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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND SUPPLEMENTAL INFORMATION IN RELATION TO 2024 ANNUAL REPORT

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended June 30, 2025 together with the comparative figures for the corresponding period in 2024 as set out below.

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

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 17.6% from approximately RMB728.0 million for the six months ended June 30, 2024 to approximately RMB856.2 million for the six months ended June 30, 2025.

Net profit of the Group increased by 19.2% from approximately RMB42.2 million for the six months ended June 30, 2024 to approximately RMB50.3 million for the six months ended June 30, 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The intralogistics equipment industry in China is currently in a critical period of transformation and upgrading. Driven by the continuous release of policy benefits and the accelerated iteration of technologies, the industry has shown a vigorous development trend. With the in-depth advancement of national logistics hub construction and the widespread application of intelligent technologies, intralogistics equipment solutions are increasingly becoming the core engine for promoting the high-quality development of the logistics industry.

In the first half of 2025, the intralogistics equipment solutions industry continued to usher in both development opportunities and challenges driven by favorable policies and market demands. Especially in terms of reducing social logistics costs and improving logistics resource utilization efficiency, national policy support has provided a solid foundation for industry development, enabling enterprises to better address current market demands and competitive pressures. With the gradual improvement of industry standards and continuous innovation of technologies, intralogistics equipment solutions will become an important tool for enhancing logistics efficiency and reducing operational costs, injecting new momentum into the sustainable development of enterprises.

Group Overview

We are a leading intralogistics equipment solution provider in China and we have always adhered to our corporate mission of "improving asset utilization and saving social resources". Focusing on innovative intralogistics equipment subscription services, we strive to provide enterprises with one-stop solutions covering the entire lifecycle of equipment, including comprehensive services such as equipment subscription, maintenance and repair, and disposal. After years of development, we have established a complete service system and technical capabilities, and have built a professional and reliable service image in the industry.

During the Reporting Period, we continued to optimize our business layout and established a comprehensive service system of "One Core and Two Wings (一體兩翼)": with intralogistics equipment subscription services and professional maintenance services as the core, and equipment sales and parts sales as the bond. As of June 30, 2025, we have established a service network covering 48 key cities nationwide, with a total of 89 standardized service outlets. The total scale of equipment assets under our operation and management exceeded 59,700 units. This layout enables us to provide customers with more comprehensive and professional entire lifecycle services of intralogistics equipment, meeting the diverse needs of customers across different scales and industries.

By implementing the strategic upgrade of the "intralogistics equipment management platform provider" and coordinating with the tactical advancement of the "empowering service network, diversifying service offerings, and internationalization", we have achieved sustained high-speed growth in our business. In particular, the deepened implementation of the platform-based development strategy has not only enriched our service scenarios but also driven double-digit year-on-year growth across intralogistics equipment subscription services and repair and maintenance services, with the gross profit margin of the repair and maintenance business segment continuously maintaining an excellent level of over 40%. Meanwhile, by implementing the business strategy of "Steady Growth, Strengthen Internal Control, Enhance Service, and Strengthen Organization", we achieved significant operational results in the first half of 2025, with a net profit growth rate reaching 19.2%, demonstrating strong momentum for development. These achievements are attributable to our continuous technological innovation, refined operational management and efficient resource allocation capabilities.

Business Review

In the first half of 2025, faced with a complex and ever-changing international situation, the Company adhered to its business strategy of "Steady Growth, Strengthen Internal Control, Enhance Service, and Strengthen Organization", and achieved steady development in business expansion, financial performance and market share.

We have achieved remarkable results by promoting the transformation to a light-asset model and digital upgrade, with the development strategy of "building a world-leading high-dimensional shared ecosystem for B2B industrial and logistics equipment":

Strategic Transformation Achieved Remarkable Results

The Company has made breakthrough progress in the strategic upgrade of "intralogistics equipment management platform provider". Through the operation model of "Platform + Services", the Company has established a cooperative model of "entrusting asset operation" with different types of asset holders (upstream and downstream, peers, etc.), which has promoted significant increase in our revenue and net profit, especially in the maintenance and repair business, where revenue growth achieved 43% and gross profit margin continuously maintained at a high level of over 40%. This strategic transformation has not only optimized the structure of the business and assets of the Company, but also laid a solid foundation for its future development, which will continue to drive rapid growth in the market share of the Company.

Excellent Performance in Electric Loader Business

As a key new business segment of the Company, the growth trend of electric loader business remains strong. As of June 30, 2025, the fleet size had reached 316 units and the number of directly operated professional service centres nationwide had reached seven, with cumulative revenue from subscription services exceeding RMB10 million and a gross profit margin of 60%, making it an important source of profit growth for the Company. In the second half of the year, we will accelerate market expansion, further enhance the category layout and scale improvement of the electric loader business, and plan to expand into a new equipment category "cleaning equipment", with a focus on developing product lines such as intelligent industrial cleaning robots and high-pressure cleaning equipment. We will, on the one hand, strengthen business expansion and actively strive for market share; on the other hand, strengthen operational management and risk control, establish a digital monitoring platform to ensure the sustained high-quality development of our business.

Acceleration of International Development

In the first half of the year, we have completed the establishment of our subsidiary in Indonesia and established a localized operation and service team. The operation and management channels of various businesses have been fully connected. Currently, the Company's business in Indonesia has received positive feedback and is expected to become a new engine driving the performance growth of the Company. At the same time, the international layout in countries such as Vietnam, Thailand and Malaysia has begun to be implemented, and local regional operation centers are gradually being established. The specific implementation of international layout will contribute to the growth of the revenue and profits of the Company, and will promote the continuous enhancement of the brand influence, profitability and international status of the Company.

Comprehensive Services Laid the Foundation for Business Development

Comprehensive and efficient services are the cornerstones of our business development. By establishing the "Service Centre" of the Group and integrating professional resources from 89 service outlets across the country, we have further optimized our asset operation and management capabilities, comprehensively upgraded our service system, significantly improved customer response speed, and gained widespread market recognition. Specifically, we have established a three-tier service system: a headquarters technical support center, regional service centers, and local service outlets to ensure rapid response to customer needs. At the same time, our intelligent diagnostic system and remote technical assistance continue to reduce the average error resolution time. The optimization of this service system has promoted the sustained high level of customer satisfaction and renewal rate, laying a solid foundation for the future development of the Company.

Strategic Collaboration Steadily Deepened

During the first half of 2025, we proactively advanced industrial chain synergy, forging strategic partnerships with multiple sector participants. Confronting the current complex market conditions, we implemented a dual-track strategy: on one hand, focused on the needs of downstream clients, strengthened operational coordination with end-users and peers, leveraged expertise in asset operation management to empower mid-downstream partners in the industry chain through technology output and model innovation, consolidated the foundation of equipment subscription business; on the other hand, deepened strategic cooperation with upstream suppliers, enhanced product technology and diversified offerings via proprietary asset management system, continuously expanded product application scenarios.

Through establishing a supply chain collaboration mechanism, we have achieved resource sharing and complementary strengths with partners, collectively building an efficient and resilient industry ecosystem. This deep cooperation not only enhances overall industrial chain efficiency but also generates greater business value for all stakeholders. The Company is committed to delivering international intralogistics equipment support services, empowering clients and partners to optimize operational efficiency.

We firmly believe that sustained efforts in empowering industrial ecosystems and integrating supply chain resources will achieve mutual benefits and shared success with our partners. Moving forward, we will continue to drive service innovation and operational optimization, progressively enhancing overall efficiency to deliver greater value for customers. These initiatives not only strengthen the Company's competitive positioning but also establish resilient foundations for long-term sustainable development.

Outlook

Amidst a complex and volatile global economic landscape, underpinned by deepening the strategic transformation into a platform provider at its core and founded on the "Three-Step" tactical roadmap of "empowering service network, diversifying service offerings, and internationalization", the Company will remain firmly committed to the business strategies of "Steady Growth, Strengthen Internal Control, Enhance Service, Strengthen Organization, and Ensure Safety" in the second half of 2025, with the aim of driving high-quality development. As a global leading provider of entire lifecycle intralogistics equipment solutions, we will concentrate efforts on the following aspects:

To drive business development, we will further optimize product portfolio, steadily expand new categories of equipment, deepen innovation in scenario-based applications, and leverage digital technologies to empower product and service upgrade. A key priority will be the deep integration of IoT, big data and other advanced technologies into core businesses to develop intelligent operation management platforms that sharpen our core competitive edges. Additionally, we will strengthen collaboration with strategic customers for greater innovation achievements, fostering stronger partnerships.

To elevate service excellence, we will build a standardized, professional and smart service pattern with steadfast commitment to the customer experience-centric service framework and through service process redesign enabled by digital tools. We will prioritize upskilling our service engineer team through enhanced training programs, so as to ensure better service quality and greater responsiveness. Taking customers' demands as top priorities, we will further improve service quality based on profound understanding of their expectations and feedback, striving to deliver exceptional experience. Simultaneously, we are actively exploring new service models to adapt to market changes and secure higher customer satisfaction and loyalty.

To advance international expansion, we will take proactive approaches to capture the opportunities presented by the Belt and Road Initiative, with a focus on emerging markets such as Southeast Asia and the Middle East. By combining localized operation with differentiated product strategies, we will steadily advance international layout and enhance global service capabilities.

To enhance safety management, we will actively respond to and implement the Key Focuses of Special Equipment Safety Supervision for 2025, forming and improving a safety production accountability mechanism and refining safe operation procedures and emergency response plans. With the deployment and application of intelligent monitoring system, we will achieve real-time monitoring and early warning for equipment operation, thereby ensuring absolute production safety.

We remain confident that by adhering to innovation-driven development, deepening digital transformation and strengthening risk control, we will capture opportunities in the complex environment and achieve steady growth. Staying true to the commitment of "creating value for customers", we will devote to driving high-quality development of the intralogistics equipment industry and contribute more to regional economic development and industrial upgrade.

Financial Review

Revenue

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

The following sets forth a breakdown of the Group's revenue from three business segments for the six months ended June 30, 2025 and the six months ended June 30, 2024:

	For the six months ended June 30,				Year-on-year percentage change
	2025		2024		
	RMB'000	*%*	*RMB'000*	*%*	*%*
Intralogistics equipment subscription services	**438,807**	**51.2**	379,749	52.2	15.6
Maintenance and repair services	**122,368**	**14.3**	85,590	11.8	43.0
Sales of intralogistics equipment and parts	**295,058**	**34.5**	262,707	36.0	12.3
Total	**856,233**	**100.0**	728,046	100.0	17.6

The Group's revenue increased by 17.6% from approximately RMB728.0 million for the six months ended June 30, 2024 to approximately RMB856.2 million for the six months ended June 30, 2025, primarily due to the following reasons:

1. Our revenue from intralogistics equipment subscription services increased by 15.6% from approximately RMB379.8 million for the six months ended June 30, 2024 to approximately RMB438.8 million for the six months ended June 30, 2025, primarily due to (i) customer growth and increased utilization rates of overall intralogistics equipment driven by the Group's business expansion and enhanced operational capability in the first half of 2025; (ii) new business — electric loader business grew in the first half of 2025;

2. Our revenue from maintenance and repair services increased by 43.0% from approximately RMB85.6 million for the six months ended June 30, 2024 to approximately RMB122.4 million for the six months ended June 30, 2025, primarily due to (i) the Group fully rolled out its “Platform + Service” operating model in 2025, and further enhanced its service offering through the establishment of a centralized Group Service Hub, enabling its “Repair & Maintenance Scheme” to gain broad market recognition and resulting in a significant increase in both business volume and customer numbers; and (ii) the Group’s business coverage continued to expand, particularly following the acquisition of Nichiyu (Shanghai), the geographical reach of our service network was further extended, providing a solid foundation for revenue growth; and

3. Our revenue from sales of intralogistics equipment and parts increased by 12.3% from approximately RMB262.7 million for the six months ended June 30, 2024 to approximately RMB295.1 million for the six months ended June 30, 2025, primarily due to (i) the domestic and international market expansion delivered notable results, with sustained growth in the scale of our trading operations; (ii) the inclusion of the Nichiyu premium brand contributed incremental revenue; and (iii) the IoT and new energy innovation businesses complemented each other effectively.

Cost of Sales

The Group’s cost of sales increased by 16.5% from approximately RMB508.5 million for the six months ended June 30, 2024 to approximately RMB592.5 million for the six months ended June 30, 2025, which is in line with the growing trend of the Group’s revenue.

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of the Group's gross profit and gross profit margin by revenue segments for the six months ended June 30, 2025 and the six months ended June 30, 2024:

	For the six months ended June 30,				Year-on-year percentage change of gross profit
	2025		2024		
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin	
	RMB'000	***%***	*RMB'000*	*%*	*%*
Intralogistics equipment subscription services	**139,149**	**31.7**	123,119	32.4	13.0
Maintenance and repair services	**52,645**	**43.0**	35,669	41.7	47.6
Sales of intralogistics equipment and parts	**71,962**	**24.4**	60,794	23.1	18.4
Total	**263,756**	**30.8**	219,582	30.2	20.1

The Group's gross profit increased by 20.1% from approximately RMB219.6 million for the six months ended June 30, 2024 to approximately RMB263.8 million for the six months ended June 30, 2025, which is in line with the growing trend of the Group's revenue. The Group's gross profit margin increased from 30.2% for the six months ended June 30, 2024 to 30.8% for the six months ended June 30, 2025. The improvement was primarily attributable to: 1) significant improvement in the gross profit margin of maintenance and repair business, supported by ongoing optimization of the service system and further strengthening of remanufacturing capabilities; 2) strong contributions from the newly expanded electric loader business, with a gross profit margin of approximately 60%; and 3) the successful integration of the Nichiyu (Shanghai) premium brand, which further increased the overall gross profit.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 21.9% from approximately RMB45.8 million for the six months ended June 30, 2024 to approximately RMB55.9 million for the six months ended June 30, 2025, primarily due to the rising rental fees and staff expenses of marketing department attributable to the Group 's increased business volume and the integration of Nichiyu (Shanghai).

Administrative Expenses

The Group's administrative expenses increased by 22.6% from approximately RMB86.7 million for the six months ended June 30, 2024 to approximately RMB106.2 million for the six months ended June 30, 2025, primarily due to the increased administrative employee headcount, driven by business expansion and incorporating Nichiyu (Shanghai) into our operations.

Other Income and Gains

The Group's other income and gains decreased by 6.8% from approximately RMB9.5 million for the six months ended June 30, 2024 to approximately RMB8.9 million for the six months ended June 30, 2025, primarily due to the reduction in related government-grant subsidy income.

Other Expenses

The Group's other expenses increased by 14.8% from approximately RMB1.0 million for the six months ended June 30, 2024 to approximately RMB1.1 million for the six months ended June 30, 2025, primarily driven by increased operating costs for idle venues in our base in Hefei.

Finance Costs

The Group's finance costs increased by 6.5% from approximately RMB50.1 million for the six months ended June 30, 2024 to approximately RMB53.3 million for the six months ended June 30, 2025, primarily due to increased interests on bank loans and financing borrowings to support business development.

Income Tax Expenses and Effective Tax Rate

The Group recorded income tax expenses of approximately RMB3.9 million and effective tax rate of approximately 7.2% for the six months ended June 30, 2025, while it recorded income tax expenses of approximately RMB1.4 million and effective tax rate of approximately 3.1% for the six months ended June 30, 2024. The change was primarily due to the increase in taxable profit.

Profit for the Period

As a result of the above, our profit for the period increased by 19.2% from approximately RMB42.2 million for the six months ended June 30, 2024 to approximately RMB50.3 million for the six months ended June 30, 2025.

Liquidity, Financial Resources, Treasury Policies and Capital Structure

As at June 30, 2025, the Group had current assets of approximately RMB897.2 million, representing an increase of 0.4% from approximately RMB893.5 million as at December 31, 2024, primarily due to an increase in trade and bill receivable resulted from our business development. The Group had current liabilities of approximately RMB1,406.6 million, representing an increase of 0.8% from approximately RMB1,394.9 million as at December 31, 2024, primarily due to unpaid cash dividends declared in the first half of the year and the increase in lease liabilities due within one year. As a result, the Group's net current liabilities amounted to approximately RMB509.4 million as at June 30, 2025 (December 31, 2024: RMB501.4 million). The Group's current ratio was 0.64 at June 30, 2025 as compared with 0.64 at December 31, 2024, which equals to total current assets divided by total current liabilities as at the end of the period.

As at June 30, 2025, the Group's cash and cash equivalents amounted to approximately RMB167.6 million (December 31, 2024: RMB205.4 million), which is mainly funded from operations, unutilized net proceeds and facilities from bank and other borrowings. As at June 30, 2025 and December 31, 2024, the Group's total facilities from bank and other borrowings amounted to RMB5,611.3 million and RMB4,614.2 million, of which RMB2,170.3 million and RMB2,010.6 million had been utilized, respectively.

The H Shares have been listed on the Stock Exchange since the Listing Date. On May 14, 2025, the Company completed the conversion of 43,056,968 Unlisted Shares into H Shares, which have been listed on the Stock Exchange since May 15, 2025. Please refer to the announcements of the Company dated April 3, 2025, April 9, 2025 and May 14, 2025 for details of the above. Save as disclosed above, there has been no other changes in the capital structure of the Company during the Reporting Period. The capital of the Company comprises ordinary shares including the Unlisted Shares and H Shares.

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

We aim to maintain sufficient cash and facilities to meet our liquidity requirements. We finance our working capital requirements through a combination of funds generated from operations and alternative funding resources such as equity and debt. The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize Shareholders' value. We did not purchase structured deposits during the six months ended June 30, 2025 (during the year ended December 31, 2024: nil).

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

Pledge of Assets

As at June 30, 2025, the Group pledged assets of approximately RMB459.5 million as collateral for bank borrowings or any other financing activities, representing a decrease of 4.2% from approximately RMB479.9 million as at December 31, 2024.

Exposure to Fluctuations in Foreign Exchange Rates

The Group's business operations are mainly conducted in the PRC with most of the transactions settled in RMB, being the Group's functional currency. Meanwhile, the Group had certain transactions with overseas customers, which were mostly settled in U.S. dollars. As of June 30, 2025, the Group had not entered into any foreign exchange contracts or any hedging transactions or instruments against exposure to fluctuations in the exchange rate of RMB against U.S. dollars. However, the Group will monitor foreign exchange risks regularly and consider hedging significant foreign currency risks when necessary.

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**"). As at June 30, 2025, the Group has not utilized the GO Net Proceeds of RMB41.7 million. As at the date of this announcement, the unutilized net proceeds have been deposited in short-term demand with licensed banks or authorized financial institutions. The table below sets forth a breakdown of the utilization and proposed utilization of the GO Net Proceeds as at June 30, 2025 (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 June 30, 2025**	**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	26.2	21.9	By the end of 2025
Expand and upgrade our supply chain infrastructure	20.0	23.3	21.4	11.7	9.7	By the end of 2025
Strengthen our technology capabilities and infrastructure	15.0	17.4	16.0	8.8	7.2	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	7.8	2.9	By the end of 2025
General working capital and general corporate purposes	10.0	11.6	10.7	10.7	—	By the end of 2025
Total	**100.0**	**116.3**	**106.9**	**65.2**	**41.7**	

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 reports of the Company for the years ended December 31, 2023 and December 31, 2024 for further details.

EMPLOYEES AND REMUNERATION POLICIES

We recognize the importance of talent for sustainable business growth and competitive advantages. We believe that our success depends on our ability to attract, retain and motivate qualified personnel. As at June 30, 2025, we had 2,098 (June 30, 2024: 1,800) full-time employees, all of whom were based in China. Our total employee benefit expense (excluding Directors' and Supervisors' remunerations) were RMB155.4 million (for the six months ended June 30, 2024: RMB122.8 million) for the six months ended June 30, 2025. The remuneration is determined based on the terms of reference, the prevailing industry practice and the educational background, experience and performance of the staff, the importance of the post, the amount of time he/she devotes to the post, etc.. These policies are reviewed regularly. Besides salaries, the Group also provides other fringe benefits to its employees, including year-end bonuses, allowances and benefits in kind.

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

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

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

SIGNIFICANT INVESTMENT AND MATERIAL EVENTS DURING THE REPORTING PERIOD

The Board is not aware of any significant investment and events which could have a material impact on our operating and financial performance for the six months ended June 30, 2025.

EVENTS AFTER THE REPORTING PERIOD

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

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

For the six months ended 30 June 2025

	Notes	**2025** *RMB'000* **(Unaudited)**	2024 *RMB'000* (Unaudited)
REVENUE	*4*	**856,233**	728,046
Cost of sales		**(592,477)**	(508,464)
Gross profit		**263,756**	219,582
Other income and gains	*5*	**8,858**	9,503
Selling and distribution expenses		**(55,902)**	(45,844)
Administrative expenses		**(106,238)**	(86,653)
Impairment losses on financial assets, net		**(2,059)**	(2,490)
Other expenses		**(1,148)**	(1,000)
Finance costs		**(53,320)**	(50,081)
Share of profits of associates		**263**	537
PROFIT BEFORE TAX	*6*	**54,210**	43,554
Income tax expense	*7*	**(3,921)**	(1,356)
PROFIT FOR THE PERIOD		**50,289**	42,198
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**50,289**	42,198
Profit and total comprehensive income attributable to:			
Owners of the Company		**50,289**	42,198
EARNINGS PER SHARE ATTRIBUTABLE TO THE COMPANY			
Basic and diluted		**RMB0.14**	RMB0.12

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 June 2025

	Notes	**30 June 2025** *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,237,405**	1,204,149
Right-of-use assets		**1,612,387**	1,478,742
Intangible assets		**32,779**	36,714
Investments in associates		**12,597**	12,334
Deposits		**161,430**	149,475
Deferred tax assets		**7,814**	6,345
Total non-current assets		**3,064,412**	2,887,759
CURRENT ASSETS			
Inventories		**158,128**	163,946
Trade and bills receivables	*10*	**453,445**	389,226
Prepayments, other receivables and other assets		**74,151**	84,421
Restricted deposits		**43,921**	50,490
Cash and cash equivalents		**167,573**	205,394
Total current assets		**897,218**	893,477
CURRENT LIABILITIES			
Trade and bills payables	*11*	**360,281**	389,267
Other payables and accruals		**171,705**	172,004
Interest-bearing bank and other borrowings		**857,849**	830,939
Tax payable		**6,614**	2,702
Dividend payables		**10,195**	—
Total current liabilities		**1,406,644**	1,394,912
NET CURRENT LIABILITIES		**(509,426)**	(501,435)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,554,986**	2,386,324

	30 June 2025 *RMB'000* (Unaudited)	31 December 2024 *RMB'000* (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**1,312,479**	1,179,666
Other payables and accruals	**20,599**	24,496
Deferred tax liabilities	**3,066**	3,412
Total non-current liabilities	**1,336,144**	1,207,574
NET ASSETS	**1,218,842**	1,178,750
EQUITY		
Equity attributable to owners of the Company		
Share capital	**87,006**	87,006
Reserves	**1,131,836**	1,081,548
Proposed dividends	**—**	10,196
Total equity	**1,218,842**	1,178,750

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

Going concern basis

As at 30 June 2025, the Group had net current liabilities of RMB509.4 million. The directors of the Company (the "**Directors**") consider that the Group will have sufficient working capital to finance its operation and meets its financial obligation as and when they all due in the coming 12 months from the date of approval of the interim condensed consolidated financial statements after taking into account, inter alia, the historical operating performance and the unutilised borrowing facilities of the Group amounting to RMB3,441.0 million available for the coming 12 months from the date of approval of the interim condensed consolidated financial statements.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 on a going concern basis.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 21	*Lack of Exchangeability*

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

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3 OPERATING SEGMENT INFORMATION

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

4 REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**533,516**	458,253
Revenue from operating leases (included in intralogistics equipment subscription services)	**322,717**	269,793
Total	**856,233**	728,046

Disaggregated revenue information for revenue from contracts with customers:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Intralogistics equipment subscription services (excluding operating leases)	**116,090**	109,956
Maintenance and repair services	**122,368**	85,590
Sales of intralogistics equipment and parts	**295,058**	262,707
Total	**533,516**	458,253

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	**441,724**	370,375
Oversea*	**91,792**	87,878
Total	**533,516**	458,253
Timing of revenue recognition		
Goods transferred at a point in time	**238,458**	262,707
Services transferred over time	**295,058**	195,546
Total	**533,516**	458,253

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

5 OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Rental income	**5,391**	3,026
Interest income	**1,732**	2,291
Foreign exchange gain, net	**1,369**	2,038
Government grant*	**134**	1,834
Others	**232**	314
Total	**8,858**	9,503

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

6 PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**305,112**	271,531
Depreciation of property, plant and equipment*	**113,748**	95,766
Depreciation of right-of-use assets*	**103,248**	100,732
Amortisation of intangible assets	**4,446**	1,548
Research and development costs**	**21,945**	22,130
Employee benefit expenses:		
Wages and salaries	**135,220**	106,832
Pension scheme contributions (defined contribution schemes)	**20,205**	15,963
Total	**155,425**	122,795
Foreign exchange gain, net***	**(1,369)**	(2,038)
Impairment of trade receivables	**2,059**	2,490
Loss/(gain) on disposals of property, plant and equipment	**6********	(28)***

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

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

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

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

7 INCOME TAX

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

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

The Company is qualified as an "High and New Technology Enterprise" and therefore was entitled to a preferential income tax rate of 15% for the years from 2022 to 2024. This qualification is subject to review by the relevant tax authority of the PRC every three years.

As at 30 June 2025, The Company is in the progress of re-application of "High and New Technology Enterprise" and expected that it is probable to be recognised as "High and New Technology Enterprise". Thus the Company calculated the income tax provision as the rate of 15% in the periods.

Except for Anhui Folangsi Machinery Co., Ltd., Guangzhou Folangsi Forklift Co., Ltd. Nichiyu (Shanghai) 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 periods.

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current	**5,736**	1,079
Deferred	**(1,815)**	277
Total	**3,921**	1,356

8 DIVIDENDS

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final declared — RMB0.0293 (2024: Nil) per ordinary share	**10,197**	—

No dividends have been paid by the Company during the six months period ended 30 June 2025 and 30 June 2024.

9 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 348,022,816 (2024: 348,022,816) outstanding during the period, as adjusted to reflect the rights issue during the period.

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

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**50,289**	42,198

	Number of shares For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**348,022,816**	348,022,816

10 TRADE AND BILLS RECEIVABLES

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

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within three months	**338,179**	290,156
Four to six months	**76,238**	65,312
Six to twelve months	**20,138**	17,415
Over one year	**18,890**	16,343
Total	**453,445**	389,226

11 TRADE AND BILLS PAYABLES

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

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within three months	**324,351**	350,176
Three months to one year	**30,345**	33,003
Over one year	**5,585**	6,088
Total	**360,281**	389,267

CORPORATE GOVERNANCE

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

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

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

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

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

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

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

MATERIAL LITIGATION

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

AUDIT COMMITTEE

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

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

The Audit Committee has considered and reviewed, with no disagreement with the management of the Company, the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2025 and the disclosure in this announcement.

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2025.

SUPPLEMENTAL INFORMATION IN RELATION TO 2024 ANNUAL REPORT

Reference is made to the annual report of the Company for the year ended December 31, 2024 (the "**2024 Annual Report**"). Further to the information disclosed in the 2024 Annual Report, the Board would like to provide the following supplemental information.

ANNUAL REVIEW ON CONFLICT OF INTERESTS BETWEEN THE GROUP AND THE CONTROLLING SHAREHOLDERS

The independent non-executive Directors conduct an annual review on whether there is any conflict of interests between the Group and the Controlling Shareholders. On March 19, 2025, the Company held a Board meeting and an Audit Committee meeting, during which all independent non-executive Directors conducted a comprehensive review of the Company's corporate governance practices and matters subject to annual review. This included, among other matters, a review of whether any conflict of interests existed between the Group and the Controlling Shareholders for the financial year ended December 31, 2024. The independent non-executive Directors confirmed that no conflict of interests was identified.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Board
"B2B"	business-to-business
"Board" or "Board of Directors"	board of directors of the Company
"CG Code"	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan Region of the People's Republic of China
"Company", "the Company" or "our Company"	FOLANGSI CO., LTD (廣州佛朗斯股份有限公司) (formerly known as Guangzhou Folangsi Machinery Co., Ltd. (廣州佛朗斯機械有限公司)), a limited liability company incorporated in the PRC on December 5, 2007 which was converted into a joint stock company with limited liability on November 25, 2016 and listed on the Stock Exchange on November 10, 2023 (Stock code: 2499)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and in the context of this announcement, refers to the controlling shareholders of our Company, namely Mr. Hou Zekuan, Mr. Hou Zebing and Guangzhou Daze
"Director(s)"	director(s) of the Company
"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", "our Group", "the Group", "we", "us", or "our"	the Company and all of its subsidiaries, or any one of them as the context may require

"Guangzhou Daze"	Guangzhou Daze Investment Partnership (Limited Partnership) (廣州達澤投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 16, 2011 and one of the Controlling Shareholders
"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)
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Hou Zekuan"	Mr. Hou Zekuan (侯澤寬), an executive Director, the chairman of the Board and a Controlling Shareholder
"Mr. Hou Zebing"	Mr. Hou Zebing (侯澤兵), an executive Director, general manager (chief executive) and a Controlling Shareholder

"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"	the six months ended June 30, 2025
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.25 each, including both Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Unlisted Shares"	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", "US$" or "USD"	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 People's Republic of China
August 22, 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*