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LONKING HOLDINGS LIMITED

中國龍工控股有限公司*

(Incorporated in the Cayman Islands with Limited Liability)

(Stock code: 3339)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board of directors (the "Board") of Lonking Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026 (the "Period") together with the comparative figures for the corresponding period in 2025. The Group's interim results for the Period is unaudited, but have been reviewed by the Company's auditor, Ernst & Young Certified Public Accountant ("Ernst & Young") and approved by the audit committee of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		For the six months ended 30 June	
		2026	2025
	Notes	**(Unaudited)**	(Unaudited)
		RMB'000	*RMB'000*
REVENUE	*3, 4*	**6,657,943**	5,596,064
Cost of sales		**(5,223,243)**	(4,461,306)
Gross profit		**1,434,700**	1,134,758
Other income	*5*	**43,619**	58,510
Other gains and losses	*5*	**58,150**	108,665
Selling and distribution expenses		**(275,172)**	(239,975)
Administrative expenses		**(130,394)**	(125,143)
Impairment losses on financial assets, net		**502**	(9,899)
Research and development costs		**(308,354)**	(240,273)
Other expenses		**(5,377)**	(2,756)
Finance income		**80,954**	53,167
Finance costs		**(1,197)**	(1,391)

* *For identification purpose only*

		For the six months ended 30 June	
		2026	2025
	Notes	**(Unaudited)**	(Unaudited)
		RMB'000	*RMB'000*
PROFIT BEFORE TAX	*6*	**897,431**	735,663
Income tax expense	*7*	**(124,238)**	(103,828)
PROFIT FOR THE PERIOD		**773,193**	631,835
Attributable to:			
Owners of the parent		**773,074**	631,728
Non-controlling interests		**119**	107
		773,193	631,835
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted:			
– For profit for the period (RMB)	*8*	**0.18**	0.15

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**773,193**	631,835
OTHER COMPREHENSIVE LOSS		
Exchange differences:		
Exchange differences on translation of foreign operations	**(22,440)**	(6,353)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(22,440)**	(6,353)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(22,440)**	(6,353)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**750,753**	625,482
Attributable to:		
Owners of the parent	**750,634**	625,375
Non-controlling interests	**119**	107
	750,753	625,482

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**1,530,827**	1,584,723
Right-of-use assets		**111,662**	114,302
Prepayments for property, plant and equipment		**9,924**	6,405
Long-term receivables	11	**872,351**	479,780
Equity investments at fair value through other comprehensive income		**500**	1,000
Financial assets at fair value through profit or loss		**693,132**	666,080
Time deposits	13	**459,677**	590,403
Deferred tax assets		**382,481**	360,006
Total non-current assets		**4,060,554**	3,802,699
CURRENT ASSETS			
Inventories	10	**2,553,577**	2,256,524
Trade receivables	11	**3,594,873**	2,862,266
Bills receivable		**610,876**	567,718
Due from related parties		**1,128**	1,525
Prepayments, other receivables and other assets	12	**661,919**	610,773
Financial assets at fair value through other comprehensive income		**44,910**	52,663
Derivative financial instruments		**27,441**	4,091
Financial assets at fair value through profit or loss		**207,654**	253,314
Pledged deposits	13	**457,305**	255,849
Time deposits	13	**3,092,776**	1,883,253
Cash and cash equivalents	13	**3,724,179**	4,364,812
Total current assets		**14,976,638**	13,112,788
CURRENT LIABILITIES			
Trade and bills payables	14	**5,427,397**	4,156,705
Other payables and accruals	15	**1,038,089**	909,587
Interest-bearing bank borrowings		**–**	20,000
Due to related parties		**10,702**	7,894
Tax payable		**136,496**	142,300
Provisions		**102,452**	82,208
Deferred income		**6,570**	6,570
Dividend payable	8	**743,496**	–
Total current liabilities		**7,465,202**	5,325,264
NET CURRENT ASSETS		**7,511,436**	7,787,524
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,571,990**	11,590,223

	30 June 2026 (Unaudited) *RMB'000*	31 December 2025 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Deposits for finance leases	**37**	37
Deferred tax liabilities	**57,967**	69,156
Provisions	**8,428**	7,631
Deferred income	**29,153**	31,393
Total non-current liabilities	**95,585**	108,217
Net assets	**11,476,405**	11,482,006
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**444,116**	444,116
Share premium and reserves	**11,029,442**	11,035,162
	11,473,558	11,479,278
Non-controlling interests	**2,847**	2,728
Total equity	**11,476,405**	11,482,006

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*

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

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

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

Approximately 14% (2025: 18%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sales, with 100% (2025: 100%) of the costs denominated in the units' functional currencies.

4. OPERATING SEGMENT INFORMATION

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2026 and 2025:

Six months ended 30 June 2026 (unaudited)	**Sale of construction machinery** *RMB'000*	**Finance leases of construction machinery** *RMB'000*	**Financial investments** *RMB'000*	**Total** *RMB'000*
Segment revenue				
Revenue from external customers	**6,657,943**	**–**	**–**	**6,657,943**
Segment results	**766,092**	**(19)**	**61,760**	**827,833**
Reconciliation:				
Finance income				**80,954**
Unallocated other income and gains and losses				**(3,734)**
Corporate and other unallocated expenses				**(6,425)**
Finance costs				**(1,197)**
Profit before tax				**897,431**

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

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

Inter-segment revenues are eliminated on consolidation.

Geographical information

	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from external customers:		
Chinese mainland	**4,678,559**	3,962,590
Outside Chinese mainland	**1,979,384**	1,633,474
Total revenue	**6,657,943**	5,596,064

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2026 and 31 December 2025:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Segment assets:	**18,079,005**	16,585,307
Sale of construction machinery	**17,149,182**	15,416,976
Finance leases of construction machinery	**1,596**	244,846
Financial investments	**928,227**	923,485
Corporate and other unallocated assets	**958,187**	330,180
Consolidated assets	**19,037,192**	16,915,487

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Segment liabilities:	**6,793,666**	5,395,399
Sale of construction machinery	**6,744,544**	5,355,550
Finance leases of construction machinery	**10,225**	10,158
Financial investments	**38,897**	29,691
Corporate and other unallocated liabilities	**767,121**	38,082
Consolidated liabilities	**7,560,787**	5,433,481

The following is an analysis of the sales of construction machinery by product:

	For the six months ended 30 June			
	2026		2025	
	RMB'000	***%***	*RMB'000*	*%*
Sales of construction machinery:				
Wheel loaders	**3,156,558**	**47.3**	2,300,997	41.2
Forklifts	**1,688,886**	**25.4**	1,880,612	33.6
Excavators	**1,031,706**	**15.5**	807,919	14.4
Components	**749,907**	**11.3**	578,355	10.3
Road rollers	**30,886**	**0.5**	28,181	0.5
Total	**6,657,943**	**100.0**	5,596,064	100.0

Seasonality of operations

The Group's operations are not subject to seasonality.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grants	**12,269**	23,888
Additional value-added tax deduction	**22,948**	21,023
Income from sales of scraps	**6,620**	11,245
Penalty income	**121**	167
Others	**1,661**	2,187
Total	**43,619**	58,510

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Losses on disposal of items of property, plant and equipment	**(637)**	(1,364)
Fair value gains, net:		
Financial assets at fair value through profit or loss		
– held for trading	**38,030**	128,913
Derivative instruments		
– transactions not qualifying as hedges	**22,029**	(32,393)
Dividend income from financial assets at fair value through profit or loss	**1,702**	6,297
Foreign exchange (losses)/gains	**(3,734)**	6,798
Other	**760**	414
Total	**58,150**	108,665

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold*	**5,143,253**	4,211,845
Depreciation of property, plant and equipment	**124,594**	118,270
Depreciation of right-of-use assets	**2,640**	2,457
Staff costs, including directors' remuneration	**432,137**	342,976
Contribution to a retirement benefit scheme	**42,539**	37,679
Foreign exchange differences, net	**3,734**	(6,798)
Impairment of financial assets, net	**(502)**	9,899
Product warranty provision	**61,944**	59,198
Fair value gains, net:		
Financial assets at fair value through profit or loss	**(38,030)**	(128,913)
Derivative instruments	**(22,029)**	32,393
Dividend income from financial assets at fair value through profit or loss	**(1,702)**	(6,297)
Reversal of provision for inventories	**(760)**	(414)
Bank structured deposits interest income	**(19,019)**	(34,160)
Bank time deposits interest income	**(36,039)**	(17,557)
Amortisation of unrealised financing income	**(25,896)**	(1,450)
Government grants	**(12,269)**	(23,888)
Auditor's remuneration	**630**	630

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

7. INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax expense	**157,902**	86,242
Deferred income tax expense	**(33,664)**	17,586
Income tax expense recognised in the consolidated statement of profit or loss	**124,238**	103,828

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the legislation is effective for the Group's financial year beginning 1 January 2025.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the first half year of 2026. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group does not expect a material exposure to Pillar Two income taxes.

8. EARNINGS PER SHARE AND DIVIDEND PAYABLES

The calculation of the basic earnings per share amount was based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of RMB4,280,100,000 (six months ended 30 June 2025: RMB4,280,100,000) outstanding during the period.

The directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

The proposed final dividend of HK$0.2 per ordinary share for the year ended 31 December 2025 was declared payable and approved by the shareholders in the annual general meeting of the Company on 28 May 2026 and was paid on 31 July 2026.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets at a cost of RMB75,048,000 (six months ended 30 June 2025: RMB28,821,000), including property, plant and machinery in the People's Republic of China (the "PRC").

Assets with a net book value of RMB3,679,000 were disposed of by the Group during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB7,743,000), resulting in a net loss on disposal of RMB637,000 (six months ended 30 June 2025: a net loss of RMB1,364,000).

10. INVENTORIES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Raw materials	**885,173**	731,051
Work in progress	**196,366**	213,685
Finished goods	**1,472,038**	1,311,788
Total	**2,553,577**	2,256,524

11. TRADE RECEIVABLES

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**4,956,769**	3,833,735
Impairment	**(489,545)**	(491,689)
	4,467,224	3,342,046
Less: Non-current portion	**(872,351)**	(479,780)
Total	**3,594,873**	2,862,266

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

The ageing analysis of trade receivables is as follows:

	30 June 2026 *RMB'000* **(unaudited)**	31 December 2025 *RMB'000* (audited)
Within 3 months	**2,639,772**	1,622,074
3 to 6 months	**787,227**	797,663
6 months to 1 year	**662,111**	654,650
More than 1 year	**378,114**	267,659
Total	**4,467,224**	3,342,046

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2026 *RMB'000* **(unaudited)**	31 December 2025 *RMB'000* (audited)
Prepayments	**384,319**	283,086
Deductible value-added tax	**80,453**	60,286
Deposits	**2,255**	11,159
Total	**467,027**	354,531
Other receivables:		
Loan receivables	**443,348**	443,443
Less: Impairment	**(436,950)**	(436,950)
Net loan receivables	**6,398**	6,493
Other miscellaneous receivables	**189,192**	250,447
Less: Impairment	**(698)**	(698)
Net other miscellaneous receivables	**188,494**	249,749
Total other receivables	**194,892**	256,242
Grand total	**661,919**	610,773

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

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

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cash and bank balances	**3,724,179**	4,364,812
Time deposits and pledged deposits	**4,009,758**	2,729,505
	7,733,937	7,094,317
Less: Pledged cash and bank balances and time deposits:		
Pledged for bank acceptance bills	**(423,294)**	(226,895)
Pledged for purchasing financial assets at fair value through profit or loss	**(27,311)**	–
Pledged for others	**(6,700)**	(28,954)
Time deposits with original maturity of more than three months	**(3,552,453)**	(2,473,656)
Cash and cash equivalents	**3,724,179**	4,364,812

14. TRADE AND BILLS PAYABLES

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 6 months	**5,347,228**	4,077,718
6 months to 1 year	**24,665**	24,950
1 to 2 years	**12,614**	10,477
2 to 3 years	**5,578**	4,747
Over 3 years	**37,312**	38,813
Total	**5,427,397**	4,156,705

The bills payables are aged within six months at the end of each reporting period and secured by pledged bank deposits amounting to RMB423,294,000 (31 December 2025: RMB226,895,000) (note 13).

15. OTHER PAYABLES AND ACCRUALS

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Accrued sales rebate	**387,937**	311,501
Salaries and wages payable	**125,421**	157,335
Contract liabilities	**187,802**	136,482
Other payables	**110,498**	98,460
Other accrued expenses	**90,431**	83,927
Payable for acquisition of property, plant and equipment	**24,342**	17,547
VAT and other taxes payable	**105,886**	98,563
Deposit for finance leases	**5,772**	5,772
Total	**1,038,089**	909,587

RESULT AND BUSINESS REVIEW

In the first half of 2026, the Chinese economy continued its overall stable development trend of moving towards innovation and higher quality, demonstrating remarkable resilience and vitality, with GDP growing by 4.7% year-on-year. The Chinese construction machinery industry benefited from the triple drivers of existing equipment renewal, overseas expansion and electrification transformation, with a moderate recovery in the domestic market and strong resilience in overseas markets, achieving steady growth in both domestic and export sales. Facing opportunities from structural changes in the industry and external operational challenges, the Group continued to focus on the main theme of high-quality development in construction machinery, accelerating the green and intelligent transformation while iteratively improving its new product matrix. The Group also continued to deepen quality improvement and cost control throughout the entire chain, comprehensively strengthening all systematic work of lean operations, with key operating indicators continuing to improve, risk management capabilities further strengthened, and the quality of operations reaching a new level.

During the reporting period, the Group recorded total operating revenue of RMB6,658 million, representing an increase of RMB1,062 million or 18.98% year-on-year, as compared to RMB5,596 million for the same period in 2025. As the core pillar of the Group's operating revenue and profit, the loader business continued to strengthen its market competitiveness, with sales surging by 37.18% year-on-year, accounting for 47.41% of the operating revenue, up by 6.29 percentage points from 41.12% as compared to the same period in 2025. The percentage of the operating revenue from the forklift business receded to 25.37%, primarily attributable to a year-on-year decline in sales. Seizing the favourable opportunity of sustained recovery in both domestic and overseas demand for excavators, the Group made all-out efforts to expand the market, achieving a 27.70% year-on-year growth in sales, with its operating revenue percentage increasing to 15.50% during the period. During the reporting period, the Group's consolidated gross profit margin stood at 21.55%, up by 1.27 percentage points from 20.28% as compared to the same period in 2025. Net profit amounted to RMB773 million, representing an increase of RMB141 million or 22.31% year-on-year, as compared to RMB632 million for the same period in 2025. The increase in net profit was mainly driven by the Group's active efforts in developing and refining its product portfolios and continuously expanding both domestic and overseas markets, which resulted in steady growth in production and sales scale during the reporting period, as well as the Group's notable achievements in quality enhancement and cost control, which contributed to a year-on-year improvement in the consolidated gross profit margin of its products. The Group's overseas market expansion delivered strong results in the first half: overseas revenue reached RMB1.979 billion, up 21.18% year-on-year, marking a new record high.

GEOGRAPHICAL RESULTS

In the first half of 2026, the Company recorded overall growth in operating revenue compared with the same period in 2025, with performance varying across regions. The North region achieved the strongest domestic growth, with sales increasing by 31.3% to approximately RMB1,551 million, and its market share rising from 21.10% to 23.30%. The Southwest and Central regions also delivered notable growth, with sales increasing by 22.5% and 16.9% to approximately RMB297 million and RMB645 million respectively, while their market shares reached 4.45% and 9.68%. The Northwest region recorded 15.2% sales growth to approximately RMB530 million, with a market share of 7.96%.

The East and South regions recorded moderate sales growth of 13.0% and 5.6%, reaching approximately RMB928 million and RMB541 million respectively. However, the East region's market share declined slightly from 14.68% to 13.95%, while the South region's market share stood at 8.13%. The Northeast region was the only region to record a decline, with sales decreasing by 3.7% to approximately RMB187 million and market share falling from 3.47% to 2.80%.

Export sales continued to show robust growth, increasing by 21.2% to approximately RMB1,979 million from RMB1,633 million in the same period of the previous year. Export markets accounted for 29.73% of total revenue, compared with 29.19% last year, remaining the Company's largest sales segment.

PRODUCTS ANALYSIS

For the six months ended June 30, 2026, the Group reported total revenue of RMB6,657.94 million, a significant increase of 19.0% compared to RMB5,596.06 million in the same period of 2025. This growth was primarily driven by a strong recovery in domestic infrastructure spending, supported by government policy, and by successful expansion in overseas markets. Demand for excavators and loaders saw a notable surge, contributing significantly to this revenue expansion. Specifically, sales of wheel loaders, excavators, and components saw significant increases, while forklift sales experienced a decline.

Wheel Loaders

Revenue from wheel loaders experienced a substantial increase of 37% compared with the same period of the prior year, reaching RMB3,156.56 million. This growth was largely attributed to the domestic market's recovery, supported by government initiatives and relevant policies that boosted demand for loaders. The increasing proportion of higher-priced loaders in the sales mix also contributed to revenue growth, aligning with industry trends. Loaders now represent 47% of the Group's total revenue, up from 41% in the prior-year period.

Excavators

The excavator segment demonstrated strong performance, with a 28% increase in sales revenue to RMB1,031.71 million. This growth was fueled by the ongoing "15th Five-Year Plan" driving construction projects and a significant need for equipment replacement, as a large number of excavators from the previous sales peak period are now due for renewal. The company's sales revenue from excavators now accounts for 15% of the Group's total revenue, up from 14% in the prior-year period.

Forklifts

Forklift revenue declined by approximately 10.2% to RMB1,688.89 million from RMB1,880.61 million. While the logistics and warehousing sectors continue to develop with a trend towards electric upgrades, sales volume was also affected. The proportion of forklift revenue in the Group's total revenue decreased from approximately 34% in the prior-year period to approximately 25%.

Road Roller

Road Roller revenue increased by approximately 9.6% from RMB28.18 million to RMB30.89 million. However, its share of total sales revenue slightly decreased. This was accompanied by a decrease in gross margin, which was driven by a product mix shift towards higher-cost motor graders, leading to an increase in unit cost.

Components

Sales of parts and components increased by approximately 29.7% to RMB749.91 million from RMB578.36 million. This revenue represented approximately 11.3% of total revenue.

FINANCIAL REVIEW

The Group showed strong financial performance for the six months ended June 30, 2026, compared with the same period in 2025, characterized by robust revenue growth, improved profitability, and enhanced margins. The success was mainly driven by its focus on core businesses, including the R&D, manufacturing, and sales of infrastructure machinery products. While there was a notable increase in inventories and trade receivables, these movements appear to be largely in line with sales growth and changes in the sales mix. The substantial decrease in impairment losses on financial assets also positively impacted net profit. The increase in pledged deposits is viewed as a consequence of expanded business activities and financing strategies. Overall, the results reflect a company experiencing solid operational growth and effectively managing its financial position.

Cash and Bank Balance

As at 30 June 2026, the Group had bank balances and cash of approximately RMB3,724 million (31 December 2025: approximately RMB4,365 million), pledged bank deposits of approximately RMB457 million (31 December 2025: approximately RMB256 million) and placed time deposits of approximately RMB3,552 million (31 December 2025: approximately RMB2,474 million). Compared with last year, the cash and bank balance decreased about RMB641 million, which was as a result of net cash inflow of RMB491 million from operating activities, net cash outflow of RMB1,104 million from investing activities and net cash outflow of RMB20 million from financing activities and effect of foreign exchange rate change at RMB8 million.

The pledged deposits balance at 30 June 2026 increased approximately RMB201 million. Details of pledged bank deposits for the period ended 30 June 2026 are set out in Note 13 to the interim results.

Liquidity and Financial Resources

The Group are committed to build a sound finance position. Total shareholders fund as at 30 June 2026 was approximately RMB11,476 million, an 0.05% decrease from approximately RMB11,482 million as at 31 December 2025.

The current ratio of the Group at 30 June 2026 was 2.01 (31 December 2025: 2.46). The Directors believed that the Group has sufficient resources to support its working capital requirement and meet its foreseeable capital expenditure.

Capital Structure

During the period ended on 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares and any other listed securities.

As at 30 June 2026, the gross gearing ratio (defined as total liabilities divided by total assets) was approximately 39.72% (as at 31 December 2025: 32.12%).

Capital Expenditure

During the period, the Group acquired property, plant and equipment of approximately RMB75 million (for the six months ended 30 June 2025: approximately RMB29 million) in line with a series of strategic transformation and product transformation of the Group.

Revenue

The Group recorded a strong increase in revenue for the first half of 2026. Total revenue reached approximately RMB6,657.9 million, representing an increase of approximately 19.0% from RMB5,596.1 million in the corresponding period in 2025. The increase was mainly attributable to robust growth in sales of infrastructure machinery, as a result of strong demand in both domestic and overseas markets. China's domestic policy direction, which is driving large-scale infrastructure investment, and the recovery in overseas infrastructure investment were important factors.

Profitability

The company also achieved improved profitability. Gross profit rose by a substantial 26.4% to RMB1,434.7 million from RMB1,134.8 million. This led to an expansion in the gross margin, which improved by 1.27 percentage points from 20.28% to 21.55%. This margin improvement suggests enhanced pricing power and greater cost efficiencies as sales volumes increased.

Other Income

Other Income decreased by 25.45% to RMB43.6 million for the six months ended 30 June 2026, from RMB58.5 million for the six months ended 30 June 2025. This reduction was primarily attributable to lower government grants and revenue from sales of scrap as compared with the previous year.

Other Gains and Losses

Other Gains and Losses experienced a significant decrease of 46.49%, falling to RMB58.2 million from RMB108.7 million. The primary driver for this decline was a substantial reduction in fair value gains on financial assets at fair value through profit or loss (FVTPL), which decreased by RMB90.9 million. This was partially offset by a gain from derivative financial instruments, which swung from a loss of RMB32.4 million in the first half of 2025 to a gain of RMB22.0 million in the first half of 2026. This swing in derivative instruments was due to the triggering of a guaranteed return clause, as the underlying investment's stock price declined. Additionally, foreign exchange losses increased, moving from a gain of RMB6.8 million to a loss of RMB3.7 million.

Impairment Losses

A notable positive development was the significant reduction in impairment losses on financial assets, net. This figure decreased by 105.07%, from RMB9.9 million in H1 2025 to RMB-0.5 million in H1 2026. This substantial decrease was primarily due to a net reversal of impairment provisions for trade receivables, amounting to RMB2.1 million. However, this reversal was partially offset by new impairment charges on other financial assets. The reduction in impairment losses supported profit growth.

Inventories

Inventories increased by 13.0% to RMB2,553.6 million from RMB2,256.5 million. This increase is consistent with strong sales growth and also reflects the Company's increased inventory reserves to support future sales and respond to changes in market conditions.

Trade Receivables

Trade receivables (current assets) increased significantly by 25.6% to RMB3,595 million from RMB2,862 million. This rise is attributed to increased sales, particularly of higher-priced electric machinery with extended payment terms, and seasonal collection patterns. The non-current portion of trade receivables, representing longer-term instalments, saw a substantial increase of 81.8%. Despite the increase in receivables, the allowance for doubtful debts remained broadly stable, suggesting that the growth was not primarily driven by a deterioration in credit quality.

Pledged Deposit

Pledged deposits nearly doubled, increasing by 78.7% to RMB457.3 million from RMB255.8 million. This significant increase was mainly driven by a substantial rise in deposits for bills, linked to higher outstanding bills payable. This increase in pledged deposits is a normal outcome of business expansion and increased scale of operations.

Time deposits

Time deposits increased by 43.6% to RMB3,552.5 million, while cash and cash equivalents decreased by 14.7% to RMB3,724.2 million. This shift indicates a strategic allocation of liquidity into term deposits, which also contributed to higher finance income.

PROSPECT

Outlook

Looking ahead to the second half of 2026, market demand for construction machinery is expected to continue its positive trajectory. In the domestic market, the state is implementing more proactive and effective macroeconomic policies with precision, steadily advancing equipment upgrades and renewals, urban village redevelopment, farmland water conservancy construction, and major infrastructure projects. The continued release of policy dividends provides strong support for the development of the construction machinery industry. Driven by both stock replacement and green upgrading, the construction machinery market is accelerating its iteration cycle, with existing stock potential continuing to be unlocked and converted into demand for new equipment, presenting new opportunities for structural growth in the coming period. In the overseas market, despite numerous uncertainties such as geopolitical tensions and trade barriers, positive factors remain significant. On the one hand, the international competitiveness of Chinese construction machinery enterprises continues to strengthen steadily, primarily reflected in: optimizing cost and delivery efficiency through complete supply chains and flexible large-scale manufacturing; efficiently meeting the differentiated and customized needs of emerging markets through rapid iteration and adaptability to special working conditions; and fully leveraging electric and intelligent advantages to align closely with the global low-carbon transformation trend. The enhancement of international competitiveness lays a solid foundation for a dual leap in global market share and brand value. On the other hand, countries along the "Belt and Road" and other emerging markets continue to promote large-scale infrastructure projects such as railways and energy, while the stabilization and rebound of prices of non-ferrous metals and other resources are driving resource-rich countries' mining capital expenditures into a growth cycle. The combined effect of these multiple factors will drive the continued release of overseas market demand, opening up vast incremental space for the industry, and construction machinery exports are expected to sustain their strong growth momentum.

The Group will firmly seize the three core opportunities of the cyclical upturn in domestic equipment renewal, the continued expansion of overseas markets, and the substitution of conventional products by new energy products. Keeping pace with the industry's trend toward green and intelligent upgrading and the differentiated needs of customers worldwide, the Group will adopt a global perspective and remain firmly focused on its four major categories of machinery, namely loaders, forklifts, excavators and road machinery, while strengthening its presence in core components across the industrial chain. The Group will coordinate and optimize its business portfolio, build sustainable growth engines, and strive to drive continuous and simultaneous improvements in both operating quality and business scale. The Group will adhere to and further enhance its agency-based marketing system, and continuously consolidate and strengthen its three core competitive advantages of "quality, service and value for money". The Group will focus its efforts on key initiatives, including product innovation and upgrading, end-to-end cost optimization, expansion of overseas marketing channels and enhancement of its service system, with a view to continuously strengthening earnings resilience and striving to create sustainable value returns for customers and investors.

CORPORATE GOVERNANCE

The Board is committed to maintaining and ensuring high standards of corporate governance practices. In the opinion of the directors, the Company has adopted and complied with the principles and applicable code provisions of Corporate Governance Code ("CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2026, except for certain deviations which are summarized as below.

Code Provision C.1.7

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

Code Provision C.1.5

As stipulated in the Code Provision C.1.5 of CG Code, independent non-executive directors and other non-executive directors shall generally attend general meetings. Three independent non-executive directors and one non-executive director were unable to attend the annual general meeting of the Company held on 28 May 2026 (the "2026 AGM") due to other important engagements.

Code Provision B.2.3 and B.2.4

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

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

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

The Company has received from Dr. Qian and Mr. Wu a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Each of Mr. Qian and Mr. Wu has not engaged in any executive management of the Group. Taking into consideration his independent scope of works in the past years, the Directors consider Mr. Qian and Mr. Wu to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Accordingly, Mr. Qian and Mr. Wu shall be subject to retirement rotation and re-election by way of a separate resolution approved by the Shareholders at the annual general meeting. At the Annual General Meeting of the Company held on 28 May 2026, a separate resolution to re-elect Mr. Qian and Mr. Wu as retiring Directors, as independent non-executive Directors was passed by the Shareholders by way of poll.

Code Provision C.2.1

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

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

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

Review of the Interim Results

The audit committee, together with the management, has reviewed constantly the accounting principles and practices adopted by the Group, reviewed internal control and financial reporting matters and reviewed the financial results of the Group. After reviewing the relevant reports and management's presentations, the Board considers that the Group's risk management and internal control systems were effective and adequate in all material respects during the period under review.

The interim results for the six months ended 30 June 2026 have been reviewed by the external auditors of the Company. The figures in respect of this announcement of the Group's results for the six months ended 30 June 2026 have been agreed by the Group's external auditor, Ernst & Young Certified Public Accountants (the "Ernst & Young"), to the amounts set out in the Group's unaudited interim condensed consolidated financial information for the period.

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

During the six months ended on 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares and any other listed securities.

INTERIM DIVIDEND

The Directors do not recommend any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2026 interim report for the six months ended 30 June 2026 will be despatched to the shareholders at the appropriate time and will at the same time be published on the Stock Exchange's website (www.hkex.com.hk).

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

Hong Kong, 26 August 2026

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