FOLANGSI CO., LTD
廣州佛朗斯股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2499)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2026

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended June 30, 2026 together with the comparative figures for the corresponding period in 2025 as set out below.

These interim results have been prepared in accordance with the applicable requirements of the Listing Rules and HKFRS and have been reviewed by the Audit Committee. This announcement complies with the relevant requirements of the Listing Rules in relation to information to accompany preliminary announcements of interim results.

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 8.0% from approximately RMB856.2 million for the six months ended June 30, 2025 to approximately RMB925.0 million for the six months ended June 30, 2026.

Net profit of the Group increased by 5.2% from approximately RMB50.3 million for the six months ended June 30, 2025 to approximately RMB52.9 million for the six months ended June 30, 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

During the "15th Five-Year Plan" period, the state continues to advance the development of a modern industrial system, deepening the implementation of the "dual carbon" strategy, promoting quality and efficiency improvements as well as capacity expansion and upgrading of productive services, and steadily pushing forward high-level opening up. These multiple top-tier policy initiatives resonate to benefit the full-lifecycle operation services track for intralogistics equipment, and the industry has officially entered a golden development cycle of steady upward growth. The Company's core businesses are closely aligned with the national strategic direction of industrial upgrading, green transformation, the digital economy and opening up. Sustained release of industry policy dividends has built solid fundamental support for the Company's medium-to-long-term steady growth.

Upgrading of high-end productive services with the equipment subscription and maintenance model entering the window of policy benefits

In accordance with the overall plan set out in the Outline of the 15th Five-Year Plan for the National Economic and Social Development of the People's Republic of China, the state explicitly promotes the extension of productive services toward specialization, refinement and higher ends of the value chain, with an emphasis on cultivating value-added productive service formats such as logistics and warehousing, equipment leasing, energy conservation and environmental protection, and digital operation and maintenance, while continuously deepening the integration of manufacturing and modern services. Traditional manufacturing, warehousing and industrial and mining enterprises commonly adopt an asset-heavy operating model of one-off equipment purchases, which suffers from pain points such as significant working capital lock-up, high depreciation pressure on fixed assets, heavy subsequent operation and maintenance management costs and insufficient asset flexibility.

Driven by both policy guidance and the real economy's imperative to reduce costs and enhance efficiency, downstream enterprises are accelerating the optimization of their asset-liability structures and reducing rigid investment in fixed assets. They are progressively abandoning asset-heavy procurement models and shifting toward asset-light service models that integrate equipment subscription on demand, managed operation and maintenance, and bundled parts and accessories support. The Company's principal businesses, intralogistics equipment subscription, maintenance and repair, and sales of whole units and parts, fall within the productive services sub-segments supported by national policy. These services can effectively help downstream factories, logistics parks, and industrial and mining enterprises revitalize operating cash flow, simplify equipment asset management processes, and lower overall operating costs. Downstream market demand continues to expand, laying a solid underlying demand foundation for the steady growth of the Company's core business of "equipment subscription services".

Full implementation of the dual-carbon strategy opens long-term growth potential for the electric equipment segment

The "15th Five-Year Plan" makes carbon peaking and carbon neutrality core binding targets for economic and social development, consistently promoting carbon reduction and efficiency enhancement as well as green transformation across all industries, with the green transformation of the logistics sector continuing to accelerate. The state vigorously promotes new energy and clean energy in-plant operating equipment, accelerates the replacement of fuel-powered loading and unloading equipment in factories and logistics parks, and continues to advance the construction of zero-carbon logistics hubs and green industrial parks. On the policy front, on the one hand, strict controls are placed on the use of high-emission fuel forklifts and outdated loading and unloading equipment, driving the replacement and upgrading of existing equipment in the industry; on the other hand, multiple dimensions such as park access, operational clearance, energy consumption subsidies and green ratings are tilted to support the large-scale application of electric in-plant operating equipment.

Leveraged on the mega-trend of green logistics and low-carbon park construction, demand for the Company's core product categories, including electric forklifts, electric loaders and electric industrial cleaning equipment, continues to surge. In particular, electric loaders have become core heavy-duty operating equipment at industrial and mining yards, building materials parks and large-scale warehousing hubs, while industrial cleaning equipment is a mandatory supporting facility for compliant operations in green parks. The state's long-term stable low-carbon policy orientation will continue to drive increasing volume for the Company's second growth curve from electric loaders and new categories such as industrial cleaning equipment, the benefits of the green transition are expected to remain sustainable over the long term.

Accelerated digital upgrade of smart logistics with digital asset management building core barrier for leading enterprises

The "15th Five-Year Plan" for the comprehensive transportation service system prioritizes the construction of smart logistics and digital parks, requiring various industrial parks and logistics hubs to build digital management and control platforms to realize visualized equipment operation, intelligent predictive operation and maintenance, refined capacity dispatch and digital asset management. Traditional fragmented service providers in the industry can only offer basic equipment services and lack the capabilities for coordinated digital management, intelligent operation and maintenance, and region-wide dispatch, and can no longer meet the integrated smart operation and refined management needs of large-scale industrial and logistics enterprises, with backward production capacity being phased out progressively.

The Company's self-developed smart asset operation and management platform enables remote real-time monitoring of cross-regional equipment, intelligent prediction of operation and maintenance faults, unified cross-regional capacity deployment and panoramic asset data review, which is highly aligned with the development direction for national smart logistics and digital parks. This digital operation system not only effectively reduces the Company's operating costs, improves asset turnover efficiency and scalable service capabilities, but also builds a differentiated core competitive barrier, continuously enhances customer stickiness, optimizes the customer mix and order quality, and helps the Company steadily increase its industry market concentration.

Deepening of the Belt and Road Initiative and industrial gradient transfer presents significant strategic opportunities for overseas expansion

During the "15th Five-Year Plan" period, China continues to advance high-level opening-up and high-quality joint construction of the "Belt and Road Initiative". Supported by the operationalization of the New Western Land-Sea Corridor and the China-ASEAN Free Trade Area 3.0, domestic light industry, manufacturing, and warehousing and logistics industries continue to transfer to Southeast Asia along the industrial gradient. Industrial parks and overseas warehousing bases in Southeast Asian countries are accelerating new construction and expansion, leading to rapidly growing demand for intralogistics equipment services. Currently, the local intralogistics equipment service system in Southeast Asia is relatively underdeveloped, with a huge supply gap for standardized, one-stop equipment subscription, maintenance and repair, and asset management services. The mature domestic full-lifecycle operational service model has significant model-export advantages and market competitiveness.

The state continues to encourage domestic productive service enterprises to go overseas in tandem with the real economy, cultivate international logistics service brands, and provide comprehensive policy support in cross-border service standard alignment, cross-border supply chain development and supporting services for overseas parks. The Company has closely captured this trend and has already made early-stage deployments in core Southeast Asian countries such as Indonesia, Vietnam, Malaysia and Thailand, building a global localized service network. By keeping pace with the overseas expansion of Chinese industries, the Company is deepening its presence in overseas markets. The overseas business has become an important engine for the Company's medium-to-long-term performance growth, continuously unlocking the Company's long-term growth potential.

Overall, the intralogistics equipment service industry is currently undergoing iterative upgrades along four core directions: popularization of asset-light subscription models, green electrification of equipment operations, digital and intelligent asset management and global grid-based service deployment. Small and medium-sized fragmented service providers in the industry are constrained by capital reserves, network coverage, digital capabilities and multi-category service capabilities, and are undergoing accelerated restructuring. Leading enterprises with nationwide service networks, scaled equipment operations, full-chain service capabilities and mature digital systems will continue to expand their market share, with industry concentration steadily increasing. The Company's various strategic deployments are precisely aligned with the industry's development trends, offering ample medium-to-long-term growth potential and a clear development logic.

Group Overview

We are a leading full-lifecycle intralogistics equipment solution provider in China with a global presence and we have always adhered to our corporate mission of "improving asset utilization and saving social resources". We have been deeply engaged in the intralogistics equipment sector, providing customers across various industries, including manufacturing, warehousing and logistics, industrial and mining yards and industrial parks, with integrated comprehensive services covering equipment subscription, maintenance and repair, sales of whole unit and parts, asset remanufacturing and disposal, as well as digital and intelligent managed services.

We have established a mature business system of "One Core and Two Wings (一體兩翼)": with the two high value-added services of equipment subscription and maintenance and repair as the core, and trading of whole unit and parts as the bond, thereby creating synergies across our various business lines. We have long pursued a development strategy of four synergies of "networking, product diversification, internationalization and intelligence". Guided by our established operating principles of "Steady Growth, Strengthen Internal Control, Enhance Service, Strengthen Organization, and Ensure Safety", we coordinated and advanced four core initiatives, namely deepening our domestic distribution network, developing new product categories, expanding into overseas markets and continuously upgrading our digital platforms.

Leveraging our global network of standardized service outlets and our capabilities in operating a large-scale and diversified equipment asset portfolio, we possessed core capabilities in cross-regional coordination and deployment of equipment, rapid localized delivery and full-process operation and maintenance support. At this stage, we are fully advancing our strategic upgrade of the "intralogistics equipment management platform provider". Leveraging our self-developed intelligent asset and operation platform to implement an asset-light operating model featuring lightweight, digitalized and platform-based operations. While consolidating our core forklift business, we continue to expand our portfolio of new equipment categories, including electric loaders, industrial cleaning equipment and intelligent vertical lift modules. At the same time, we are replicating our well-established domestic full-lifecycle service system in overseas markets on a large scale, with a view to building a world-leading high-dimensional shared ecosystem for B2B industrial and logistics equipment.

Business Review

In the first half of 2026, amid an operating environment characterized by the steady recovery of the domestic real economy, intensifying industry competition and a complex and evolving international landscape, the Company firmly implemented its established development strategies and operating policies, focusing on four core enablers, namely the transformation to a light-asset model, digital upgrade, multi-category expansion and deepening global presence, while coordinating and advancing various operational and management initiatives. During the Reporting Period, the Company achieved steady growth in its overall performance, with continued optimization of its business structure and steady improvements in the competitiveness of its core businesses, quality of profitability and operational resilience.

Steady growth in operating performance and business structure closely aligned with industry development trends

During the Reporting Period, the Company demonstrated strong operational resilience. In the first half of 2026, revenue increased by 8.0% as compared with the corresponding period of last year, while gross profit increased by 8.6% and the overall gross profit margin increased by 0.2 percentage points year on year. Profit growth outpaced revenue growth, with the quality of profitability continuing to improve. The revenue structure and profit structure of the three major business segments were proactively adjusted in line with industry development trends:

The subscription business, as the Company's largest core business, recorded a year-on-year increase of 17.2% in revenue, while its gross profit margin increased by 1.1 percentage points. Its share of revenue further increased by 4.4 percentage points from 51.2% in the corresponding period of last year to 55.6%, continuously strengthening the foundation of the Company's core business. Benefiting from the expansion in demand for equipment subscription and improved efficiency of asset-light operations, the subscription business maintained strong growth momentum. The maintenance and repair business also delivered strong performance, with revenue increasing by 4.9% year on year and gross profit margin increasing by 0.7 percentage points, while continuing to maintain a high gross profit margin. A virtuous cycle of business synergy has been established between the two major business segments: in the course of providing in-depth services to customers, the maintenance and repair business continues to support and drive the subscription business, with some existing customers shifting from "repair" to "subscription", thereby driving the continued expansion of the customer base and asset scale of the subscription business. Meanwhile, the maintenance and repair business itself also achieved steady revenue growth and continuous improvement in profitability, further demonstrating the depth of its services and business resilience. This positive pattern of "promoting subscription through maintenance and repair, with both subscription and maintenance and repair businesses thriving (以修促訂、訂修兩旺)" fully demonstrates the Company's comprehensive service capabilities in providing integrated solutions and its customer loyalty.

In respect of the trading of whole unit and parts, we proactively optimized our operating strategies and continued to adjust our product portfolio and customer structure. Both the share of revenue and gross profit margin remained within reasonable ranges of fluctuation, while the substance of the business and quality of operations continued to improve. We are actively promoting efficient synergies between the trading business and the subscription and maintenance and repair businesses, so as to fully leverage the complementary value among the various businesses.

The expansion of the global network layout continues, with a two-way extension of both the domestic and overseas footprints

As of June 30, 2026, we have established a service network covering 57 key cities worldwide, with a total of 105 standardized service outlets.

In terms of domestic expansion, in the first half of 2026, we continued to penetrate regional markets, adding three branch offices in Shijiazhuang, Anqing and Haikou. At the same time, we established dedicated outlets around flagship electric loader business, with new exclusive loader branches in Hangzhou, Zhengzhou and Kunming, further strengthening the depth of domestic service coverage.

In terms of overseas expansion, in the first half of 2026, we seized the opportunities presented by the cross-border industrial relocation under the Belt and Road Initiative. Building on the operations established in Jakarta (Indonesia), Ho Chi Minh City (Vietnam) and Shah Alam (Malaysia) in 2025, we newly established two overseas outlets in Surabaya (Indonesia) and Rayong (Thailand), while the Bac Ninh (Vietnam) outlet is currently under preparation. We are gradually building a global service network centered on Southeast Asia and featuring multi-point interconnection.

Equipment assets reach a new record high, with new product categories experiencing rapid volume growth

As of June 30, 2026, the total scale of equipment assets under our operation and management reached a new high, with the aggregate asset size approaching 70,000 units.

Despite intensifying industry competition and a challenging market environment in the first half of 2026, electric loader business was particularly excellent, achieving above expectation development and providing strong support to the Company's overall performance. At present, the complete business chain covering subscription, maintenance and repair and disposal of electric loaders has been fully connected. Leveraging the benefits of electrification policies and robust demand in industrial, mining and warehousing applications, the average monthly rental income in the first half of 2026 exceeded RMB13 million (representing a month-on-month increase of 116.7% from the average of RMB6 million per month in the second half of 2025, i.e. a doubling of income), with the total equipment exceeding 1,500 units. The gross profit margin continued to remain the highest among all business segments of the Company, making it the second core profit generating segment. This fully demonstrates the Company's capability in incubating new business categories and scaling them up effectively.

At the same time, the Company continues to advance its multi-category strategy. New product categories, such as cleaning equipment and smart vertical lift containers, are progressing as planned in the development and exploration phase. The Company is systematically refining its operational models and accumulating scenario-based experience to build a foundation of diversified growth momentum for its medium-to-long-term development.

Overseas localization efforts continue to deepen, and the cross-border collaboration model is now fully operational

In the first half of 2026, we further deepened our localised operations in Southeast Asia and fully integrated overseas business operations and management systems. Our international expansion has formally transitioned from the "outlet establishment" phase to a mature operating stage of "refinement and quality enhancement". The replicability and profitability of our overseas business model have been fully validated.

Overseas outlets have achieved remarkable results: the Ho Chi Minh City outlet in Vietnam, registered at the end of 2025, turned profitable and achieved self-sustaining operations within just six months. It successfully operationalised the cross border synergy model of "domestic client expanding overseas + local delivery overseas", and facilitated over RMB1 million worth of complete machine exports for domestic outlets, clearly demonstrating the value of two-way collaboration. Meanwhile, each outlet fully replicated the Company's "One Core and Two Wings (一體兩翼)" business system, establishing the entire full lifecycle service capabilities integrating equipment subscription, maintenance and repair, and sales of complete machines and spare parts, thereby formalising a standardised overseas operational model.

The Rayong outlet in Thailand secured over RMB3 million in complete machine orders even during its preparatory stage, fully demonstrating the recognition of the Company's brand in the Southeast Asian market as well as the Group's core advantage of efficient cross border supply chain coordination.

At present, all of the Company's Southeast Asian outlets, including those in Indonesia, Vietnam, Malaysia and Thailand, have achieved stable and routine operations. Leveraging its overseas strategy of "regional hubs + deep local cultivation", the Company continues to refine local teams, service standards and operational systems, effectively enhancing the responsiveness and stability of overseas delivery. The steady expansion of the overseas business has consistently bolstered the Company's global brand influence and has become an important medium to long term growth driver for the Company.

Comprehensive implementation of the smart strategy to build core competitive advantages for the future

With the accelerating global transition toward industrial intelligence and the digitization of logistics, intelligent material handling equipment and unmanned operational systems are gradually being adopted on a large scale. Industry competition has shifted from a focus on hardware to a comprehensive competition centered on service capabilities, digital operations and maintenance, and full lifecycle management. The Company has established intelligent upgrading as the core engine of its strategic transformation, a key driver for supporting its long-term development and building competitive barriers.

Distinguishing itself from the homogeneous competition focused on hardware R&D and manufacturing prevalent among industry peers, the Company has precisely identified service gaps and capability shortcomings in the aftermarket for intelligent equipment. It has firmly positioned itself as a "hardware-savvy, scenario-insightful, operations-proficient" full-lifecycle service expert for smart equipment. By focusing on high-value aftermarket segments, including operations and maintenance support, dispatch optimization, asset management, and data services for intelligent equipment across various brands, the Company is continuously extending its service value chain to build an irreplicable competitive barrier in the aftermarket.

With a decade of forward-looking technological accumulation in the intelligent logistics field, the Company has independently mastered core technologies such as AGV navigation, robot swarm scheduling, and remote equipment operation and maintenance, and has achieved commercial deployment across multiple scenarios, including warehousing and manufacturing. In 2026, the Company officially established the "Hefei R&D Center for Intelligent Material Handling" and simultaneously set up specialized business divisions for unmanned forklifts, industrial robots, smart containers, and autonomous logistics vehicles, thereby completing the organizational upgrade of its intelligent business and strengthening its systems for technology R&D, talent pool, and commercial operations. During the Reporting Period, the Company has entered into in-depth partnerships with several leading smart manufacturing enterprises to jointly build a one-stop operation and maintenance management system for smart equipment. By continuously capitalizing on the growth opportunities in the smart logistics aftermarket, the Company is forging a new growth trajectory.

Outlook

Looking ahead to the second half of 2026, global macroeconomic conditions remain uncertain. The domestic logistics industry will continue to progress steadily along the main themes of cost reduction, efficiency improvement, and green and intelligent transformation. The expansion of cross-border manufacturing in Southeast Asia will continue to drive growing demand for intralogistics equipment services. In the second half of the year, the Company will deepen its core strategy as an "intralogistics equipment management platform provider," rigorously implement the four-pronged tactics of "empowering service network, diversifying service offerings, internationalization and intelligence," and put into practice the five operational guidelines of "Steady Growth, Strengthen Internal Control, Enhance Service, Strengthen Organization, and Ensure Safety." We will focus on core business areas, deepen our presence in premium markets, and strengthen capability building to promote high-quality and sustainable development of the Company.

Optimize the business structure and strengthen the core service-oriented main business

We will continue to optimize our business and product structure, further increasing the revenue share and profit contribution of two high gross profit businesses of equipment subscription and maintenance and repair, refine the structure of our trading business by phasing out inefficient operations and strengthening synergistic coordination. We will also deepen our focus on the competitive electric loaders segment, expand the scale of equipment and broaden applications across diverse industrial and mining scenarios to solidify our leading position in the industry. Additionally, we will steadily advance the commercialization of cleaning equipment, complete our full-range layout of intralogistics equipment, empower our entire business chain with digital technologies, and continuously enhance overall profit flexibility and comprehensive service value.

Deepening the presence in the Southeast Asian market while steadily advancing global expansion.

We will seize the opportunities of opening up during the "15th Five-Year Plan" period and cross-border industrial cooperation under the Belt and Road Initiative, continue to deepen the presence in key Southeast Asian markets, improve the construction of local service outlets, spare parts warehouses, and localized operation and maintenance teams in various countries, thereby achieving standardized and scaled operations of overseas outlets. We will fully replicate the mature light-asset service model, full-lifecycle operation and maintenance system, and digital management system from the domestic market overseas to continuously enhance our market penetration in foreign markets. Meanwhile, we will actively explore emerging potential markets such as the Middle East, continuously improve our global service network, and solidify our second growth curve overseas.

Iteratively upgrade the intelligent service system to consolidate industry leadership

We will continue to increase investment in the research and development of core technologies such as AI-powered intelligent scheduling, IoT remote operation and maintenance, and unmanned equipment management. We will also upgrade the multi-machine collaborative operating system, equipment energy consumption management, and intelligent risk control platform to facilitate the large-scale implementation of intelligent warehousing and unmanned operation solutions. Meanwhile, we will continue to strengthen the barriers of intelligent aftermarket services, promote the transformation and upgrading of the Company into a digital warehousing comprehensive solutions platform enterprise, and consolidate our leading position in the industry.

Comprehensively enhance the quality of customer service and solidify the market foundation

We will always prioritize customer experience, comprehensively optimize our service process system, improve the recruitment, training, assessment, and empowerment mechanisms for service engineers, and continuously shorten the response time to faults, on-site handling duration and equipment delivery timelines. Leveraging digital management tools, we will ensure full visibility, standardization and traceability throughout the service process, thereby continuously enhancing the customer service experience, customer satisfaction, and long-term contract retention, while solidifying the Company's market foundation.

Strictly adhere to the bottom line of risk control and refine internal control and safety production management

We will strictly abide by national laws and regulations on the safety supervision of special equipment, improve the globally integrated safety production responsibility system and emergency response plans for equipment operation and maintenance, thereby achieving unified control of operational risks both at home and abroad. Leveraging an intelligent monitoring system, we will provide real-time early warnings for equipment operation risks and dynamically identify potential hazards, comprehensively covering all risk points related to equipment assets, on-site maintenance, overseas operations, and compliance management. We will continue to deepen our asset-light transformation, optimize our asset structure, enhance the Company's ability to withstand economic cycles and risks, and ensure stable and orderly business operations.

In the future, we will continue to uphold innovation-driven development, digital empowerment, green growth and global expansion. We will further refine our management and risk control practices, seize strategic opportunities amid industry upgrading and transformation, and achieve steady performance growth. We will continue to fulfill our corporate mission by creating long-term value for customers, employees and shareholders, leading the high-quality development of the intralogistics equipment industry, and continuously contributing to industrial upgrading and regional economic development.

FINANCIAL REVIEW

Revenue

The Group's revenue primarily came from three business segments: (i) intralogistics equipment subscription services, where we charge customers fees based on the duration they use relevant intralogistics equipment; (ii) maintenance and repair services, where we provide maintenance and repair services for customers' intralogistics equipment; and (iii) sales of intralogistics equipment and parts, where we sell new and used intralogistics equipment as well as related parts that meet customers' demands.

The following sets forth a breakdown of the Group's revenue from three business segments for the six months ended June 30, 2026 and the six months ended June 30, 2025:

	For the six months ended June 30,				Year-on-year percentage change
	2026		2025		
	RMB'000	*%*	*RMB'000*	*%*	*%*
Intralogistics equipment subscription services	**514,284**	**55.6**	438,807	51.2	17.2
Maintenance and repair services	**128,350**	**13.9**	122,368	14.3	4.9
Sales of intralogistics equipment and parts	**282,350**	**30.5**	295,058	34.5	(4.3)
Total	**924,984**	**100.0**	856,233	100.0	8.0

The Group's revenue increased by 8.0% from approximately RMB856.2 million for the six months ended June 30, 2025 to approximately RMB925.0 million for the six months ended June 30, 2026, primarily due to the following reasons:

1. Our revenue from intralogistics equipment subscription services increased by 17.2% from approximately RMB438.8 million for the six months ended June 30, 2025 to approximately RMB514.3 million for the six months ended June 30, 2026, primarily due to (i) the continuous deepening of the platform service provider strategy, driving both existing and new customers to transition from the traditional one-off maintenance and repair and trade procurement model to subscription services, thereby optimizing the overall business structure; (ii) the continuous densification of the global service network layout, with deeper penetration into lower-tier regional markets to unlock business demand in those regions; and (iii) the sustained expansion of the loader subscription business, driving the overall growth in revenue from subscription services;

2. Our revenue from maintenance and repair services increased by 4.9% from approximately RMB122.4 million for the six months ended June 30, 2025 to approximately RMB128.4 million for the six months ended June 30, 2026, primarily due to (i) the continuous enhancement of the national service network and service system, which improved service coverage and responsiveness, thereby driving steady growth in both business volume and the number of customers; (ii) the continued realization of business synergies, which increased the proportion of trade customers converting to the procurement of maintenance and repair services; and (iii) the sustained advancement of the international layout, with the steady development of overseas maintenance and repair business, contributing to the revenue growth of this segment; and

3. Our revenue from sales of intralogistics equipment and parts decreased by 4.3% from approximately RMB295.1 million for the six months ended June 30, 2025 to approximately RMB282.4 million for the six months ended June 30, 2026, primarily due to the Company's proactive acceleration of its business transformation and upgrading, which continuously steered existing trade customers towards becoming long-term operational equipment subscription and maintenance and repair service customers. The results of the service-oriented transformation of the existing trading operations became evident, leading to an adjustment in the scale of sales of equipment and parts.

Cost of Sales

The Group's cost of sales increased by 7.8% from approximately RMB592.5 million for the six months ended June 30, 2025 to approximately RMB638.6 million for the six months ended June 30, 2026, which is in line with the growing trend of the Group's revenue.

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of the Group's gross profit and gross profit margin by revenue segments for the six months ended June 30, 2026 and the six months ended June 30, 2025:

	For the six months ended June 30,				
	2026		2025		Year-on-year percentage change of gross profit
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin	
	RMB'000	**%**	*RMB'000*	%	%
Intralogistics equipment subscription services	**168,866**	**32.8%**	139,149	31.7	21.4
Maintenance and repair services	**56,035**	**43.7%**	52,645	43.0	6.4
Sales of intralogistics equipment and parts	**61,532**	**21.8%**	71,962	24.4	(14.5)
Total	**286,433**	**31.0%**	263,756	30.8	8.6

The Group's gross profit increased by 8.6% from approximately RMB263.8 million for the six months ended June 30, 2025 to approximately RMB286.4 million for the six months ended June 30, 2026, which is in line with the growing trend of the Group's revenue. The Group's gross profit margin increased from 30.8% for the six months ended June 30, 2025 to 31.0% for the six months ended June 30, 2026. The improvement was primarily attributable to: (i) the continuous release of equipment remanufacturing efficiencies, which effectively extended the service life cycle of existing equipment, reduced depreciation costs, and drove an increase in the gross profit of the subscription business; (ii) the electric loader business, being a business segment with a relatively high gross profit margin, experienced rapid growth in its business scale, making a significant contribution to the growth of overall gross profit; (iii) the sustained enhancement of the synergy effect between subscription services and maintenance and repair business, leading to an increase in the penetration rate of integrated business services for customers; concurrently, the conversion of traditional trade customers to higher value-added subscription services and maintenance and repair services increased the proportion of high-margin service revenue, thereby driving an improvement in gross profit margin; (iv) the construction of overseas service outlets achieved phased progress, generating initial positive contributions to gross profit.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 6.4% from approximately RMB55.9 million for the six months ended June 30, 2025 to approximately RMB59.5 million for the six months ended June 30, 2026, primarily due to the expansion of business scale and the extension of service outlets, which led to a corresponding increase in marketing staff and travelling expenses.

Administrative Expenses

The Group's administrative expenses increased by 12.3% from approximately RMB106.2 million for the six months ended June 30, 2025 to approximately RMB119.3 million for the six months ended June 30, 2026, primarily due to the increase in the number of administrative employees and a corresponding rise in office expenses, driven by business expansion and the deepening of overseas localised operations.

Other Income and Gains

The Group's other income and gains increased by 10.4% from approximately RMB8.9 million for the six months ended June 30, 2025 to approximately RMB9.8 million for the six months ended June 30, 2026, primarily due to the change in investment gains recognised upon the remeasurement of the previously held equity interest at fair value at the date of acquisition, following the conversion of an associate into a subsidiary.

Other Expenses

The Group's other expenses increased by 118.2% from approximately RMB1.1 million for the six months ended June 30, 2025 to approximately RMB2.4 million for the six months ended June 30, 2026, primarily due to the changes in foreign exchange gains and losses.

Finance Costs

The Group's finance costs decreased by 3.4% from approximately RMB53.3 million for the six months ended June 30, 2025 to approximately RMB51.5 million for the six months ended June 30, 2026, primarily due to the optimisation of the financing structure and the corresponding decrease in financing costs, driven by the expansion of business scale and the enhancement of the brand influence.

Income Tax Expenses and Effective Tax Rate

The Group recorded income tax expenses of approximately RMB2.2 million and effective tax rate of approximately 4.0% for the six months ended June 30, 2026, while it recorded income tax expenses of approximately RMB3.9 million and effective tax rate of approximately 7.2% for the six months ended June 30, 2025. The change was primarily due to the changes in the mix of earnings among the various operating entities within the Group.

Profit for the Period

As a result of the above, our profit for the period increased by 5.2% from approximately RMB50.3 million for the six months ended June 30, 2025 to approximately RMB52.9 million for the six months ended June 30, 2026.

Liquidity, Financial Resources, Treasury Policies and Capital Structure

As at June 30, 2026, the Group had current assets of approximately RMB988.6 million, representing an increase of 13.9% from approximately RMB868.1 million as at December 31, 2025, primarily due to the increase in trade and bills receivables arising from business expansion. The Group had current liabilities of approximately RMB1,459.0 million, representing an increase of 5.6% from approximately RMB1,382.3 million as at December 31, 2025, primarily due to the increase in trade and bills payables arising from business expansion. As a result, the Group's net current liabilities amounted to approximately RMB470.4 million as at June 30, 2026 (December 31, 2025: RMB514.2 million). The Group's current ratio was 0.68 at June 30, 2026 as compared with 0.63 at December 31, 2025, which equals to total current assets divided by total current liabilities as at the end of the period. There was no material change in the Group's debt-to-asset ratio (calculated as total debt divided by total assets) as at June 30, 2026 as compared with that that disclosed in the latest published annual report of the Company.

As at June 30, 2026, the Group's cash and cash equivalents amounted to approximately RMB218.6 million (December 31, 2025: RMB176.3 million), which is mainly funded from operations and unutilized proceeds. As at June 30, 2026 and December 31, 2025, the Group's total facilities from bank and other borrowings amounted to RMB5,751.9 million and RMB5,473.3 million, of which RMB2,443.6 million and RMB2,283.0 million had been utilized, respectively.

The H Shares have been listed on the Stock Exchange since the Listing Date. On April 17, 2026 (after trading hours), the Company entered into a subscription agreement (the "**Subscription Agreement**") with Hongkong Chunhe Investment Limited (the "**Subscriber**"), pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, a total of 14,500,000 H Shares (the "**Subscription Share(s)**") at the subscription price of HK$6.02 per Subscription Share (the "**Subscription**"). The subscription price represents a discount of approximately 2.27% to the closing price of HK$6.16 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement, and a discount of approximately 1.63% to the average closing price per Share of approximately HK$6.12 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreement. The Subscription Shares were allotted and issued pursuant to the general mandate granted to the Board on June 13, 2025. The Subscription was completed on May 11, 2026. Upon completion, the total number of issued Shares of the Company increased from 348,022,816 Shares to 362,522,816 Shares (comprising 264,151,704 H Shares and 98,371,112 Unlisted Shares), and the registered capital of the Company was correspondingly changed to RMB90,630,704. The Board believes that the Subscription is an important move for the Group to raise additional funds to meet its requirements for general working capital. The Subscription will not only help the Group to improve its financial condition, enlarge its share capital and optimize its capital structure, but also help the Group to establish a long-term and stable relationship with the Subscriber, which will lay a solid foundation for the future business expansion and sustainable development of the Group. For details of the Subscription, please refer to the announcements of the Company dated April 17, 2026 and May 11, 2026, respectively.

Save as disclosed above, there has been no other changes in the capital structure of the Company during the Reporting Period. The capital of the Company comprises ordinary shares including the Unlisted Shares and H Shares.

The Group has adopted a prudent financial management approach towards its treasury policies to ensure that the liquidity requirements from daily operations as well as capital expenditures are met.

We aim to maintain sufficient cash and facilities to meet our liquidity requirements. We finance our working capital requirements through a combination of funds generated from operations and alternative funding resources such as equity and debt. The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize Shareholders' value. We did not purchase structured deposits during the six months ended June 30, 2026 (during the year ended December 31, 2025: nil).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may negotiate more favorable repayment terms with financial institutions or issue new shares, to continuously improve working capital management efficiency.

Capital Expenses

During the Reporting Period, the Group's capital expenditures amounted to approximately RMB131.1 million, representing an increase by 49.7% from approximately RMB87.6 million for the six months ended June 30, 2025, primarily due to the rapid expansion of electric loader business and the increase in related equipment investment.

Pledge of Assets

As at June 30, 2026, the Group pledged assets of approximately RMB506.1 million as collateral for bank borrowings or any other financing activities, representing a decrease of 15.3% from approximately RMB597.2 million as at December 31, 2025.

Exposure to Fluctuations in Foreign Exchange Rates

The Group's business operations are mainly conducted in the PRC with most of the transactions settled in RMB, being the Group's functional currency. Meanwhile, the Group had certain transactions with overseas customers, which were mostly settled in U.S. dollars. As of June 30, 2026, the Group had not entered into any foreign exchange contracts or any hedging transactions or instruments against exposure to fluctuations in the exchange rate of RMB against U.S. dollars. However, the Group will monitor foreign exchange risks regularly and consider hedging significant foreign currency risks when necessary.

Contingent Liabilities

As of June 30, 2026, the Group did not have any material contingent liabilities.

USE OF PROCEEDS FROM THE SUBSCRIPTION

References are made to the announcements of the Company dated April 17, 2026 and May 11, 2026 in relation to the subscription of new Shares under the general mandate. On May 11, 2026, the Company completed the allotment and issue of a total of 14,500,000 H Shares, representing approximately 4.00% of the issued share capital of the Company as enlarged following by the issue of the Subscription Shares, at the subscription price of HK$6.02 per Share. The gross proceeds and net proceeds from the Subscription were approximately HK$87.3 million and HK$86.8 million (the "**Net Proceeds**"), respectively. As of June 30, 2026, the unutilized Net Proceeds amounted to HK$86.8 million. As of the date of this announcement, the unutilized Net Proceeds were deposited in short-term demand with licensed banks or authorized financial institutions.

The table below sets forth a breakdown of the utilization and proposed utilization of the Net Proceeds as of June 30, 2026 (any discrepancies between totals and sums of amounts listed in the table below are due to rounding):

Proposed usage	**Allocation and percentage of the Net Proceeds**	**Proposed allocation amount**	**Amount utilized as of June 30, 2026**	**Amount unutilized**	**Expected time of utilization**
	%	*(Approximately HK$ million)*	*(Approximately HK$ million)*	*(Approximately HK$ million)*	
Layout in electrification and other business	45%	39.06	0	39.06	By June 30, 2028
Expand the Company's offline service network	30%	26.04	0	26.04	By June 30, 2028
The Group's daily operations	15%	13.02	0	13.02	By June 30, 2028
Support technological innovation and digital operations	10%	8.68	0	8.68	By June 30, 2028
Total	**100%**	**86.8**	**0**	**86.8**	**—**

The above utilization of the Net Proceeds is in line with the plans previously disclosed by the Company. The Board will continuously assess the proposed utilization of the Net Proceeds and may revise or amend such proposed utilization when necessary to cope with the changing market conditions, and strive for better business performance of the Group.

For further details, please refer to the announcements of the Company dated April 17, 2026 and May 11, 2026, respectively.

EMPLOYEES AND REMUNERATION POLICIES

We recognize the importance of talent for sustainable business growth and competitive advantages. We believe that our success depends on our ability to attract, retain and motivate qualified personnel. As at June 30, 2026, we had 2,168 (June 30, 2025: 2,098) full-time employees, of whom 2,141 were based in China and 27 were located overseas. Our total employee benefit expenses (excluding Directors' and Supervisors' remunerations) were RMB161.7 million (for the six months ended June 30, 2025: RMB155.4 million) for the six months ended June 30, 2026. The remuneration is determined based on the terms of reference, the prevailing industry practice and the educational background, experience and performance of the staff, the importance of the post, the amount of time he/she devotes to the post, etc. These policies are reviewed regularly. Besides salaries, the Group also provides other fringe benefits to its employees, including year-end bonuses, allowances and benefits in kind.

We are committed to equal employment opportunity and employee diversity. Equal opportunities are given to employees in respect of recruitment, training and development, job advancement, and compensation and benefits. Under our internal policies, the employees shall not be discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, age, marital status, family status, disability, pregnancy or any other discrimination prohibited by applicable laws and regulations.

We believe we have maintained good relationships with our employees and the employees are not represented by a labor union. During the Reporting Period and up to the date of this announcement, we did not experience any strikes or any labor disputes with our employees which have had or are likely to have a material effect on our business.

The Group provides training sessions tailored to the needs of its employees in different functions. Topics covered by such training sessions include our corporate culture, internal rules and policies and professional knowledge, know hows and skills. We also provide training to management and administrative personnel at all levels, in order to enhance their leadership capabilities. Such training sessions are conducted in both online and offline forms. We also offer external training opportunities to our management team and technicians.

SIGNIFICANT INVESTMENT AND MATERIAL EVENTS DURING THE REPORTING PERIOD

The Board is not aware of any significant investment and events which could have a material impact on our operating and financial performance for the six months ended June 30, 2026.

EVENTS AFTER THE REPORTING PERIOD

The Group is not aware of any significant events which could have a material impact on our operating and financial performance after the Reporting Period.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	**2026** ***RMB'000*** **(Unaudited)**	2025 *RMB'000* (Unaudited)
REVENUE	*4*	**924,984**	856,233
Cost of sales		**(638,551)**	(592,477)
Gross profit		**286,433**	263,756
Other income and gains	*5*	**9,783**	8,858
Selling and distribution expenses		**(59,513)**	(55,902)
Administrative expenses		**(119,339)**	(106,238)
Impairment losses on financial assets, net		**(8,640)**	(2,059)
Other expenses		**(2,395)**	(1,148)
Finance costs		**(51,498)**	(53,320)
Share of profits of associates		**225**	263
PROFIT BEFORE TAX	*6*	**55,056**	54,210
Income tax expense	*7*	**(2,182)**	(3,921)
PROFIT FOR THE PERIOD		**52,874**	50,289
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(61)**	—
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		**(61)**	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**52,813**	50,289

	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit attributable to:		
Owners of the company	**53,051**	50,289
Non-controlling interests	**(177)**	—
	52,874	50,289
Total comprehensive income attributable to:		
Owners of the company	**52,990**	50,289
Non-controlling interests	**(177)**	—
	52,813	50,289
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted	**RMB0.15**	RMB0.14

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,409,760**	1,344,518
Right-of-use assets		**1,828,271**	1,675,137
Intangible assets		**25,023**	28,847
Investments in associates		**13,331**	13,522
Deposits		**188,428**	175,205
Goodwill		**11,305**	—
Deferred tax assets		**7,919**	6,914
Total non-current assets		**3,484,037**	3,244,143
CURRENT ASSETS			
Inventories		**168,525**	160,228
Trade and bills receivables	*10*	**479,235**	427,715
Prepayments, other receivables and other assets		**74,757**	62,607
Restricted deposits		**47,462**	41,226
Cash and cash equivalents		**218,579**	176,299
Total current assets		**988,558**	868,075
CURRENT LIABILITIES			
Trade and bills payables	*11*	**400,240**	350,163
Other payables and accruals		**221,316**	201,939
Interest-bearing bank and other borrowings		**833,356**	826,143
Tax payable		**4,092**	4,014
Total current liabilities		**1,459,004**	1,382,259
NET CURRENT LIABILITIES		**(470,446)**	(514,184)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,013,591**	2,729,959

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**1,610,247**	1,456,892
Other payables and accruals	**19,009**	19,582
Deferred tax liabilities	**2,374**	2,720
Total non-current liabilities	**1,631,630**	1,479,194
NET ASSETS	**1,381,961**	1,250,765
EQUITY		
Equity attributable to owners of the Company		
Share capital	**90,631**	87,006
Reserves	**1,289,507**	1,163,759
	1,380,138	1,250,765
Non-controlling interests	**1,823**	—
Total equity	**1,381,961**	1,250,765

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. 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 consolidated financial statements for the year ended 31 December 2025.

Going concern basis

As at 30 June 2026, the Group had net current liabilities of RMB470.4 million. The directors of the company (the "**Directors**") consider that the Group will have sufficient working capital to finance its operation and meets its financial obligation as and when they all due in the coming 12 months from the date of approval of the interim condensed consolidated financial statements after taking into account, inter alia, the historical operating performance and the unutilised borrowing facilities of the Group amounting to RMB3,308.3 million available for the coming 12 months from the date of approval of the interim condensed consolidated financial statements.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the interim condensed consolidated financial information of the Group for the six months ended 30 June 2026 on a going concern basis.

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 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

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

(a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met.

The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) *Annual Improvements to HKFRS Accounting Standards — Volume 11* set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3 OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and products and only has one reportable operating segment. The information reported to the Directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

4 REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**569,060**	533,516
Revenue from operating leases (included in intralogistics equipment subscription services)	**355,924**	322,717
Total	**924,984**	856,233

Disaggregated revenue information for revenue from contracts with customers:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Intralogistics equipment subscription services (excluding operating leases)	**158,360**	116,090
Maintenance and repair services	**128,350**	122,368
Sales of intralogistics equipment and parts	**282,350**	295,058
Total	**569,060**	533,516

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Geographical markets		
Chinese mainland	**474,910**	441,724
Oversea*	**94,150**	91,792
Total	**569,060**	533,516
Timing of revenue recognition		
Goods transferred at a point in time	**286,710**	238,458
Services transferred over time	**282,350**	295,058
Total	**569,060**	533,516

* The Group mainly provided its products or services to overseas countries in Asia, Europe, North and South America and Australia.

5 OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Rental income	**4,883**	5,391
Investment gain arising from deemed disposal of an associate	**4,011**	—
Interest income	**610**	1,732
Foreign exchange gain, net	**—**	1,369
Government grant*	**78**	134
Others	**201**	232
Total	**9,783**	8,858

* There are no unfulfilled conditions or contingencies related to these government grants.

6 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**328,376**	305,112
Depreciation of property, plant and equipment*	**115,602**	113,748
Depreciation of right-of-use assets*	**97,721**	103,248
Lease payments not included in the measurement of lease liabilities	**48,002**	24,108
Amortisation of intangible assets	**4,554**	4,446
Research and development costs**	**24,135**	21,945
Employee benefit expenses:		
Wages and salaries	**140,664**	135,220
Pension scheme contributions (defined contribution schemes)	**21,019**	20,205
Total	**161,683**	155,425
Foreign exchange loss/(gain), net	**974********	(1,369)***
Impairment of trade receivables	**8,640**	2,059
Loss on disposals of property, plant and equipment****	**23**	6

* The depreciation of property, plant and equipment and right-of-use assets is included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses" in profit or loss, respectively.

** The amounts are included in "Administrative expenses" in profit or loss.

*** The amounts are included in "Other income and gains" in profit or loss.

**** The amounts are included in "Other expenses" in profit or loss

7 INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the Company and the subsidiaries which operates in Chinese Mainland are subject to corporate income tax at a rate of 25% on the taxable income unless those are subject to tax exemption set out below.

The Company is qualified as an "High and New Technology Enterprise" and therefore was entitled to a preferential income tax rate of 15% for the years from 2025 to 2027. This qualification is subject to review by the relevant tax authority of the PRC every three years.

Except for Anhui Folangsi Machinery Co., Ltd., Guangzhou Folangsi Forklift Co., Ltd. and Mitsubishi Logisnext Forklift (Shang Hai) CO. LTD, other subsidiaries of the Group in the PRC are qualified as "Small and Micro Enterprises" and therefore were entitled to a preferential income tax rate of 5% to 10% during the periods.

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current	**3,532**	5,736
Deferred	**(1,350)**	(1,815)
Total	**2,182**	3,921

8 DIVIDENDS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final declared — 2026: Nil (2025: RMB0.0293) per ordinary share	**—**	10,197

No interim dividends have been paid by the company during the six months ended 30 June 2026 and 2025.

9 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the period, as adjusted to reflect the rights issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the period for a dilution as the Group had no potentially dilutive ordinary shares in issue during the period.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**53,051**	50,289

	Number of shares	
	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**352,108,451**	348,022,816

10 TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within three months	**358,811**	307,620
Four to six months	**81,396**	72,406
Six to twelve months	**20,700**	30,764
Over one year	**18,328**	16,925
Total	**479,235**	427,715

11 TRADE AND BILLS PAYABLES

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within three months	**350,687**	307,029
Three months to one year	**44,178**	38,476
Over one year	**5,375**	4,658
Total	**400,240**	350,163

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Company has adopted the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with all the principles and applicable code provisions under the CG Code.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the corporate governance reports included in the annual reports.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and Supervisors. Having made specific enquiries with the Directors and Supervisors, each of the Directors and Supervisors confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares, if any).

MATERIAL LITIGATION

The Directors are not aware of any material litigation or claim pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the CG Code. The Audit Committee consists of three members, namely Mr. Du Lizhu (independent non-executive Director), Ms. Hou Yu (independent non-executive Director) and Mr. Chiang Edward (independent non-executive Director), with Mr. Du Lizhu serving as the chairman of the Audit Committee.

The terms of reference of the Audit Committee are not laxer than those provided for in the CG Code.

The Audit Committee has considered and reviewed, with no disagreement with the management of the Company, the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2026 and the disclosure in this announcement.

The Audit Committee is of the opinion that the preparation of the financial information complies with the applicable accounting practices and policies, the requirements of the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fls123.com. The interim report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders upon request of the Shareholders and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2026.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

"AGV"	Automated Guided Vehicle, an unmanned wheeled transport vehicle equipped with automated guidance devices, capable of travelling along predefined routes or autonomously planning routes based on environmental information, and featuring safety protection and load transfer functions. In this announcement, AGV refers to the Group's general term for intelligent unmanned logistics handling equipment, including unmanned forklifts, various types of AGVs and other intelligent handling equipment
"AI"	artificial intelligence, computer systems or technologies that simulate human intelligence processes, including capabilities such as machine learning, computer vision, big data analytics, autonomous decision-making and path planning
"Audit Committee"	the audit committee of the Board
"Auditors"	Ernst & Young
"autonomous logistics vehicle"	an intelligent logistics device equipped with autonomous navigation, path planning and cargo handling capabilities
"B2B"	business-to-business
"Board" or "Board of Directors"	board of directors of the Company
"CG Code"	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules

"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan Region of the People's Republic of China
"Company", "the Company" or "our Company"	FOLANGSI CO., LTD (廣州佛朗斯股份有限公司) (formerly known as Guangzhou Folangsi Machinery Co., Ltd. (廣州佛朗斯機械有限公司)), a limited liability company incorporated in the PRC on December 5, 2007 which was converted into a joint stock company with limited liability on November 25, 2016 and listed on the Stock Exchange on November 10, 2023 (Stock code: 2499)
"Director(s)"	director(s) of the Company
"Forklift"	an industrial equipment with a metal fork platform attached to its front that can be used to lift heavy loads by inserting the fork platform under cargo, pallets, or machines for moving them or placing them in warehouses, production sites, distribution centers and other scenarios
"Group", "the Group", "our Group", "we", "us" or "our"	the Company and all of its subsidiaries, or any one of them as the context may require
"H Share(s)"	overseas listed foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB0.25 each, subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"intralogistics equipment"	an industrial machinery used to replace intensive labor in mechanical work, such as carrying, moving, sorting, and stacking of cargo and heavy loads, in manufacturing plants, logistics parks, warehouses, airports, ports, and other similar worksites
"IoT"	internet of things, the network of physical objects that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet
"IT"	the information technology, a collective term for various technologies used to manage and process information
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Reporting Period"	the six months ended June 30, 2026
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB0.25 each, including both Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company

"U.S. dollars"	United States dollars, the lawful currency of the United States
"Unlisted Share(s)"	ordinary shares in the share capital of the Company, with a nominal value of RMB0.25 each, which are not listed on any stock exchange
"%"	per cent

By order of the Board
FOLANGSI CO., LTD
Hou Zekuan
Chairman of the Board and Executive Director

Guangzhou City, the People's Republic of China
August 21, 2026

As at the date of this announcement, the Board comprises Mr. Hou Zekuan as the chairman of the Board and executive Director, Mr. Hou Zebing, Mr. Qian Xiaoxuan, Ms. Ma Li and Mr. Zhou Limin as executive Directors, Mr. Li Hanchi as non-executive Director, and Mr. Chiang Edward, Ms. Hou Yu and Mr. Du Lizhu as independent non-executive Directors.