditional energy to rapidly promote the green development of the industry. We will continuously improve the incentive mechanism for the product platform, further enhance the innovation momentum of technical personnel, and maintain the mechanism advantages for R&D to make technological innovation source of power for the Company's sustainable development.

4. *Building a new competitive advantage with intelligent manufacturing and continuously improve the total-factor productivity*

First, the first phase of the construction of the intelligent industrial city will be fully completed and put into operation, four overall units including aerial machinery, pumping machinery, engineering cranes, and construction cranes, and a number of lighthouse factories in the high-strength steel material preparation centre and the thin plate centre will successively put into operation, and the headquarter building will be fully used.

Second, we will properly manage and operate the intelligent production lines, intelligent factories, and intelligent parks, accelerate the normal and efficient operation of production lines, and significantly improve product quality and productivity through intelligent, digital, and green upgrading to enhance our global competitiveness.

5. *Strengthening the management of profitability improvement*

First, maintaining the balance of scale growth, risk control and profitability, risk control is always the primary guarantee for the Company's operation. We should manage and control variable costs to effectively control the sale of low-margin products.

Second, we will seek to reduce cost and improve efficiency by firmly promoting the supplier integration, applying new processes and new technologies, facilitating the progress of making the equivalents of imported parts in China, and improving the self-manufacturing rates of key parts in order to transform the extremely low cost into a stable and sustainable competitive advantage in the market.

Third, we will promote the digital transformation of the Company in a deep-going way, further increase the investment in digital construction, comprehensively connecting the end-to-end business of intelligent manufacturing consisting of R&D, plan, quality, warehousing, supply chain, logistics and sales, enhance the full coverage of the digital platform, and improve the operational efficiency.

FINAL DIVIDEND AND ANNUAL GENERAL MEETING

Pursuant to a resolution passed at the Board meeting on 28 March 2024, a final dividend for the year ended 31 December 2023 of RMB0.32 per share was proposed, totaling RMB2,777 million. The final dividend is calculated based on the total share capital of the Company as of 31 December 2023, and adjusted accordingly based on the total share capital at the date of record when profit distribution is made. The specific amount is subject to actual distribution. Such proposal is subject to shareholders' approval at the forthcoming annual general meeting of the Company. The proposed final dividend is expected to be paid to the shareholders of the Company on or about 9 August 2024. Information regarding the record date and book close date to determine the entitlement to the final dividend and attendance of the annual general meeting will be announced in due course.

COMPLIANCE WITH THE CODE PROVISIONS IN THE CORPORATE GOVERNANCE CODE AS SET OUT IN PART 2 OF APPENDIX C1 TO THE LISTING RULES

The Board has adopted all code provisions in Part 2 of the Corporate Governance Code (the "**Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the code of the Company. During the year ended 31 December 2023, the Company complied with all the applicable code provisions set out in Part 2 of the Code, save and except the only deviation from code provision C.2.1 of the Code, namely, the roles of the chairman and chief executive officer have not been separated. Dr. Zhan Chunxin is currently the chairman of the Board and chief executive officer of the Company. The Board is of the view that vesting of these two roles in Dr. Zhan Chunxin can facilitate efficient formulation and implementation of business strategies of the Company, and that through the supervision of the Board and the independent non-executive directors as well as the internal check-and-balance system, the balance of power and authority between the Board and management of the Company will not be affected. The Board believes that this arrangement is in the interests of the Company and its business.

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

The Company has adopted the rules governing the securities transactions by directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry to all directors and supervisors, and all its directors and supervisors have confirmed that they complied with the Model Code throughout the year ended 31 December 2023. The Company has not identified any non-compliance with the Model Code by any of its directors or supervisors.

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

During the Reporting Period, the Company repurchased on the Shenzhen Stock Exchange a total of 164,093,583 A shares as follows:

Month	Number of A shares repurchased	Highest price paid per A share *(RMB)*	Lowest price paid per A share *(RMB)*	Aggregate Consideration *(RMB)*
February	105,632,225	6.85	6.05	694,769,887.65
March	58,461,358	6.85	6.49	389,583,248.04
Total	164,093,583	–	–	1,084,353,135.69

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.

REVIEW BY THE AUDIT COMMITTEE

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

The Audit Committee comprises three members, including two independent non-executive directors and one non-executive director. It is currently chaired by Ms. Huang Jun with Mr. He Liu and Mr. Wu Baohai as members. The Audit Committee satisfies the requirements under Rule 3.21 of the Listing Rules.

The Audit Committee held four meetings during the year considering the annual results of the Company for the year ended 31 December 2022, its interim results for the six months ended 30 June 2023 and its quarterly results during the Reporting Period. The Audit Committee has reviewed the audited annual financial statements of the Company for the year ended 31 December 2023 and the accounting principles and practices adopted by the Company and discussed matters relating to internal control and financial reporting.

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

Changsha, the PRC, 28 March 2024

As at the date of this announcement, the executive directors of the Company is Dr. Zhan Chunxin; the non-executive directors are Mr. He Liu and Mr. Wang Xianpin; and the independent non-executive directors are Mr. Zhang Chenghu, Mr. Huang Guobin, Mr. Wu Baohai and Ms. Huang Jun.

* *For identification purpose only*