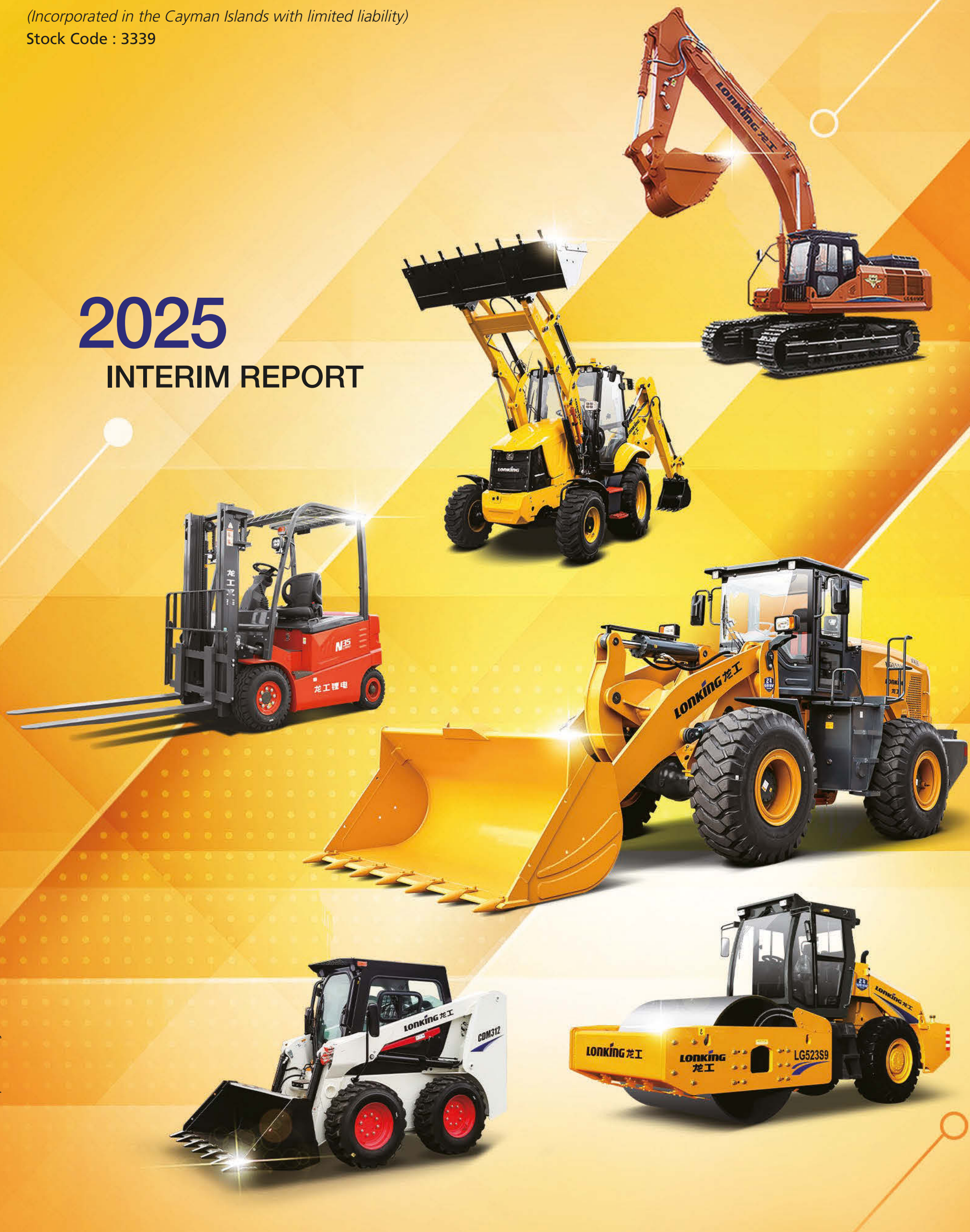
LONKING 龙工

LONKING HOLDINGS LIMITED
中國龍工控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3339

2025
INTERIM REPORT



* For Identification Purpose Only

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FINANCIAL HIGHLIGHTS

The table below sets forth the consolidated financial summary of Lonking Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as to the "Group").

Current period	Six months ended 30 June 2025 *RMB'000*	Six months ended 30 June 2024 *RMB'000*	Change (+/–)
Turnover	5,596,064	5,360,093	+4.40%
Operating profits	737,054	610,402	+20.75%
EBITDA	857,781	740,248	+15.88%
Profit attributable to equity parent	631,728	458,353	+37.83%
Per share data			
Basic earnings per share[(1)#]	0.15	0.11	+36.36%
Net assets per share[(2)#]	2.53	2.37	+6.75%
Key performance indicators			
Profitability			
Overall gross margin	20.28%	18.46%	+1.82%
Net profit margin	11.29%	8.55%	+2.74%
EBITDA margin[(3)]:	15.33%	13.81%	+1.52%
Return on equity[(4)]	5.84%	4.52%	+1.32%
Liquidity and solvency			
Current ratio[(5)]	2.29	2.42	+5.37%
Interest coverage ratio[(6)]:	530	32	+1,556.25%
Gross debt-to-equity ratio[(7)]	52.70%	48.24%	+4.46%
Management efficiency			
Inventory turnover days[(8)]	93	110	-17 days
Trade and bills payables turnover days[(9)]	160	157	+3 days
Trade receivable turnover days[(10)]	81	77	+4 days

[#] calculated based on the 4,280,100,000 weighted average number of outstanding shares (WANOS) for the period ended 30 June 2025 (30 June 2024: 4,280,100,000).

[1] Net profit attributable to equity holders of the parent for each period divided by the weighted average number of outstanding shares (WANOS) as at the end of each period.

[2] Shareholders' equity divided by the WANOS as at the end of each period.

[3] Earnings before interest, tax, depreciation and amortisation ("EBITDA") divided by turnover for each period.

[4] Net profit attributable to equity holders of the parent for each period divided by equity attributable to equity shareholders of the parent as at the end of each period.

[5] Current assets divided by current liabilities as at the end of each period.

[6] Earnings before interest and income tax expenses ("EBIT") divided by interest expenses.

[7] Total liabilities divided by the total equity as at the end of each period.

[8] Average inventories divided by cost of sales and multiplied by 183 days when turnover days are calculated for half-year periods.

[9] Average trade and bills payables divided by cost of sales and multiplied by 183 days when turnover days are calculated for half-year periods.

[10] Average trade receivables divided by turnover and multiplied by 183 days when turnover days are calculated for half-year periods.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the board of directors of Lonking Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial information set out on pages 4 to 36, which comprises the interim condensed consolidated statement of financial position of Lonking Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2025 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
26 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Notes	For the six months ended 30 June 2025 (Unaudited) *RMB'000*	2024 (Unaudited) *RMB'000*
REVENUE	3, 4	5,596,064	5,360,093
Cost of sales		(4,461,306)	(4,370,634)
Gross profit		1,134,758	989,459
Other income	5	58,510	63,775
Other gains and losses	5	108,665	42,877
Selling and distribution expenses		(239,975)	(226,948)
Administrative expenses		(125,143)	(125,540)
Impairment losses on financial assets, net		(9,899)	22,454
Research and development costs		(240,273)	(221,722)
Other expenses		(2,756)	(733)
Finance income		53,167	66,780
Finance costs		(1,391)	(19,349)
PROFIT BEFORE TAX	6	735,663	591,053
Income tax expense	7	(103,828)	(132,545)
PROFIT FOR THE PERIOD		631,835	458,508
Attributable to:			
Owners of the parent		631,728	458,353
Non-controlling interests		107	155
		631,835	458,508
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted:			
– For profit for the period (RMB)	8	0.15	0.11

Details of the dividends declared and paid are disclosed in note 8 to the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025 (Unaudited) *RMB'000*	2024 (Unaudited) *RMB'000*
PROFIT FOR THE PERIOD	631,835	458,508
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange differences:		
Exchange differences on translation of foreign operations	(6,353)	2,713
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	(6,353)	2,713
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(6,353)	2,713
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	625,482	461,221
Attributable to:		
Owners of the parent	625,375	461,066
Non-controlling interests	107	155
	625,482	461,221

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 (Unaudited) *RMB'000*	31 December 2024 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,662,760	1,760,226
Right-of-use assets		117,019	119,476
Prepayments for property, plant and equipment		2,058	7,835
Long-term receivables	11	373,578	191,772
Equity investments at fair value through other comprehensive income		1,000	1,000
Financial assets at fair value through profit or loss	14	676,005	594,138
Time deposits	15	500,755	–
Deferred tax assets		349,940	337,181
Total non-current assets		3,683,115	3,011,628
CURRENT ASSETS			
Inventories	10	2,264,751	2,287,310
Trade receivables	11	2,601,896	2,377,319
Bills receivable		661,293	671,525
Due from related parties	19	1,780	174
Prepayments, deposits and other receivables	12	475,648	521,363
Financial assets at fair value through other comprehensive income	13	52,373	42,640
Derivative financial instruments		–	27,601
Financial assets at fair value through profit or loss	14	1,766,067	3,659,338
Pledged deposits	15	297,517	598,712
Time deposits	15	757,594	1,059,336
Cash and cash equivalents	15	3,954,377	1,218,049
Total current assets		12,833,296	12,463,367

	Notes	30 June 2025 (Unaudited) *RMB'000*	31 December 2024 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	16	4,034,753	3,744,900
Other payables and accruals	17	858,564	801,633
Interest-bearing bank borrowings		20,000	–
Due to related parties	19	6,468	10,335
Tax payable		84,737	77,000
Provisions		88,676	72,538
Deferred income		6,198	6,462
Derivative financial instruments		6,735	–
Dividend payables	8	507,421	–
Total current liabilities		5,613,552	4,712,868
NET CURRENT ASSETS		7,219,744	7,750,499
TOTAL ASSETS LESS CURRENT LIABILITIES		10,902,859	10,762,127
NON-CURRENT LIABILITIES			
Deposits for finance leases		37	37
Deferred tax liabilities		44,749	14,404
Provisions		9,043	7,524
Deferred income		32,969	36,069
Total non-current liabilities		86,798	58,034
Net assets		10,816,061	10,704,093

	Notes	30 June 2025 (Unaudited) *RMB'000*	31 December 2024 (Audited) *RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Issued capital		444,116	444,116
Share premium and reserves		10,369,085	10,257,224
		10,813,201	10,701,340
Non-controlling interests		2,860	2,753
Total equity		10,816,061	10,704,093

Li San Yim
Director

Yin Kun Lun
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the parent								
	Issued capital RMB'000	Share premium* RMB'000	Special reserve* RMB'000	Non-distributable reserve* RMB'000	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	444,116	854,922	420,711	1,915,561	7,557,246	(491,216)	10,701,340	2,753	10,704,093
Profit for the period									
Other comprehensive income for the period:	–	–	–	–	631,728	–	631,728	107	631,835
Exchange differences related to foreign operations	–	–	–	–	–	(6,353)	(6,353)	–	(6,353)
Total comprehensive income for the period	–	–	–	–	631,728	(6,353)	625,375	107	625,482
Final 2024 dividend declared	–	–	–	–	(513,514)	–	(513,514)	–	(513,514)
Transfer to retained profits	–	–	1,362	–	(1,362)	–	–	–	–
At 30 June 2025	444,116	854,922	422,073	1,915,561	7,674,098	(497,569)	10,813,201	2,860	10,816,061

* These reserve accounts comprise the consolidated share premium and reserves of RMB10,369,085,000 (2024: RMB10,257,224,000) in the consolidated statement of financial position.

	Attributable to owners of the parent								
	Issued capital RMB'000	Share premium* RMB'000	Special reserve* RMB'000	Non-distributable reserve* RMB'000	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	444,116	854,922	425,939	1,902,885	6,856,807	(505,663)	9,979,006	2,514	9,981,520
Profit for the period									
Other comprehensive income for the period:	–	–	–	–	458,353	–	458,353	155	458,508
Exchange differences related to foreign operations	–	–	–	–	–	2,713	2,713	–	2,713
Total comprehensive income for the period	–	–	–	–	458,353	2,713	461,066	155	461,221
Final 2023 dividend declared	–	–	–	–	(310,513)	–	(310,513)	–	(310,513)
Transfer to retained profits	–	–	(3,661)	–	3,661	–	–	–	–
At 30 June 2024	444,116	854,922	422,278	1,902,885	7,008,308	(502,950)	10,129,559	2,669	10,132,228

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Note	For the six months ended 30 June 2025 (Unaudited) *RMB'000*	2024 (Unaudited) *RMB'000*
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		683,675	548,734
Decrease in inventories		19,415	478,932
Increase in trade and bills receivables		(415,839)	(450,401)
Decrease/(increase) in prepayments, deposits and other receivables		60,950	(4,605)
Increase/(decrease) in trade, bills and other payables		338,988	(296,905)
Increase/(decrease) in provisions		17,657	(3,018)
(Increase)/decrease in amounts due from related parties		(1,606)	242
(Decrease)/increase in amounts due to related parties		(3,867)	4,447
Deferred income received		–	16,572
Income tax paid		(78,505)	(133,510)
Decrease/(increase) in pledged deposits		(98,805)	95,056
Interest received		57,620	60,700
Net cash flows from operating activities		579,683	316,244
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(15,248)	(40,836)
Disposals/(purchases) of bank wealth management products		1,942,260	(26,654)
Withdrawal of pledged deposits for financial assets at fair value through profit or loss		400,000	–
Increase in time deposits with original maturity of more than three months		(1,008,349)	(490,336)
Decrease in time deposits with original maturity of more than three months		809,336	–
Return of financial asset investment		–	304
Dividend income from financial assets at fair value through profit or loss		6,297	5,710
Gains from derivative financial instruments		–	12,893

	Note	For the six months ended 30 June 2025 (Unaudited) *RMB'000*	2024 (Unaudited) *RMB'000*
Proceeds from disposal of items of property, plant and equipment		6,379	6,479
Proceeds from disposal of right-of-use assets		–	4,278
Net cash flows from/(used in) investing activities		2,140,675	(528,162)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		–	(20,518)
Addition of bank loans		20,000	–
Repayment of bank loans		–	(722,396)
Decrease in pledged deposits		–	420,292
Interest from pledged deposits received		–	38,448
Net cash flows from/(used in) financing activities		20,000	(284,174)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,740,358	(496,092)
Net foreign exchange differences		(4,030)	5,156
Cash and cash equivalents at beginning of period		1,218,049	3,470,777
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	3,954,377	2,979,841

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

1. Corporate information

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 was authorised for issue in accordance with a resolution of the directors on 26 August 2025.

Lonking Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2000 Revision) Chapter 22 of the Cayman Islands on 11 May 2004 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Ms. Ngai Ngan Ying, a non-executive director of the Company, is the ultimate controller of the Company.

The principal activities of the Group are the manufacture and distribution of wheel loaders, forklifts, excavators, road rollers and other construction machinery and the provision of finance leases of construction machinery.

2. Basis of preparation and changes in the Group's accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information, which comprises the interim condensed consolidated statement of financial position of the Group as at 30 June 2025 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, has been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

2. Basis of preparation and changes in the Group's accounting policies *(Continued)*

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21	*Lack of Exchangeability*

The nature and impact of the amended HKFRS Accounting Standard are described below:

The adoption of the amended HKFRS Accounting Standard did not have any material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3. Revenue from contracts with customers

The Group's revenue from contracts with customers is the sales income of wheel loaders, forklifts, excavators, road rollers and other construction machinery. Refer to Note 4 for the disclosure on disaggregated revenue.

The revenue is recognised when goods are transferred at a point in time.

Approximately 18% (2024: 12%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sales, with 100% (2024: 100%) of the costs denominated in the units' functional currencies.

4. Operating segment information

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2025 and 2024:

Six months ended 2025 (unaudited)	**Sale of construction machinery** *RMB'000*	**Finance leases of construction machinery** *RMB'000*	**Financial investments** *RMB'000*	**Total** *RMB'000*
Segment revenue				
Revenue from external customers	5,596,064	–	–	5,596,064
Segment results	582,869	(17)	102,817	685,669
Reconciliation:				
Finance income				53,167
Unallocated other income and gains and losses				6,798
Corporate and other unallocated expenses				(8,580)
Finance costs				(1,391)
Profit before tax				735,663

Six months ended 30 June 2024 (unaudited)	Sale of construction machinery *RMB'000*	Finance leases of construction machinery *RMB'000*	Financial investments *RMB'000*	Total *RMB'000*
Segment revenue				
Revenue from external customers	5,360,093	–	–	5,360,093
Segment results	511,766	–	50,561	562,327
Reconciliation:				
Finance income				66,780
Unallocated other income and gains and losses				(12,201)
Corporate and other unallocated expenses				(6,504)
Finance costs				(19,349)
Profit before tax				591,053

4. Operating segment information *(Continued)*

Segment results represent the profits or losses earned or incurred by segments without allocation of interest income, unallocated other income and gains and losses, central administration cost, and finance costs. This is the measure reported to the chief executive officer for the purpose of resource allocation and performance assessment.

Inter-segment revenues are eliminated on consolidation.

Geographical information

	30 June 2025 *RMB'000* (unaudited)	30 June 2024 *RMB'000* (unaudited)
Revenue from external customers:		
Mainland China	3,962,590	3,892,804
Outside Mainland China	1,633,474	1,467,289
Total revenue	5,596,064	5,360,093

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2025 and 31 December 2024:

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Segment assets:	15,681,280	14,651,239
Sale of construction machinery	13,236,006	10,568,506
Finance leases of construction machinery	1,612	1,656
Financial investments	2,443,662	4,081,077
Corporate and other unallocated assets	835,131	823,756
Consolidated assets	16,516,411	15,474,995

4. Operating segment information *(Continued)*

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Segment liabilities:	5,123,298	4,767,858
Sale of construction machinery	5,069,746	4,735,622
Finance leases of construction machinery	9,966	9,942
Financial investments	43,586	22,294
Corporate and other unallocated liabilities	577,052	3,044
Consolidated liabilities	5,700,350	4,770,902

The following is an analysis of the sales of construction machinery by product:

	For the six months ended 30 June			
	2025		2024	
	RMB'000	*%*	*RMB'000*	*%*
Sales of construction machinery:				
Wheel loaders	2,300,997	41.2	2,160,912	40.4
Forklifts	1,880,612	33.6	2,058,326	38.4
Excavators	807,919	14.4	506,277	9.4
Components	578,355	10.3	615,986	11.5
Road rollers	28,181	0.5	18,592	0.3
Total	5,596,064	100.0	5,360,093	100.0

Seasonality of operations

The Group's operations are not subject to seasonality.

5. Other income and other gains and losses

An analysis of the Group's other income is as follows:

	For the six months ended 30 June	
	2025 *RMB'000* (unaudited)	2024 *RMB'000* (unaudited)
Government grants	23,888	19,214
Additional value-added tax deduction	21,023	40,253
Income from sales of scraps	11,245	2,494
Penalty income	167	623
Others	2,187	1,191
Total	58,510	63,775

An analysis of the Group's other gains and losses is as follows:

	For the six months ended 30 June	
	2025 *RMB'000* (unaudited)	2024 *RMB'000* (unaudited)
(Losses)/Gains on disposal of items of property, plant and equipment	(1,364)	87
Gains on disposal of right-of-use assets	–	3,320
Reversal of provision for inventories	414	1,110
Fair value gains, net:		
Financial assets at fair value through profit or loss		
– held for trading	128,913	(4,065)
Derivative instruments		
– transactions not qualifying as hedges	(32,393)	36,023
Gains from derivative instruments	–	12,893
Dividend income from financial assets at fair value through profit or loss	6,297	5,710
Foreign exchange gains/(losses)	6,798	(12,201)
Total	108,665	42,877

6. Profit before tax

Profit before tax has been arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025 *RMB'000* (unaudited)	2024 *RMB'000* (unaudited)
Cost of inventories sold*	4,211,845	3,794,684
Depreciation of property, plant and equipment	118,270	127,475
Depreciation of right-of-use assets	2,457	2,371
Staff costs, including directors' remuneration	342,976	316,785
Contribution to a retirement benefit scheme	37,679	34,382
Foreign exchange differences, net	(6,798)	12,201
Impairment of financial assets, net	9,899	(22,454)
Product warranty provision	59,198	43,563
Fair value gains, net:		
Financial assets at fair value through profit or loss		
– held for trading	(128,913)	4,065
Derivative instruments		
– transactions not qualifying as hedges	32,393	(36,023)
Gains from derivative instruments	–	(12,893)
Dividend income from financial assets at fair value through profit or loss	(6,297)	(5,710)
Reversal of provision for inventories	(414)	(1,110)
Bank structured deposits interest income	(34,160)	(24,540)
Bank time deposits interest income	(17,557)	(39,058)
Amortisation of unrealised financing income	(1,450)	(3,182)
Government grants	(23,888)	(19,214)
Auditor's remuneration	630	630

* Cost of inventories sold include expenses relating to staff cost, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. Income tax expense

The Group calculates the income tax expense for the current period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	For the six months ended 30 June	
	2025 *RMB'000* (unaudited)	2024 *RMB'000* (unaudited)
Current income tax expense	86,242	120,870
Deferred income tax expense	17,586	11,675
Income tax expense recognised in the consolidated statement of profit or loss	103,828	132,545

8. Earnings per share and dividend payables

The calculation of the basic earnings per share amount was based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of RMB4,280,100,000 (six months ended 30 June 2024: RMB4,280,100,000) outstanding during the period.

The directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

The proposed final dividend of HK$0.13 per ordinary share for the year ended 31 December 2024 was declared payable and approved by the shareholders in the annual general meeting of the Company on 28 May 2025 and was paid on 31 July 2025.

9. Property, plant and equipment

During the six months ended 30 June 2025, the Group acquired assets at a cost of RMB28,821,000 (six months ended 30 June 2024: RMB35,782,000), including property, plant and machinery in the People's Republic of China (the "PRC").

Assets with a net book value of RMB7,743,000 were disposed of by the Group during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB6,391,000), resulting in a net loss on disposal of RMB1,364,000 (six months ended 30 June 2024: a net gain of RMB87,000).

10. Inventories

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Raw materials	818,273	795,288
Work in progress	165,770	195,937
Finished goods	1,280,708	1,296,085
Total	2,264,751	2,287,310

11. Trade receivables

The Group allows credit periods from 6 months up to 36 months to its trade customers. Longer credit terms may be offered to some customers with good credit history and relationships.

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Trade receivables	3,456,227	3,040,304
Impairment	(480,753)	(471,213)
	2,975,474	2,569,091
Less: Non-current portion	(373,578)	(191,772)
Total	2,601,896	2,377,319

The non-current portion of trade receivables are the receivables with maturity within 3 years but greater than 12 months according to the credit terms.

The ageing analysis of trade receivables is as follows:

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Within 3 months	1,767,952	1,292,871
3 to 6 months	570,256	591,051
6 months to 1 year	394,426	462,892
More than 1 year	242,840	222,277
Total	2,975,474	2,569,091

12. Prepayments, deposits and other receivables

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Prepayments	226,115	231,724
Deductible value-added tax	65,652	77,529
Deposits	2,627	5,735
Total	294,394	314,988
Other receivables:		
Loan receivables	443,558	443,733
Less: Impairment	(437,053)	(437,170)
Net loan receivables	6,505	6,563
Other miscellaneous receivables	175,447	200,510
Less: Impairment	(698)	(698)
Net other miscellaneous receivables	174,749	199,812
Total other receivables	181,254	206,375
Grand total	475,648	521,363

The carrying amounts of financial assets included in deposits and other receivables approximate to their fair values.

Loan receivables were generated from sales agencies for their repurchase of machines. The collection of receivables of sales financed by leasing was not favourable due to the deterioration of external operating environment in the past few years. According to the finance lease agreements, the sales agencies were required to fulfil the obligation by repurchasing the machines and repaying the outstanding lease amount to the leasing companies once the account is overdue for more than three months. Accordingly, the Group would extend loans to the sales agencies to help them with the settlement of repurchase. The sales agencies were required to repay within three months as it would normally take three months for the resale of the machines. The Group would enter into instalment agreements with sales agencies if the repurchased machines had been resold. The instalments would be paid with interest at interest rates ranging from 3% to 8% per annum that would mainly be repaid within 18 to 24 months.

13. Financial assets at fair value through other comprehensive income

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Bills receivable, at fair value	52,373	42,640

The Group has classified bills receivable that are held both to collect cash flows and to sell as financial assets at fair value through other comprehensive income under HKFRS 9.

14. Financial assets at fair value through profit or loss

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Listed equity investments, at fair value	259,140	219,804
Wealth management and fund investment products, at fair value	2,182,932	4,033,672
	2,442,072	4,253,476
Less: Non-current portion	(676,005)	(594,138)
Total	1,766,067	3,659,338

The above listed equity investments at 30 June 2025 were classified as financial assets at fair value through profit or loss as they were held for trading.

The above wealth management and fund investment products were issued by financial institutions and an investment company in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

15. Cash and cash equivalents, time deposits and pledged deposits

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Cash and bank balances	3,954,377	1,218,049
Time deposits and pledged deposits	1,555,866	1,658,048
	5,510,243	2,876,097
Less: Pledged cash and bank balances and time deposits:		
Pledged for bank acceptance bills	(297,517)	(193,234)
Pledged for purchasing financial assets at fair value through profit or loss	–	(400,000)
Pledged for others	–	(5,478)
Time deposits with original maturity of more than three months	(1,258,349)	(1,059,336)
Cash and cash equivalents	3,954,377	1,218,049

16. Trade and bills payables

The ageing analysis of trade and bills payables is as follows:

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Within 6 months	3,954,594	3,673,021
6 months to 1 year	25,154	16,609
1 to 2 years	9,613	13,605
2 to 3 years	6,602	6,320
Over 3 years	38,790	35,345
Total	4,034,753	3,744,900

The bills payable are aged within six months at the end of each reporting period and secured by pledged bank deposits amounting to RMB297,517,000 (31 December 2024: RMB193,234,000) (note 15).

17. Other payables and accruals

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Accrued sales rebate	309,706	298,178
Contract liabilities	123,132	91,474
Other payables	110,585	96,700
Salaries and wages payable	106,851	142,479
VAT and other taxes payable	105,265	80,359
Other accrued expenses	79,302	76,516
Payable for acquisition of property, plant and equipment	17,951	10,155
Deposit for finance leases	5,772	5,772
Total	858,564	801,633

18. Commitments

At 30 June 2025, the Group had capital commitments of RMB16,195,069 (31 December 2024: RMB11,635,000) principally relating to the acquisition of property, plant and equipment located in PRC.

19. Related party transactions

The following table sets out the total amounts of transactions which have been entered into with related parties during the six-month periods ended 30 June 2025 (unaudited) and 30 June 2024 (unaudited) as well as balances with related parties as at 30 June 2025 (unaudited) and 31 December 2024 (audited):

		Sales to related parties *RMB'000*	**Purchases from related parties** *RMB'000*	**Amounts due from related parties** *RMB'000*	**Amounts due to related parties** *RMB'000*
Related parties:					
Longyan City Jinlong					
Machinery Company	2025	–	13,669	–	4,139
Limited (note a)	2024	–	12,767	–	8,283
Herkules (Shanghai)					
Automation Equipment	2025	–	2,083	1,780	2,121
Co., Ltd. (note b)	2024	–	3,308	174	1,797
Shanghai Longtui Machinery					
Environmental Technology	2025	–	2	–	208
Co., Ltd. (note c)	2024	–	118	–	255

19. Related party transactions *(Continued)*

Note a: Mr. Ngai Ngan Gin, brother of Ms. Ngai Ngan Ying (ultimate controller of the Company), holds a controlling interest in this entity.

Note b: Herkules (Shanghai) Automation Equipment Co., Ltd. is wholly owned by Mr. Chen Jie, son-in-law of Mr. Li San Yim (executive director and chairman of the Group). The balance due from Herkules (Shanghai) Automation Equipment Co., Ltd arose from the prepayment for the purchase of equipment from Herkules (Shanghai) Automation Equipment Co Ltd. as at 30 June 2025.

Note c: Shanghai Longtui Machinery Environmental Technology Co., Ltd. is wholly owned by Mr. Li Jun, son of Mr. Li San Yim.

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short-term employee benefits	7,090	8,804
Pension scheme contributions	105	105
Total compensation paid to key management personnel	7,195	8,909

20. Fair value and fair value hierarchy of financial instruments

Management has assessed that the fair values of cash and cash equivalents, time deposits, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, interest-bearing bank borrowings, financial liabilities included in other payables and accruals, deposits for finance leases, amounts due from/to related parties and dividends due to shareholders approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of long-term receivables and the non-current portion of financial lease receivables carried at amortised cost are based on current interest rates offered for similar financial instruments appropriate for the remaining term to maturity. The carrying amounts of such financial instruments are not materially different from their fair values.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

20. Fair value and fair value hierarchy of financial instruments *(Continued)*

The following methods and assumptions were used to estimate the fair values:

The fair values of the long-term receivables and non-current portion of finance lease receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the non-current portion of deposits for finance leases were assessed and approximated to their carrying amounts.

Bills receivable held both to collect cash flows and to sell in financial assets at fair value through other comprehensive income are measured using the discounted cash flow method.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments and unlisted wealth management products issued by asset management companies that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

The fair values of investment funds classified as Level 3 are based on net asset value reports provided by the managers of such funds. For certain underlying unlisted equity securities held by the investment funds, the valuation techniques adopted include the use of last transaction price of recent fund raising by the underlying investee, and the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as liquidity discount. An increase (decrease) in liquidity discount would result in a lower (higher) fair value. The Group periodically reviewed all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

20. Fair value and fair value hierarchy of financial instruments

(Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 30 June 2025 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial assets				
Financial assets at fair value through other comprehensive income	–	52,373	–	52,373
Equity investments designated at fair value through other comprehensive income	–	–	1,000	1,000
Financial assets at fair value through profit or loss	259,140	1,506,927	676,005	2,442,072
Total	259,140	1,559,300	677,005	2,495,445
Financial liabilities				
Derivative financial instruments	–	6,735	–	6,735

20. Fair value and fair value hierarchy of financial instruments *(Continued)*

Fair value hierarchy *(Continued)*

As at 31 December 2024 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial assets				
Financial assets at fair value through other comprehensive income	–	42,640	–	42,640
Equity investments designated at fair value through other comprehensive income	–	–	1,000	1,000
Financial assets at fair value through profit or loss	219,804	3,439,534	594,138	4,253,476
Derivative financial instruments	–	27,601	–	27,601
Total	219,804	3,509,775	595,138	4,324,717

The movements in fair value measurements within Level 3 during the period are as follows:

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
At beginning of period	595,138	593,483
Disposals	–	(304)
Total gains recognised in the statement of profit or loss included in other gains and losses	81,867	1,959
At end of period	677,005	595,138

21. Approval of the interim condensed consolidated financial information

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 26 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT AND BUSINESS REVIEW

In the first half of 2025, China's economy maintained overall stability while securing progress and improvement, with a GDP growth of 5.3%. In terms of Chinese construction machinery, the domestic market demand hit the bottom and started to recover. The growth in some overseas markets faced temporary pressure, with the long-term outlook remains positive. Facing such a complex and ever-changing external market environment, the Group consistently adhered to the principle of high-quality development and focused on strengthening its core construction machinery business. We vigorously developed and enhanced our export product series, successively launching multiple high-quality new products. During the reporting period, the Group systematically implemented multiple measures aimed at improving quality and controlling costs, achieving significant result and steady improvement in product quality and profitability. Overall, the Group sustained positive momentum in risk control, operational efficiency, and management quality, reaching new heights in its prudent operations.

During the reporting period, the Group realized a total operating revenue of RMB5,596 million, which increased by RMB236 million or 4.40% year on year from RMB5,360 million in the same period of 2024. As the most competitive product, the loader business continued to be the largest contributor to the Group's revenue and profits. The proportion of the sales of loader to the total sales of the Group increased by 0.81 percentage points from 40.31% in the same period of 2024 to 41.12%. The proportion of forklift sales decreased by 4.79 percentage points to 33.61% compared to the same period of 2024. The Group seized the great opportunity to capitalize on the rising overseas demand for excavators, realizing a year-on-year increase of 59.58% in excavator sales. The current sales proportion was 14.44%, an increase of 4.99 percentage points from 9.45% in the same period of 2024. During the reporting period, the Group's consolidated gross profit margin was 20.28%, an increase of 1.82 percentage points compared to 18.46% in the same period of 2024. Net profit for the reporting period was approximately RMB632 million, increasing by RMB174 million or 37.80% year on year from RMB458 million in the same period last year. Such increase in net profit was mainly due to the Group's vigorous development and improvement of export product series, continuous expansion of overseas markets, and a year-on-year increase in the consolidated gross profit margin of the products, resulting from the steady growth in the production and sales scale of export business during the reporting period.

GEOGRAPHICAL RESULTS

In the first half of 2025, the Company recorded varied regional performance. The Northwest region achieved 22.3% sales growth year-on-year, increasing market share from 7.01% to 8.58%, driven by construction equipment demand related to infrastructure projects. Central China delivered 8.9% sales growth with market share reaching 10.29%. The South region showed moderate 3.6% growth, bringing its market share to 9.57%.

Export markets demonstrated strong 11.3% growth, now representing 29.19% of total revenue compared to 27.37% last year. This makes exports the Company's largest sales segment, highlighting the success of internationalization efforts.

Conversely, the North region experienced a 2.8% decline in sales, while the Southwest region saw a 6.4% decrease. The East and Northeast regions also recorded sales and market share reductions, with the East experiencing a 5.2% decline in sales and its market share dropping from 15.4% to 14.6%, while the Northeast saw a 4.7% decrease in sales with market share falling from 12.3% to 11.7%.

Moving forward, investment should focus on high-growth regions and further international expansion, particularly for products with export potential. At the same time, the Group will optimize product sales strategies based on the demand characteristics of different regional markets, balancing regional development in the domestic market.

PRODUCTS ANALYSIS

During the first half of 2025, the Group achieved total revenue of RMB5,596 million, representing a 4.4% increase compared to the same period in 2024. The Group continued to optimize its product structure and achieved notable progress in both revenue growth and profitability across its major product lines.

Wheel Loaders

Wheel loaders remained a core business segment, with total revenue increasing by 6.5% year-on-year to RMB2,301 million. This growth was primarily driven by robust demand for high-end (ZL60 model) and mini wheel loaders, which saw revenue increases of 27.7% and 7.9% respectively. The ZL50 model, historically the Group's flagship model, experienced a slight revenue decline of 3.9%, mainly due to weaker export sales. Overall, the segment benefited from a diversified product mix, with the share of revenue from the ZL50 model decreasing, while contributions from mini and ZL40 models increased significantly. The gross margin for wheel loaders improved to 20.6%, reflecting better product mix and cost control.

Forklifts

Forklifts continued to be the largest revenue contributor, generating RMB1,881 million in sales, accounting for 33.6% of total revenue. However, revenue declined slightly by 8.5%, reflecting intensified competition in the domestic market, which remains the primary sales channel (with domestic sales accounting for 80.6% of the segment's revenue). The gross margin for forklifts was 18.7%, below the Group average, highlighting the need for further value-added product development and efficiency improvements.

Excavators

The excavator business delivered outstanding performance, with revenue surging by 59.6% to RMB808 million. This segment is highly export-oriented, with 70.9% of revenue derived from overseas markets. The gross margin reached 27.1%, the highest among all major product lines, underscoring the strong profitability and competitive positioning of the Group's excavator products in international markets.

Road Rollers

Road rollers constituted a small segment, with revenue of RMB28 million. Despite its small scale, the segment achieved a gross margin of 21.7%, supported by a high export ratio (75.9% of revenue from exports). The Group will continue to monitor opportunities to expand this segment, given its attractive margin profile.

Components

Sales of parts and components decreased by 6.2% to RMB578 million, which accounts for 10.3% of total revenue.

FINANCIAL REVIEW

The Group financed its operations from internally generated cash flow, bank borrowings and accumulated retained earnings. The Group adopted a prudent finance strategy in managing the Group's financing needs. The Group believes that its cash holding, cash flow from operation, future revenue and available banking facilities will be sufficient to fund its working capital requirements.

Cash and Bank Balance

As at 30 June 2025, the Group had bank balances and cash of approximately RMB3,954 million (31 December 2024: approximately RMB1,218 million). Such a substantial increase of RMB2,736 million or 224.6% can be attributed to a combination of strong operational performance, effective cost management, and efficient working capital practices. Additionally, financing activities, such as effective debt management, along with prudent investment strategies, have contributed to enhancing the company's liquidity position. Compared with last year, the cash and bank balance increased by about RMB2,736 million, which was a result of net cash inflow of RMB580 million from operating activities, net cash inflow of RMB2,141 million from investing activities, and net cash inflow of RMB20 million from financing activities, along with the effect of foreign exchange rate changes at RMB4 million.

Liquidity and Financial Resources

The Group is committed to building a sound financial position. Total shareholders' fund as at 30 June 2025 was approximately RMB10,816 million, a 1.05% increase from approximately RMB10,704 million as at 31 December 2024.

Current Ratio

The current ratio of the Group at 30 June 2025 was 2.29 (31 December 2024: 2.64). The Directors believe that the Group has sufficient resources to support its working capital requirements and meet its foreseeable capital expenditure.

Capital Structure

During the period ended on 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's shares and any other listed securities.

As at 30 June 2025, the gross gearing ratio (defined as total liabilities divided by total assets) was approximately 34.5% (as at 31 December 2024: 30.8%).

Capital Expenditure

During the period, the Group acquired property, plant, and equipment of approximately RMB29 million (for the six months ended 30 June 2024: approximately RMB36 million) in line with a series of strategic transformation and product transformation of the Group.

Gross Profit

The Group showed remarkable gross profit growth of 14.7% or approximately RMB145,299 million in the first half of 2025, significantly outpacing revenue growth. This performance was driven by revenue contribution, enhanced cost efficiency, operational efficiency, and gross profit margin improvement.

The gross profit margin expanded from 18.5% to 20.3%, a 1.8 percentage point improvement. This margin enhancement resulted from manufacturing efficiencies, favorable product mix, and effective supply chain management.

This gross profit improvement strengthens the company's financial position, significantly contributes to the overall net profit growth of the group for the current period, enhances the company's capacity for future investments, and provides greater resilience against potential market fluctuations.

Other Gains and Losses

Other Gains and Losses increased significantly by 153.3% to approximately RMB109 million for the first half of 2025 compared to the same period in 2024, primarily driven by substantial fair value gains on financial assets. However, this positive trend was partially offset by losses on the disposal of assets and derivative instruments. The company's ability to generate dividend income and recover from foreign exchange losses also contributed positively to the overall performance in Other Gains and Losses.

Impairment Losses on Financial Assets

Impairment Losses on Financial Assets increased significantly by 144.1% to approximately RMB9.9 million for the first half of 2025 compared to the same period in 2024. Such substantial increase of impairment losses on financial assets is primarily driven by the Group's assessment of the recoverability of trade receivables during the period. Based on the principle of prudence, a bad debt provision was made for amounts due from certain dealers.

Finance Cost

The Group reported a significant 92.8% decrease in finance costs for the six-month ended period of 2025, from RMB19,349,000 to just RMB1,391,000. This reduction was mainly driven by from strategic debt repayment, enhanced cash flow management. The RMB17,958,000 savings directly boosts profitability, improves financial flexibility, and strengthens the company's overall financial position. With significantly decreased finance costs, the Group improved its financial flexibility and strengthened the Group's competitive positioning, creating a foundation for sustainable long-term growth, particularly given the company's strong operational performance indicators.

Income Tax Expense

The Group reported a significant 21.7% decrease in income tax expense for the six-month ended period of 2025, from RMB132,545,000 to just RMB103,828,000. This decrease in income tax expense indicates that the reduction is primarily driven by a decrease in current income tax expense, despite an increase in profit before tax. The decrease in the effective tax rate suggests that the company has effectively utilized tax incentives and deductions, enhancing overall profitability and cash flow. The management will continue to focus on strategic tax planning to maintain favorable tax positions and support sustainable financial performance.

Research and Development Costs

The Group recorded a notable 8.4% increase in Research and Development costs for the six-month ended period of 2025, rising from RMB221,722,000 to RMB240,273,000. This increase in R&D expenditure demonstrates the company's strategic commitment to innovation and product development despite the challenging economic environment. The allocation of additional resources towards R&D activities is aimed at enhancing product offerings, improving existing machinery, and developing sustainable technologies. While this investment may impact short-term profitability, it positions the company for long-term growth and maintains its competitive advantage in the infrastructure machinery industry.

PROSPECT

In the second half of 2025, with the government intensifying its macroeconomic policy efforts by prioritizing proactive measures, the Chinese economy is expected to maintain overall stability while securing a progress and improvement. The sustained development and stable growth of China's economy will provide a solid foundation for the stable operation and high-quality development of the construction machinery industry. On one hand, the continued effectiveness of policies related to "dual initiatives" (national key strategies and security capacity building in key areas) and "dual renewals" (large-scale equipment renewals and consumer goods trade-ins) will accumulate favorable factors to aid the recovery of the construction machinery market. In particular, the official commencement of the super-large-scale water conservancy project – the Hydropower Project in the Lower Reaches of the Yarlung Zangbo River – will play a positive role in improving market demand. On the other hand, after years of domestic downturn, a substantial replacement demand has objectively accumulated due to the large stock of equipment. The combination of these two factors suggests that the domestic construction machinery industry may usher in new development opportunities. Although overseas markets show regional variations in prosperity and competition in emerging markets is intensifying, the global market remains vast with immense growth potential. The comprehensive competitiveness and brand value of Chinese construction machinery products will continue to rise, and the industry's overseas business is still in an expansion phase, with export sales maintaining growth momentum. The Group will fully leverage the opportunities presented by the stabilizing and rebounding domestic demand and the sustained high growth in overseas markets. We will closely monitor industry trends and changes in customer needs. The Group will concentrate on optimization and improvement of its four major categories of host products (loaders, forklifts, excavators and road machinery), as well as the core components that extend the product manufacturing chain. We will adhere to the marketing principle of agency system and fully utilize our three strengths of "quality, service and cost effectiveness". The Group will rigorously implement measures to enhance quality, control costs, drive innovation, and expand markets. Through these efforts, the Group aims to strengthen and grow its core competitive businesses, thereby striving to create greater value to its users and investors.

CORPORATE GOVERNANCE

The Board is committed to maintaining and ensuring high standards of corporate governance practices. In the opinion of the directors, the Company has adopted and complied with the principles and applicable code provisions of Corporate Governance Code ("CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2025, except for certain deviations which are summarized as below.

Code Provision C.1.7

As stipulated in the Code Provision C.1.7 of CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company has not yet made this insurance arrangement as the board of directors considers that the director liability insurance has not yet been identified on the market with reasonable insurance premium while providing adequate suitable security to directors.

Code Provision C.1.5

As stipulated in the Code Provision C.1.5 of CG Code, independent non-executive directors and other non-executive directors shall generally attend general meetings. Three independent non-executive directors and one non-executive director were unable to attend annual general meeting of the Company held on 28 May 2025 (the "2025 AGM") due to other important engagement.

Code Provision B.2.3 and B.2.4

Each of Dr. Qian Shizheng and Mr. Wu Jian Ming has been appointed as an independent non-executives Director for more than nine yeas. Pursuant to Code B.2.3 of the code provisions of Corporate Governance Code set out in Appendix C1 of the Listing Rules (the "CG Code"), if an independent non-executive director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders.

Dr. Qian has extensive experience in the finance and accounting fields. He provides a wide range of expertise and experience which can meet the requirement of Group's business and his participant in the Board brings independent judgment on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interest of the shareholders have been duly considered.

Mr. Wu has over 30 years' experiences in the government sectors and public services in Chinese mainland. The Company values Mr. Wu continued service by bringing different perspectives and insights in the boardroom. The Board, having considered his comprehensive knowledge, professional skills and experience as well as his thorough and deepened understanding of the Company and the Company's relevant industry, is of the view that Mr. Wu's continued tenure will bring valuable contribution to the future sustainable development of the Company which is in the best interests of the Company and of the Shareholders.

The Company has received from Mr. Qian and Mr. Wu a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Each of Mr. Qian and Mr. Wu has not engaged in any executive management of the Group. Taking into consideration of his independent scope of works in the past years, the Directors consider Mr. Qian and Mr. Wu to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Accordingly, Mr. Qian and Mr. Wu shall be subject to retirement rotation and re-election by way of a separate resolution approved by the Shareholders at the annual general meeting. At the Annual General Meeting of the Company held on 28 May 2025, a separate resolution to re-elect Mr. Qian and Mr. Wu a retiring Director, as an independent non-executive Director was passed by the Shareholders by way of poll.

Code Provision C.2.1

As stipulated in the Code Provision C.2.1 of CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li San Yim ("Mr. Li"), an executive director of the Company and the chairman of the Board has been appointed by the Board to act as the chief executive officer concurrently since 21 December 2015. As Mr. Li serves as both the chairman of the Board and the chief executive officer of the Group, such practice deviates from code provision C.2.1 of the CG Code. The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Li to hold both positions as it helps to maintain the continuity of the policies and the stability of the operations of the Company. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted Appendix C3 to the Listing Rules for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. Specific enquiry has been made to all Directors, who have confirmed that they had complied with the required standard set out in the Model Code for the year.

Improvements in Internal Control Systems

Additional measures and improvements for the internal control systems of the Company during the six months ended 30 June 2025.

The company focused on the details of its internal control system and made the following enhancements:

1. Improved the Group's supply chain management in purchasing, supplying, warehousing, manufacturing and sales so as to expand its channels and achieve better coordination, and to enhance the quality and competitive strength of our products.

2. Further optimized the establishment of our control system and information management with check and balance as well as mutual supervision among different departments, achieving systematic, regulated and standardized operation of the Company.

3. Further revised and improved the effectiveness of our decision-making, management and balance of authority mechanisms.

   (i) Improved the investor relationship system to safeguard the interests and right of information of public shareholders effectively.

   (ii) Strengthened our financial control and arranged professionals to conduct comprehensive review on the Company for at least every six months, and supervised the execution of duties by the directors and senior management.

   (iii) Established and further refined the assessment procedures of our management team so as to carry out effective supervision and set up a performance evaluation and assessment mechanism.

INVESTOR RELATIONS MANAGEMENT

Information Disclosures

The Company regards effective communication as the core of investor relations, and believes that a high transparent organization and promptly dissemination of information to our investors are important ingredients to the success of a company.

In the first half of 2025, the Company mainly communicated with domestic and foreign investors through reception of visitors and telephone conferences, thus maintaining a good relationship with the international capital market. During the first half of the year ended 30 June 2025, the Company made a total of more than 25 visits and telephone conferences communications with domestic and foreign investors.

Other Stakeholders' interests

While dedicated to maximizing shareholders' value, the Company is also committed to its customers, in terms of provision of quality products and services, and to the staff, by making available opportunities to them for career development. The Company had a strong commitment to shareholders, investors, staff, customers, suppliers and the community at large and always acting in good faith and with integrity. The Company believed that the sustainable development of a company cannot be achieved in isolation from a healthy environment. The Company pledges to contribute to the community while pursuing profit growth, by managing the business within the bounds of relevant laws and environmental regulations, improving standard of corporate governance and enhancing corporate transparency and actively participating in social charities and contribute to the local social development.

Contact

Investor Relations
Ms. Lv Zhen Zhen

Tel: 86-21-3760 2000 (5676)
E-mail address: Lzz@Lonking.cn

DISCLOSURE OF INTERESTS

Directors' and chief executive's interests in shares and underlying shares

As at 30 June 2025, the interests of the directors and chief executive of the Company in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code were as follows:

(1) Long positions in shares and underlying shares of the Company

Ordinary shares of HK$0.10 each of the Company

Name of directors	Capacity	Number of shares held	Percentage of issued share capital as at 30 June 2025
Ngai Ngan Ying	beneficial owner	2,398,273,188	56.03%
Chen Chao	beneficial owner	1,596,000	0.04%
Zheng Ke Wen	beneficial owner	429,900	0.01%
		2,400,299,088	56.08%

(2) Long positions in shares and underlying shares of the associated corporation of the Company, Longgong (Shanghai) Machinery Co., Ltd.

Ordinary shares of HK$0.10 each of the Company

Name of directors	Capacity	Registered share capital	Percentage of issued share capital as at 30 June 2025
Mr. Li San Yim	corporate (Note 1)	480,000	0.11%
Ms. Ngai Ngan Ying	corporate (Note 1)	480,000	0.11%

Note 1: The 0.11% interest of Longgong (Shanghai) Machinery Co., Ltd, is held by Shanghai Longgong Machinery limited, which is owned by Mr. Li San Yim and Ms. Ngai Ngan Ying as to 39.5% and 60.5% respectively.

Save as disclosed above as at 30 June 2025, none of the directors, chief executives of the Company or any of their associates, had registered any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded and kept in the register by the Company in accordance with the Section 352 of the SFO, or any interests required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders

As at 30 June 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of directors, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as recorded and kept under Section 336 of the SFO as having an interest of 5% or more in the issued share capital of the Company.

OTHER INFORMATION

Interim dividend

The Directors do not recommend any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: HK$0 cents per shares).

Employees and emolument policy

The emolument policy of the employees of the Group is set up by the Human Resources Division on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

As at 30 June 2025, the Group employed approximately 7,425 employees.

Purchase, sale or redemption of the Company's listed securities

During the period ended on 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares and any other listed securities.

Review of accounts by audit committee

The audit committee, together with the management and the external auditors, has reviewed constantly the accounting principles and practices by the Group, discussed review, risk management, internal control and financial reporting matters and reviewed the financial results of the Group.

The interim results for the six months ended 30 June 2025 have been reviewed by the audit committee of the Company.

By Order of the Board
Lonking Holdings Limited
Li San Yim
Chairman

Hong Kong, 29 September 2025

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Li San Yim *(Chairman and Chief Executive Officer)*
Mr. Zheng Ke Wen
Mr. Chen Chao
Mr. Yin Kun Lun

Non-executive directors

Ms. Ngai Ngan Ying

Independent non-executive directors

Dr. Qian Shizheng
Mr. Wu Jian Ming
Mr. Yu Tai Wei

AUDIT COMMITTEE

Dr. Qian Shizheng *(Chairman)*
Mr. Yu Tai Wei
Ms. Ngai Ngan Ying

REMUNERATION COMMITTEE

Dr. Qian Shizheng *(Chairman)*
Ms. Ngai Ngan Ying

NOMINATION COMMITTEE

Mr. Yu Tai Wei *(Chairman)*
Ms. Ngai Ngan Ying

EXECUTIVE COMMITTEE

Mr. Li San Yim *(Chairman and Chief Executive Officer)*
Mr. Zheng Ke Wen
Mr. Chen Chao
Mr. Yin Kun Lun

COMPANY SECRETARY

Mr. Chu Shun

HEAD OFFICE

No. 26 Mingyi Road, Xinqiao,
Songjiang Industrial,
Shanghai (201612), PRC

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
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INVESTOR RELATIONS

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WEBSITE

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STOCK CODE

3339

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D, P.O. Box 1586,
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F, Hopewell Centre,
183 Queen's Road East, Wanchai,
Hong Kong

SOLICITORS

Sidley Austin
39/F, Two International Finance Centre
8 Finance Street Central, Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower,
1 Tim Mei Avenue,
Central,
Hong Kong

PRINCIPAL BANKERS

Bank of China
Longyan Branch
Bank of China Tower
No. 1 Longchuan Bei Road Longyan City
Fujian, PRC

China Construction Bank
Shanghai Songjiang Branch
No. 89 Zhongshan Zhong Road
Songjiang District
Shanghai, PRC