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# **Folangsi**

**FOLANGSI CO., LTD**  
**廣州佛朗斯股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 2499)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025**

The Board is pleased to announce the consolidated annual results of the Group for the year ended December 31, 2025 together with the comparative figures for the year ended December 31, 2024 as set out below.

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

### **FINANCIAL HIGHLIGHTS**

Revenue of the Group increased by 8.6% from approximately RMB1,610.9 million for the year ended December 31, 2024 to approximately RMB1,748.8 million for the year ended December 31, 2025.

Profit for the year of the Group decreased by 19.4% from approximately RMB102.0 million for the year ended December 31, 2024 to approximately RMB82.2 million for the year ended December 31, 2025. After excluding the effects of the one-off acquisition gain in 2024, profit for the year of the Group increased by 10.3% from approximately RMB74.5 million for the year ended December 31, 2024 to approximately RMB82.2 million for the year ended December 31, 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, the ongoing implementation of policy directives aimed at reducing social logistics costs, 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 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, related policy support has provided a solid foundation for industry development. Meanwhile, the acceleration of data openness and connectivity as well as the standardization of practices, and the ongoing refinement of the supervision system for special equipment safety, are driving the sector toward rapid upgrades in standardized operations and service capabilities. With the gradual improvement of industry standards and continuous innovation of technologies, and the expansion of application scenarios alongside the release of overseas market opportunities, intralogistics equipment solutions will further evolve toward intelligence and diversification, serving as an important tool for enhancing logistics efficiency and reducing operational costs, injecting new momentum into the sustainable development of enterprises.

### **1. Macro environment and evolving customer operational requirements**

In 2025, the global economy remained in a cycle of adjustment, intertwined with external uncertainties and volatilities. Nevertheless, China's economy demonstrated overall resilience, with annual GDP reaching RMB140.19 trillion, representing a year-on-year increase of 5.0%. Amid a stable economic foundation and ongoing industrial structural upgrades, turnover efficiency and cost control have remained core business priorities for enterprises in manufacturing, logistics and warehousing, commerce and circulation, and other sectors. Against this macroeconomic backdrop, demand for intralogistics equipment has exhibited a trend of steady evolution. On the one hand, business volumes have supported resilient demand for in-warehouse handling, loading/unloading and stacking. On the other hand, constraints on investment and cash flow have inclined customers to adopt more flexible, controllable and business-adjustable equipment deployment models, thereby promoting the penetration and upgrading of usage-right-based equipment solutions.

From the perspective of downstream demand structure, upgrades in warehousing and distribution systems driven by consumption and e-commerce continued to underpin stable intralogistics activities. In 2025, total retail sales of consumer goods increased by 3.7% year-on-year, national online retail sales increased by 8.6% year-on-year, among which, online retail sales of physical goods increased by 5.2% year-on-year. Correspondingly, express delivery and warehousing and distribution turnover remained buoyant. According to the State Post Bureau, China's express delivery volume reached 198.95 billion pieces in 2025, up by 13.6% year-on-year. Business growth and seasonal peak-valley fluctuations have strengthened demand from warehouse and park customers for rapid equipment deployment, elastic capacity expansion and contraction, and stable supply assurance. Such demand is better suited to on-demand subscription, service outsourcing and full life cycle management models, rather than one-off equipment purchases.

## **2. Improved policies and regulation driving quality improvement and efficiency enhancement in the industry**

In 2025, national policies and regulatory measures continued to advance in areas including reducing overall social logistics costs, improving the efficiency of logistics system, promoting data openness and connectivity with standardized construction, and strengthening safety supervision. These efforts provided clear guidance for the standardized, intelligent and service-oriented development of the intralogistics equipment and solutions industry. In November 2024, the General Office of the CPC Central Committee and the General Office of the State Council issued the Action Plan for Effectively Reducing the Logistics Costs of the Entire Society (《有效降低全社会物流成本行动方案》), which outlined arrangements for optimizing transportation structures, refining hub networks, and advancing digitalization and green initiatives. On October 17, 2025, the State Council convened an executive meeting to review progress on the action plan, emphasizing the continued promotion of cost reduction, quality improvement and efficiency enhancement in logistics, and proposing to accelerate the development of digital logistics infrastructure and the promotion of logistics data openness and connectivity.

Regarding logistics hub network development, the National Development and Reform Commission announced on June 23, 2025, the inclusion of 30 national logistics hubs, including the Wuhan production-service-oriented hub, into the construction list, further improving the national logistics hub network and facilitate reductions in logistics costs. The enhancement of hub networks and park logistics capabilities typically drives growth in demands for warehouse loading/unloading, handling and turnover operations, while imposing higher requirements on equipment support and service responsiveness.

Regarding data and standardization, the National Development and Reform Commission, the National Data Administration and other departments issued the Implementation Plan for Promoting Logistics Data Openness and Connectivity to Effectively Reduce Overall Social Logistics Costs (《關於推動物流數據開放互聯有效降低全社會物流成本的實施方案》) on November 10, 2025, proposing the establishment of mechanisms for the openness and connectivity of logistics data resources and the promotion of standardized data specifications and interoperability. On December 17, 2025, the State Administration for Market Regulation, the National Development and Reform Commission and four other departments jointly issued the Key Work Plan for Modern Logistics Standardization (2025–2027) (《現代物流標準化重點工作計劃(2025–2027年)》), outlining arrangements for standard development and application in areas such as equipment and tools, data openness and connectivity, and service operations. These measures will further raise industry requirements for standardized service processes, data traceability and operational management capabilities.

In terms of safety supervision, the Special Equipment Bureau of the State Administration for Market Regulation issued the Key Points of Special Equipment Safety Supervision in 2025 (《2025年特種設備安全監察工作要點》) in February 2025, which clearly proposed to take reform and innovation as the driving force, systematically promote the modernization of management concepts, institutional systems, technical capabilities and methods for special equipment through optimizing regulatory services and innovating regulatory mechanisms. This policy orientation aims to comprehensively enhance the safety supervision efficiency of special equipment and provide a solid safety guarantee for promoting the sustained recovery and improvement of the economy. The new regulation particularly strengthened the requirements for the full life cycle management of equipment, introduced a risk early warning mechanism based on big data, and established a more stringent safety responsibility traceability system.

Under the combined influence of the above policies and regulatory measures, the intralogistics equipment and solutions market is accelerating its evolution toward standardization, normalization and digitalization. Customer requirements for full life cycle equipment management, service response efficiency and compliant operational support have continued to rise.

### **3. Technological innovation profoundly reshaping the competitive landscape in the industry**

Currently, the integration and application of new-generation information technology with intralogistics equipment is driving significant transformation in the industry. The increasingly mature application of cutting-edge technologies, such as artificial intelligence (AI) visual recognition, 5G remote control, the Internet of Things (IoT) and big data, complemented by cloud platforms, remote diagnostics and data-driven scheduling, is propelling the transformation of intralogistics equipment industry toward intelligent, systemic integrated solutions.

In the face of the overall social technological upgrading, the industry also seeks to deeply integrate new technologies with logistics equipment solutions. By leveraging advanced technologies to enable precise demand forecasting, real-time monitoring and dynamic adjustment capabilities, enterprises can significantly enhance operational efficiency, safety and equipment lifecycle management, thereby boosting their competitiveness and meeting the expectations of various industries for iterative evolution and upgraded solutions.

Driven by technological iteration, the competitive landscape in the industry is undergoing transformation. Enterprises with relatively complex application scenarios tend to opt for customized intelligent integrated solutions for intralogistics equipment, enabling seamless connection between the use of intralogistics equipment and the logistics transportation of logistics enterprises as well as the production line operations of industrial enterprises; while enterprises with standardized application scenarios prefer modular intelligent equipment solutions, such as completing the intelligent transformation of traditional equipment through equipment module replacement. This restructuring of the competitive landscape has created new market development opportunities for intralogistics equipment solution providers, driving industry players to transform into logistics efficiency partners, and creating new value growth points.

### **4. Intralogistics equipment solutions industry moves towards intelligent and diversified development**

At present, China's logistics activities maintain a certain level of prosperity, with sustained market demand for efficient logistics solutions. Against this backdrop, the intralogistics equipment solutions industry is accelerating its shift from traditional single-device supply model toward greater specialization, diversification and intelligence, which is not only reshaping the industry development landscape, but also demonstrating broad development prospects and commercial value.

From the perspective of market demand, the demand for specialized equipment in sub-sectors such as e-commerce logistics, smart manufacturing and cold chain distribution continues to rise, driving the industry towards diversified development. To adapt to the differentiated and scenario-based demands of different industries, various specialized solutions are constantly iterating and emerging: the product series has become more enriched, forming a complete product line from light-duty handling to heavy-duty loading and unloading equipment; the degree of product specialization has continuously improved, and dedicated models have been developed for special industries such as cold chain, electronics and chemicals; the application of new energy has been widely popularized, and clean energy equipment has further become the mainstream choice in the market. This series of diversified and customized solutions better met the special requirements of various application scenarios, and while expanding the market space, also provided customers with more precise matching solutions.

In terms of intelligence transformation, the new generation of solutions is breaking through the functional limitations of traditional equipment. The logistics system that integrates Internet of Things (IoT) and artificial intelligence technologies has acquired the ability to perceive and make decisions independently. Automation has been achieved in all key links of logistics operations, significantly enhancing operational efficiency and accuracy. This intelligent transformation is redefining the operation mode of intralogistics equipment. Meanwhile, the synergy effect of the system is increasingly prominent. Modern solutions, through a unified data platform, have achieved seamless integration of logistics equipment operation data with enterprise management systems. Work tasks can be intelligently allocated to the optimal equipment, significantly enhancing the efficiency of multi-machine collaborative operations and forming an efficient and interactive intelligent system.

In the future, with the continuous introduction of innovative technologies, the intelligence level of the industry will be further enhanced. Advanced functions such as autonomous decision-making, predictive optimization, and virtual simulation will undergo continuous upgrades. At the same time, the continuous expansion of application scenarios will also drive solutions toward greater specialization and segmentation, enriching the variety of customized offerings. These trends collectively outline a broader development prospect for the intralogistics equipment solutions industry.

## **5. Overseas opportunities inject strong momentum into market development**

In recent years, the global supply chains have shown a more pronounced trend toward diversification and regionalization. Southeast Asia is accelerating its progress in undertaking manufacturing spillovers, developing park economies and improving logistics infrastructure, driving sustained growth in demand for warehousing, park operations and on-site handling. As regional manufacturing expands and cross-border trade activity increases, enterprises are heightening their focus on improving turnover efficiency, reducing operating costs and ensuring on-site operational continuity, thereby broadening application scenarios for intralogistics equipment and supporting solutions.

Meanwhile, emerging consumption models such as overseas e-commerce and on-demand fulfillment have been gaining steady traction, driving warehousing and distribution systems accelerating upgrades toward greater efficiency and refinement. Focusing on key links such as picking, loading/unloading and handling, enterprises are more inclined to enhance operational efficiency and accuracy through process optimization and equipment upgrades, leading to gradual increases in the demand for intelligent equipment and systemic solutions, which in turn raises requirements for equipment operation and maintenance, spare parts support, and on-site service capabilities.

Overall, these developments open up a vast incremental space for the intralogistics equipment industry.

## **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 customers 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 robust technical capabilities, and have built a professional and reliable service image and market reputation 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, forming a comprehensive service capability covering customers’ multi-scenario needs. As of December 31, 2025, we have established a service network covering 52 key cities worldwide, with a total of 95 standardized service outlets. The total scale of equipment assets under our operation and management exceeded 64,000 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.

In 2025, we adhere to our three major development strategies of “Empowering Service Network, Diversifying Service Offerings, Internationalization” to continuously consolidate and enhance our leading market position within the industry. In 2025, we achieved strong operating results benefiting from our stable business expansion and consistent improvement of our operation capability and service scope, with our operating conditions continuing to improve.

Our business footprint has evolved from “Based in China” to “Connecting the World”. During the Reporting Period, leveraged on Southeast Asia as a key strategic pivot, we accelerated the implementation and establishment of our overseas terminal service network: Indonesian subsidiary held its opening ceremony successfully in Jakarta, marking a critical step in the Group’s overseas terminal network layout. Subsequently, our Vietnam subsidiary (Ho Chi Minh City) and Malaysia subsidiary (Shah Alam) successively commenced operations, further enhancing our service network layout within the Southeast Asian region, strengthening our localized operational and service capabilities and laying a solid foundation for the continued expansion of our overseas business.

## **BUSINESS REVIEW**

In 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.

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

- **Intralogistics Equipment Subscription Services:** We provide intralogistics equipment to customers for their usage with value-added services, including but not limited to equipment selection, on-site operation training, general and necessary maintenance and repair, and real-time monitoring of equipment status and operation through our Intelligent Asset and Operation Management Platform. In managing this business segment, we charge customers services fees mainly based on types and configurations of equipment selected, duration they use the subscribed intralogistics equipment, and customization of related services (if applicable).
- **Maintenance and Repair Services:** In this business segment, we generate revenue from providing on-site maintenance and repair services to customers for their intralogistics equipment. We charge fees either on project basis for one-off repair services, or based on service plans where we charge fees on monthly basis for certain contract period covering equipment specified in the relevant agreement.
- **Sales of Intralogistics Equipment and Parts:** We sell new intralogistics equipment and parts to enterprises in China and abroad; and used intralogistics equipment to enterprises in China. We conduct sales through our own sales team directly to end customers. We had a broad range of customers, such as manufacturers, logistics companies, and trading companies, with intralogistics need, including movement of heavy goods and material in indoor and limited outdoor spaces.

Our development strategy is “building a world-leading high-dimensional shared ecosystem for B2B industrial and logistics equipment”. With the continuous development of our intralogistics equipment solution, we achieved remarkable results in 2025 by promoting the transformation to a light-asset model and digital upgrade:

### **1. Platform-based Transformation Strongly Empowers and Drives Steady Improvement in Growth Quality**

The Company continued to deepen the strategic development of its intralogistics equipment management platform, with ecosystem synergies accelerating their release. 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 over 30% and gross profit margin continuously maintained at a high level of over 40%. At the same time, the Company continued to advance its digital capabilities, focusing on key aspects such as equipment asset management, operational dispatching, service delivery and risk control. This has enabled the gradual building of a data-driven, refined operation system, enhanced asset operation transparency and cross-regional collaboration efficiency, while providing the foundational support for the replication of standardized services and scaled expansion. This strategic transformation has continued to optimize the structure of the business and assets of the Company, effectively driving the Company’s transition toward an ecosystem enabler, strengthening its core competitiveness and laying a solid foundation for the rapid expansion of market share and sustainable growth.

### **2. New Product Portfolio Expansion Drives Diversified Growth**

The Company remains committed to its forklift business as the cornerstone of its operations, while vigorously advancing its product diversification strategy. In 2025, the second growth curve cultivated by the Company delivered notable results and maintained strong momentum. In particular, electric loaders, a key focus of the Company’s new product portfolio, sustained robust growth, driven by product features aligning with market demand and efficient, comprehensive service support. As of December 31, 2025, the fleet size had approached 800 units and the number of directly operated professional service centres nationwide had reached ten, with cumulative revenue from subscription services approaching RMB50 million and a strong gross profit margin, making it an important source of profit growth for the Company. Meanwhile, driven by the implementation of the Company’s multi-product strategy, we steadily carried out pilot deployment and scenario exploration for new product categories including cleaning equipment during the Reporting Period, focusing on intelligent industrial cleaning robots, high-pressure cleaning equipment and other segments. We will, on the one hand, strengthen market and 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.

### **3. Strengthening Overseas Expansion to Accelerate Global Growth**

The Company adheres to a strategy of being based in China with a global vision, taking Southeast Asia and countries along the Belt and Road Initiative as a strategic pivot to accelerate the transition of its overseas business from initial deployment to deepened operations. During the Reporting Period, the Company achieved a key breakthrough in its overseas terminal business. Our subsidiaries in Indonesia, Vietnam and Malaysia were successfully established and gradually entered normalized operations, with revenue from overseas terminal operations exceeding RMB1 million, providing preliminary validation of the replicability and commercialization potential of the Company's platform-based operational model in international markets. With Southeast Asia as a strategic pivot, the Company is gradually forming a development pathway centered on "regional hubs + deep local cultivation". On one hand, leveraged on Indonesia, Vietnam and Malaysia as regional operational headquarters and capability centers, it radiates influence to surrounding markets. On the other hand, within individual country markets, it focuses on deep cultivation by strengthening local teams, service delivery standards and operational systems while promoting the replication and expansion of local networks. This gradually establishes a service coverage framework featuring "multi-point interconnection + fanning out from a point to an area", enhancing response efficiency and delivery stability at customer sites.

Looking ahead to the next phase, the Company will deepen its presence in established markets such as Indonesia, Vietnam and Malaysia, while steadily advancing its expansion into new regions including Thailand, Saudi Arabia and United Arab Emirates. This will gradually extend its overseas service radius and market coverage, cultivating a sustainable overseas growth trajectory.

### **4. Service System Further Consolidated to Lay a Solid Foundation for Business Development**

Comprehensive and efficient services are the cornerstones of our business development. During the Reporting Period, the Company established the "Service Centre" of the Group to integrate professional resources from 95 service outlets across the world, which further strengthened our asset operation and management and cross-regional coordination capabilities, facilitated comprehensive upgrade of our service system, and significantly improved customer response speed. 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.

## **5. Rapid Growth in Remanufacturing Business, Enhancing Both Efficiency and Environmental Benefits**

In 2025, the Company's remanufacturing business maintained rapid growth, driven by both technological innovation and the expansion of large-scale applications. During the year, the number of deep-remanufactured equipment exceeded 3,500 units, representing a year-on-year increase of nearly 70%, while the total number of remanufactured components approached 40,000 units, representing a year-on-year increase of 82%. The range of remanufactured products continued to expand, covering more than ten key components including lithium batteries, steering units and slewing bearings, further strengthening the Company's remanufacturing capabilities for core components. Despite the rapid expansion in scale, customer satisfaction remained above 97%, achieving improvements in both scale and quality. Through specialized repair and upgrading, the Company effectively extended the life of equipment and reduced customers' overall operating costs, while promoting continuous optimization of operating costs across the entire value chain. This further strengthened the lifecycle operation model of "equipment subscription — maintenance and repair — remanufacturing and restoration — circular utilization", delivering both economic and environmental benefits.

## **6. Accelerated Advancement of Informatization Driving and Empowering Operational Service Efficiency**

The Company has attached great importance to informatization, which is deemed as a critical foundation for platform-based operations and service system upgrades. For a long time, by leveraging on its IoT technology to enable online monitoring and management of equipment operational status, the Company has continuously enhanced the visibility of asset operations and its risk warning capabilities.

During the Reporting Period, the Company further refined its digital service tools matrix by officially launching a leasing maintenance and repair management system. Relying on the process center and work order center, the system established a shift inventory management mechanism, integrating key links such as customer repair requests, service responses, material supply, maintenance execution, and quality acceptance into unified management. Meanwhile, the system deeply synergizes with the Group's main supply chain center. Through links such as material planning, external procurement, allocation, material preparation, and material requisition, it realizes data interoperability with data of back-end systems such as NC and WMS, forming a complete business loop from the initiation of customer demands to the execution of services.

More importantly, this information technology upgrade has built a solid digital development foundation, achieving full-domain digital coverage from equipment operation monitoring to maintenance and repair service delivery, driving the rapid accumulation and cross-regional replication and application of core technical capabilities, and laying a solid foundation for subsequent efficient and low-cost system iterations.

Leveraging this system, the materials used for the maintenance and repair of assets can be precisely traced, and service quality can be controlled throughout the process, establishing a multi-dimensional refined cost accounting and control system covering a single unit of asset, a single customer, and a single service engineer. Driven by the standardized reshaping and refined operational management of the service process through information technology, the Company's service dispatch efficiency and response speed have been significantly improved. The capability of full-process service quality control has been continuously strengthened, providing solid guarantees for improving customer experience, enhancing operational efficiency, and promoting service capabilities at scale.

## OUTLOOK

In 2026, amidst a complex and volatile macro economy, underpinned by deepening the strategic transformation into a platform provider at its core and building upon the three-step tactical approach established in 2025 of “empowering service network, diversifying service offerings, and internationalization”, the Company will incorporate “intelligence” as a core enabler to form a strategic advancement framework of four synergies of “networking, product diversification, internationalization and intelligence”, comprehensively advancing both business scale and service quality of the Company:

**1. In terms of business scale development: comprehensively promote the synergy of “networking, product diversification, internationalization and intelligence” to build a global service network and product matrix**

The Company will take network development as a core enabler to improvement industry competitiveness, and continue to optimize its global service network while deepening its “online + offline” integrated business model. The Group will simultaneously advance the construction of service outlets domestically and overseas, striving to gradually form a global network scale of over a thousand service outlets (including over 600 domestically and over 200 overseas). On this basis, leveraging digital transformation, the Group will strengthen synergy and coordination between its service network and business segments to enhance response efficiency and service quality and reduce operational costs, reinforce its integrated foundation and build differentiated competitive advantages.

In terms of development of product diversification, the Company will take forklifts and electric loaders as the core carrier, and continue to optimize its product structure by focusing on the full-scenario logistics needs of customers. The Company will steadily promote the expansion of equipment categories and innovation in scenario applications. By enriching its product matrix, the Company will further enhance its ability to meet diverse customer needs and strengthen the competitiveness of its overall solutions.

During the internationalization process, the Company will leverage differentiated products and high-quality services to steadily advance its global market layout and enhance its global market share. We will actively seize opportunities arising from the Belt and Road Initiative, continue to deepen its presence in emerging markets such as Southeast Asia and the Middle East, and strengthen its global service capabilities through the advancement of localized operations, thereby achieving high-quality and sustainable development worldwide.

In the field of intelligence, the Company will leverage core carriers such as unmanned forklifts, industrial robots, smart containers and autonomous logistics vehicles to continuously advance the iteration of autonomous driving technologies and dispatching

systems, driving the evolution of intralogistics from single-point equipment applications to full-scenario unmanned solutions. Meanwhile, we will make full use of our technological expertise in the field of intelligent services, innovate service models and consolidate core capabilities to build a global and agile intelligent service system that delivers an exceptional customer experience, striving to become a specialist in intelligence services, continuously creating value for customers and injecting new momentum into the high-quality development of the industry.

**2. In terms of elevating service excellence: build a standardized, professional, and smart service pattern with steadfast commitment to the customer experience-centric service framework**

The Company always prioritizes customer demands and continuously builds a service system centered on customer experience. By introducing digital tools, we promote the optimization of service processes and the improvement of service management, achieving standardization and professionalization of our service models. We will place emphasis on strengthening the construction of the service engineer team, perfecting the training system, and continuously improving service quality and response efficiency. At the same time, we will actively explore new models of intelligent services. Centered around the deployment, operation, and scheduling of unmanned forklifts, we are building a remote diagnostic and data service platform. By utilizing data to perceive customer expectations and feedback, we will continuously improve service quality, striving to provide customers with a higher-quality and more timely experience, thereby enhancing customer satisfaction and loyalty.

**3. In terms of technological upgrade and innovation: deepen intelligent-driven approaches to promote core technology integration and collaborative innovation**

Complying with the electrification and intelligence trends in the industry, the Company will continuously increase investments in IoT, IT, and other fields, promoting the deep integration of intelligence and core businesses, and enhancing operational management efficiency and service delivery capabilities. Aligned with the overall strategic arrangement, we will further consolidate intelligence-related businesses and resources, strengthening intelligent capability building and business implementation. Concurrently, we will deepen collaborative innovation with strategic customers. Through technology sharing and joint research and development, we will build closer partnerships and drive the continuous upgrade of products and services through innovation.

**4. In terms of safety management construction: improve the accountability system and strengthen risk prevention and compliant operation**

The Company will continually improve the safety production accountability mechanism, and strengthen safe operation procedures and emergency management,

to ensure the strict execution and implementation of safety management systems. Integrating equipment operation and service scenarios, we will utilize intelligent methods to enhance risk identification and prevention capabilities, and strengthen dynamic monitoring of various safety hazards. Through continuous safety training and corporate culture building, we will guarantee production safety and compliant operations, consolidating the foundation for the steady development of the Company.

We remain confident that by adhering to innovation-driven development, deepening digital and intelligent transformation and strengthening risk control, the Company will be able to 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 create long-term value for our Shareholders.

## FINANCIAL OVERVIEW

### Revenue

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

The following sets forth a breakdown of the Group’s revenue from three business segments for the year ended December 31, 2025 and the year ended December 31, 2024:

	For the year ended December 31,				Year-on-year percentage change
	2025		2024		
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Intralogistics equipment subscription services	<b>903,638</b>	<b>51.7</b>	796,049	49.4	13.5
Maintenance and repair services	<b>267,971</b>	<b>15.3</b>	202,830	12.6	32.1
Sales of intralogistics equipment and parts	<b>577,144</b>	<b>33.0</b>	611,988	38.0	-5.7
<b>Total</b>	<b><u>1,748,753</u></b>	<b><u>100.0</u></b>	<b><u>1,610,867</u></b>	<b><u>100.0</u></b>	<b><u>8.6</u></b>

The Group's revenue increased by 8.6% from approximately RMB1,610.9 million for the year ended December 31, 2024 to approximately RMB1,748.8 million for the year ended December 31, 2025, primarily attributable to the combined effect of operating performance of various business segments and the optimization of the business structure. A detailed analysis is set out below:

1. Our revenue from intralogistics equipment subscription services increased by 13.5% from approximately RMB796.0 million for the year ended December 31, 2024 to approximately RMB903.6 million for the year ended December 31, 2025, primarily due to the continued deepening and implementation of the "Platform + Services" model. By enhancing service capabilities, this model has significantly strengthened customer loyalty, achieving high retention and increased purchases among existing customers while effectively driving the scalable expansion of the customers base through strong market reputation. Meanwhile, the Company has fully leveraged business synergies to facilitate the conversion of existing maintenance customers into subscription services. Together with the launch of new businesses such as electric loaders, this has further unlocked the growth potential of the subscription business.
2. Our revenue from maintenance and repair services increased by 32.1% from approximately RMB202.8 million for the year ended December 31, 2024 to approximately RMB268.0 million for the year ended December 31, 2025, primarily due to the continued deepening and implementation of the "Platform + Services" model as well. Driven by this model, the customer conversion channel between maintenance services and various business segments has been gradually established. Some existing trading customers have begun to procure maintenance services, while the conversion of existing maintenance customers to subscription services has also expanded the customer base of the maintenance business. This two-way interaction has effectively driven the rapid growth of the maintenance services business; and

3. Our revenue from sales of intralogistics equipment and parts decreased by 5.7% from approximately RMB612.0 million for the year ended December 31, 2024 to approximately RMB577.1 million for the year ended December 31, 2025, primarily due to the Company's proactive adjustments to its strategic structure, under which resources were reallocated from trading business to service business with higher value-added and stronger growth potential. Although the scale of the sales business contracted in the short term, the rapid growth of the service business effectively offset such impact. As a result, the Company's overall revenue structure continued to improve, with profitability and asset quality steadily improving, laying a solid foundation for achieving higher-quality and more sustainable growth in the future.

### Cost of Sales

The Group's cost of sales increased by 6.8% from approximately RMB1,147.1 million for the year ended December 31, 2024 to approximately RMB1,224.8 million for the year ended December 31, 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 year ended December 31, 2025 and the year ended December 31, 2024:

	For the year ended December 31,				Year-on-year percentage change of gross profit %
	2025		2024		
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %	
Intralogistics equipment subscription services	295,052	32.7	253,303	31.8	16.5
Maintenance and repair services	112,310	41.9	84,526	41.7	32.9
Sales of intralogistics equipment and parts	116,620	20.2	125,896	20.6	-7.4
<b>Total</b>	<b>523,982</b>	<b>30.0</b>	<b>463,725</b>	<b>28.8</b>	<b>13.0</b>

The Group's gross profit increased by 13.0% from approximately RMB463.7 million for the year ended December 31, 2024 to approximately RMB524.0 million for the year ended December 31, 2025, which is in line with the growing trend of the Group's revenue. The Group's overall gross profit margin increased from 28.8% for the year ended December 31, 2024 to 30.0% in 2025, primarily attributable to the optimisation of the Company's business structure, as the proportion of high-margin businesses increased by 5% compared with the previous year.

### **Selling and Distribution Expenses**

The Group's selling and distribution expenses increased by 16.9% from approximately RMB99.2 million for the year ended December 31, 2024 to approximately RMB116.0 million for the year ended December 31, 2025, primarily due to increase in staff and office expenses of marketing department attributable to the Group's increased business volume and the integration of Nichiyu Forklift (Shanghai) Co., Ltd.\* (力至優叉車(上海)有限公司) ("Nichiyu (Shanghai)").

### **Administrative Expenses**

The Group's administrative expenses increased by 16.1% from approximately RMB190.3 million for the year ended December 31, 2024 to approximately RMB220.9 million for the year ended December 31, 2025, primarily due to the Company's advancement of its internationalization strategy and the acceleration of its global expansion. To support the rapid expansion of overseas business, the number of employees in administrative department increased accordingly, leading to a corresponding increase in office expenses. This strategic investment laid a solid foundation for enhancing the Company's global operational capabilities.

### **Other Income and Gains**

The Group's other income and gains decreased from approximately RMB43.3 million for the year ended December 31, 2024 to approximately RMB15.9 million for the year ended December 31, 2025. Such decrease was primarily due to acquisition gains from the acquisition of Nichiyu (Shanghai) of approximately RMB27.4 million in 2024.

### **Other Expenses**

The Group's other expenses increased from approximately RMB1.1 million for the year ended December 31, 2024 to approximately RMB2.5 million for the year ended December 31, 2025, primarily due to amortisation cost corresponding to the rental income from the Group's Hefei factory in 2025.

## **Finance Costs**

The Group's finance costs increased by 3.2% from approximately RMB104.5 million for the year ended December 31, 2024 to approximately RMB107.8 million for the year ended December 31, 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 RMB4.5 million and effective tax rate of 5.2% for the year ended December 31, 2025, while it recorded income tax expenses of RMB3.4 million and effective tax rate of 3.2% for the year ended December 31, 2024. The change was primarily due to the acquisition gain in 2024 being a non-taxable item, which led to an increase in taxable income in 2025 as compared to 2024, and therefore both income tax expenses and the effective tax rate in 2025 increased as compared to 2024.

## **Profit for the Year**

Our profit for the year decreased by 19.4% from approximately RMB102.0 million for the year ended December 31, 2024 to approximately RMB82.2 million for the year ended December 31, 2025, primarily due to the effects of a one-off acquisition gain in 2024. After excluding the effects of such non-recurring item, profit for the year in 2025 increased by 10.3% year-on-year, reflecting the continued improvement in the performance of our core business.

## **Liquidity, Financial Resources, Treasury Policies and Capital Structure**

As at December 31, 2025, the Group had current assets of approximately RMB868.1 million, representing a decrease of 2.8% from approximately RMB893.5 million as at December 31, 2024, primarily due to i) increased investment in working capital to meet business development needs, resulting in a decrease in cash and cash equivalents ; and ii) offset output VAT, resulting in an decrease in value-added tax recoverable; and iii) the continued enhancement of refined management and the optimization of inventory structure and balances, resulting in a reduction in inventory scale. The Group had current liabilities of approximately RMB1,382.3 million, representing a decrease of 0.9% from approximately RMB1,394.9 million as at December 31, 2024, primarily due to the accelerated the settlement with suppliers, resulting in a decrease in trade and bills payables. As a result, the Group's net current liabilities amounted to approximately RMB514.2 million as at December 31, 2025 (December 31, 2024: RMB501.4 million). The Group's current ratio was 0.63 at December 31, 2025 as compared with 0.64 as at December 31, 2024, which equals to total current assets divided by total current liabilities as at the end of the year.

As at the end of the Reporting Period, the Group's debt-to-asset ratio (calculated as total debt divided by total assets) was 69.6%, representing a slight increase of 0.8 percentage points from the end of 2024, primarily due to the Company's continued advancement of its strategic transformation and upgrade, which involved increased capital expenditure on the new electric loader category and the implementation of its international expansion strategy. Correspondingly, as at the end of the year, the Company's unutilised banking and other borrowing facilities amounted to RMB3,190 million, representing an increase of 22.5% compared with the previous year, reflecting ample financial flexibility and a solid liquidity buffer. Overall, the slight fluctuation in the Company's debt-to-asset ratio was in line with the pace of its strategic expansion, and its capital structure remained sound and within a reasonable and controllable range.

As at December 31, 2025, the Group's cash and cash equivalents amounted to approximately RMB176.3 million (December 31, 2024: RMB205.4 million), which is mainly funded by funds generated from operations and borrowings. As at December 31, 2025 and December 31, 2024, the Group's total facilities for bank and other borrowings amounted to RMB5,473.3 million and RMB4,614.2 million, respectively of which RMB2,283.0 million and RMB2,010.6 million had been utilized.

During the Reporting Period, except for 43,056,968 Unlisted Shares which have been converted into 43,056,968 H Shares, there has been no change in the capital structure of the Company. The capital of the Company comprises ordinary shares including the Unlisted Shares and H Shares.

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

We aim to maintain sufficient cash and facilities to meet our liquidity requirements. We finance our working capital requirements through a combination of funds generated from operations and alternative funding resources from equity and debt. The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize Shareholders' value. No structured deposit was purchased during the Reporting Period (for 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 the efficiency of its working capital management.

### **Pledge of Assets**

As at December 31, 2025, the Group pledged assets of approximately RMB597.2 million as collateral for bank borrowings or any other financing activities, representing an increase of 24.4% 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 December 31, 2025, the Group had not entered into any exchange contracts or any hedging transactions or instruments against exposure to fluctuations in the exchange rate of RMB against U.S. dollars. However, the Group will monitor foreign exchange risks regularly and consider hedging significant foreign currency risks when necessary.

### **Employees and Remuneration Policies**

We recognize the importance of talent for sustainable business growth and competitive advantages. We believe that our success depends on our ability to attract, retain and motivate qualified personnel. As at December 31, 2025, we had 2,073 (December 31, 2024: 2,014) full-time employees, of whom 2,066 were based in China and 7 were located overseas. Our total employee benefit expense (excluding Directors' and Supervisors' remunerations) were RMB294.3 million (2024: RMB260.9 million) for the year ended December 31, 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, knowhows 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**

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 year ended December 31, 2025.

### **Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures**

We did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associates or joint ventures during the year ended December 31, 2025.

### **Events Subsequent to the Reporting Period**

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

## NET PROCEEDS FROM THE GLOBAL OFFERING AND USE OF PROCEEDS

The net proceeds from the Global Offering (after deducting the underwriting fees and related cost and expenses) amounted to approximately HK\$116.3 million (the “GO Net Proceeds”). As at December 31, 2025, the Group’s GO Net Proceeds have been fully utilized, with no unutilized balance remaining. The table below sets forth the utilization of the GO Net Proceeds as at December 31, 2025 (any discrepancies between totals and sums of amounts listed in the table below are due to rounding):

	Percentage of total <i>Approximate</i> %	Actual GO Net Proceeds received		Amount utilized as at December 31, 2025	Balance
		<i>HKD/ million</i>	<i>RMB/ million</i>	<i>RMB/ million</i>	<i>RMB/ million</i>
Enhance our service capabilities, improve customer coverage, and expand categories of intralogistics equipment	45.0	52.3	48.1	48.1	0
Expand and upgrade our supply chain infrastructure	20.0	23.3	21.4	21.4	0
Strengthen our technology capabilities and infrastructure	15.0	17.4	16.0	16.0	0
Conduct strategic mergers and acquisitions that align with our regional coverage, industry focus, and business priorities	10.0	11.6	10.7	10.7	0
General working capital and general corporate purposes	10.0	11.6	10.7	10.7	0
<b>Total</b>	<b>100.0</b>	<b>116.3</b>	<b>106.9</b>	<b>106.9</b>	<b>0</b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	4	<b>1,748,753</b>	1,610,867
Cost of sales		<u>(1,224,771)</u>	<u>(1,147,142)</u>
Gross profit		<b>523,982</b>	463,725
Other income and gains	4	<b>15,891</b>	43,284
Selling and distribution expenses		<b>(115,960)</b>	(99,210)
Administrative expenses		<b>(220,938)</b>	(190,345)
Impairment losses on financial assets	5	<b>(7,085)</b>	(8,090)
Other expenses		<b>(2,496)</b>	(1,054)
Finance costs		<b>(107,800)</b>	(104,475)
Share of profits of associates		<u><b>1,090</b></u>	<u>1,532</u>
<b>PROFIT BEFORE TAX</b>	5	<b>86,684</b>	105,367
Income tax expense	6	<u><b>(4,472)</b></u>	<u>(3,406)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>82,212</b></u>	<u>101,961</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>82,212</b></u>	<u>101,961</u>
Profit and total comprehensive income attributable to: Owners of the Company		<u><b>82,212</b></u>	<u>101,961</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO THE COMPANY</b>			
Basic and diluted	8	<u><b>RMB0.24</b></u>	<u>RMB0.29</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended December 31, 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,344,518</b>	1,204,149
Right-of-use assets		<b>1,675,137</b>	1,478,742
Intangible assets		<b>28,847</b>	36,714
Investments in associates		<b>13,522</b>	12,334
Deposits		<b>175,205</b>	149,475
Deferred tax assets		<b>6,914</b>	6,345
Total non-current assets		<b><u>3,244,143</u></b>	<b><u>2,887,759</u></b>
<b>CURRENT ASSETS</b>			
Inventories		<b>160,228</b>	163,946
Trade and bills receivables	9	<b>427,715</b>	389,226
Prepayments, deposits and other receivables		<b>62,607</b>	84,421
Restricted deposits	10	<b>41,226</b>	50,490
Cash and cash equivalents	10	<b>176,299</b>	205,394
Total current assets		<b><u>868,075</u></b>	<b><u>893,477</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	<b>350,163</b>	389,267
Other payables and accruals		<b>201,939</b>	172,004
Interest-bearing bank loans and other borrowings	12	<b>826,143</b>	830,939
Tax payable		<b>4,014</b>	2,702
Total current liabilities		<b><u>1,382,259</u></b>	<b><u>1,394,912</u></b>
<b>NET CURRENT LIABILITIES</b>		<b><u>(514,184)</u></b>	<b><u>(501,435)</u></b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>2,729,959</u></b>	<b><u>2,386,324</u></b>

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other borrowings	12	<b>1,456,892</b>	1,179,666
Other payables and accruals		<b>19,582</b>	24,496
Deferred tax liabilities		<b>2,720</b>	3,412
		<hr/>	<hr/>
Total non-current liabilities		<b>1,479,194</b>	1,207,574
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>1,250,765</b>	<b>1,178,750</b>
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>87,006</b>	87,006
Reserves		<b>1,163,759</b>	1,081,548
Proposed dividends		<b>—</b>	10,196
		<hr/>	<hr/>
Total equity		<b>1,250,765</b>	<b>1,178,750</b>
		<hr/>	<hr/>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

### 1. CORPORATE AND GROUP INFORMATION

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

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

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

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

#### *Going concern basis*

As at 31 December 2025, the Group had net current liabilities of approximately RMB514.2 million. The Directors consider that the Group will have sufficient working capital to finance its operation and meets its financial obligations as and when they fall due in the foreseeable future after taking into account, inter alia, the historical operating performance and the unutilised borrowing facilities of the Group amounting to RMB3,190.3 million for the next twelve months from the date of this announcement. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

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

## **2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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

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

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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

*HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and products and only has one reportable operating segment.

The information reported to the Directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

#### Geographical information

(a) *Revenue from external customers*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PRC	1,558,816	1,396,359
Overseas*	<u>189,937</u>	<u>214,508</u>
Total revenue	<u><u>1,748,753</u></u>	<u><u>1,610,867</u></u>

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

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

(b) *Non-current assets*

Non-current assets of the Group are primarily located in the Chinese mainland as at the end of 2025 and 2024, respectively.

#### Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2025 and 2024, respectively.

#### 4. REVENUE, OTHER INCOME AND GAINS

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Intralogistics equipment subscription services	903,638	796,049
Maintenance and repair services	267,971	202,830
Sales of intralogistics equipment and parts	<u>577,144</u>	<u>611,988</u>
Total revenue	<u><u>1,748,753</u></u>	<u><u>1,610,867</u></u>
Analysis into:		
Revenue from contracts with customers	1,080,990	1,026,125
Revenue from operating leases (included in intralogistics equipment subscription services)	<u>667,763</u>	<u>584,742</u>
Total revenue	<u><u>1,748,753</u></u>	<u><u>1,610,867</u></u>
<b>Revenue from contracts with customers</b>		
<i>(a) Disaggregated revenue information</i>		
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Types of goods or services</b>		
Intralogistics equipment subscription services (excluding operating leases)	235,875	211,307
Maintenance and repair services	267,971	202,830
Sales of intralogistics equipment and parts	<u>577,144</u>	<u>611,988</u>
Total revenue from contracts with customers	<u><u>1,080,990</u></u>	<u><u>1,026,125</u></u>
<b>Geographical markets</b>		
PRC	891,053	811,617
Overseas*	<u>189,937</u>	<u>214,508</u>
Total revenue from contracts with customers	<u><u>1,080,990</u></u>	<u><u>1,026,125</u></u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	577,144	611,988
Services transferred over time	<u>503,846</u>	<u>414,137</u>
Total revenue from contracts with customers	<u><u>1,080,990</u></u>	<u><u>1,026,125</u></u>

- \* The Group exported its products to overseas countries, mainly in Asia, Europe, North and South America and Australia during the Reporting Period.

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

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of intralogistics equipment and parts	<u><b>22,872</b></u>	<u>10,489</u>

**(b) Performance obligations**

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

*Intralogistics equipment subscription services*

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

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

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>173,567</b>	146,425
One to two years	<b>84,313</b>	73,864
Two to three years	<b>28,763</b>	28,227
Three to four years	<u><b>16,788</b></u>	<u>8,837</u>
Total	<u><b>303,431</b></u>	<u>257,353</u>

*Maintenance and repair services*

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

### *Sales of intralogistics equipment and parts*

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

### **Other income and gains**

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Gain on bargain purchase in relation to the acquisition of a subsidiary	—	27,414
Rental income	<b>10,691</b>	6,763
Interest income	<b>3,130</b>	4,013
Foreign exchange differences, net	<b>1,095</b>	2,451
Government grants*	<b>689</b>	2,428
Others	<b>286</b>	215
	<hr/>	<hr/>
Total	<b><u>15,891</u></b>	<b><u>43,284</u></b>

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

## 5. PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
Cost of inventories sold		<b>656,431</b>	632,799
Depreciation of property, plant and equipment*		<b>174,078</b>	191,930
Depreciation of right-of-use assets*		<b>242,901</b>	223,303
Lease payments not included in the measurement of lease liabilities		<b>52,656</b>	19,059
Amortisation of intangible assets		<b>8,900</b>	5,548
Research and development costs**		<b>46,714</b>	43,915
Auditors' remuneration		<b>3,000</b>	3,000
Employee benefit expenses (excluding directors' and supervisors' remunerations in note 8):			
Wages and salaries		<b>256,012</b>	226,983
Pension scheme contributions (defined contribution schemes)		<b>38,255</b>	33,917
		<hr/>	<hr/>
Total		<b>294,267</b>	260,900
		<hr/>	<hr/>
Foreign exchange differences, net***	4	<b>(1,095)</b>	(2,451)
Impairment of trade receivables		<b>7,085</b>	8,090
Gains on disposals of property, plant and equipment***		<b>(13)</b>	(42)
Gain on bargain purchase in relation to the acquisition of a subsidiary***	4	<b>—</b>	(27,414)
		<hr/> <hr/>	<hr/> <hr/>

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

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

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

## 6. INCOME TAX

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current	5,733	4,273
Deferred tax ( <i>note 24</i> )	<u>(1,261)</u>	<u>(867)</u>
Total	<u><u>4,472</u></u>	<u><u>3,406</u></u>

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 the Chinese mainland are subject to corporate income tax at a rate of 25% on the taxable income except for 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 2025 to 2027. This qualification is subject to review by the relevant tax authority of the PRC every three years.

Except for Anhui Folangsi, Guangzhou Folangsi Forklift Co., Ltd., Nichiyu Forklift (Shanghai) Co., Ltd.\* (力至優叉車(上海)有限公司) and Hefei Langhui New Energy Technology Co., Ltd., other subsidiaries of the Group in the PRC, are qualified as “Small and Micro Enterprises” and therefore were entitled to a preferential income tax rate of 5% to 10% during the year.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before tax	<u><u>86,684</u></u>	<u><u>105,367</u></u>
Tax at the statutory tax rate of 25% (2024: 25%)	21,671	26,342
Lower tax rate for specific provinces or enacted by local authority	(10,735)	(12,368)
Additional tax deduction for qualified research and development expenses	(6,588)	(6,604)
Income not subject to tax	(164)	(4,346)
Expenses not deductible for tax	<u>288</u>	<u>382</u>
Tax charge at the Group’s effective rate	<u><u>4,472</u></u>	<u><u>3,406</u></u>

## 7. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Proposal final — Nil (2024: RMB0.0293) per ordinary share	<u>—</u>	<u>10,196</u>

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding during the year.

The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

The calculation of basic and diluted earnings per share is based on:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company	<u>82,212</u>	<u>101,961</u>
	<b>Number of shares</b>	
	2025	2024
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year	<u>348,022,816</u>	<u>348,022,816</u>

## 9. TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	418,887	391,494
Bills receivable	39,484	26,406
	<u>458,371</u>	<u>417,900</u>
Less: Impairment	(30,656)	(28,674)
Net carrying amount	<u><u>427,715</u></u>	<u><u>389,226</u></u>

## 10. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	217,525	255,884
Less: Restricted bank deposits	(41,226)	(50,490)
Cash and cash equivalents	<u><u>176,299</u></u>	<u><u>205,394</u></u>
Denominated into:		
RMB ( <i>note</i> )	176,758	157,643
Hong Kong dollars	29,384	93,395
American dollar	9,239	4,832
Indonesian rupiah	2,099	—
Vietnamese đồng	45	—
Japanese yen	—	14
	<u><u>217,525</u></u>	<u><u>255,884</u></u>

### *Note:*

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

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

## 11. TRADE AND BILLS PAYABLES

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within three months	307,029	350,176
Three months to one year	38,476	33,003
Over one year	4,658	6,088
Total	<u>350,163</u>	<u>389,267</u>

## 12. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	<i>RMB'000</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
<b>Current</b>						
Bank loans — secured	—	—	—	LPR*+Margin	2025	24,122
Current portion of long-term bank loans — secured	<b>LPR+Margin</b>	<b>2026</b>	<b>37,235</b>	LPR+Margin	2025	90,187
Other borrowings — secured	<b>LPR+Margin</b>	<b>2026</b>	<b>207,990</b>	LPR+Margin	2025	219,300
Lease liabilities ( <i>note 14(b)</i> )	<b>LPR+Margin</b>	<b>2026</b>	<b>580,918</b>	LPR+Margin	2025	497,330
Total — current			<u>826,143</u>	LPR+Margin		<u>830,939</u>
<b>Non-current</b>						
Bank loans — secured	<b>LPR+Margin</b>	<b>2027–2030</b>	<b>389,169</b>	LPR+Margin	2026–2029	199,232
Other borrowings — secured	<b>LPR+Margin</b>	<b>2027–2029</b>	<b>220,062</b>	LPR+Margin	2026–2028	224,237
Lease liabilities ( <i>note 14(b)</i> )	<b>LPR+Margin</b>	<b>2027–2030</b>	<b>847,661</b>	LPR+Margin	2026–2030	756,197
Total — non-current			<u>1,456,892</u>			<u>1,179,666</u>
Total			<u>2,283,035</u>			<u>2,010,605</u>

\* LPR stands for loan prime rate.

	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
Analysed into:		
Bank loans repayable:		
Within one year or on demand	<b>37,235</b>	114,309
In the second year	<b>86,245</b>	66,413
In the third year to fifth years, inclusive	<b>293,276</b>	132,819
Beyond five years	<b>9,648</b>	—
Subtotal	<b>426,404</b>	313,541
Other borrowings repayable:		
Within one year or on demand	<b>207,990</b>	219,300
In the second year	<b>130,407</b>	153,667
In the third year to fifth years, inclusive	<b>89,655</b>	70,570
Subtotal	<b>428,052</b>	443,537
Lease liabilities repayable:		
Within one year or on demand	<b>580,918</b>	497,330
In the second year	<b>385,439</b>	346,934
In the third year to fifth years, inclusive	<b>462,222</b>	409,263
Subtotal	<b>1,428,579</b>	1,253,527
Total	<b>2,283,035</b>	2,010,605

*Notes:*

- (i) All interest-bearing bank loans and other borrowings are denominated in RMB.
- (ii) As at 31 December 2025, the leasehold land of RMB32,719,000 and property, plant and equipment of RMB564,520,000 were pledged as securities for interest-bearing bank loans and other borrowings (2024: the leasehold land of RMB33,469,000 and property, plant and equipment of RMB446,394,000).
- (iii) The Group's total facilities for bank and other borrowings amounted to RMB5,473,339,000 and RMB4,614,197,000 of which RMB2,283,035,000 and RMB2,010,605,000 had been utilised as at 31 December 2025 and 2024, respectively.
- (iv) All interest-bearing bank loans and other borrowings bear interest at the floating interest rate of LPR plus margin.

## **CORPORATE GOVERNANCE**

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Company has adopted the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with all the principles and applicable code provisions under the CG Code. The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the “comply or explain” principle in the corporate governance reports included in the annual reports.

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

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

## **THE BOARD**

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

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

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (as defined under the Listing Rules)) (whether on the Stock Exchange or otherwise). As of December 31, 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

## **MATERIAL LITIGATION**

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS**

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

## **AUDIT COMMITTEE**

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

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

## **REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of financial position as at December 31, 2025, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the preliminary announcement have been agreed by the Group's independent auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Group's independent auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Group's independent auditors on the preliminary announcement.

## **PUBLICATION OF 2025 ANNUAL RESULTS ANNOUNCEMENT AND 2025 ANNUAL REPORT**

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

## **DIVIDEND**

With a view to retaining additional cash to meet the Group's working capital requirements and support its future business development, the Board did not recommend the payment of a final dividend for the year ended December 31, 2025 (2024: RMB0.0293 per share (tax inclusive)). The Board will consider future dividend distributions at the appropriate time in accordance with the Company's dividend policy.

## **ANNUAL GENERAL MEETING**

The AGM will be held on Thursday, June 25, 2026. A notice convening the AGM will be published as soon as practicable according to the articles of association of the Company and the Listing Rules on the Stock Exchange and despatched to the shareholders of the Company in due course upon request.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, June 22, 2026 to Thursday, June 25, 2026 (both days inclusive), during which period no transfer of Shares will be registered. The record date is Thursday, June 25, 2026. In order to qualify to attend the AGM and to vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Thursday, June 18, 2026.

## **DEFINITIONS**

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

“AGM”	the forthcoming annual general meeting of the Company to be held on Thursday, June 25, 2026
“Audit Committee”	the audit committee of the Board
“Auditors”	Ernst & Young
“B2B”	business-to-business
“Board” or “Board of Directors”	board of directors of the Company
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“China” or “the PRC”	the People's Republic of China excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

“Company”, “the Company” or “our Company”	FOLANGSI CO., LTD (廣州佛朗斯股份有限公司) (formerly known as Guangzhou Folangsi Machinery Co., Ltd. (廣州佛朗斯機械有限公司)), a limited liability company incorporated in the PRC on December 5, 2007 which was converted into a joint stock company with limited liability on November 25, 2016 and listed on the Stock Exchange on November 10, 2023 (Stock code: 2499)
“Director(s)”	director(s) of the Company
“GDP”	gross domestic product
“Global Offering”	an offering of 12,136,000 H Shares, comprising a final Hong Kong public offering of 1,213,600 H Shares and a final international public offering of 10,922,400 H Shares
“Group”, “the Group”, “our Group”, “we”, “us” or “our”	the Company and all of its subsidiaries, or any one of them as the context may require
“H Share(s)”	overseas listed foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB0.25 each, subscribed for and traded in Hong Kong dollars and listed on the Hong Kong 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 Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operate in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Reporting Period”	for the year ended December 31, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB0.25 each, including both Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	member(s) of the supervisory committee of the Company

“Unlisted Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB0.25 each, which are not listed on any stock exchange
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Guangzhou City, the People’s Republic of China  
March 26, 2026

*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.*