LONKING HOLDINGS LIMITED
中國龍工控股有限公司*

(Incorporated in the Cayman Islands with Limited Liability)
(Stock code: 3339)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "Board") of Lonking Holdings Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024 (the "Period"), together with the comparative figures for the corresponding period in 2023 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
REVENUE	*3*	**10,213,556**	10,522,925
Cost of sales		**(8,215,442)**	(8,677,945)
GROSS PROFIT		**1,998,114**	1,844,980
Other income	*4*	**128,671**	125,404
Other gains and losses	*4*	**57,319**	(100,188)
Selling and distribution expenses		**(424,161)**	(441,249)
Administrative expenses		**(233,974)**	(233,168)
Impairment losses on financial assets, net		**17,426**	(68,516)
Research and development costs		**(447,511)**	(437,700)
Other expenses		**(789)**	(67)
Finance income	*4*	**137,149**	128,612
Finance costs	*5*	**(15,062)**	(45,451)

* *For identification purpose only*

	Notes	2024 RMB'000	2023 RMB'000
PROFIT BEFORE TAX	6	**1,217,182**	772,657
Income tax expense	7	**(198,543)**	(127,113)
PROFIT FOR THE YEAR		**1,018,639**	645,544
Attributable to:			
Owners of the parent		**1,018,400**	645,440
Non-controlling interests		**239**	104
		1,018,639	645,544
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB)	9	**0.24**	0.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**1,018,639**	645,544
OTHER COMPREHENSIVE LOSS		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**14,447**	(40,328)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**14,447**	(40,328)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**14,447**	(40,328)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,033,086**	605,216
Attributable to:		
Owners of the parent	**1,032,847**	605,112
Non-controlling interests	**239**	104
	1,033,086	605,216

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,760,226**	1,951,564
Right-of-use assets		**119,476**	125,318
Prepayments for property, plant and equipment		**7,835**	8,062
Long-term receivables	11	**191,772**	74,788
Equity investments at fair value through other comprehensive income	16	**1,000**	1,000
Financial assets at fair value through profit or loss	17	**594,138**	592,483
Deferred tax assets		**337,181**	389,444
Total non-current assets		**3,011,628**	3,142,659
CURRENT ASSETS			
Inventories	12	**2,287,310**	2,876,507
Trade receivables	13	**2,377,319**	1,994,901
Bills receivable		**671,525**	725,532
Due from related parties		**174**	242
Prepayments, other receivables and other assets	14	**521,363**	413,479
Financial assets at fair value through other comprehensive income	15	**42,640**	129,489
Derivative financial instruments		**27,601**	12,695
Financial assets at fair value through profit or loss	17	**3,659,338**	1,405,402
Pledged deposits	18	**598,712**	708,171
Time deposits	18	**1,059,336**	743,688
Cash and cash equivalents	18	**1,218,049**	3,470,777
Total current assets		**12,463,367**	12,480,883

	Notes	**2024**	2023
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*19*	**3,744,900**	3,869,222
Other payables and accruals	*20*	**801,633**	793,904
Interest-bearing bank borrowings	*21*	**–**	726,556
Due to related parties		**10,335**	8,771
Tax payable		**77,000**	101,903
Provisions		**72,538**	86,171
Deferred income		**6,462**	4,876
Total current liabilities		**4,712,868**	5,591,403
NET CURRENT ASSETS		**7,750,499**	6,889,480
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,762,127**	10,032,139
NON-CURRENT LIABILITIES			
Deposits for finance leases		**37**	37
Deferred tax liabilities		**14,404**	20,229
Provisions		**7,524**	6,165
Deferred income		**36,069**	24,188
Total non-current liabilities		**58,034**	50,619
NET ASSETS		**10,704,093**	9,981,520
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**444,116**	444,116
Share premium and reserves		**10,257,224**	9,534,890
		10,701,340	9,979,006
Non-controlling interests		**2,753**	2,514
TOTAL EQUITY		**10,704,093**	9,981,520

1. CORPORATE AND GROUP INFORMATION

Lonking Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2000 Revision) Chapter 22 of the Cayman Islands on 11 May 2004 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Ms. Ngai Ngan Ying, a non-executive director of the Company, is the ultimate controller of the Company.

The addresses of the registered office and principal place of business of the Company are disclosed in the introduction in the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company's subsidiaries, except for China Dragon Development Ltd. and China Dragon Investment Ltd. The functional currency of the Company, China Dragon Development Ltd. and China Dragon Investment Ltd. is the Hong Kong dollar ("HK$").

The principal activities of the Company and its subsidiaries (the "Group") are the manufacture and distribution of wheel loaders, road rollers, excavators, forklifts and other construction machinery and the provision of finance leases for construction machinery.

2.1 BASIS OF PREPARATION

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, except for investment properties, derivative financial instruments, wealth management and fund investment products and equity investments which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 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, any non-controlling interest and the exchange fluctuation reserve; 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 that are applicable to the Group 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 1 January 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 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[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 Atandards – 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 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual/reporting periods beginning on or after 1 January 2027
[4] No mandatory effective date yet determined but available for adoption

These HKFRSs are expected to be applicable to the Group for annual periods beginning on or after the effective date. These new and amended HKFRSs are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

Year ended 31 December 2024	**Sale of construction machinery** *RMB'000*	**Finance lease of construction machinery** *RMB'000*	**Financial investment** *RMB'000*	**Total** *RMB'000*
Segment revenue	**10,213,556**	**–**	**–**	**10,213,556**
Segment results	**1,041,850**	**(82)**	**77,830**	**1,119,598**
Reconciliation:				
Interest income				**137,149**
Unallocated other losses				**(10,984)**
Corporate and other unallocated expenses				**(13,519)**
Finance costs				**(15,062)**
Profit before tax				**1,217,182**
Segment assets	**10,568,506**	**1,656**	**4,081,077**	**14,651,239**
Corporate and other unallocated assets				**823,756**
Total assets				**15,474,995**
Segment liabilities	**4,735,622**	**9,942**	**22,294**	**4,767,858**
Corporate and other unallocated liabilities				**3,044**
Total liabilities				**4,770,902**
OTHER SEGMENT INFORMATION				
Reversal of impairment of financial assets, net	**(17,426)**	**–**	**–**	**(17,426)**
Provision for inventories, net	**7,688**	**–**	**–**	**7,688**
Depreciation	**258,069**	**–**	**–**	**258,069**
Capital expenditure*	**68,549**	**–**	**–**	**68,549**

* Capital expenditure consists of additions to property, plant and equipment.

Year ended 31 December 2023	Sale of construction machinery *RMB'000*	Finance lease of construction machinery *RMB'000*	Financial investment *RMB'000*	Total *RMB'000*
Segment revenue	10,522,921	4	–	10,522,925
Segment results	800,164	19	(82,839)	717,344
Reconciliation:				
Interest income				128,612
Unallocated other losses				(14,605)
Corporate and other unallocated expenses				(13,243)
Finance costs				(45,451)
Profit before tax				772,657
Segment assets	12,679,907	1,600	2,064,833	14,746,340
Corporate and other unallocated assets				877,202
Total assets				15,623,542
Segment liabilities	4,847,427	10,010	55,531	4,912,968
Corporate and other unallocated liabilities				729,054
Total liabilities				5,642,022
OTHER SEGMENT INFORMATION				
Impairment of financial assets, net	68,523	(7)	–	68,516
Reversal of provision for inventories	(859)	–	–	(859)
Depreciation	274,140	–	–	274,140
Capital expenditure*	152,046	–	–	152,046

* Capital expenditure consists of additions to property, plant and equipment.

Revenue from contracts with customers

The following is a major products analysis of the Group's revenue from contracts with customers:

	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Wheel loaders	**4,211,545**	**41.2**	4,334,100	41.2
Forklifts	**3,718,397**	**36.4**	3,659,405	34.8
Excavators	**1,055,621**	**10.3**	1,257,859	12.0
Road rollers	**47,597**	**0.5**	49,035	0.5
Others	**1,180,396**	**11.6**	1,222,522	11.5
Subtotal	**10,213,556**	**100.0**	10,522,921	100.0
Finance lease interest income	**–**	**–**	4	–
Total	**10,213,556**	**100.0**	10,522,925	100.0

There was no revenue from a single customer accounted for 10% or more of the total revenue of the Group for the year.

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

Geographical information

	2024	2023
	RMB'000	*RMB'000*
Revenue from external customers:		
Mainland China	**7,023,569**	7,448,464
Outside Mainland China	**3,189,987**	3,074,461
Total revenue	**10,213,556**	10,522,925

The non-current assets of the Group are based in Mainland China.

4. OTHER INCOME, FINANCE INCOME AND OTHER GAINS AND LOSSES

	2024	2023
	RMB'000	*RMB'000*
Finance income		
Bank structured deposit interest income	**55,618**	63,313
Bank time deposit interest income	**68,186**	49,697
Amortisation of unrealised financing income	**13,345**	15,602
	137,149	128,612
Other income		
Government grants	**49,952**	52,852
Additional value-added tax deduction	**70,271**	51,246
Income from sales of scraps	**6,009**	8,552
Penalty income	**100**	890
Others	**2,339**	11,864
	128,671	125,404

	2024	2023
	RMB'000	*RMB'000*
Other gains and losses		
Losses on foreign exchange gains	**(10,985)**	(14,605)
Gains on disposal of items of financial assets at fair value through profit or loss	**48,341**	–
Gains from derivative financial instruments	**66,942**	44,520
Dividend incomes from financial assets at fair value through profit or loss	**11,385**	34,705
(Provision)/Reversal of provision for inventories	**(7,688)**	859
Gains/(Losses) on disposal of items of property, plant and equipment	**1,779**	(2,506)
Fair value (losses)/gains, net:		
Financial assets at fair value through profit or loss – held for trading	**(36,144)**	(134,211)
Derivative financial instruments – transactions not qualifying as hedges	**(12,695)**	(27,853)
Loss on debt restructuring	**(3,616)**	(1,097)
	57,319	(100,188)

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans	**13,731**	44,476
Total interest expense on financial liabilities not at fair value through profit or loss	**13,731**	44,476
Other finance costs:	**1,331**	975
Others	**1,331**	975
	15,062	45,451

6. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold*	**8,040,826**	8,132,270
Depreciation of property, plant and equipment *(note 10)*	**253,185**	269,230
Depreciation of right-of-use assets	**4,884**	4,910
Research and development costs*	**447,511**	437,700
Auditor's remuneration	**2,938**	2,938
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**713,316**	679,067
Contributions to a pension scheme	**69,405**	64,631
Foreign exchange differences, net	**10,984**	14,605
Impairment of financial assets, net		
– trade receivables *(note 13)*	**(17,325)**	50,297
– other receivables *(note 14)*	**(101)**	18,226
– financial lease receivables	**–**	(7)
	(17,426)	68,516
Reversal of provision for inventories	**7,688**	(859)
Product warranty provision:		
Additional provision	**82,395**	89,315
Bank structured deposit interest income	**(55,618)**	(63,313)
Bank time deposit interest income	**(68,186)**	(49,697)
Amortisation of unrealised financing income	**(13,345)**	(15,602)
(Gains)/Losses on disposal of items of property, plant and equipment	**(1,779)**	2,506
Fair value losses, net:		
Financial assets at fair value through profit or loss		
– held for trading	**36,144**	134,211
Derivative instruments		
– transactions not qualifying as hedges	**12,695**	27,853
Dividend income from financial assets at fair value through profit or loss	**(11,385)**	(34,705)
Gains on disposal of items of financial assets at fair value through profit or loss	**(48,341)**	–
Loss on debt restructuring	**3,616**	1,097
Government grants	**49,952**	52,852
Additional value-added tax deduction	**70,271**	51,246
Gains from derivative financial instruments	**(66,942)**	(44,520)

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

7. INCOME TAX

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
Charged for the year	**99,207**	94,016
Underprovision in prior years	**454**	1,988
Withholding tax paid	**52,444**	63,469
	152,105	159,473
Deferred tax	**46,438**	(32,360)
Total tax charge for the year	**198,543**	127,113

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2024		2023	
	RMB'000	%	*RMB'000*	%
Profit before tax	**1,217,182**		772,657	
Tax at the statutory tax rate of 25% (2023: 25%)	**304,296**	**25.0**	193,164	25.0
Expenses not deductible for tax *(i)*	**7,084**	**0.6**	18,267	2.4
Adjustments in respect of current tax of previous periods	**454**	**0.0**	1,988	0.3
Tax incentives on eligible research and development expenditures	**(61,838)**	**(5.1)**	(60,568)	(7.8)
Tax losses utilised from previous periods	**(1,611)**	**(0.1)**	–	–
Tax losses not recognised	**–**	**–**	12,688	1.6
Effect of withholding tax	**52,444**	**4.3**	51,041	6.6
Effect of the preferential tax rate of 15%	**(102,286)**	**(8.4)**	(89,467)	(11.6)
Tax charge and effective tax rate for the year	**198,543**	**16.3**	127,113	16.5

(i) Expenses not deductible for tax purposes generally refer to expenses without proper tax-deductible documents and other miscellaneous expenses which are in excess of the allowable tax deduction limit, such as entertainment expenses.

8. DIVIDENDS

	2024 *RMB'000*	2023 *RMB'000*
Proposed final – HK$0.13 (2023: HK$0.08) per ordinary share	513,514	310,513

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

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,280,100,000 (2023: 4,280,100,000) outstanding during the year. The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2024 and 31 December 2023.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	**Plant and machinery** *RMB'000*	**Motor vehicles** *RMB'000*	**Furniture and fixtures** *RMB'000*	**Construction in progress** *RMB'000*	**Total** *RMB'000*
Cost						
At 1 January 2024	**1,848,094**	**4,167,226**	**51,035**	**175,319**	**15,798**	**6,257,472**
Additions	**379**	**5,050**	**1,462**	**2,585**	**59,073**	**68,549**
Transfers	**4,777**	**37,300**	**356**	**9,770**	**(52,203)**	**–**
Disposals	**–**	**(35,339)**	**(2,086)**	**(3,452)**	**(104)**	**(40,981)**
Exchange realignment	**463**	**–**	**–**	**9**	**–**	**472**
At 31 December 2024	**1,853,713**	**4,174,237**	**50,767**	**184,231**	**22,564**	**6,285,512**
Accumulated depreciation and impairment						
At 1 January 2024	**1,008,295**	**3,117,210**	**43,782**	**136,621**	**–**	**4,305,908**
Charge for the year	**89,907**	**150,233**	**2,669**	**10,376**	**–**	**253,185**
Disposals	**–**	**(28,633)**	**(1,991)**	**(3,271)**	**–**	**(33,895)**
Exchange realignment	**79**	**–**	**–**	**9**	**–**	**88**
At 31 December 2024	**1,098,281**	**3,238,810**	**44,460**	**143,735**	**–**	**4,525,286**
Carrying amount						
At 31 December 2024	**755,432**	**935,427**	**6,307**	**40,496**	**22,564**	**1,760,226**

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Furniture and fixtures *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2023	1,694,579	4,068,587	51,754	166,487	201,920	6,183,327
Additions	1,109	30,940	171	3,029	116,797	152,046
Transfers	152,103	140,853	1,013	7,308	(301,277)	–
Disposals	–	(73,154)	(1,903)	(1,511)	(1,642)	(78,210)
Exchange realignment	303	–	–	6	–	309
At 31 December 2023	1,848,094	4,167,226	51,035	175,319	15,798	6,257,472
Accumulated depreciation and impairment						
At 1 January 2023	921,892	2,993,426	42,944	127,969	–	4,086,231
Charge for the year	86,351	170,265	2,535	10,079	–	269,230
Disposals	–	(46,481)	(1,697)	(1,433)	–	(49,611)
Exchange realignment	52	–	–	6	–	58
At 31 December 2023	1,008,295	3,117,210	43,782	136,621	–	4,305,908
Carrying amount						
At 31 December 2023	839,799	1,050,016	7,253	38,698	15,798	1,951,564

11. LONG-TERM RECEIVABLES

Long-term receivables are the receivables due after one year according to the credit terms, and include the following item:

	2024	2023
	RMB'000	*RMB'000*
Trade receivables *(note 13)*	**191,772**	74,788

The long-term trade receivables bear interest at approximately 3% to 8% per annum.

12. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**795,288**	880,969
Work in progress	**195,937**	141,937
Finished goods	**1,296,085**	1,853,601
	2,287,310	2,876,507

13. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**3,040,304**	2,559,621
Impairment	**(471,213)**	(489,932)
	2,569,091	2,069,689
Less: Non-current portion *(note 11)*	**(191,772)**	(74,788)
	2,377,319	1,994,901

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 six to twelve months, extending up to eighteen to twenty-four months for some customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables due within one year are non-interest-bearing.

An ageing analysis of the trade 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*
Within 3 months	**1,292,871**	1,029,410
3 to 6 months	**591,051**	400,382
6 months to 1 year	**462,892**	313,257
More than 1 year	**222,277**	326,640
	2,569,091	2,069,689

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**489,932**	440,204
Impairment losses, net *(note 6)*	**(17,325)**	50,297
Written off as uncollectible	**(1,394)**	(569)
At end of year	**471,213**	489,932

An impairment analysis is performed at each reporting date. The Group identifies the receivables that are credit-impaired (but that are not purchased or originated credit-impaired) among the receivables, considering the observable information, such as the debtors being in major financial difficulties, in breach of the contract stipulations or in bankruptcy. The ECLs are based on all the cash flows that the Group expects to receive, discounted at an effective interest rate. As at 31 December 2024, the Group has accrued ECLs of RMB438,446,000 (31 December 2023: RMB459,473,000) for credit impaired trade receivables with a gross carrying amount of RMB547,581,000 (31 December 2023: RMB649,617,000).

The Group uses a provision matrix to measure expected credit losses for the remaining receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off that are unlikely to be collected.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

		Past due			
	Current	**Less than 6 months**	**6 to 12 months**	**1 to 2 years**	**Total**
Expected credit loss rate	**0.47%**	**1.10%**	**8.58%**	**23.04%**	**1.31%**
Gross carrying amount *(RMB'000)*	**1,494,197**	**882,212**	**74,672**	**41,642**	**2,492,723**
Expected credit losses *(RMB'000)*	**7,050**	**9,717**	**6,407**	**9,593**	**32,767**

As at 31 December 2023

		Past due			
	Current	Less than 6 months	6 to 12 months	1 to 2 years	Total
Expected credit loss rate	0.45%	1.15%	8.47%	21.36%	1.59%
Gross carrying amount *(RMB'000)*	1,221,341	532,349	113,062	43,252	1,910,004
Expected credit losses *(RMB'000)*	5,541	6,106	9,573	9,239	30,459

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	RMB'000	*RMB'000*
Prepayments	**231,724**	193,821
Deductible value-added tax	**77,529**	17,093
Deposits	**5,735**	2,100
Total	**314,988**	213,014
Other receivables:		
Loan receivables	**443,733**	443,971
Less: Impairment	**(437,170)**	(437,271)
Net loan receivables	**6,563**	6,700
Other miscellaneous receivables	**200,510**	194,463
Less: Impairment	**(698)**	(698)
Net other miscellaneous receivables	**199,812**	193,765
Total other receivables	**206,375**	200,465
Grand total	**521,363**	413,479

The movements in the provision for impairment of other receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At 1 January	**437,969**	419,743
Impairment losses recognised *(note 6)*	**(101)**	18,226
At 31 December	**437,868**	437,969

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

None of the deposits with suppliers is either past due or impaired, for which there was no recent history of default.

A large portion of other receivables represent the loans to sales agencies for their repurchase of machines. The collection of receivables of sales financed by leasing went worse due to the deterioration of the external operating environment. According to the finance lease agreements, the sales agencies were required to fulfil the obligation to repurchase the machines and pay the outstanding lease amount back to the lease companies once there is a balance overdue for more than three months. The Group provided loans to the sales agencies for the settlement of repurchase. The sales agencies were required to pay off within three months as it normally takes three months to resell the machines. The Group would enter into instalment contracts with the sales agencies if the repurchased machines had been sold again. The instalments would be arranged at interest rates ranging from 3% to 8% per annum and mainly repaid within 18 to 24 months. Other receivables also include miscellaneous borrowings for sales agencies' daily operation needs.

The Group has considered the financial assets described above credit-impaired (but not purchased or originated credit-impaired), for which the loss allowance is measured at an amount equal to lifetime ECLs. An impairment analysis is performed at each reporting date by considering the probability of default, the ageing, existence of disputes, likelihood of collection, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

An ageing analysis of the loan receivables as at the end of the reporting period, based on the transaction date and net of provisions, is as follows:

	2024	2023
	RMB'000	*RMB'000*
More than 1 year	**6,563**	6,700

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
	RMB'000	*RMB'000*
Bills receivable, at fair value	**42,640**	129,489

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

16. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
	RMB'000	*RMB'000*
Equity investments designated at fair value through other comprehensive income		
Unlisted equity investments, at fair value	**1,000**	1,000

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	*RMB'000*
Listed equity investments, at fair value	**219,804**	267,096
Wealth management and fund investment products, at fair value	**4,033,672**	1,730,789
	4,253,476	1,997,885
Less: Non-current portion	**(594,138)**	(592,483)
	3,659,338	1,405,402

18. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**1,218,049**	3,470,777
Time deposits and pledged deposits	**1,658,048**	1,451,859
	2,876,097	4,922,636
Less: Pledged cash and bank balances and time deposits:		
Pledged for bank loans *(note 21)*	**–**	(420,292)
Pledged for bank acceptance bills *(note 19)*	**(193,234)**	(283,968)
Pledged for purchasing financial assets at fair value through profit or loss	**(400,000)**	–
Pledged for others	**(5,478)**	(3,911)
Time deposits with original maturity of more than three months	**(1,059,336)**	(743,688)
Cash and cash equivalents	**1,218,049**	3,470,777

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, 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 from one day to three 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 pledged deposits are deposited with creditworthy banks with no recent history of default.

The Group's certain cash and bank balances and pledged bank deposits that are denominated in currencies other than the functional currencies of the respective group entities are as follows:

Original currency	US$ *equivalent to RMB'000*	HK$ *equivalent to RMB'000*	EUR€ *equivalent to RMB'000*
As at 31 December 2024	**739,165**	**4,635**	**236**
As at 31 December 2023	771,973	2,710	–

19. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**1,903,171**	2,067,958
Bills payable	**1,841,729**	1,801,264
	3,744,900	3,869,222

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 6 months	**3,673,021**	3,791,302
6 months to 1 year	**16,609**	26,253
1 to 2 years	**13,605**	13,628
2 to 3 years	**6,320**	9,130
Over 3 years	**35,345**	28,909
	3,744,900	3,869,222

Bills payables were aged within 12 months at the end of the reporting period, and were secured by pledged bank deposits amounting to RMB193,234,000 (2023: RMB283,968,000) (note 18).

The trade and bills payables are non-interest-bearing.

20. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	*RMB'000*
Accrued sales rebate	**298,178**	303,854
Salaries and wages payable	**142,479**	140,492
Contract liabilities	**91,474**	121,029
Other payables	**96,700**	86,008
Other accrued expenses	**76,516**	69,639
Investment management fee	**–**	29,690
Payable for acquisition of property, plant and equipment	**10,155**	25,289
VAT and other taxes payable	**80,359**	12,131
Deposit for finance leases	**5,772**	5,772
	801,633	793,904

Other payables are non-interest-bearing and have different credit terms within one year.

Contract liabilities include short-term advances received to deliver industrial products. The revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period amounted to RMB121,029,000 (2023: RMB82,724,000). The contract liabilities as of 31 December 2024 are expected to be recognised as revenue within one year.

21. INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective annual interest rate ***(%)***	**Maturity**	***RMB'000***	Effective annual interest rate *(%)*	Maturity	*RMB'000*
Current						
Bank loans – secured	**–**	**–**	**–**	5.10-6.40	2024	726,556
			–			726,556

The Group's bank loans were secured by the pledge of certain of the Group's time deposits (note 18), which have been fully repaid in the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT AND BUSINESS REVIEW

In 2024, China's economy maintained overall stability while securing a progress, with a GDP growth of 5.0%. In terms of Chinese infrastructure machinery, the domestic market demand showed signs of stabilization but remained at the bottom line. The overseas market maintained growth momentum, although the rate of growth was slowing. Facing such a complex and ever-changing operating environment, the Group adhered to the principle of high-quality development and proactively responded to changes. We continuously increased marketing investment, improved product portfolio, focused on enhancing product quality, and constantly optimized cost control, resulting in a significant year-on-year increase in net profit. The Group's operation quality and risk management continued to improve based on a solid high-level foundation.

During the reporting period, the Group realised a total operating revenue of RMB10,214 million, which decreased by RMB309 million or 2.94% year on year from RMB10,523 million in the same period of 2023. The Group's main products are loaders and forklifts. Loaders, the Group's most competitive products, continue to be the main source of profit. During the reporting period, the proportion of the sales of loader to the total sales of the Group slightly increased by 0.04 percentage point from 41.19% in 2023 to 41.23%. The Group accurately predicted the development trend of electric products, and the series of electric loaders carefully crafted by the Group consistently hit a record high in both monthly production and sales. Forklifts are widely used in the downstream sector. As the Group continuously strengthened the development of brand marketing channels and market promotion, the proportion of forklift sales accounted for 36.41% of total sales in the current period, an increase of 1.63 percentage points compared with the same period in 2023. Affected by the adjustment of the Group's sales strategy, the proportion of the sales of excavator decreased by 1.61 percentage points to 10.34% as compared with that in the same period of 2023. In line with high export baselines for the industry, the Group recorded a year-on-year increase of 3.76% in exports. During the reporting period, the Group's consolidated gross profit margin was 19.56%, an increase of 2.03 percentage points from 17.53% in the same period of 2023. Net profit for the year was approximately RMB1,019 million, increasing by RMB373 million or 57.80% year on year from RMB646 million in the same period of last year. Such increase in net profit was mainly due to a year-on-year increase in the consolidated gross profit margin of the products, resulted from the continued growth of the Group's export revenue as well as the effective quality improvement and cost control. In addition, during the reporting period, the net income from financial assets amounted to RMB60 million.

GEOGRAPHICAL RESULTS

In the fiscal year 2024, the Group experienced a decline in sales revenue across various regions in Mainland China. The Northwest and Southwest regions reported the largest decreases, with revenues falling by 16.81% and 17.67%, respectively. The Central and South regions also saw declines of 6.45% and 7.72%. The North region experienced a minor decrease of 0.73%, while the East region's revenue declined by 2.80%. In contrast, the Northeast region showed a slight improvement, with a revenue increase of 1.54%. Notably, export sales surged by 3.76% to RMB3,190 million, highlighting the Group's successful expansion into international markets, which partially offset the downturn in domestic sales. Overall, while domestic sales faced significant challenges, the growth in export sales reflects the Group's successful expansion into international markets.

ANALYSIS OF PRODUCTS

In the fiscal year 2024, the Group's total sales experienced a slight decline of 2.94%, amounting to approximately RMB10,213 million, compared to RMB10,523 million in 2023. This decrease was primarily due to ongoing challenges in the domestic market, particularly in the construction and infrastructure sectors, which faced reduced investment levels and weakened demand. However, the Group made significant strides in its export operations and maintained a competitive edge, which partially offset the domestic downturn. By focusing on innovation and quality across its product lines, especially in forklifts and several types of wheel loaders with high market demand, the Group has positioned itself to adapt to changing market dynamics. Looking ahead, the Group aims to strengthen its market presence both domestically and internationally, ensuring sustainable growth and profitability.

Wheel Loaders

The sales revenue from wheel loaders, which include the ZL50, ZL40, ZL30, ZL60, and mini wheel loaders, accounted for a substantial portion of the Group's total revenue, amounting to approximately RMB3,932 million. This represents a decrease of 3.08% from the previous year, where sales reached RMB4,057 million.

Within this category, the ZL50 series experienced a significant revenue drop of 17.44%, totaling around RMB2,409 million. In contrast, the ZL60 series thrived, achieving a remarkable 56.04% increase in revenue, reaching approximately RMB583 million. The ZL30 series also performed well, with a robust 28.44% growth, bringing its revenue to RMB765 million. Additionally, mini wheel loaders showed a positive trend, increasing by 5.91% to approximately RMB158 million, demonstrating their increasing popularity for tasks in agriculture and light construction, where flexibility and efficiency are essential.

Forklifts

Forklifts have emerged as a strong performer for the Group, with total sales revenue reaching approximately RMB3,718 million, reflecting a modest increase of 1.61% from RMB3,659 million in 2023. This growth can be attributed to the rising demand in logistics and warehousing sectors, where forklifts are increasingly utilized. The Group's focus on technological innovation and quality improvement in its forklift offerings has enhanced its competitiveness in the market. The increase in sales is also supported by the growing trend of electric forklifts, which are gaining popularity due to their lower operational costs and environmental benefits.

Excavators

Sales revenue from excavators totaled approximately RMB1,055 million, marking a decline of 16.08% from RMB1,258 million in 2023. This decrease is primarily due to the Company's transformation of its sales strategy of price reduction promotion. Despite the downturn in domestic sales, the Group's efforts to expand its export markets have helped mitigate some of the losses. The demand for excavators in international markets remains strong, particularly in regions experiencing infrastructure development.

Road Rollers and Other Products

Sales from road rollers decreased slightly by 2.93% to approximately RMB47 million, while the revenue from skid steer loaders increased by 0.91% to RMB279 million. The Group's components and accessories also saw a slight increase in revenue, indicating a stable demand for parts and services. The overall performance of these products reflects the Group's commitment to maintaining a diverse product portfolio and adapting to market demands.

FINANCIAL REVIEW

The cash position of the Group was strong during the year. As at 31 December 2024, the Group had bank balance and cash of approximately RMB1,218 million (31 December 2023: approximately RMB3,471 million).

Cash and Bank Balance

Compared with last year, cash and bank balances decreased by approximately RMB2,259 million, which is generated as a result of net cash inflow of around RMB1,366 million from operating activities, the net cash outflow of RMB3,010 million from investing activities, the net cash outflow of RMB615 million from financing activities and effect of foreign exchange rate changes of RMB6 million.

Liquidity and Financial Resources

We are committed to build a sound financial position. Total net assets as at 31 December 2024 was approximately RMB10,704 million, a 7.24% increase from approximately RMB9,982 million as at 31 December 2023. The current ratio of the Group at 31 December 2024 was 2.64 (2023: 2.23).

The directors believed that the Group will be in a strong and healthy position and has sufficient resources to support of its working capital requirement and meet its foreseeable capital expenditure.

Capital Structure

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares and any other listed securities.

As at 31 December 2024, the gross gearing ratio (defined as total liabilities over total assets) was approximately 30.83% (31 December 2023: 36.11%).

Capital Expenditure

During the period, the Group acquired property, plant and equipment of approximately RMB69 million (2023: approximately RMB152 million) in line with a series of strategic transformation and production transformation by the Group.

The capital expenditures were financed by the internal resources and general borrowings of the Group.

Revenue

During the fiscal year 2024, the Company reported total revenue of RMB10,214 million, a decrease of 3% from RMB10,523 million in 2023.

Gross Profit

The Company's gross profit increased by 8%, rising from RMB1,845 million in 2023 to RMB1,998 million in 2024. This improvement reflects enhanced cost management strategies, with the gross profit margin increasing from 18% to 20%. A notable factor contributing to this increase was a significant reduction in unit costs, driven by lower steel prices.

Other Income

Other income for the year increased to RMB129 million, up from RMB125 million in 2023. This increase can be attributed to several key components, including government grants of RMB50 million, value-added tax deductions of RMB70 million, income from scrap sales of RMB6 million, and miscellaneous income of RMB2 million. These elements collectively contributed to the overall growth in other income.

Other Gains and Losses

The most significant change was in Other Gains and Losses, which turned around from a loss of RMB100 million in 2023 to a gain of RMB57 million in 2024. This turnaround was driven by several key factors, including a substantial improvement in fair value losses on financial asset transactions, a increase in gains from derivative financial instruments, and gains of RMB48 million recognized through the disposal of financial assets. Additionally, the Company benefited from increased investment income and receivables income from asset management, further supporting the positive shift in this category.

Impairment Losses

Impairment losses on financial assets showed a remarkable improvement, moving from RMB69 million in 2023 to a gain of RMB17 million in 2024. This reflects effective management of financial assets and a reduction in expected credit losses, indicating better credit risk assessment and collection processes.

Inventory Management

The Company successfully reduced its inventory levels by 20%, from RMB2,877 million to RMB2,287 million. This reduction is indicative of improved inventory management practices in response to lower sales, as the Company focused on minimizing excess stock in a declining sales environment.

Trade Receivables

Trade receivables increased significantly by 19%, from RMB1,995 million to RMB2,377 million. This rise can be attributed to the extension of the credit terms for high-value products in the loader and forklift business segments. The onboarding of new dealers and customers also contributed to this increase.

Pledged Deposits

Pledged deposits decline by 15%, from RMB708 million to RMB599 million. This decrease may indicate a strategic move to investing and financing for future growth or operational needs, reflecting the Company's proactive approach to managing its financial resources.

PROSPECT

In 2025, the Chinese government has set a clear target of achieving around 5% growth in GDP. It will continue to implement more proactive fiscal policies and moderately loose monetary policies to boost consumption and expand domestic demand all-round. It will also promote effective investment to stabilize the real estate market from declining, and prudently resolve local government debt risks. With the continuous synergistic effects of existing and new policies aimed at "stabilizing growth and promoting consumption", coupled with the replacement demand generated by the sustained growth of construction machinery inventory in recent years, it's expected there be recovery in domestic demand for construction machinery. The overseas construction machinery market is vast and sizable. Compared to products from Europe and the United States, Chinese construction machinery products demonstrate higher cost-effectiveness, shorter delivery times, and faster service response, leading to increasing recognition and market share overseas, which is expected to continue rising.

With a focus on the main construction machinery business, the Group will concentrate on optimization and improvement of its four major categories of host products (loaders, forklifts, excavators and road machinery), as well as the core components that extend the product manufacturing chain. We will adhere to the marketing principle of agency system and continue to strengthen our three strengths of "quality, service and cost effectiveness". Regarding the development tasks for the coming year, on one hand, the Group will align efforts with established goals, focus on customer demands, and adhere to the R&D concepts of "green, intelligent and high-end". We will allocate advantageous resources to strengthen independent innovation, continuously diversify our product portfolio, accelerate the launch of new products with our independent intellectual property rights, and continuously optimize the product lines that meet the demands of the European and American markets. We will attach great importance to quality improvement and enhance our development vitality and international competitiveness. On the other hand, the Group will closely monitor industry developments and changes in market demand, scientifically match resources, and continuously expand and improve marketing channels. We will coordinate efforts across the industrial chain, talent chain, and financial chain to form a synergistic force, so as to drive increased volume and efficiency in marketing efforts. Looking ahead to 2025, the construction machinery industry will face both significant opportunities and severe challenges. The Group will remain steadfast in its commitment to high-quality development, innovate and take concrete actions, seek progress while maintaining stability, and continually give back to users with higher-value products and dedicated services, while providing shareholders with steady operation results and stronger profitability.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code (the "CG Code")

The Board is committed to maintaining and ensuring high standards of corporate governance practices.

The Board emphasizes maintaining a quality Board with balance of skill set of directors, better transparency and effective accountability system in order to enhance shareholders' value. In the opinion of the directors, the Company has adopted and complied with the code provisions as set out in the Corporate Governance Code ("CG Code") contained in Appendix C1 to Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2024, except for certain deviations which are summarized as below.

Code Provision C.1.8

As stipulated in the Code Provision C.1.8 of CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company has not yet made this insurance arrangement as the board of directors considers that the director liability insurance has not yet been identified on the market with reasonable insurance premium while providing adequate suitable security to directors.

Code Provision C.1.6

As stipulated in the Code Provision C.1.6 of CG Code, independent non-executive directors and other non-executive directors shall generally attend general meetings. Three independent non-executive directors and one non-executive director were unable to attend annual general meeting of the Company held on 28 May 2024 (the "2024 AGM") due to other important engagement.

Code Provision B.2.3 and B.2.4

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

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

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

The Company has received from Mr. Qian and Mr. Wu a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Each of Mr. Qian and Mr. Wu has not engaged in any executive management of the Group. Taking into consideration his independent scope of works in the past years, the Directors consider Mr. Qian and Mr. Wu to be independent under the Listing Rules despite the fact that they has served the Company for more than nine years. Accordingly, Mr. Qian and Mr. Wu shall be subject to retirement rotation and re-election by way of a separate resolution approved by the Shareholders at the annual general meeting. At the Annual General Meeting of the Company held on 28 May 2024, a separate resolution to re-elect Mr. Qian and Mr. Wu as retiring Directors, as an independent non-executive Director was passed by the Shareholders by way of poll.

Code Provision C.2.1

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

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

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

Audit Committee

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

REVIEW OF ANNUAL RESULTS

The annual results for the year ended 31 December 2024 have been reviewed by the audit committee of the Company. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's external auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young 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 opinion or assurance has been expressed by Ernst & Young on this announcement.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares and other Listed Securities.

DIVIDENDS

A final dividend of HKD0.08 per share as a result of the operation of 2024 amounting to HKD342 million (equivalent to RMB311 million) was paid to the shareholders during the year. There were no any interim dividend paid out during the year.

The Directors recommend the payment of a final dividend of HKD0.13 per share for the year ended 31 December 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025, both days inclusive, during which period no transfers of shares will be effected. All transfer documents, accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited (at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong), for registration not later than 4:30 p.m. on Thursday, 22 May 2025 in order to identify Shareholders who are entitled to attend and vote at the annual general meeting of the Company (the "Entitlement to AGM"). The record date for the Entitlement to AGM will be on Wednesday, 28 May 2025.

Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend will be payable to the shareholders whose names appear on the register of members of the Company on Thursday, 5 June 2025. To ascertain the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Thursday, 5 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, shareholders of the Company must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 2 June 2025.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Meeting Room 508, 5/F., Jucai Office Building, 26 Minyi Road, Xingqiao, Songjiang Industrial, Shanghai 201612, the People's Republic of China on Wednesday, 28 May 2025. The notice of annual general meeting will be published and sent to the shareholders of the Company in due course.

PAYMENT OF FINAL DIVIDEND

The board of directors (the "Board") of the Company recommended a final dividend of HKD0.13 per share for the year ended 31 December 2024, subject to the approval of the shareholders at the forthcoming annual general meeting. The final dividend will be dispatched to the shareholders on or before 31 July 2025 whose names appear on the register of members of the Company at the close of business on Thursday, 5 June 2025.

PUBLICATION OF FINANCIAL INFORMATION

This preliminary results announcement and the annual report will be dispatched to the shareholders at the appropriate time and will be at the same time be published on the Stock Exchange's website (www.hkex.com.hk) as well as the Company's website (www.lonking.cn).

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

Hong Kong, 26 March 2025

As at the date of this announcement, Mr. Li San Yim, Mr. Zheng Kewen, Mr. Chen Chao and Mr. Yin Kun Lun are the executive Directors; Ms. Ngai Ngan Ying is the non-executive Director; and Dr. Qian Shizheng, Mr. Wu Jian Ming and Mr. Yu Tai Wei are the independent non-executive Directors.