

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



2026

INTERIM REPORT

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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 as to the "Group").

	Six months ended 30 June 2026 RMB'000	Six months ended 30 June 2025 RMB'000	Change (+/-)
Current period			
Turnover	6,657,943	5,596,064	+18.98%
Operating profits	898,628	737,054	+21.92%
EBITDA	1,025,862	857,781	+19.59%
Profit attributable to equity parent	773,074	631,728	+22.37%
Per share data			
Basic earnings per share ^{(1)#}	0.18	0.15	+0.20%
Net assets per share ^{(2)#}	2.68	2.53	+5.93%
Key performance indicators			
<i>Profitability</i>			
Overall gross margin	21.55%	20.28%	+1.27%
Net profit margin	11.61%	11.29%	+0.32%
EBITDA margin ⁽³⁾ :	15.41%	15.33%	+0.08%
Return on equity ⁽⁴⁾	6.74%	5.84%	+0.90%
<i>Liquidity and solvency</i>			
Current ratio ⁽⁵⁾	2.01	2.29	-12.2%
Interest coverage ratio ⁽⁶⁾ :	751	530	+41.70%
Gross debt-to-equity ratio ⁽⁷⁾	62.88%	52.70%	+10.18%
<i>Management efficiency</i>			
Inventory turnover days ⁽⁸⁾	84	93	-9 days
Trade and bills payables turnover days ⁽⁹⁾	168	160	+8 days
Trade receivable turnover days ⁽¹⁰⁾	89	81	+8 days

- # calculated based on the 4,280,100,000 weighted average number of outstanding shares (WANOS) for the period ended 30 June 2026 (30 June 2025: 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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INDEPENDENT REVIEW REPORT

To the board of directors of Lonking Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 6 to 32, which comprises the condensed consolidated statement of financial position of Lonking Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2026 and the related 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 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 ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim 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 HKICPA. A review of interim 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.

Certified Public Accountants
Hong Kong
26 August 2026

A member of Ernst & Young Global Limited.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		For the six months ended 30 June	
	Notes	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
REVENUE	3, 4	6,657,943	5,596,064
Cost of sales		(5,223,243)	(4,461,306)
Gross profit		1,434,700	1,134,758
Other income	5	43,619	58,510
Other gains and losses	5	58,150	108,665
Selling and distribution expenses		(275,172)	(239,975)
Administrative expenses		(130,394)	(125,143)
Impairment losses on financial assets, net		502	(9,899)
Research and development costs		(308,354)	(240,273)
Other expenses		(5,377)	(2,756)
Finance income		80,954	53,167
Finance costs		(1,197)	(1,391)
PROFIT BEFORE TAX	6	897,431	735,663
Income tax expense	7	(124,238)	(103,828)
PROFIT FOR THE PERIOD		773,193	631,835
Attributable to:			
Owners of the parent		773,074	631,728
Non-controlling interests		119	107
		773,193	631,835
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted:			
– For profit for the period (RMB)	8	0.18	0.15

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 2026

	For the six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	773,193	631,835
OTHER COMPREHENSIVE LOSS		
Exchange differences:		
Exchange differences on translation of foreign operations	(22,440)	(6,353)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(22,440)	(6,353)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(22,440)	(6,353)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	750,753	625,482
Attributable to:		
Owners of the parent	750,634	625,375
Non-controlling interests	119	107
	750,753	625,482

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,530,827	1,584,723
Right-of-use assets		111,662	114,302
Prepayments for property, plant and equipment		9,924	6,405
Long-term receivables	11	872,351	479,780
Equity investments at fair value through other comprehensive income		500	1,000
Financial assets at fair value through profit or loss	14	693,132	666,080
Time deposits	15	459,677	590,403
Deferred tax assets		382,481	360,006
Total non-current assets		4,060,554	3,802,699
CURRENT ASSETS			
Inventories	10	2,553,577	2,256,524
Trade receivables	11	3,594,873	2,862,266
Bills receivable		610,876	567,718
Due from related parties	19	1,128	1,525
Prepayments, other receivables and other assets	12	661,919	610,773
Financial assets at fair value through other comprehensive income	13	44,910	52,663
Derivative financial instruments		27,441	4,091
Financial assets at fair value through profit or loss	14	207,654	253,314
Pledged deposits	15	457,305	255,849
Time deposits	15	3,092,776	1,883,253
Cash and cash equivalents	15	3,724,179	4,364,812
Total current assets		14,976,638	13,112,788

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	16	5,427,397	4,156,705
Other payables and accruals	17	1,038,089	909,587
Interest-bearing bank borrowings		–	20,000
Due to related parties	19	10,702	7,894
Tax payable		136,496	142,300
Provisions		102,452	82,208
Deferred income		6,570	6,570
Dividends payable	8	743,496	–
Total current liabilities		7,465,202	5,325,264
NET CURRENT ASSETS		7,511,436	7,787,524
TOTAL ASSETS LESS CURRENT LIABILITIES		11,571,990	11,590,223
NON-CURRENT LIABILITIES			
Deposits for finance leases		37	37
Deferred tax liabilities		57,967	69,156
Provisions		8,428	7,631
Deferred income		29,153	31,393
Total non-current liabilities		95,585	108,217
Net assets		11,476,405	11,482,006



	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
EQUITY		
Equity attributable to owners of the parent		
Issued capital	444,116	444,116
Share premium and reserves	11,029,442	11,035,162
	11,473,558	11,479,278
Non-controlling interests	2,847	2,728
Total equity	11,476,405	11,482,006

Li San Yim
Director

Yin Kun Lun
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the parent						Total	Non-controlling interests	Total equity
	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			
At 1 January 2026 (audited)	444,116	854,922	419,200	1,969,881	8,291,451	(500,292)	11,479,278	2,728	11,482,006
Profit for the period	-	-	-	-	773,074	-	773,074	119	773,193
Other comprehensive income for the period:	-	-	-	-	773,074	-	773,074	119	773,193
Exchange differences related to foreign operations	-	-	-	-	-	(22,440)	(22,440)	-	(22,440)
Total comprehensive income for the period	-	-	-	-	773,074	(22,440)	750,634	119	750,753
Final 2025 dividend declared	-	-	-	-	(756,354)	-	(756,354)	-	(756,354)
Transfer to retained profits	-	-	(2,255)	-	2,255	-	-	-	-
At 30 June 2026 (unaudited)	444,116	854,922	416,945	1,969,881	8,310,426	(522,732)	11,473,558	2,847	11,476,405

* These reserve accounts comprise the consolidated share premium and reserves of RMB11,029,442,000 (2025: RMB11,035,162,000) in the interim condensed consolidated statement of financial position.

	Attributable to owners of the parent						Total	Non-controlling interests	Total equity
	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			
At 1 January 2025 (audited)	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	-	-	-	-	631,728	-	631,728	107	631,835
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 (unaudited)	444,116	854,922	422,073	1,915,561	7,674,098	(497,569)	10,813,201	2,860	10,816,061

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Note	For the six months ended 30 June	
		2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		828,382	683,675
(Increase)/decrease in inventories		(296,293)	19,415
Increase in trade and bills receivables		(1,135,341)	(415,839)
(Increase)/decrease in prepayments, deposits and other receivables		(28,198)	60,950
Increase in trade, bills and other payables		1,391,320	338,988
Increase in provisions		21,041	17,657
Decrease/(increase) in amounts due from related parties		397	(1,606)
Increase/(decrease) in amounts due to related parties		2,808	(3,867)
Increase in deferred income		1,054	—
Increase in pledged deposits		(174,145)	(98,805)
Cash generated from operations		611,025	600,568
Interest received		44,053	57,620
Income tax paid		(163,706)	(78,505)
Net cash flows from operating activities		491,372	579,683
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(71,772)	(15,248)
Disposals of bank wealth management products		—	1,942,260
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		(2,489,077)	(1,008,349)
Decrease in time deposits with original maturity of more than three months		1,421,165	809,336

		For the six months ended 30 June	
	Note	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Proceeds from disposal of financial assets at fair value through profit or loss		30,782	—
Dividend income from financial assets at fair value through profit or loss		1,702	6,297
Proceeds from disposal of items of property, plant and equipment		3,042	6,379
Proceeds from disposal of interests in equity investments designated at fair value through other comprehensive income		500	—
Net cash flows (used in)/from investing activities		(1,103,658)	2,140,675
CASH FLOWS FROM FINANCING ACTIVITIES			
Addition of bank loans		—	(20,000)
Repayment of bank loans		20,000	—
Net cash flows (used in)/from financing activities		(20,000)	20,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(632,286)	2,740,358
Net foreign exchange differences		(8,347)	(4,030)
Cash and cash equivalents at beginning of period		4,364,812	1,218,049
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	3,724,179	3,954,377

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 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.

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 Standard for the first time for the current period's financial information.

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

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 from wheel loaders, forklifts, excavators, road rollers and other construction machinery. Refer to note 4 for the disclosure of disaggregated revenue.

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

Approximately 14% (2025: 18%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sales, with 100% (2025: 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 2026 and 2025:

Six months ended 30 June 2026 (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	6,657,943	–	–	6,657,943
Segment results	766,092	(19)	61,760	827,833
<i>Reconciliation:</i>				
Finance income				80,954
Unallocated other income and gains and losses				(3,734)
Corporate and other unallocated expenses				(6,425)
Finance costs				(1,197)
Profit before tax				897,431

4. Operating segment information *(Continued)*

Six months ended 30 June 2025 (Unaudited)	Sale of construction machinery <i>RMB'000</i>	Finance leases of construction machinery <i>RMB'000</i>	Financial investments <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue				
Revenue from external customers	5,596,064	–	–	5,596,064
Segment results	582,869	(17)	102,817	685,669
<i>Reconciliation:</i>				
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

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

Inter-segment revenues are eliminated on consolidation.

4. Operating segment information *(Continued)*

Geographical information

	30 June 2026 RMB'000 (Unaudited)	30 June 2025 RMB'000 (Unaudited)
Revenue from external customers:		
Mainland China	4,678,559	3,962,590
Outside Mainland China	1,979,384	1,633,474
Total revenue	6,657,943	5,596,064

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2026 and 31 December 2025:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Segment assets:	18,079,005	16,585,307
Sale of construction machinery	17,149,182	15,416,976
Finance leases of construction machinery	1,596	244,846
Financial investments	928,227	923,485
Corporate and other unallocated assets	958,187	330,180
Consolidated assets	19,037,192	16,915,487

4. Operating segment information *(Continued)*

Geographical information *(Continued)*

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Segment liabilities:	6,793,666	5,395,399
Sale of construction machinery	6,744,544	5,355,550
Finance leases of construction machinery	10,225	10,158
Financial investments	38,897	29,691
Corporate and other unallocated liabilities	767,121	38,082
Consolidated liabilities	7,560,787	5,433,481

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

	For the six months ended 30 June			
	2026 RMB'000	%	2025 RMB'000	%
Sales of construction machinery:				
Wheel loaders	3,156,558	47.3	2,300,997	41.2
Forklifts	1,688,886	25.4	1,880,612	33.6
Excavators	1,031,706	15.5	807,919	14.4
Components	749,907	11.3	578,355	10.3
Road rollers	30,886	0.5	28,181	0.5
Total	6,657,943	100.0	5,596,064	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	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Government grants	12,269	23,888
Additional value-added tax deduction	22,948	21,023
Income from the sale of scraps	6,620	11,245
Penalty income	121	167
Others	1,661	2,187
Total	43,619	58,510

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

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Losses on disposal of items of property, plant and equipment	(637)	(1,364)
Fair value gains, net:		
Financial assets at fair value through profit or loss		
– held for trading	38,030	128,913
Derivative instruments		
– transactions not qualifying as hedges	22,029	(32,393)
Dividend income from financial assets at fair value through profit or loss	1,702	6,297
Foreign exchange (losses)/gains	(3,734)	6,798
Other	760	414
Total	58,150	108,665

6. Profit before tax

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

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cost of inventories sold*	5,143,253	4,211,845
Depreciation of property, plant and equipment	124,594	118,270
Depreciation of right-of-use assets	2,640	2,457
Staff costs, including directors' remuneration	432,137	342,976
Contribution to a retirement benefit scheme	42,539	37,679
Foreign exchange differences, net	3,734	(6,798)
Impairment of financial assets, net	(502)	9,899
Product warranty provision	61,944	59,198
Fair value gains, net:		
Financial assets at fair value through profit or loss	(38,030)	(128,913)
Derivative instruments	(22,029)	32,393
Dividend income from financial assets at fair value through profit or loss	(1,702)	(6,297)
Reversal of provision for inventories	(760)	(414)
Bank structured deposits interest income	(19,019)	(34,160)
Bank time deposits interest income	(36,039)	(17,557)
Amortisation of unrealised financing income	(25,896)	(1,450)
Government grants	(12,269)	(23,888)
Auditor's remuneration	630	630

- * Cost of inventories sold includes expenses relating to staff costs, 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	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current income tax expense	157,902	86,242
Deferred income tax expense	(33,664)	17,586
Income tax expense recognised in the consolidated statement of profit or loss	124,238	103,828

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the legislation is effective for the Group's financial year beginning 1 January 2025.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the first half year of 2026. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group does not expect a material exposure to Pillar Two income taxes.

8. Earnings per share and dividends payable

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 2025: 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 2026 (six months ended 30 June 2025: Nil).

The proposed final dividend of HK\$0.2 per ordinary share for the year ended 31 December 2025 was declared payable and approved by the shareholders in the annual general meeting of the Company on 28 May 2026 and was paid on 31 July 2026.

9. Property, plant and equipment

During the six months ended 30 June 2026, the Group acquired assets at a cost of RMB75,048,000 (six months ended 30 June 2025: RMB28,821,000), including property, plant and machinery in the People's Republic of China (the "PRC").

Assets with a net book value of RMB3,679,000 were disposed of by the Group during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB7,743,000), resulting in a net loss on disposal of RMB637,000 (six months ended 30 June 2025: a net loss of RMB1,364,000).

10. Inventories

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Raw materials	885,173	731,051
Work in progress	196,366	213,685
Finished goods	1,472,038	1,311,788
Total	2,553,577	2,256,524

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 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables	4,956,769	3,833,735
Impairment	(489,545)	(491,689)
	4,467,224	3,342,046
Less: Non-current portion	(872,351)	(479,780)
Total	3,594,873	2,862,266

The non-current portion of trade receivables comprises the receivables with maturities of more than 12 months but within 3 years, according to the credit terms.

The ageing analysis of trade receivables is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	2,639,772	1,622,074
3 to 6 months	787,227	797,663
6 months to 1 year	662,111	654,650
More than 1 year	378,114	267,659
Total	4,467,224	3,342,046

12. Prepayments, other receivables and other assets

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Prepayments	384,319	283,086
Deductible value-added tax	80,453	60,286
Deposits	2,255	11,159
Total	467,027	354,531
Other receivables:		
Loan receivables	443,348	443,443
Less: Impairment	(436,950)	(436,950)
Net loan receivables	6,398	6,493
Other miscellaneous receivables	189,192	250,447
Less: Impairment	(698)	(698)
Net other miscellaneous receivables	188,494	249,749
Total other receivables	194,892	256,242
Grand total	661,919	610,773

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 the 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 amounts to the leasing companies once the account was overdue for more than three months. Accordingly, the Group would extend loans to the sales agencies to help them with the settlement of the repurchase. The sales agencies were required to repay within three months as it would normally take three months to resell 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 and would mainly be repaid within 18 to 24 months.

13. Financial assets at fair value through other comprehensive income

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Bills receivable, at fair value	44,910	52,663

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 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Listed equity investments, at fair value	207,654	253,314
Wealth management and fund investment products, at fair value	693,132	666,080
	900,786	919,394
Less: Non-current portion	(693,132)	(666,080)
Total	207,654	253,314

The above listed equity investments at 30 June 2026 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 Chinese mainland. 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 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Cash and bank balances	3,724,179	4,364,812
Time deposits and pledged deposits	4,009,758	2,729,505
	<u>7,733,937</u>	<u>7,094,317</u>
Less: Pledged cash and bank balances and time deposits:		
Pledged for bank acceptance bills	(423,294)	(226,895)
Pledged for purchasing financial assets at fair value through profit or loss	(27,311)	—
Pledged for others	(6,700)	(28,954)
Time deposits with original maturity of more than three months	(3,552,453)	(2,473,656)
Cash and cash equivalents	<u>3,724,179</u>	<u>4,364,812</u>

16. Trade and bills payables

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

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 6 months	5,347,228	4,077,718
6 months to 1 year	24,665	24,950
1 to 2 years	12,614	10,477
2 to 3 years	5,578	4,747
Over 3 years	37,312	38,813
Total	5,427,397	4,156,705

The bills payables were aged within six months at the end of each reporting period and secured by pledged bank deposits amounting to RMB423,294,000 (31 December 2025: RMB226,895,000) (note 15).

17. Other payables and accruals

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Accrued sales rebate	387,937	311,501
Salaries and wages payable	125,421	157,335
Contract liabilities	187,802	136,482
Other payables	110,498	98,460
Other accrued expenses	90,431	83,927
Payable for acquisition of property, plant and equipment	24,342	17,547
VAT and other taxes payable	105,886	98,563
Deposit for finance leases	5,772	5,772
Total	1,038,089	909,587

18. Commitments

At 30 June 2026, the Group had capital commitments of RMB4,925,000 (31 December 2025: RMB9,614,000) principally relating to the acquisition of property, plant and equipment located in the PRC.

19. Related party transactions

The following table sets out transactions with related parties during the six-months ended 30 June 2026 (unaudited) and 30 June 2025 (unaudited) as well as balances with related parties as at 30 June 2026 (unaudited) and 31 December 2025 (audited):

		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	2026	18,392	—	7,197
Company Limited (note a)	2025	13,669	—	5,721
Herkules (Shanghai) Automation	2026	5,210	1,128	3,505
Equipment Co., Ltd. (note b)	2025	2,083	1,525	2,064
Shanghai Longtui Machinery				
Environmental Technology	2026	—	—	—
Co., Ltd. (note c)	2025	2	—	109

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 2026.

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

19. Related party transactions *(Continued)*

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Short-term employee benefits	7,090	7,090
Pension scheme contributions	106	105
Total compensation paid to key management personnel	7,196	7,195

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 the 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 reviews 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 2026 (unaudited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets				
Financial assets at fair value through other comprehensive income	–	44,910	–	44,910
Equity investments designated at fair value through other comprehensive income	–	–	500	500
Financial assets at fair value through profit or loss	207,654	–	693,132	900,786
Derivative financial instruments	–	27,441	–	27,441
Total	207,654	72,351	693,632	973,637

20. Fair value and fair value hierarchy of financial instruments

(Continued)

Fair value hierarchy (Continued)

As at 31 December 2025 (audited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets				
Financial assets at fair value through other comprehensive income	–	52,663	–	52,663
Equity investments designated at fair value through other comprehensive income	–	–	1,000	1,000
Financial assets at fair value through profit or loss	253,314	–	666,080	919,394
Derivative financial instruments	–	4,091	–	4,091
Total	253,314	56,754	667,080	977,148

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

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
At beginning of period	667,080	595,138
Disposals	(31,282)	–
Fair value gains recognised in the statement of profit or loss included in other gains and losses	57,834	71,942
At end of period	693,632	667,080

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 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT AND BUSINESS REVIEW

In the first half of 2026, the Chinese economy continued its overall stable development trend of moving towards innovation and higher quality, demonstrating remarkable resilience and vitality, with GDP growing by 4.7% year-on-year. The Chinese construction machinery industry benefited from the triple drivers of existing equipment renewal, overseas expansion and electrification transformation, with a moderate recovery in the domestic market and strong resilience in overseas markets, achieving steady growth in both domestic and export sales. Facing opportunities from structural changes in the industry and external operational challenges, the Group continued to focus on the main theme of high-quality development in construction machinery, accelerating the green and intelligent transformation while iteratively improving its new product matrix. The Group also continued to deepen quality improvement and cost control throughout the entire chain, comprehensively strengthening all systematic work of lean operations, with key operating indicators continuing to improve, risk management capabilities further strengthened, and the quality of operations reaching a new level.

During the reporting period, the Group recorded total operating revenue of RMB6,658 million, representing an increase of RMB1,062 million or 18.98% year-on-year, as compared to RMB5,596 million for the same period in 2025. As the core pillar of the Group's operating revenue and profit, the loader business continued to strengthen its market competitiveness, with sales surging by 37.18% year-on-year, accounting for 47.41% of the operating revenue, up by 6.29 percentage points from 41.12% as compared to the same period in 2025. The percentage of the operating revenue from the forklift business receded to 25.37%, primarily attributable to a year-on-year decline in sales. Seizing the favourable opportunity of sustained recovery in both domestic and overseas demand for excavators, the Group made all-out efforts to expand the market, achieving a 27.70% year-on-year growth in sales, with its operating revenue percentage increasing to 15.50% during the period. During the reporting period, the Group's consolidated gross profit margin stood at 21.55%, up by 1.27 percentage points from 20.28% as compared to the same period in 2025. Net profit amounted to RMB773 million, representing an increase of RMB141 million or 22.31% year-on-year, as compared to RMB632 million for the same period in 2025. The increase in net profit was mainly driven by the Group's active efforts in developing and refining its product portfolios and continuously expanding both domestic and overseas markets, which resulted in steady growth in production and sales scale during the reporting period, as well as the Group's notable achievements in quality enhancement and cost control, which contributed to a year-on-year improvement in the consolidated gross profit margin of its products. The Group's overseas market expansion delivered strong results in the first half: overseas revenue reached RMB1.979 billion, up 21.18% year-on-year, marking a new record high.

GEOGRAPHICAL RESULTS

In the first half of 2026, the Company recorded overall growth in operating revenue compared with the same period in 2025, with performance varying across regions. The North region achieved the strongest domestic growth, with sales increasing by 31.3% to approximately RMB1,551 million, and its market share rising from 21.10% to 23.30%. The Southwest and Central regions also delivered notable growth, with sales increasing by 22.5% and 16.9% to approximately RMB297 million and RMB645 million respectively, while their market shares reached 4.45% and 9.68%. The Northwest region recorded 15.2% sales growth to approximately RMB530 million, with a market share of 7.96%.

The East and South regions recorded moderate sales growth of 13.0% and 5.6%, reaching approximately RMB928 million and RMB541 million respectively. However, the East region's market share declined slightly from 14.68% to 13.95%, while the South region's market share stood at 8.13%. The Northeast region was the only region to record a decline, with sales decreasing by 3.7% to approximately RMB187 million and market share falling from 3.47% to 2.80%.

Export sales continued to show robust growth, increasing by 21.2% to approximately RMB1,979 million from RMB1,633 million in the same period of the previous year. Export markets accounted for 29.73% of total revenue, compared with 29.19% last year, remaining the Company's largest sales segment.

PRODUCTS ANALYSIS

For the six months ended June 30, 2026, the Group reported total revenue of RMB6,657.94 million, a significant increase of 19.0% compared to RMB5,596.06 million in the same period of 2025. This growth was primarily driven by a strong recovery in domestic infrastructure spending, supported by government policy, and by successful expansion in overseas markets. Demand for excavators and loaders saw a notable surge, contributing significantly to this revenue expansion. Specifically, sales of wheel loaders, excavators, and components saw significant increases, while forklift sales experienced a decline.

Wheel Loaders

Revenue from wheel loaders experienced a substantial increase of 37% compared with the same period of the prior year, reaching RMB3,156.56 million. This growth was largely attributed to the domestic market's recovery, supported by government initiatives and relevant policies that boosted demand for loaders. The increasing proportion of higher-priced loaders in the sales mix also contributed to revenue growth, aligning with industry trends. Loaders now represent 47% of the Group's total revenue, up from 41% in the prior-year period.

Excavators

The excavator segment demonstrated strong performance, with a 28% increase in sales revenue to RMB1,031.71 million. This growth was fueled by the ongoing “15th Five-Year Plan” driving construction projects and a significant need for equipment replacement, as a large number of excavators from the previous sales peak period are now due for renewal. The company’s sales revenue from excavators now accounts for 15% of the Group’s total revenue, up from 14% in the prior-year period.

Forklifts

Forklift revenue declined by approximately 10.2% to RMB1,688.89 million from RMB1,880.61 million. While the logistics and warehousing sectors continue to develop with a trend towards electric upgrades, sales volume was also affected. The proportion of forklift revenue in the Group’s total revenue decreased from approximately 34% in the prior-year period to approximately 25%.

Road Roller

Road Roller revenue increased by approximately 9.6% from RMB28.18 million to RMB30.89 million. However, its share of total sales revenue slightly decreased. This was accompanied by a decrease in gross margin, which was driven by a product mix shift towards higher-cost motor graders, leading to an increase in unit cost.

Components

Sales of parts and components increased by approximately 29.7% to RMB749.91 million from RMB578.36 million. This revenue represented approximately 11.3% of total revenue.

FINANCIAL REVIEW

The Group showed strong financial performance for the six months ended June 30, 2026, compared with the same period in 2025, characterized by robust revenue growth, improved profitability, and enhanced margins. The success was mainly driven by its focus on core businesses, including the R&D, manufacturing, and sales of infrastructure machinery products. While there was a notable increase in inventories and trade receivables, these movements appear to be largely in line with sales growth and changes in the sales mix. The substantial decrease in impairment losses on financial assets also positively impacted net profit. The increase in pledged deposits is viewed as a consequence of expanded business activities and financing strategies. Overall, the results reflect a company experiencing solid operational growth and effectively managing its financial position.

Cash and Bank Balance

As at 30 June 2026, the Group had bank balances and cash of approximately RMB3,724 million (31 December 2025: approximately RMB4,365 million), pledged bank deposits of approximately RMB457 million (31 December 2025: approximately RMB256 million) and placed time deposits of approximately RMB3,552 million (31 December 2025: approximately RMB2,474 million). Compared with last year, the cash and bank balance decreased about RMB641 million, which was as a result of net cash inflow of RMB491 million from operating activities, net cash outflow of RMB1,104 million from investing activities and net cash outflow of RMB20 million from financing activities and effect of foreign exchange rate change at RMB8 million.

The pledged deposits balance at 30 June 2026 increased approximately RMB201 million. Details of pledged bank deposits for the period ended 30 June 2026 are set out in Note 15 to the interim results.

Liquidity and Financial Resources

The Group are committed to build a sound finance position. Total shareholders fund as at 30 June 2026 was approximately RMB11,476 million, an 0.05% decrease from approximately RMB11,482 million as at 31 December 2025.

The current ratio of the Group at 30 June 2026 was 2.01 (31 December 2025: 2.46). The Directors believed that the Group has sufficient resources to support its working capital requirement and meet its foreseeable capital expenditure.

Capital Structure

During the period ended on 30 June 2026, 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 2026, the gross gearing ratio (defined as total liabilities divided by total assets) was approximately 39.72% (as at 31 December 2025: 32.12%).

Capital Expenditure

During the period, the Group acquired property, plant and equipment of approximately RMB75 million (for the six months ended 30 June 2025: approximately RMB29 million) in line with a series of strategic transformation and product transformation of the Group.

Revenue

The Group recorded a strong increase in revenue for the first half of 2026. Total revenue reached approximately RMB6,657.9 million, representing an increase of approximately 19.0% from RMB5,596.1 million in the corresponding period in 2025. The increase was mainly attributable to robust growth in sales of infrastructure machinery, as a result of strong demand in both domestic and overseas markets. China's domestic policy direction, which is driving large-scale infrastructure investment, and the recovery in overseas infrastructure investment were important factors.

Profitability

The company also achieved improved profitability. Gross profit rose by a substantial 26.4% to RMB1,434.7 million from RMB1,134.8 million. This led to an expansion in the gross margin, which improved by 1.27 percentage points from 20.28% to 21.55%. This margin improvement suggests enhanced pricing power and greater cost efficiencies as sales volumes increased.

Other Income

Other Income decreased by 25.45% to RMB43.6 million for the six months ended 30 June 2026, from RMB58.5 million for the six months ended 30 June 2025. This reduction was primarily attributable to lower government grants and revenue from sales of scrap as compared with the previous year.

Other Gains and Losses

Other Gains and Losses experienced a significant decrease of 46.49%, falling to RMB58.2 million from RMB108.7 million. The primary driver for this decline was a substantial reduction in fair value gains on financial assets at fair value through profit or loss (FVTPL), which decreased by RMB90.9 million. This was partially offset by a gain from derivative financial instruments, which swung from a loss of RMB32.4 million in the first half of 2025 to a gain of RMB22.0 million in the first half of 2026. This swing in derivative instruments was due to the triggering of a guaranteed return clause, as the underlying investment's stock price declined. Additionally, foreign exchange losses increased, moving from a gain of RMB6.8 million to a loss of RMB3.7 million.

Impairment Losses

A notable positive development was the significant reduction in impairment losses on financial assets, net. This figure decreased by 105.07%, from RMB9.9 million in H1 2025 to RMB-0.5 million in H1 2026. This substantial decrease was primarily due to a net reversal of impairment provisions for trade receivables, amounting to RMB2.1 million. However, this reversal was partially offset by new impairment charges on other financial assets. The reduction in impairment losses supported profit growth.

Inventories

Inventories increased by 13.0% to RMB2,553.6 million from RMB2,256.5 million. This increase is consistent with strong sales growth and also reflects the Company's increased inventory reserves to support future sales and respond to changes in market conditions.

Trade Receivables

Trade receivables (current assets) increased significantly by 25.6% to RMB3,595 million from RMB2,862 million. This rise is attributed to increased sales, particularly of higher-priced electric machinery with extended payment terms, and seasonal collection patterns. The non-current portion of trade receivables, representing longer-term instalments, saw a substantial increase of 81.8%. Despite the increase in receivables, the allowance for doubtful debts remained broadly stable, suggesting that the growth was not primarily driven by a deterioration in credit quality.

Pledged Deposit

Pledged deposits nearly doubled, increasing by 78.7% to RMB457.3 million from RMB255.8 million. This significant increase was mainly driven by a substantial rise in deposits for bills, linked to higher outstanding bills payable. This increase in pledged deposits is a normal outcome of business expansion and increased scale of operations.

Time deposits

Time deposits increased by 43.6% to RMB3,552.5 million, while cash and cash equivalents decreased by 14.7% to RMB3,724.2 million. This shift indicates a strategic allocation of liquidity into term deposits, which also contributed to higher finance income.

PROSPECT

Outlook

Looking ahead to the second half of 2026, market demand for construction machinery is expected to continue its positive trajectory. In the domestic market, the state is implementing more proactive and effective macroeconomic policies with precision, steadily advancing equipment upgrades and renewals, urban village redevelopment, farmland water conservancy construction, and major infrastructure projects. The continued release of policy dividends provides strong support for the development of the construction machinery industry. Driven by both stock replacement and green upgrading, the construction machinery market is accelerating its iteration cycle, with existing stock potential continuing to be unlocked and converted into demand for new equipment, presenting new opportunities for structural growth in the coming period. In the overseas market, despite numerous uncertainties such as geopolitical tensions and trade barriers, positive factors remain significant. On the one hand, the international competitiveness of Chinese construction machinery enterprises continues to strengthen steadily, primarily reflected in: optimizing cost and delivery efficiency through complete supply chains and flexible large-scale manufacturing; efficiently meeting the differentiated and customized needs of emerging markets through rapid iteration and adaptability to special working conditions; and fully leveraging electric and intelligent advantages to align closely with the global low-carbon transformation trend. The enhancement of international competitiveness lays a solid foundation for a dual leap in global market share and brand value. On the other hand, countries along the “Belt and Road” and other emerging markets continue to promote large-scale infrastructure projects such as railways and energy, while the stabilization and rebound of prices of non-ferrous metals and other resources are driving resource-rich countries’ mining capital expenditures into a growth cycle. The combined effect of these multiple factors will drive the continued release of overseas market demand, opening up vast incremental space for the industry, and construction machinery exports are expected to sustain their strong growth momentum.

The Group will firmly seize the three core opportunities of the cyclical upturn in domestic equipment renewal, the continued expansion of overseas markets, and the substitution of conventional products by new energy products. Keeping pace with the industry’s trend toward green and intelligent upgrading and the differentiated needs of customers worldwide, the Group will adopt a global perspective and remain firmly focused on its four major categories of machinery, namely loaders, forklifts, excavators and road machinery, while strengthening its presence in core components across the industrial chain. The Group will coordinate and optimize its business portfolio, build sustainable growth engines, and strive to drive continuous and simultaneous improvements in both operating quality and business scale. The Group will adhere to and further enhance its agency-based marketing system, and continuously consolidate and strengthen its three core competitive advantages of “quality, service and value for money”. The Group will focus its efforts on key initiatives, including product innovation and upgrading, end-to-end cost optimization, expansion of overseas marketing channels and enhancement of its service system, with a view to continuously strengthening earnings resilience and striving to create sustainable value returns for customers 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 2026, 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 and 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 the annual general meeting of the Company held on 28 May 2026 (the “2026 AGM”) due to other important engagements.

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-executive Director for more than nine years. 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 requirements of the Group’s business and his participation 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' experience in the government sectors and public services in Chinese mainland. The Company values Mr. Wu's 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 Dr. 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 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 2026, a separate resolution to re-elect Mr. Qian and Mr. Wu as retiring Directors, as independent non-executive Directors 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 circumstances. 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 the code 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 2026.

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 2026, 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 2026, the Company made a total of more than 36 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 2026, 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 2026
Ngai Ngan Ying	beneficial owner	2,469,272,188	57.69%
Chen Chao	beneficial owner	1,596,000	0.04%
Zheng Ke Wen	beneficial owner	429,900	0.01%
		2,471,298,088	57.74%

(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 2026
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 2026, 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 2026, 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 2026 (six months ended 30 June 2025: 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 2026, the Group employed approximately 8,432 employees.

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

During the period ended on 30 June 2026, 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 2026 have been reviewed by the audit committee of the Company.

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

Hong Kong, 26 August 2026

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

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Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

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INVESTOR RELATIONS

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STOCK CODE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
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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
27/F, One Taikoo Place
979 King's Road
Quarry Bay, 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