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 ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The Board is pleased to announce the consolidated annual results of the Group for the year ended December 31, 2024 together with the comparative figures for the year ended December 31, 2023 as set out below.

These annual 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 annual results.

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 17.4% from approximately RMB1,371.8 million for the year ended December 31, 2023 to approximately RMB1,610.9 million for the year ended December 31, 2024.

Profit for the year of the Group increased by 226.9% from approximately RMB31.2 million for the year ended December 31, 2023 to approximately RMB102.0 million for the year ended December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In 2024, the intralogistics equipment solutions industry was poised to embrace new opportunities and challenges, driven by favorable policies and growing market demand, as there was an urgent need to improve efficiency in China's logistics sector. In 2021, the ratio of China's social logistics costs to its GDP stood at 14.6%, which was significantly higher than the 8.3% and 5.7% of the United States and Japan, respectively. Such a gap indicates substantial room for improvement in reducing social logistical costs and enhancing the efficiency of logistical resource utilization in China.

Favorable policies driving demand for intralogistics equipment solutions

In 2024, the National Development and Reform Commission and the Ministry of Transport of PRC continued the policy outlined in the National Logistical Hubs Layout and Construction Plan issued in 2018, and proposed at the Central Economic Work Conference to implement a special initiative to reduce overall social logistics costs, aiming to establish approximately 150 national logistical hubs by 2025 and lower the ratio of total social logistical costs to GDP to around 12%. Such policy support has injected strong momentum into the logistical industry, encouraging enterprises to adopt intelligent and centralized management strategies to reduce logistical costs. Against such a backdrop, both logistical and industrial enterprises were witnessing a significant increase in demand for intralogistics equipment solutions, particularly for intelligent devices and centralized management systems, which presented new market opportunities for providers of intralogistics equipment solutions.

Diversification of intralogistics equipment solutions

The sustained high level of China's logistical index indicates robust demand for logistical services. Intralogistics equipment solutions help logistical and industrial enterprises optimize resource allocation and reduce operational costs by providing them with specialized equipment and services, thus driving the development of the industry.

Demand for intelligent devices: The accelerating pace of informatization and intelligentization across various industries has led to the widespread adoption of advanced technologies in daily operations. In the intralogistics sector, the innovative application of intelligent technologies has significantly improved equipment utilization efficiency. The rapid development of IoT technology has further enhanced operational efficiency, enabling real-time monitoring and management of more devices, thus optimizing resource allocation. These trends have led to a consistent increase in demand for intelligent equipment among logistical and industrial enterprises, as they strive to establish a competitive edge. For providers of intralogistics equipment solutions, integrating IoT technology into their solutions and promoting device intelligence have become key strategies to enhance their core competitiveness. Through continuous technological innovation and service optimization, they can not only meet the growing demand for intelligent solutions but also secure a leading position in a highly competitive market. Moving forward, intelligence will remain a critical driver for intralogistics equipment solutions, helping solution providers achieve efficient, precise, and sustainable operations.

Diversification of equipment types: In line with national policies aimed at reducing overall logistics costs, enterprises are increasingly turning to third-party intralogistics equipment solutions to lower operational expenses, while relentlessly improving the efficiency of their own intralogistics operations. Intralogistics equipment is characterized by high procurement costs, intensive maintenance requirements, strong professional expertise, and significant management challenges, which pose hurdles for enterprises attempting to build their own logistics equipment systems. Third-party intralogistics equipment solution providers, leveraging their professionalism and economies of scale, offer comprehensive and efficient equipment and service support, which not only lessens the complexity of equipment usage and management but also reduces the need for significant asset investments. By accelerating the integration of social logistics equipment supply chains, third-party providers can significantly enhance resource utilization efficiency while aligning with national policy directives. As demand for intralogistics equipment solutions grows across industries, diversification of equipment types will emerge as a key development direction for solution providers. To remain competitive, they must expand their range of equipment offerings and optimize their services to meet the diverse needs of clients, thereby contributing to the reduction of social logistics costs and the improvement of resource utilization efficiency.

Expansion of equipment management and maintenance market: With the rapid development of the logistical and industrial sectors, enterprises need to acquire a large amount of intralogistics equipments to meet their growing operational demands. However, such equipments require not only regular examination and maintenance but also continuous technical upgrades and optimization to adapt to diverse operational scenarios and increasing efficiency requirements. Due to the high level of professionalism in equipment management and maintenance, enterprises often face challenges such as high maintenance costs, difficulty in management, and delayed technological updates when maintaining the equipments by their own. Therefore, an increasing number of enterprises are turning to professional logistics equipment solutions to alleviate their burdens and enhance operational efficiency, which has generated strong market demand for third-party intralogistics equipment solution providers. Equipment owners can entrust their equipments to professional providers for full-lifecycle management, including services such as equipment monitoring, regular inspection, daily maintenance, and technical upgrades. Such an entrusted operation and management model not only ensures that their equipments remain in optimal operating conditions but also significantly reduces management costs and labor inputs. By entrusting equipment management to professional companies, equipment owners can allocate more resources to their core businesses, thereby improving their overall operational efficiency and market competitiveness. Professional equipment management service providers, leveraging their extensive industry experience and technological advantages, can tailor efficient management solutions for customers, ensuring optimal equipment performance and operational safety. This service model not only achieves optimal resource allocation but also provides enterprises with enhanced competitiveness and sustainable development potential. As market demand for equipment management services continues to grow, this sector will become an indispensable part of the logistical industry, driving it in the direction of more intelligent, professional, and efficient development.

With the increasing demand for intelligent equipments and equipment management services, the intralogistics equipment solution industry is expected to experience further consolidation and unprecedented opportunities. The Company takes a positive view of this trend and believes that by continuously innovating and optimizing its services, it can provide customers with more efficient solutions, thereby enhancing its own competitiveness. We are confident that, as the industry's intelligent transformation accelerates, the Company will meet with greater development opportunities in future markets and inject strong momentum into the transformation and upgrade of the entire logistical industry.

GROUP OVERVIEW

We are a leading intralogistics equipment solution provider in China. We take "improving asset utilization and saving social resources" as our mission. Focusing on intralogistics equipment subscription services, we strive to provide enterprises with one-stop solutions for intralogistics equipment utilization and management. We provide services that span the entire lifecycle of intralogistics equipment, including equipment subscription, repair and maintenance, and disposal. In 2024, we adhere to our three major development strategies of "Empowering Service Network, Diversifying Service Offerings, Internationalization" to further consolidate our established leading market position. In 2024, we achieved notable success in finance as a result of our stable business expansion in conjunction with improvement of our operation capability and scope.

"Empowering service network"

In 2024, with the development strategy of "Empowering Service Network" at our core, we actively expanded our service network through diversified approaches including acquisition of equity interests in other companies, purchase of assets, as well as empowering partnerships. As of December 31, 2024, we have established 85 offline service outlets in 48 cities across China, managing over 56,000 units of intralogistics equipment.

The effective layout of the empowering service network strategy accelerates the expansion of our service network and asset scale, significantly enhancing our profitability. In particular, the acquisition of Nichiyu (Shanghai) has introduced a well-regarded high-end brand in the industry to the Company, bringing about significant brand synergies, thereby enhancing the Company's market influence. On the other hand, Nichiyu (Shanghai)'s service team possesses excellent electric vehicle maintenance capabilities, which benefits us in multiple way by enhancing and optimizing our service system through improving service experience, boosting operation efficiency and driving technological innovation, which in turn facilitates the Company to secure a more advantageous position in the equipment service field. Moreover, Nichiyu (Shanghai) has an established high-end clientele comprising over a thousand customers, this has effectively optimized our customer ecosystem and has bolstered our capabilities for future business expansion and capturing market opportunities, enhancing the stability and risk resilience of our business, thereby promoting the sustainable development of our Company.

The service network enhancement, the service efficiency improvement, the synergistic effect between our brands, the customer ecosystem optimization and the asset scale expansion collectively drive the continuous enhancement of the Company's market position.

“Diversifying service offerings”

In 2024, the second growth curve of the Company has emerged with significant growth. In its initial year of launch, the electric loader business marked the beginning of a dynamic new journey with remarkable momentum.

New product recorded a notable achievement in the first year of launch

- The fleet size of the new product line has been rapidly increasing and our market share in the relevant market has also been expanding quickly, demonstrating our strong brand influence and market development capabilities.

- With the achievement of revenue of over a million with a relatively higher gross profit, the new electric loader business division has contributed to the profit of the Company considerably, and has served as a new driver of the Company’s business growth, further enhancing its profitability.

The successful launch of the electronic loader business division opens up a market with tremendous development potentials

- Broad market prospect: With the tightening of environmental policies and the advancement of the “Dual Carbon” target, the market demand for electric engineering machinery is expecting exponential growth, signifying immense market potential in the future.

- Significant synergy: The Company’s extensive experience in equipment operation and management, along with its professional service team, is applicable to electric loaders, enabling it to provide customers with efficient and convenient one-stop services to safeguard their interests. Meanwhile, the Company is actively diversifying its business offerings, thereby realizing cross-selling opportunities and enhance profitability.

- Clear strategic layout: The Company has been constantly increasing its investment in its business, expanding the rental fleet scale under its management, optimizing its service network, striving to establish a nationwide platform for electric loader equipment services.

“Internationalization”

In 2024, we established Folangsi (Hong Kong) Co., Limited (“**Folangsi Hong Kong**”) and streamlined our business processes. Looking forward, Hong Kong will act as a pivot to steadily advance the Company’s globalization initiatives, particularly for our core business, the subscription services. We are committed to bringing Chinese services to the global market.

Through proactive expansion into overseas emerging markets and reinforcing our presence in the international market, particularly those countries supported by the national "Belt and Road" initiative, the revenue contribution derived from newly emerged markets has accounted for over 50% in the increment in revenue of our international business in 2024. Meanwhile, our business model has been constantly evolving, from merely a component trading business, gradually transforming to a comprehensive overseas service solution provider who offers "Component + Machinery + Services" solution packages. We have achieved exceptional results through tapping into the overseas machinery trading, and has recorded over ten million revenue therefrom, which fully demonstrates positive reception of our cost-effective products in the international market, laying a strong foundation for our internationalization development initiative.

Echoing national policies and driving green development through innovation, the equipment remanufacturing factory has entered full-scale production

The Central Economic Working Conference took place from December 11, 2024 to December 12, 2024, during which a special action to reduce logistics costs across society was proposed, while we have consistently prioritized innovation as a core driver, actively responding to national policies and dedicating to the green circular economy with concept of environmentally friendly development. These efforts have been focused on lowering social logistics handling costs. In 2024, our equipment remanufacturing factory achieved full-scale production, demonstrating strong development momentum and outstanding market competitiveness.

The deep remanufacturing industry has emerged as a driving force promoting green transformation of the industry

- **The annual production volume of deep remanufacturing equipment has exceeded 2,000 units**, recording a year-on-year increase of 85% and achieving rapid growth. This has further driven the continuous growth of our Company's market share and strengthened our leading market position.

- **The variety of deep remanufacturing equipment has continued to increase**, diversifying from counterbalanced forklifts to walkie stackers, with a more complete product portfolio, the Company is capable of meeting customers' diverse demands, thereby significantly strengthening our market competitiveness.

- **The deep remanufacturing equipment exhibits exceptional performance in functionality with reliable quality** that is comparable to brand-new equipment. This offers customers a cost-effective choice, effectively reducing equipment engagement and management costs, and is highly favored in the market.

Component remanufacturing has achieved growth in multiple dimensions, creating a new model for the circular economy

- Component remanufacturing experienced extensive growth in multiple dimension, including product portfolio diversification and enhancement in processing capabilities, covering products from electronic control units, driver units, electrical appliances, electrical motors, attachments, door frame and other core components. The annual remanufactured components volume surpassed 20,000 units, representing a year-on-year increase of 54%, which enriched our product offerings and significantly strengthened our market competitiveness.

- With high-quality and reliable performance, our remanufactured components significantly extend equipment lifespan, lower equipment maintenance costs, support the growth of the circular economy, and generate notable social benefits.

Innovation drives cost reduction and efficiency enhancement, enabling remanufacturing processes achieving an industry-leading level

- By continuously increasing investment and optimizing remanufacturing processes to improve efficiency and product quality, the Company can provide robust technical support for the sustainable development of remanufacturing business. In particular, the refined remanufacturing processes have led to a nearly 10% reduction in remanufacturing costs, resulting in a significant boost to profitability.

The full-scale production of the equipment remanufacturing factory is a key milestone in the Company's pursuit of green development and the advancement of the circular economy. In the future, the Company will continue to adhere to innovation-driven development, continuously improving the remanufacturing capabilities to offer customers better products and services, and make greater contributions to the green development of the industry and the realization of the national "Dual Carbon" target.

Strategy Enhancement

Intralogistics equipment has long been associated with inherent challenges such as high acquisition and maintenance costs, technical complexity, and management difficulties. However, most companies are not experts in intralogistics equipments, they may need assistance in equipment monitoring, inspection, maintenance and operation. As a result, it is difficult for enterprises to obtain satisfactory services from traditional service providers that offer equipments with limited maintenance support. Our comprehensive "Equipment + Platform + Service" intralogistics equipment solution provides flexible subscription solutions, covering equipment assembling, operational guidance, regular maintenance and real-time monitoring, to help customers reduce costs on fixed asset procurement and subsequent maintenance.

In 2025, we implement a strategic upgrading by introducing the operation concept of acting as an "intralogistics equipment management platform provider", allowing our "Platform + Service" model to extend beyond our own equipments, enabling equipment proprietors with relevant equipments to entrust us with its operation. Through our platform, the Company can provide professional equipment operation and management services to a wide range of customers, which expands the application scenarios of platform on the basis of our existing product portfolio.

This shift in market positioning not only rapidly expands the scale of equipment asset managed by the Company, it effectively achieves a light-asset operating model, and also broadens our business scope, extending our service offerings from providing intralogistics equipment solutions for customers who have demand for equipment subscription, to offering service solutions to forklift manufacturers who look to upgrade their equipments and asset owners who have demand for equipment management services. Upon transformation and upgrading of our operating model, this light-asset operating approach effects the separation of "ownership, management rights, and right-of-use" of assets, making that the "ownership" of intralogistics equipment no longer hinders our business expansion, allowing us to serve customers in a more flexible manner and creating a new service scope and profit model of our intelligent asset operation and management system. This new operating model is expected to serve as one of the key drivers of our future business growth, further facilitating us to deepen our market penetration in the intralogistics equipment service market and consolidating our leading market position.

Our successful listing of shares on the Stock Exchange since November 2023 has contributed capital power to the Company for development, and our strong financial performance in 2024 delivered an impressive answer to our investors for their trust. In the future, the Company will continue to optimize capital structure, maintain a prudent business strategy, review operational policies and development strategies in due course, seize new business opportunities and achieve comprehensive development. Our ambition is to take our business to new heights and realise the development strategy of "building a world-leading high-dimensional shared ecosystem for B2B industrial and intralogistics equipment".

BUSINESS OVERVIEW

Our Business Model and Service Offerings

Our intralogistics equipment solutions comprise the following three business segments during the Reporting Period:

- **Intralogistics Equipment Subscription Services:** We provide intralogistics equipment to customers for their usage with value-added services, including but not limited to, equipment selection, on-site operation training, general and necessary maintenance and repair, and real-time monitoring of equipment status and operation through our Intelligent Asset and Operation Management Platform. In managing this business segment, we charge customers services fees mainly based on types and configurations of equipment selected, duration they use the subscribed intralogistics equipment, and customization of related services (if applicable).

- **Maintenance and Repair Services:** In this business segment, we generate revenue from providing on-site maintenance and repair services to customers for their intralogistics equipment. We charge fees either on project basis for one-off repair services, or based on service plans where we charge fees on monthly basis for certain contract period covering equipment specified in the relevant agreement.

- **Sales of Intralogistics Equipment and Parts:** We sell new intralogistics equipment and parts to enterprises in China and abroad; and used intralogistics equipment to enterprises in China. We conduct sales through our own sales team directly to end customers. We had a broad range of customers, such as manufacturers, logistics companies, and trading companies, with intralogistics need, including movement of heavy goods and material in indoor and limited outdoor spaces.

As the intralogistics equipment solution market expands, we will continuously seek to further distinguish ourselves from other industry players in future by progressively optimizing the supply, allocation and full lifecycle management of assets, driving the efficiency, quality and power reform in both upstream and downstream, as well as advocating for sustainable development and the sharing economy. As such, we aim to establish a solid foundation for our Group's success in the long run so as to remain competitive in the rapidly-evolving field of business.

Our Technology

We consider technology capability our key strength to continuously innovate our service offerings, enhance customers' experience and optimize operation efficiency. We have always adhered to innovation-driven development. We have continuously devoted resources in developing and optimizing our comprehensive technology platform, namely Intelligent Asset and Operation Management Platform. This platform enables us to integrate and connect key operating sectors, as well as assets involved, through which, we have been able to facilitate an intelligent, efficient and cost-effective management on equipment operation and utilization, service supervision, as well as asset management. Furthermore, leveraging this platform, we believe we are able to achieve quick expansion of our business network across China, as well as management of equipment and customer portfolio with consistent quality and optimized operational efficiency.

Our Intelligent Asset and Operation Management Platform, consists of (i) IoT Smart Terminals, which consist of sensors, wearable devices, and other smart hardware serving as gateway for the collection and transmission of information on equipment status and usage patterns, which lay the foundation for our efficient business management and customer interaction; (ii) Operating Information Analysis System, which enables centralized management of intralogistics equipment and parts, and integrates, processes and analyzes comprehensive information in relation to our fleet and usage patterns collected through IoT Smart Terminals. This system delivers to us detailed equipment information at multiple dimensions as well as analytical diagrams designed to present key operating information of such equipment at multiple dimensions, based on which, our management may quickly make business decisions in relation to relevant operation arms on a well-informed basis; and (iii) Information Management and Application, where we integrate information and analytical results developed through IoT Smart Terminals and Operating Information Analysis System, to facilitate proper equipment and technician dispatch, remote control of our equipment, cost-efficient maintenance and repair service plans, and customization of services, etc.

OUTLOOK

Since its establishment in 2007, the Company has steadily evolved through years of innovation and development, transforming from a dealer of intralogistics equipment into a market-leading provider of integrated intralogistics solutions. This achievement is attributed to the Company's keen ability to seize market opportunities, continuously deepened innovation capabilities, and successful strategic upgrades of key business models during each market uptrend. Looking ahead, we are committed to our strategic goal of "building a world-leading high-dimensional shared ecosystem for B2B industrial and intralogistics equipment" to drive sustainable growth and reach new milestones through the following strategic initiatives.

Strategy Upgrade

With the rapidly growing market demand for intralogistics equipment management services, the Company is taking the lead in introducing the operational concept of an "intralogistics equipment management platform provider" in 2025. This strategy enhancement expands our "Platform + Services" operating model beyond our own equipment, making it accessible to all equipment holders and enabling them to entrust us with the operation and management of their equipment. This transformation in our business model has not only broadened the service scope of our intelligent asset operation and management system, optimized the Company's asset structure, and strengthened its profitability model, but also rapidly expanded our business scale, which is expected to become a key driver of future financial growth.

In 2025, we will be committed to advancing the above strategy enhancements, breaking the constraints of intralogistics equipment "ownership" on business expansion, and providing services to customers in a more flexible manner. At the same time, through this new model, we can further transform upstream and downstream players, as well as potential competitors, into partners or even customers, thereby driving structural innovation in the industrial chain of the intralogistics equipment integrated solutions market. In conjunction with the empowering partnership operation model under the "Empowering Service Network" development strategy launched in 2024, the Company will integrate its product portfolio, expand customer coverage, increase market penetration, enhance brand image, and strengthen its market leadership, while simultaneously reshaping the supply chain ecosystem by building a sustainable, mutually beneficial, and highly efficient market environment.

"Steady Growth, Strengthen Internal Control, Enhance Service, and Strengthen Organization" Business Strategy for Comprehensive Operational Enhancement

In the context of the current complex and volatile economic conditions, we fully recognize the importance of deepening our expertise, pursuing progress while ensuring stability, strengthening customer relationships, and enhancing our organizational framework. To this end, the Company has formulated a comprehensive business strategy of "Steady Growth, Strengthen Internal Control, Enhance Service, and Strengthen Organization" aimed at comprehensive operational enhancement and overall competitiveness improvement.

"Steady Growth" is at the core of our market-leading position. As a provider specializing in intralogistics equipment solutions, we will continue to strengthen our cooperation with logistics and industrial customers to better understand their needs and provide more targeted solutions. By optimizing our product structure, expanding our service scope and innovating our service model, we strive to make steady progress in the market and ensure the continuous growth of our Company's performance.

"Strengthen Internal Control" is an important foundation for the Company's sustainable development. We will further improve our internal management system and strengthen the control of key areas such as finance, procurement, and sales to ensure the efficiency and compliance of our operations. Through the establishment of a comprehensive internal control system, we will effectively identify and respond to potential risks, optimize resource allocation, and enhance overall operational efficiency.

"Enhance Service" is the key to enhancing customer satisfaction and loyalty. We will continue to optimize our service system, providing more comprehensive and professional technical support to ensure that our customers have the best experience when using our equipment. At the same time, we will place greater emphasis on customer feedback, continuously improve our rapid response mechanism, and promptly adjust our service strategy to meet the evolving needs of our customers.

"Strengthen Organization" is an essential pillar for driving the Company's growth. We will continue to refine our organizational structure, enhance collaboration efficiency between departments, and ensure the seamless flow of information. By building a highly efficient team, we will better respond to market changes, improve operational efficiency, and strengthen our market competitiveness.

We firmly believe that through continuous efforts and unwavering dedication, the Company will achieve even greater heights in the future. We will continuously enhance our products and services to meet the ever-growing needs of our customers, providing them with superior solutions. At the same time, we will actively drive industry progress and innovation, striving to lead market trends. Through close collaboration with customers and partners, we aim to tackle challenges together, seize opportunities, and foster the overall development of the industry. Riding on favorable policies, we are committed to advancing the national green economy, reaching new milestones, and achieving mutual success. By contributing more to social and economic development, we move closer to realizing our vision of "building a world-leading high-dimensional shared ecosystem for B2B industrial and intralogistics equipment."

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 year ended December 31, 2024 and the year ended December 31, 2023:

	For the year ended December 31,				Year-on-year percentage change
	2024		2023		
	RMB'000	%	*RMB'000*	%	%
Intralogistics equipment subscription services	**796,049**	**49.4**	766,811	55.9	3.8
Maintenance and repair services	**202,830**	**12.6**	185,818	13.5	9.2
Sales of intralogistics equipment and parts	**611,988**	**38.0**	419,176	30.6	46.0
Total	**1,610,867**	**100.0**	1,371,805	100.0	17.4

The Group's revenue increased by 17.4% from approximately RMB1,371.8 million for the year ended December 31, 2023 to approximately RMB1,610.9 million for the year ended December 31, 2024, primarily due to the following reasons:

1. Our revenue from intralogistics equipment subscription services increased by 3.8% from approximately RMB766.8 million for the year ended December 31, 2023 to approximately RMB796.0 million for the year ended December 31, 2024, primarily due to the business expansion and enhanced operational capabilities of the Group in 2024, which fostered the Group's subscription services, thereby gaining further market recognition, driving an increase in customer coverage, growth in the Company's managed equipment scale, and continuous revenue growth;

2. Our revenue from maintenance and repair services increased by 9.2% from approximately RMB185.8 million for the year ended December 31, 2023 to approximately RMB202.8 million for the year ended December 31, 2024, primarily driven by the continuous accumulation of the Group's service technology and the expansion of our offline service network, which facilitated the growth in serviced customers and regional coverage of the Company, as well as the overall business scale of the Company; and

3. Our revenue from sales of intralogistics equipment and parts increased by 46.0% from approximately RMB419.2 million for the year ended December 31, 2023 to approximately RMB612.0 million for the year ended December 31, 2024, primarily driven by the Group's continuous expansion of product categories for intralogistics equipment and parts, as well as the implementation of proactive domestic and international market expansion strategies, resulting in broader business coverage and higher revenue growth of the Company.

Cost of Sales

The Group's cost of sales increased by 20.2% from approximately RMB954.4 million for the year ended December 31, 2023 to approximately RMB1,147.1 million for the year ended December 31, 2024, 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 year ended December 31, 2024 and the year ended December 31, 2023:

	For the year ended December 31,				Year-on-year percentage change of gross profit
	2024		2023		
	Gross profit *RMB'000*	**Gross profit margin** %	Gross profit *RMB'000*	Gross profit margin %	%
Intralogistics equipment subscription services	**253,303**	**31.8**	238,922	31.2	6.0
Maintenance and repair services	**84,526**	**41.7**	76,573	41.2	10.4
Sales of intralogistics equipment and parts	**125,896**	**20.6**	101,904	24.3	23.5
Total	**463,725**	**28.8**	417,399	30.4	11.1

The Group's gross profit increased by 11.1% from approximately RMB417.4 million for the year ended December 31, 2023 to approximately RMB463.7 million for the year ended December 31, 2024, which is in line with the growing trend of the Group's revenue. Meanwhile, the increase in the proportion of the Group's total revenue accounted for by sales of intralogistics equipment has led to a slight decline in the Group's overall gross profit margin. This is the result of the Group's optimisation of its business structure and global resource allocation.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 8.9% from approximately RMB91.1 million for the year ended December 31, 2023 to approximately RMB99.2 million for the year ended December 31, 2024, primarily due to increase in office and staff expenses of marketing department attributable to the Group's increased business volume and expansion of service outlets.

Administrative Expenses

The Group's administrative expenses increased by 12.3% from approximately RMB169.5 million for the year ended December 31, 2023 to approximately RMB190.3 million for the year ended December 31, 2024, primarily due to (i) the increased administrative employee headcount arising from expanding the administrative team to support business development; (ii) the additional depreciation charge for the New Hefei Factory (construction completed in the fourth quarter in 2023); and (iii) the acquisition of Nichiyu (Shanghai), which resulted in an increase in administrative employee headcount.

Other Income and Gains

The Group's other income and gains increased from approximately RMB6.3 million for the year ended December 31, 2023 to approximately RMB43.3 million for the year ended December 31, 2024. Such increase was primarily due to (i) acquisition gains from the acquisition of Nichiyu (Shanghai) of approximately RMB27.4 million in 2024; and (ii) income derived from renting out of factory buildings amounted to approximately RMB6.8 million.

Other Expenses

The Group's other expenses decreased from approximately RMB45.2 million for the year ended December 31, 2023 to approximately RMB1.1 million for the year ended December 31, 2024, primarily due to the recognition of one-off expenses incurred in relation to the Group's listing in 2023.

Finance Costs

The Group's finance costs increased by 22.8% from approximately RMB85.1 million for the year ended December 31, 2023 to approximately RMB104.5 million for the year ended December 31, 2024, primarily due to increased interests on bank loans and financing borrowings to support business development.

Income Tax Expenses/(Credit) and Effective Tax Rate

The Group recorded income tax expenses of approximately RMB3.4 million and effective tax rate of 3.2% for the year ended December 31, 2024, while it recorded income tax credit of RMB0.6 million and effective tax rate of negative 1.9% for the year ended December 31, 2023. The change was primarily due to the increase in taxable profit.

Profit for the Year

As a result of the above, our profit for the year increased by 226.9% from approximately RMB31.2 million for the year ended December 31, 2023 to approximately RMB102.0 million for the year ended December 31, 2024.

Liquidity, Financial Resources, Treasury Policies and Capital Structure

As at December 31, 2024, the Group had current assets of approximately RMB893.5 million, representing an increase of 5.5% from approximately RMB846.5 million as at December 31, 2023, primarily due to (i) the expansion of the Company's business scale and continuous regional coverage, resulting in an increase in inventory; and (ii) the growth in sales revenue for the year, resulting in a year-on-year increase in trade receivables. The Group had current liabilities of approximately RMB1,394.9 million, representing an increase of 24.8% from approximately RMB1,117.3 million as at December 31, 2023, primarily due to increased bank and other borrowings to support business development. As a result, the Group's net current liabilities amounted to approximately RMB501.4 million as at December 31, 2024 (December 31, 2023: RMB270.8 million). The Group's current ratio was 0.64 at December 31, 2024 as compared with 0.76 as at December 31, 2023, which equals to total current assets divided by total current liabilities as at the end of the year.

As at December 31, 2024, the Group's cash and cash equivalents amounted to approximately RMB205.4 million (December 31, 2023: RMB200.8 million), which is mainly funded by funds generated from operations and proceeds raised from the listing in 2023. As at December 31, 2024 and December 31, 2023, the Group's total facilities for bank and other borrowings amounted to RMB4,614,197,000 and RMB3,032,161,000, respectively of which RMB2,010,605,000 and RMB1,582,858,000 had been utilized.

The H Shares have been listed on the Stock Exchange since the Listing Date. There has been no change 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 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 from 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. No structured deposit was purchased during the Reporting Period.

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 adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares.

Pledge of Assets

As at December 31, 2024, the Group pledged assets of approximately RMB479.9 million as collateral for bank borrowings or any other financing activities, representing an increase of 14.6% from approximately RMB418.8 million as at December 31, 2023.

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 December 31, 2024, the Group had not entered into any 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.

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 December 31, 2024, we had 2,014 (December 31, 2023: 1,733) full-time employees, all of whom were based in China. Our total employee benefit expense (excluding Directors' and Supervisors' remunerations) were RMB260.9 million (2023: RMB222.6 million) for the year ended December 31, 2024. 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

Save as disclosed in the section headed "Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures" in this announcement, 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 year ended December 31, 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures

On July 18, 2024, the Board has approved the entering into of the equity transfer agreement (the "**Equity Transfer Agreement**") among Folangsi Hong Kong (as the purchaser), a direct wholly-owned subsidiary of the Company, Mitsubishi Logisnext Co., Ltd. (as the vendor) ("**Mitsubishi Logisnext**"), Nichiyu (Shanghai), the Company (as the purchaser's guarantor) and Logisnext Forklift (Shanghai) Co., Ltd. (物捷仕叉車(上海)有限公司) (as the vendor's guarantor), pursuant to which Mitsubishi Logisnext conditionally agrees to sell and Folangsi Hong Kong conditionally agrees to acquire the entire equity interest in Nichiyu (Shanghai). On August 31, 2024, upon completion of the transaction under the Equity Transfer Agreement, Nichiyu (Shanghai) has become an indirect wholly-owned subsidiary of the Company. Please refer to the announcements of the Company dated July 18, 2024, July 25, 2024 and September 2, 2024 for further details.

Save as the aforesaid, we did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associates or joint ventures during the year ended December 31, 2024.

Events Subsequent to 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.

NET PROCEEDS FROM THE GLOBAL OFFERING AND USE OF PROCEEDS

The net proceeds from the Global Offering (after deducting the underwriting fees and related cost and expenses) amounted to approximately HK$116.3 million (the "**GO Net Proceeds**"). The Group has used and will continue to allocate and use the GO Net Proceeds in accordance with the purposes referred to in "Future Plans and Use of Proceeds" in the Prospectus. The table below sets forth a breakdown of the utilization and proposed utilization of the GO Net Proceeds as at December 31, 2024 (any discrepancies between totals and sums of amounts listed in the table below are due to rounding):

	Percentage of total	Actual GO Net Proceeds received		Amount utilized as at December 31, 2024	Balance	Expected timetable for the unutilized GO Net Proceeds
	Approximate %	*HKD/ million*	*RMB/ million*	*RMB/ million*	*RMB/ million*	
Enhance our service capabilities, improve customer coverage, and expand categories of intralogistics equipment	45.0	52.3	48.1	22.4	25.7	By the end of 2025
Expand and upgrade our supply chain infrastructure	20.0	23.3	21.4	7.9	13.5	By the end of 2025
Strengthen our technology capabilities and infrastructure	15.0	17.4	16.0	7.2	8.8	By the end of 2025
Conduct strategic mergers and acquisitions that align with our regional coverage, industry focus, and business priorities	10.0	11.6	10.7	6.8	3.9	By the end of 2025
General working capital and general corporate purposes	10.0	11.6	10.7	5.5	5.2	By the end of 2025
Total	**100.0**	**116.3**	**106.9**	**49.8**	**57.1**	

The Board will continuously assess the proposed utilization of the GO 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.

See the section headed "Future Plans and Use of Proceeds" in the Prospectus and the annual report of the Company for the year ended December 31, 2023 for further details.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	**1,610,867**	1,371,805
Cost of sales		**(1,147,142)**	(954,406)
Gross profit		**463,725**	417,399
Other income and gains	4	**43,284**	6,322
Selling and distribution expenses		**(99,210)**	(91,099)
Administrative expenses		**(190,345)**	(169,492)
Impairment losses on financial assets		**(8,090)**	(2,442)
Other expenses		**(1,054)**	(45,194)
Finance costs		**(104,475)**	(85,102)
Share of profits of associates		**1,532**	241
PROFIT BEFORE TAX	5	**105,367**	30,633
Income tax (expense)/credit	6	**(3,406)**	587
PROFIT FOR THE YEAR		**101,961**	31,220
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**101,961**	31,220
Profit and total comprehensive income attributable to:			
Owners of the Company		**101,961**	31,220
EARNINGS PER SHARE ATTRIBUTABLE TO THE COMPANY			
Basic and diluted	8	**RMB0.29**	RMB0.09

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,204,149**	1,092,855
Right-of-use assets		**1,478,742**	1,079,423
Intangible assets		**36,714**	7,882
Investments in associates		**12,334**	10,802
Deposits		**149,475**	104,551
Deferred tax assets		**6,345**	5,756
Total non-current assets		**2,887,759**	2,301,269
CURRENT ASSETS			
Inventories		**163,946**	91,010
Trade and bills receivables	*9*	**389,226**	373,964
Prepayments, deposits and other receivables		**84,421**	107,640
Restricted deposits	*10*	**50,490**	73,128
Cash and cash equivalents	*10*	**205,394**	200,760
Total current assets		**893,477**	846,502
CURRENT LIABILITIES			
Trade and bills payables	*11*	**389,267**	306,670
Other payables and accruals		**172,004**	161,834
Interest-bearing bank loans and other borrowings	*12*	**830,939**	648,005
Tax payable		**2,702**	781
Total current liabilities		**1,394,912**	1,117,290
NET CURRENT LIABILITIES		**(501,435)**	(270,788)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,386,324**	2,030,481

	Notes	**2024**	2023
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	*12*	**1,179,666**	934,853
Other payables and accruals		**24,496**	18,257
Deferred tax liabilities		**3,412**	582
Total non-current liabilities		**1,207,574**	953,692
NET ASSETS		**1,178,750**	1,076,789
EQUITY			
Equity attributable to owners of the Company			
Share capital	*13*	**87,006**	87,006
Reserves		**1,091,744**	989,783
Total equity		**1,178,750**	1,076,789

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

1. CORPORATE AND GROUP INFORMATION

FOLANGSI CO., LTD (the "**Company**") is a company established in the People's Republic of China ("**PRC**") with limited liability. The registered office of the Company is located at No.999, Yayun Avenue, Shiqi Town, Panyu District, Guangzhou City, Guangdong Province, PRC.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") are mainly engaged in the provision of intralogistics equipment subscription services (including leases of equipment), provision of maintenance and repair services and sale of intralogistics equipment and parts.

2. ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

As at December 31, 2024, the Group had net current liabilities of approximately RMB501.4 million. The directors consider that the Group will have sufficient working capital to finance its operation and meets its financial obligations as and when they all due in the foreseeable future after taking into account, inter alia, the historical operating performance and the unutilised borrowing facilities of the Group amounting to RMB2,603.6 million for the next twelve months from the date of this announcement. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended December 31, 2024 on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of Group for the year ended December 31, 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at January 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after January 1, 2025
2 Effective for annual periods beginning on or after January 1, 2026
3 Effective for annual/reporting periods beginning on or after January 1, 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after January 1, 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

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.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
PRC	**1,396,359**	1,184,278
Overseas*	**214,508**	187,527
Total revenue	**1,610,867**	1,371,805

The revenue information above is based on the locations of the customers.

* The Group exported its products to customers located in overseas countries, mainly in Asia, Europe, North and South America and Australia.

(b) Non-current assets

All non-current assets of the Group are located in PRC (other than Hong Kong) as at the end of 2024 and 2023, respectively.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended December 31, 2024 and 2023, respectively.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Intralogistics equipment subscription services	**796,049**	766,811
Maintenance and repair services	**202,830**	185,818
Sales of intralogistics equipment and parts	**611,988**	419,176
Total revenue	**1,610,867**	1,371,805
Analysis into:		
Revenue from contracts with customers	**1,026,125**	778,651
Revenue from operating leases (included in intralogistics equipment subscription services)	**584,742**	593,154
Total revenue	**1,610,867**	1,371,805

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Intralogistics equipment subscription services (excluding operating leases)	**211,307**	173,657
Maintenance and repair services	**202,830**	185,818
Sales of intralogistics equipment and parts	**611,988**	419,176
Total revenue from contracts with customers	**1,026,125**	778,651
Geographical markets		
PRC	**811,617**	591,124
Overseas*	**214,508**	187,527
Total revenue from contracts with customers	**1,026,125**	778,651
Timing of revenue recognition		
Goods transferred at a point in time	**611,988**	419,176
Services transferred over time	**414,137**	359,475
Total revenue from contracts with customers	**1,026,125**	778,651

* The Group exported its products to overseas countries in Asia, Europe, North and South America and Australia.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of intralogistics equipment and parts	**10,489**	14,559

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Intralogistics equipment subscription services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. The services under intralogistics equipment subscription services are mainly for periods of one to four years, and were billed periodically. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months.

The amounts of the transaction prices allocated to remaining obligations (unsatisfied or partially satisfied) as at December 31, are as follows:

	2024	2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**146,425**	108,837
One to two years	**73,864**	43,778
Two to three years	**28,227**	17,345
Three to four years	**8,837**	4,200
Total	**257,353**	174,160

Maintenance and repair services

The performance obligation is satisfied over time as services are rendered and payment is generally due within one to three months upon the completion of services.

Sales of intralogistics equipment and parts

The performance obligation is satisfied upon the receipts of the intralogistics equipment and parts and payment is generally due with one months, extending up to three months for key customers, after the receipts of the intralogistics equipment and parts.

Other income and gains

	2024	2023
	RMB'000	*RMB'000*
Gain on bargain purchase in relation to the acquisition of a subsidiary	**27,414**	—
Rental income	**6,763**	659
Interest income	**4,013**	2,002
Foreign exchange differences, net	**2,451**	1,177
Government grants*	**2,428**	1,821
Fair value gain of financial assets at fair value through profit or loss	**—**	93
Others	**215**	570
Total	**43,284**	6,322

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

5. PROFIT BEFORE TAX

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

	2024 *RMB'000*	2023 *RMB'000*
Cost of inventories sold	**632,799**	449,175
Depreciation of property, plant and equipment*	**191,930**	209,164
Depreciation of right-of-use assets*	**223,303**	228,671
Lease payments not included in the measurement of lease liabilities	**19,059**	1,007
Amortisation of intangible assets	**5,548**	1,596
Research and development costs**	**43,915**	42,175
Auditors' remuneration	**3,000**	3,000
Listing expenses****	**—**	39,189
Employee benefit expenses (excluding directors' and supervisors' remunerations):		
Wages and salaries	**226,983**	193,087
Pension scheme contributions (defined contribution schemes)	**33,917**	29,545
Total	**260,900**	222,632
Foreign exchange differences, net***	**(2,451)**	(1,177)
Impairment of trade receivables	**8,090**	2,442
Loss on disposal of a subsidiary****	**—**	41
Gains on disposals of property, plant and equipment***	**(42)**	(288)
Gain on bargain purchase in relation to the acquisition of a subsidiary***	**(27,414)**	—

* 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.

6. INCOME TAX

	2024	2023
	RMB'000	*RMB'000*
Current	**4,273**	408
Deferred tax	**(867)**	(995)
Income tax expense/(credit)	**3,406**	(587)

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 Mainland China is 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 2022 to 2024. This qualification is subject to review by the relevant tax authority of the PRC every three years.

Except for Anhui Folangsi, Guangzhou Folangsi Forklift co., Ltd. and Hefei Langhui New Energy Technology 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 year.

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for PRC where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**105,367**	30,633
Tax at the statutory tax rate of 25% (2023: 25%)	**26,342**	7,658
Lower tax rate for specific provinces or enacted by local authority	**(12,368)**	(2,718)
Additional tax deduction for qualified research and development expenses	**(6,604)**	(6,347)
Income not subject to tax	**(4,346)**	—
Expenses not deductible for tax	**382**	820
Tax charge at the Group's effective rate	**3,406**	(587)

7. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposal final RMB0.0293 (2023: nil) per ordinary share	**10,196**	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 348,022,816 (2023: 337,909,483) outstanding during the year after adjusting for the Subdivision defined as below, on November 10, 2023 (the "**Listing Date**").

On the Listing date, the Company subdivided each authorized issued and unissued ordinary share of a par value of RMB1.00 in the Company into four ordinary shares of a par value of RMB0.25 each pursuant to the resolutions passed by the shareholders of the Company on April 21, 2023 (the "**Subdivision**").

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

The calculation of basic earnings per share is based on:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company:	**101,961**	31,220

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year	**348,022,816**	337,909,483

9. 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:

	2024	2023
	RMB'000	*RMB'000*
One to three months	**290,156**	276,177
Four to six months	**65,312**	64,856
Six to twelve months	**17,415**	16,643
Over one year	**16,343**	16,288
Total	**389,226**	373,964

10. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**255,884**	273,888
Less: Restricted bank deposits	**(50,490)**	(73,128)
Cash and cash equivalents	**205,394**	200,760
Denominated into:		
RMB *(note)*	**157,643**	143,478
Hong Kong dollars	**93,395**	130,410
American dollar	**4,832**	—
Japanese yen	**14**	—
	255,884	273,888

Note:

At the end of the reporting period, the RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted deposits are deposited with creditworthy banks with no recent history of default.

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:

	2024	2023
	RMB'000	*RMB'000*
Within three months	**350,176**	267,305
Three months to one year	**33,003**	33,839
Over one year	**6,088**	5,526
Total	**389,267**	306,670

12. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank loans — secured	**LPR*+Margin**	**2025**	**24,122**	LPR+Margin	2024	—
Current portion of long-term bank loans — secured	**LPR+Margin**	**2025**	**90,187**	LPR+Margin	2024	79,787
Other borrowings — secured	**LPR+Margin**	**2025**	**219,300**	LPR+Margin	2024	165,639
Lease liabilities	**LPR+Margin**	**2025**	**497,330**	LPR+Margin	2024	402,579
Total — current			**830,939**			648,005
Non-current						
Bank loans-secured	**LPR+Margin**	**2026–2029**	**199,232**	LPR+Margin	2025–2029	263,719
Other borrowings — secured	**LPR+Margin**	**2026–2028**	**224,237**	LPR+Margin	2025–2029	189,903
Lease liabilities	**LPR+Margin**	**2026–2030**	**756,197**	LPR+Margin	2025–2029	481,231
Total — non-current			**1,179,666**			934,853
Total			**2,010,605**			1,582,858

* LPR stands for loan prime rate.

	2024	2023
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**114,309**	79,787
In the second year	**66,413**	86,119
In the third year to fifth years, inclusive	**132,819**	166,600
Beyond five years	**—**	11,000
Subtotal	**313,541**	343,506
Other borrowings repayable:		
Within one year or on demand	**219,300**	165,639
In the second year	**153,667**	126,099
In the third year to fifth years, inclusive	**70,570**	63,804
Subtotal	**443,537**	355,542
Lease liabilities repayable:		
Within one year or on demand	**497,330**	402,579
In the second year	**346,934**	252,369
In the third year to fifth years, inclusive	**409,263**	228,172
Beyond five years	**—**	690
Subtotal	**1,253,527**	883,810
Total	**2,010,605**	1,582,858

Notes:

(i) All interest-bearing bank loans and other borrowings are denominated in RMB.

(ii) As at December 31, 2024, the leasehold land of RMB33,469,000 and property, plant and equipment of RMB446,394,000 were pledged as securities for interest-bearing bank loans and other borrowings (2023: the leasehold land of RMB34,221,000 and property, plant and equipment of RMB384,578,000).

(iii) The Group's total facilities for bank and other borrowings amounted to RMB4,614,197,000 and RMB3,032,161,000 of which RMB2,010,605,000 and RMB1,582,858,000 had been utilised as at December 31, 2024 and 2023, respectively.

(iv) All interest-bearing bank loans and other borrowings bear interest at the floating interest rate of LPR plus margin.

13. SHARE CAPITAL

Shares

	2024	2023
	RMB'000	*RMB'000*
Issued and fully paid:		
348,022,816 (2023: 348,022,816) ordinary shares with par value of RMB0.25 each (2023: RMB0.25 each)	**87,006**	87,006

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**	**Share premium**	**Total**
		RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023,	83,971,704	83,972	545,274	629,246
Share split *(note (a))*	251,915,112	—	—	—
Issuance of ordinary shares relating to IPO *(note (b))*	12,136,000	3,034	156,279	159,313
Share issue expenses	—	—	(13,205)	(13,205)
At December 31, 2023, January 1, 2024 and December 31, 2024	348,022,816	87,006	688,348	775,354

Notes:

(a) On the Listing Date, the Company subdivided each authorised issued and unissued ordinary share of a par value of RMB1.00 in the Company into four ordinary shares of a par value of RMB0.25 each, resulting in the increase in the number of shares in issue of 251,915,112.

(b) In connection with the IPO, 12,136,000 ordinary shares of a par value of RMB0.25 each were issued at a price of HK$14.28 per share at a total cash consideration, before deducting the underwriting fees and commissions and other estimated listing expenses, of approximately HK$173,302,000 (approximately RMB159,313,000)

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.

THE BOARD

The Company is led by an effective Board, which assumes responsibility for leadership and control and is collectively responsible for pursuing the success of the Company through the direction and oversight of its affairs. Directors objectively make decisions that are in the best interests of the Company.

The Board achieves a balance of skills, experience, offers views consistent with the requirements of the Company's business, and regularly reviews (i) the contribution Directors need to make to perform their responsibilities to the Company and (ii) whether Directors have spent sufficient time performing duties commensurate with their roles and Board responsibilities. The Board comprises a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) which maintains strong independence of the Board for the effective exercise of independent judgement.

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 (as defined under the Listing Rules)) (whether on the Stock Exchange or otherwise). As of December 31, 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public during the Reporting Period and up to the date of this announcement.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors and Supervisors of the Company and their associates had any interest in any businesses which compete or are likely to compete, directly or indirectly, with the Group's business, or any other conflict of interest with the Group.

AUDIT COMMITTEE

The Board has established the Audit Committee, which comprises three members, namely, Mr. Du Lizhu (chairman of the Audit Committee), Dr. Fan Xia and Mr. Chiang Edward.

The Audit Committee has, together with the management of the Company, reviewed the consolidated financial statements of the Group for the year ended December 31, 2024 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.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at December 31, 2024, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in the preliminary announcement have been agreed by the Group's independent auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Group's independent auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Group's independent auditors on the preliminary announcement.

PUBLICATION OF 2024 ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT

This annual 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 annual 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.

DIVIDEND

The Board recommends the declaration of a final dividend of RMB0.0293 per Share (tax inclusive) (2023: nil), representing an aggregate amount of approximately RMB10.20 million (tax inclusive) calculated based on the total issued Shares of the Company as at the date of this announcement) for the year ended December 31, 2024 (the "**Final Dividend**") (2023: nil).

The aforesaid proposal is subject to the consideration and approval at the AGM. The Final Dividend is denominated and declared in RMB. The Final Dividend payable to the holders of the Company's H shares shall be paid in Hong Kong dollars. The amount of Hong Kong dollars payable shall be calculated on the basis of the average exchange rates as announced by the People's Bank of China one calendar week prior to the approval of the Final Dividend at the AGM.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, June 13, 2025. A notice convening the AGM will be published as soon as practicable according to the articles of association of the Company and the Listing Rules and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, June 10, 2025 to Friday, June 13, 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to attend the AGM and to vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. Monday, June 9, 2025.

The register of members of the Company will be closed from Thursday, June 19, 2025 to Tuesday, June 24, 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Wednesday, June 18, 2025. If the distribution proposal is approved at the AGM, the Final Dividend will be distributed no later than August 13, 2025 to H shares Shareholders whose names appear on the register of members of the Company on June 24, 2025.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"AGM"	the forthcoming annual general meeting of the Company to be held on Friday, June 13, 2025
"Audit Committee"	the audit committee of the Board
"Auditors"	Ernst & Young
"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
"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
"GDP"	gross domestic product
"Global Offering"	an offering of 12,136,000 H Shares, comprising a final Hong Kong public offering of 1,213,600 H Shares and a final international public offering of 10,922,400 H Shares
"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
"Listing Date"	November 10, 2023, the date on which the H Shares of the Company were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operate in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nichiyu (Shanghai)"	Nichiyu Forklift (Shanghai) Co., Ltd.* (力至優叉車（上海）有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
"Prospectus"	the prospectus of the Company dated October 31, 2023
"Reporting Period"	for the year ended December 31, 2024
"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 of the Company
"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
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent

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

Guangzhou City, the PRC
March 19, 2025

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. Yu Chuanfen as non-executive Director, and Mr. Chiang Edward, Dr. Fan Xia and Mr. Du Lizhu as independent non-executive Directors.

* *For identification purpose only*