LONKING HOLDINGS LIMITED
中國龍工控股有限公司*

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the "Board") of Lonking Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025 (the "Period") together with the comparative figures for the corresponding period in 2024. The Group's interim results for the Period is unaudited, but have been reviewed by the Company's auditor, Ernst & Young Certified Public Accountant ("Ernst & Young") and approved by the audit committee of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*3 and 4*	**5,596,064**	5,360,093
Cost of sales		**(4,461,306)**	(4,370,634)
Gross profit		**1,134,758**	989,459
Other income	*5*	**58,510**	63,775
Other gains and losses	*5*	**108,665**	42,877
Selling and distribution expenses		**(239,975)**	(226,948)
Administrative expenses		**(125,143)**	(125,540)
Impairment losses on financial assets, net		**(9,899)**	22,454
Research and development costs		**(240,273)**	(221,722)
Other expenses		**(2,756)**	(733)
Finance income		**53,167**	66,780
Finance costs		**(1,391)**	(19,349)

* *For identification purpose only*

	Notes	For the six months ended 30 June **2025** **(Unaudited)** ***RMB'000***	2024 (Unaudited) *RMB'000*
PROFIT BEFORE TAX	*6*	**735,663**	591,053
Income tax expense	*7*	**(103,828)**	(132,545)
PROFIT FOR THE PERIOD		**631,835**	458,508
Attributable to:			
Owners of the parent		**631,728**	458,353
Non-controlling interests		**107**	155
		631,835	458,508
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted:			
– For profit for the period (RMB)	*8*	**0.15**	0.11

Details of the dividends declared and paid are disclosed in note 8 to the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**631,835**	458,508
OTHER COMPREHENSIVE INCOME		
Exchange differences:		
Exchange differences on translation of foreign operations	**(6,353)**	2,713
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(6,353)**	2,713
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(6,353)**	2,713
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**625,482**	461,221
Attributable to:		
Owners of the parent	**625,375**	461,066
Non-controlling interests	**107**	155
	625,482	461,221

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	**30 June 2025 (Unaudited)** *RMB'000*	31 December 2024 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**1,662,760**	1,760,226
Right-of-use assets		**117,019**	119,476
Prepayments for property, plant and equipment		**2,058**	7,835
Long-term receivables	*11*	**373,578**	191,772
Equity investments at fair value through other comprehensive income		**1,000**	1,000
Financial assets at fair value through profit or loss		**676,005**	594,138
Time deposits		**500,755**	–
Deferred tax assets	*13*	**349,940**	337,181
Total non-current assets		**3,683,115**	3,011,628
CURRENT ASSETS			
Inventories	*10*	**2,264,751**	2,287,310
Trade receivables	*11*	**2,601,896**	2,377,319
Bills receivable		**661,293**	671,525
Due from related parties		**1,780**	174
Prepayments, deposits and other receivables	*12*	**475,648**	521,363
Financial assets at fair value through other comprehensive income		**52,373**	42,640
Derivative financial instruments		**–**	27,601
Financial assets at fair value through profit or loss		**1,766,067**	3,659,338
Pledged deposits	*13*	**297,517**	598,712
Time deposits	*13*	**757,594**	1,059,336
Cash and cash equivalents	*13*	**3,954,377**	1,218,049
Total current assets		**12,833,296**	12,463,367
CURRENT LIABILITIES			
Trade and bills payables	*14*	**4,034,753**	3,744,900
Other payables and accruals	*15*	**858,564**	801,633
Interest-bearing bank borrowings		**20,000**	–
Due to related parties		**6,468**	10,335
Tax payable		**84,737**	77,000
Provisions		**88,676**	72,538
Deferred income		**6,198**	6,462
Derivative financial instruments		**6,735**	–
Dividends due to shareholders	*8*	**507,421**	–
Total current liabilities		**5,613,552**	4,712,868
NET CURRENT ASSETS		**7,219,744**	7,750,499
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,902,859**	10,762,127

	30 June 2025 (Unaudited) *RMB'000*	31 December 2024 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Deposits for finance leases	**37**	37
Deferred tax liabilities	**44,749**	14,404
Provisions	**9,043**	7,524
Deferred income	**32,969**	36,069
Total non-current liabilities	**86,798**	58,034
Net assets	**10,816,061**	10,704,093
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**444,116**	444,116
Share premium and reserves	**10,369,085**	10,257,224
	10,813,201	10,701,340
Non-controlling interests	**2,860**	2,753
Total equity	**10,816,061**	10,704,093

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

1. CORPORATE INFORMATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 was authorised for issue in accordance with a resolution of the directors on 26 August 2025.

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 principal activities of the Group are the manufacture and distribution of wheel loaders, forklifts, excavators, road rollers and other construction machinery and the provision of finance leases of construction machinery.

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information, which comprises the interim condensed consolidated statement of financial position of the Group as at 30 June 2025 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, has been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

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 financial statements for the year ended 31 December 2024.

2.2 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 HKAS 21	*Lack of Exchangeability*

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

The adoption of amended HKFRS did not have any material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's revenue from contracts with customers is the sales income of wheel loaders, forklifts, excavators, road rollers and other construction machinery. Refer to Note 4 for the disclosure on disaggregated revenue.

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

Approximately 18% (2024: 12%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sales, with 100% (2024: 100%) of the costs denominated in the units' functional currencies.

4. OPERATING SEGMENT INFORMATION

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2025 and 2024:

Six months ended 30 June 2025 (unaudited)	**Sale of construction machinery** *RMB'000*	**Finance leases of construction machinery** *RMB'000*	**Financial investments** *RMB'000*	**Total** *RMB'000*
Segment revenue				
Revenue from external customers	**5,596,064**	**–**	**–**	**5,596,064**
Segment results	**582,869**	**(17)**	**102,817**	**685,669**
Reconciliation:				
Finance income				**53,167**
Unallocated other income and gains and losses				**6,798**
Corporate and other unallocated expenses				**(8,580)**
Finance costs				**(1,391)**
Profit before tax				**735,663**

Six months ended 30 June 2024 (unaudited)	Sale of construction machinery *RMB'000*	Finance leases of construction machinery *RMB'000*	Financial investments *RMB'000*	Total *RMB'000*
Segment revenue				
Revenue from external customers	5,360,093	–	–	5,360,093
Segment results	511,766	–	50,561	562,327
Reconciliation:				
Finance income				66,780
Unallocated other income and gains and losses				(12,201)
Corporate and other unallocated expenses				(6,504)
Finance costs				(19,349)
Profit before tax				591,053

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

Inter-segment revenues are eliminated on consolidation.

Geographical information

	30 June 2025 ***RMB'000*** **(unaudited)**	30 June 2024 *RMB'000* (unaudited)
Revenue from external customers:		
Mainland China	**3,962,590**	3,892,804
Outside Mainland China	**1,633,474**	1,467,289
Total revenue	**5,596,064**	5,360,093

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2025 and 31 December 2024:

	30 June 2025 *RMB'000* **(unaudited)**	31 December 2024 *RMB'000* (audited)
Segment assets:	**15,681,280**	14,651,239
Sale of construction machinery	**13,236,006**	10,568,506
Finance leases of construction machinery	**1,612**	1,656
Financial investments	**2,443,662**	4,081,077
Corporate and other unallocated assets	**835,131**	823,756
Consolidated assets	**16,516,411**	15,474,995

	30 June 2025 *RMB'000* **(unaudited)**	31 December 2024 *RMB'000* (audited)
Segment liabilities:	**5,123,298**	4,767,858
Sale of construction machinery	**5,069,746**	4,735,622
Finance leases of construction machinery	**9,966**	9,942
Financial investments	**43,586**	22,294
Corporate and other unallocated liabilities	**577,052**	3,044
Consolidated liabilities	**5,700,350**	4,770,902

The following is an analysis of the sales of construction machinery by product and of finance lease interest income:

	For the six months ended 30 June			
	2025		2024	
	RMB'000	*%*	*RMB'000*	*%*
Sales of construction machinery:				
Wheel loaders	**2,300,997**	**41.2**	2,160,912	40.4
Forklifts	**1,880,612**	**33.6**	2,058,326	38.4
Excavators	**807,919**	**14.4**	506,277	9.4
Components	**578,355**	**10.3**	615,986	11.5
Road rollers	**28,181**	**0.5**	18,592	0.3
Subtotal	**5,596,064**	**100.0**	5,360,093	100.0
Finance lease interest income	**–**	**–**	–	–
Total	**5,596,064**	**100.0**	5,360,093	100.0

Seasonality of operations

The Group's operations are not subject to seasonality.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

An analysis of the Group's other income is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grants	**23,888**	19,214
Additional value-added tax deduction	**21,023**	40,253
Income from sales of scraps	**11,245**	2,494
Penalty income	**167**	623
Others	**2,187**	1,191
Total	**58,510**	63,775

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Losses)/Gains on disposal of items of property, plant and equipment	**(1,364)**	87
Gains on disposal of right of use asset	**–**	3,320
Reversal of provision for inventories	**414**	1,110
Fair value gains, net:		
Financial assets at fair value through profit or loss – held for trading	**128,913**	(4,065)
Derivative instruments – transactions not qualifying as hedges	**(32,393)**	36,023
Gains from derivative instruments	**–**	12,893
Dividend income from financial assets at fair value through profit or loss	**6,297**	5,710
Foreign exchange gains/(losses)	**6,798**	(12,201)
Total	**108,665**	42,877

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold*	**4,211,845**	3,794,684
Depreciation of property, plant and equipment	**118,270**	127,475
Depreciation of right-of-use assets	**2,457**	2,371
Staff costs, including directors' remuneration	**342,976**	316,785
Contribution to a retirement benefit scheme	**37,679**	34,382
Foreign exchange differences, net	**(6,798)**	12,201
Impairment of financial assets, net	**9,899**	(22,454)
Product warranty provision	**59,198**	43,563
Fair value gains, net:		
Financial assets at fair value through profit or loss – held for trading	**(128,913)**	4,065
Derivative instruments – transactions not qualifying as hedges	**32,393**	(36,023)
Gains from derivative instruments	**–**	(12,893)
Dividend income from financial assets at fair value through profit or loss	**(6,297)**	(5,710)
Reversal of provision for inventories	**(414)**	(1,110)
Bank structured deposits interest income	**(34,160)**	(24,540)
Bank time deposits interest income	**(17,557)**	(39,058)
Amortisation of unrealised financing income	**(1,450)**	(3,182)
Income-related government grants	**(23,888)**	(19,214)
Additional value-added tax deduction	**(21,023)**	(40,253)
Auditor's remuneration	**630**	630

* Cost of inventories sold 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 EXPENSE

The Group calculates the income tax expense for the current period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax expense	**86,242**	120,870
Deferred income tax expense relating to origination and reversal of temporary differences	**17,586**	11,675
Income tax expense recognised in the consolidated statement of profit or loss	**103,828**	132,545

8. EARNINGS PER SHARE AND DIVIDENDS DUE TO SHAREHOLDERS

The calculation of the basic earnings per share amount was based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of RMB4,280,100,000 (six months ended 30 June 2024: RMB4,280,100,000) in issue during the year.

The directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

The proposed final dividend of HK$0.13 per ordinary share for the year ended 31 December 2024 was declared payable and approved by the shareholders in the annual general meeting of the Company on 28 May 2025 and was paid on 31 July 2025.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired assets at a cost of RMB28,821,000 (six months ended 30 June 2024: RMB35,782,000), including property, plant and machinery in the People's Republic of China (the "PRC").

Assets with a net book value of RMB7,743,000 were disposed of by the Group during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB6,391,000), resulting in a net loss on disposal of RMB1,364,000 (six months ended 30 June 2024: a net loss of RMB87,000).

10. INVENTORIES

	30 June 2025 *RMB'000* **(unaudited)**	31 December 2024 *RMB'000* (audited)
Raw materials	**818,273**	795,288
Work in progress	**165,770**	195,937
Finished goods	**1,280,708**	1,296,085
Total	**2,264,751**	2,287,310

11. TRADE RECEIVABLES

The Group allows credit periods from 6 months up to 36 months to its trade customers. Longer credit terms may be offered to some customers with good credit history and relationships.

	30 June 2025 *RMB'000* **(unaudited)**	31 December 2024 *RMB'000* (audited)
Trade receivables	**3,456,227**	3,040,304
Impairment	**(480,753)**	(471,213)
	2,975,474	2,569,091
Less: Non-current portion	**(373,578)**	(191,772)
Total	**2,601,896**	2,377,319

The non-current portion of trade receivables are the receivables with maturity within 3 years but greater than 12 months according to the credit terms.

The ageing analysis of trade receivables is as follows:

	30 June 2025 *RMB'000* **(unaudited)**	31 December 2024 *RMB'000* (audited)
Within 3 months	**1,767,952**	1,292,871
3 to 6 months	**570,256**	591,051
6 months to 1 year	**394,426**	462,892
More than 1 year	**242,840**	222,277
Total	**2,975,474**	2,569,091

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2025 *RMB'000* **(unaudited)**	31 December 2024 *RMB'000* (audited)
Prepayments	**226,115**	231,724
Deductible value-added tax	**65,652**	77,529
Deposits	**2,627**	5,735
Total	**294,394**	314,988
Other receivables:		
Loan receivables	**443,558**	443,733
Less: Impairment	**(437,053)**	(437,170)
Net loan receivables	**6,505**	6,563
Other miscellaneous receivables	**175,447**	200,510
Less: Impairment	**(698)**	(698)
Net other miscellaneous receivables	**174,749**	199,812
Total other receivables	**181,254**	206,375
Grand total	**475,648**	521,363

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

Loan receivables were generated from sales agencies for their repurchase of machines. The collection of receivables of sales financed by leasing was not favourable due to the deterioration of external operating environment in the past few years. According to the finance lease agreements, the sales agencies were required to fulfil the obligation by repurchasing the machines and repaying the outstanding lease amount to the leasing companies once the account is overdue for more than three months. Accordingly, the Group would extend loans to the sales agencies to help them with the settlement of repurchase. The sales agencies were required to repay within three months as it would normally take three months for the resale of the machines. The Group would enter into instalment agreements with sales agencies if the repurchased machines had been resold. The instalments would be paid with interest at interest rates ranging from 3% to 8% per annum that would mainly be repaid within 18 to 24 months.

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

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Cash and bank balances	**3,954,377**	1,218,049
Time deposits and pledged deposits	**1,555,866**	1,658,048
	5,510,243	2,876,097
Less: Pledged cash and bank balances and time deposits:		
Pledged for bank acceptance bills	**(297,517)**	(193,234)
Pledged for purchasing financial assets at fair value through profit or loss	**–**	(400,000)
Pledged for others	**–**	(5,478)
Time deposits with original maturity of more than three months	**(1,258,349)**	(1,059,336)
Cash and cash equivalents	**3,954,377**	1,218,049

Note: The certificates of deposit were purchased from creditworthy licensed banks in Mainland China with various maturity periods which range from over 2 year to over 3 years.

14. TRADE AND BILLS PAYABLES

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

	30 June 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
Within 6 months	**3,954,594**	3,673,021
6 months to 1 year	**25,154**	16,609
1 to 2 years	**9,613**	13,605
2 to 3 years	**6,602**	6,320
Over 3 years	**38,790**	35,345
Total	**4,034,753**	3,744,900

The bills payable are aged within six months at the end of each reporting period and secured by pledged bank deposits amounting to RMB297,517,000 (31 December 2024: RMB193,234,000) (note 13).

15. OTHER PAYABLES AND ACCRUALS

	30 June 2025 *RMB'000* **(unaudited)**	31 December 2024 *RMB'000* (audited)
Accrued sales rebate	**309,706**	298,178
Salaries and wages payable	**106,851**	142,479
Contract liabilities	**123,132**	91,474
Other payables	**110,585**	96,700
Other accrued expenses	**79,302**	76,516
Payable for acquisition of property, plant and equipment	**17,951**	10,155
VAT and other taxes payable	**105,265**	80,359
Deposit for finance leases	**5,772**	5,772
Total	**858,564**	801,633

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT AND BUSINESS REVIEW

In the first half of 2025, China's economy maintained overall stability while securing progress and improvement, with a GDP growth of 5.3%. In terms of Chinese construction machinery, the domestic market demand hit the bottom and started to recover. The growth in some overseas markets faced temporary pressure, with the long-term outlook remains positive. Facing such a complex and ever-changing external market environment, the Group consistently adhered to the principle of high-quality development and focused on strengthening its core construction machinery business. We vigorously developed and enhanced our export product series, successively launching multiple high-quality new products. During the reporting period, the Group systematically implemented multiple measures aimed at improving quality and controlling costs, achieving significant result and steady improvement in product quality and profitability. Overall, the Group sustained positive momentum in risk control, operational efficiency, and management quality, reaching new heights in its prudent operations.

During the reporting period, the Group realized a total operating revenue of RMB5,596 million, which increased by RMB236 million or 4.40% year on year from RMB5,360 million in the same period of 2024. As the most competitive product, the loader business continued to be the largest contributor to the Group's revenue and profits. The proportion of the sales of loader to the total sales of the Group increased by 0.81 percentage points from 40.31% in the same period of 2024 to 41.12%. The proportion of forklift sales decreased by 4.79 percentage points to 33.61% compared to the same period of 2024. The Group seized the great opportunity to capitalize on the rising overseas demand for excavators, realizing a year-on-year increase of 59.58% in excavator sales. The current sales proportion was 14.44%, an increase of 4.99 percentage points from 9.45% in the same period of 2024. During the reporting period, the Group's consolidated gross profit margin was 20.28%, an increase of 1.82 percentage points compared to 18.46% in the same period of 2024. Net profit for the reporting period was approximately RMB632 million, increasing by RMB174 million or 37.80% year on year from RMB458 million in the same period last year. Such increase in net profit was mainly due to the Group's vigorous development and improvement of export product series, continuous expansion of overseas markets, and a year-on-year increase in the consolidated gross profit margin of the products, resulting from the steady growth in the production and sales scale of export business during the reporting period.

GEOGRAPHICAL RESULTS

In the first half of 2025, the Company recorded varied regional performance. The Northwest region achieved 22.3% sales growth year-on-year, increasing market share from 7.01% to 8.58%, driven by construction equipment demand related to infrastructure projects. Central China delivered 8.9% sales growth with market share reaching 10.29%. The South region showed moderate 3.6% growth, bringing its market share to 9.57%.

Export markets demonstrated strong 11.3% growth, now representing 29.19% of total revenue compared to 27.37% last year. This makes exports the Company's largest sales segment, highlighting the success of internationalization efforts.

Conversely, the North region experienced a 2.8% decline in sales, while the Southwest region saw a 6.4% decrease. The East and Northeast regions also recorded sales and market share reductions, with the East experiencing a 5.2% decline in sales and its market share dropping from 15.4% to 14.6%, while the Northeast saw a 4.7% decrease in sales with market share falling from 12.3% to 11.7%.

Moving forward, investment should focus on high-growth regions and further international expansion, particularly for products with export potential. At the same time, the Group will optimize product sales strategies based on the demand characteristics of different regional markets, balancing regional development in the domestic market.

PRODUCTS ANALYSIS

During the first half of 2025, the Group achieved total revenue of RMB5,596 million, representing a 4.4% increase compared to the same period in 2024. The Group continued to optimize its product structure and achieved notable progress in both revenue growth and profitability across its major product lines.

Wheel Loaders

Wheel loaders remained a core business segment, with total revenue increasing by 6.5% year-on-year to RMB2,301 million. This growth was primarily driven by robust demand for high-end (ZL60 model) and mini wheel loaders, which saw revenue increases of 27.7% and 7.9% respectively. The ZL50 model, historically the Group's flagship model, experienced a slight revenue decline of 3.9%, mainly due to weaker export sales. Overall, the segment benefited from a diversified product mix, with the share of revenue from the ZL50 model decreasing, while contributions from mini and ZL40 models increased significantly. The gross margin for wheel loaders improved to 20.6%, reflecting better product mix and cost control.

Forklifts

Forklifts continued to be the largest revenue contributor, generating RMB1,881 million in sales, accounting for 33.6% of total revenue. However, revenue declined slightly by 8.5%, reflecting intensified competition in the domestic market, which remains the primary sales channel (with domestic sales accounting for 80.6% of the segment's revenue). The gross margin for forklifts was 18.7%, below the Group average, highlighting the need for further value-added product development and efficiency improvements.

Excavators

The excavator business delivered outstanding performance, with revenue surging by 59.6% to RMB808 million. This segment is highly export-oriented, with 70.9% of revenue derived from overseas markets. The gross margin reached 27.1%, the highest among all major product lines, underscoring the strong profitability and competitive positioning of the Group's excavator products in international markets.

Road Rollers

Road rollers constituted a small segment, with revenue of RMB28 million. Despite its small scale, the segment achieved a gross margin of 21.7%, supported by a high export ratio (75.9% of revenue from exports). The Group will continue to monitor opportunities to expand this segment, given its attractive margin profile.

Components

Sales of parts and components decreased by 6.2% to RMB578 million, which accounts for 10.3% of total revenue.

FINANCIAL REVIEW

The Group financed its operations from internally generated cash flow, bank borrowings and accumulated retained earnings. The Group adopted a prudent finance strategy in managing the Group's financing needs. The Group believes that its cash holding, cash flow from operation, future revenue and available banking facilities will be sufficient to fund its working capital requirements.

Cash and Bank Balance

As at 30 June 2025, the Group had bank balances and cash of approximately RMB3,954 million (31 December 2024: approximately RMB1,218 million). Such a substantial increase of RMB2,736 million or 224.6% can be attributed to a combination of strong operational performance, effective cost management, and efficient working capital practices. Additionally, financing activities, such as effective debt management, along with prudent investment strategies, have contributed to enhancing the company's liquidity position. Compared with last year, the cash and bank balance increased by about RMB2,736 million, which was a result of net cash inflow of RMB580 million from operating activities, net cash inflow of RMB2,141 million from investing activities, and net cash inflow of RMB20 million from financing activities, along with the effect of foreign exchange rate changes at RMB4 million.

Liquidity and Financial Resources

The Group is committed to building a sound financial position. Total shareholders' fund as at 30 June 2025 was approximately RMB10,816 million, a 1.05% increase from approximately RMB10,704 million as at 31 December 2024.

Current Ratio

The current ratio of the Group at 30 June 2025 was 2.29 (31 December 2024: 2.64). The Directors believe that the Group has sufficient resources to support its working capital requirements and meet its foreseeable capital expenditure.

Capital Structure

During the period ended on 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's shares and any other listed securities.

As at 30 June 2025, the gross gearing ratio (defined as total liabilities divided by total assets) was approximately 34.5% (as at 31 December 2024: 30.8%).

Capital Expenditure

During the period, the Group acquired property, plant, and equipment of approximately RMB29 million (for the six months ended 30 June 2024: approximately RMB36 million) in line with a series of strategic transformation and product transformation of the Group.

Gross Profit

The Group showed remarkable gross profit growth of 14.7% or approximately RMB145,299 million in the first half of 2025, significantly outpacing revenue growth. This performance was driven by revenue contribution, enhanced cost efficiency, operational efficiency, and gross profit margin improvement.

The gross profit margin expanded from 18.5% to 20.3%, a 1.8 percentage point improvement. This margin enhancement resulted from manufacturing efficiencies, favorable product mix, and effective supply chain management.

This gross profit improvement strengthens the company's financial position, significantly contributes to the overall net profit growth of the group for the current period, enhances the company's capacity for future investments, and provides greater resilience against potential market fluctuations.

Other Gains and Losses

Other Gains and Losses increased significantly by 153.3% to approximately RMB109 million for the first half of 2025 compared to the same period in 2024, primarily driven by substantial fair value gains on financial assets. However, this positive trend was partially offset by losses on the disposal of assets and derivative instruments. The company's ability to generate dividend income and recover from foreign exchange losses also contributed positively to the overall performance in Other Gains and Losses.

Impairment Losses on Financial Assets

Impairment Losses on Financial Assets increased significantly by 144.1% to approximately RMB9.9 million for the first half of 2025 compared to the same period in 2024. Such substantial increase of impairment losses on financial assets is primarily driven by the Group's assessment of the recoverability of trade receivables during the period. Based on the principle of prudence, a bad debt provision was made for amounts due from certain dealers.

Finance Cost

The Group reported a significant 92.8% decrease in finance costs for the six-month ended period of 2025, from RMB19,349,000 to just RMB1,391,000. This reduction was mainly driven by from strategic debt repayment, enhanced cash flow management. The RMB17,958,000 savings directly boosts profitability, improves financial flexibility, and strengthens the company's overall financial position. With significantly decreased finance costs, the Group improved its financial flexibility and strengthened the Group's competitive positioning, creating a foundation for sustainable long-term growth, particularly given the company's strong operational performance indicators.

Income Tax Expense

The Group reported a significant 21.7% decrease in income tax expense for the six-month ended period of 2025, from RMB132,545,000 to just RMB103,828,000. This decrease in income tax expense indicates that the reduction is primarily driven by a decrease in current income tax expense, despite an increase in profit before tax. The decrease in the effective tax rate suggests that the company has effectively utilized tax incentives and deductions, enhancing overall profitability and cash flow. The management will continue to focus on strategic tax planning to maintain favorable tax positions and support sustainable financial performance.

Research and Development Costs

The Group recorded a notable 8.4% increase in Research and Development costs for the six-month ended period of 2025, rising from RMB221,722,000 to RMB240,273,000. This increase in R&D expenditure demonstrates the company's strategic commitment to innovation and product development despite the challenging economic environment. The allocation of additional resources towards R&D activities is aimed at enhancing product offerings, improving existing machinery, and developing sustainable technologies. While this investment may impact short-term profitability, it positions the company for long-term growth and maintains its competitive advantage in the infrastructure machinery industry.

PROSPECT

In the second half of 2025, with the government intensifying its macroeconomic policy efforts by prioritizing proactive measures, the Chinese economy is expected to maintain overall stability while securing a progress and improvement. The sustained development and stable growth of China's economy will provide a solid foundation for the stable operation and high-quality development of the construction machinery industry. On one hand, the continued effectiveness of policies related to "dual initiatives" (national key strategies and security capacity building in key areas) and "dual renewals" (large-scale equipment renewals and consumer goods trade-ins) will accumulate favorable factors to aid the recovery of the construction machinery market. In particular, the official commencement of the super-large-scale water conservancy project – the Hydropower Project in the Lower Reaches of the Yarlung Zangbo River – will play a positive role in improving market demand. On the other hand, after years of domestic downturn, a substantial replacement demand has objectively accumulated due to the large stock of equipment. The combination of these two factors suggests that the domestic construction machinery industry may usher in new development opportunities. Although overseas markets show regional variations in prosperity and competition in emerging markets is intensifying, the global market remains vast with immense growth potential. The comprehensive competitiveness and brand value of Chinese construction machinery products will continue to rise, and the industry's overseas business is still in an expansion phase, with export sales maintaining growth momentum. The Group will fully leverage the opportunities presented by the stabilizing and rebounding domestic demand and the sustained high growth in overseas markets. We will closely monitor industry trends and changes in customer needs. 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 fully utilize our three strengths of "quality, service and cost effectiveness". The Group will rigorously implement measures to enhance quality, control costs, drive innovation, and expand markets. Through these efforts, the Group aims to strengthen and grow its core competitive businesses, thereby striving to create greater value to its users and investors.

CORPORATE GOVERNANCE

The Board is committed to maintaining and ensuring high standards of corporate governance practices. In the opinion of the directors, the Company has adopted and complied with the principles and applicable code provisions of Corporate Governance Code ("CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2025, except for certain deviations which are summarized as below.

Code Provision C.1.7

As stipulated in the Code Provision C.1.7 of CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company has not yet made this insurance arrangement as the board of directors considers that the director liability insurance has not yet been identified on the market with reasonable insurance premium while providing adequate suitable security to directors.

Code Provision C.1.5

As stipulated in the Code Provision C.1.5 of CG Code, independent non-executive directors and other non-executive directors shall generally attend general meetings. Three independent non-executive directors and one non-executive director were unable to attend annual general meeting of the Company held on 28 May 2025 (the “2025 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-executives Director for more than nine yeas. 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 participant 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’ experiences in the government sectors and public services in Chinese mainland. The Company values Mr. Wu 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 of his independent scope of works in the past years, the Directors consider Mr. Qian and Mr. Wu to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Accordingly, Mr. Qian and Mr. Wu shall be subject to retirement rotation and re-election by way of a separate resolution approved by the Shareholders at the annual general meeting. At the Annual General Meeting of the Company held on 28 May 2025, a separate resolution to re-elect Mr. Qian and Mr. Wu a retiring Director, 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.

Review of the Interim Results

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

The interim results for the six months ended 30 June 2025 have been reviewed by the external auditors of the Company. The figures in respect of this announcement of the Group's results for the six months ended 30 June 2025 have been agreed by the Group's external auditor, Ernst & Young Certified Public Accountants (the "Ernst & Young"), to the amounts set out in the Group's unaudited interim condensed consolidated financial information for the period.

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

During the six months ended on 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares and any other listed securities.

INTERIM DIVIDEND

The Directors do not recommend any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2025 interim report for the six months ended 30 June 2025 will be despatched to the shareholders at the appropriate time and will at the same time be published on the Stock Exchange's website (www.hkex.com.hk).

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

Hong Kong, 26 August 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.