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LONGKING 龍工
LONGKING HOLDINGS LIMITED
中國龍工控股有限公司*

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

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the “**Board**”) of Lonking Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 (the “**Period**”), together with the comparative figures for the corresponding period in 2024 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
REVENUE	3	11,215,184	10,213,556
Cost of sales		<u>(8,818,483)</u>	<u>(8,215,442)</u>
GROSS PROFIT		<u>2,396,701</u>	<u>1,998,114</u>
Other income	4	115,581	128,671
Other gains and losses	4	89,257	57,319
Selling and distribution expenses		(450,601)	(424,161)
Administrative expenses		(240,067)	(233,974)
(Impairment)/reversal of impairment on financial assets, net		(20,730)	17,426
Research and development costs		(502,439)	(447,511)
Other expenses		(5,901)	(789)
Finance income	4	147,893	137,149
Finance costs	5	<u>(3,004)</u>	<u>(15,062)</u>

* For identification purpose only

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
PROFIT BEFORE TAX	6	1,526,690	1,217,182
Income tax expense	7	<u>(225,942)</u>	<u>(198,543)</u>
PROFIT FOR THE YEAR		1,300,748	1,018,639
Attributable to:			
Owners of the parent		1,300,528	1,018,400
Non-controlling interests		<u>220</u>	<u>239</u>
		<u>1,300,748</u>	<u>1,018,639</u>
 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB)	9	<u>0.30</u>	<u>0.24</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>1,300,748</u>	<u>1,018,639</u>
Exchange differences on translation of foreign operations	<u>(9,076)</u>	<u>14,447</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(9,076)</u>	<u>14,447</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(9,076)</u>	<u>14,447</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,291,672</u>	<u>1,033,086</u>
Attributable to:		
Owners of the parent	1,291,452	1,032,847
Non-controlling interests	<u>220</u>	<u>239</u>
	<u>1,291,672</u>	<u>1,033,086</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	1,584,723	1,760,226
Right-of-use assets		114,302	119,476
Prepayments for property, plant and equipment		6,405	7,835
Long-term receivables	<i>11</i>	479,780	191,772
Equity investments at fair value through other comprehensive income	<i>16</i>	1,000	1,000
Financial assets at fair value through profit or loss		666,080	594,138
Deferred tax assets		360,006	337,181
Time deposits	<i>18</i>	590,403	—
Total non-current assets		<u>3,802,699</u>	<u>3,011,628</u>
CURRENT ASSETS			
Inventories	<i>12</i>	2,256,524	2,287,310
Trade receivables	<i>13</i>	2,862,266	2,377,319
Bills receivable		567,718	671,525
Due from related parties		1,525	174
Prepayments, other receivables and other assets	<i>14</i>	610,773	521,363
Financial assets at fair value through other comprehensive income	<i>15</i>	52,663	42,640
Derivative financial instruments		4,091	27,601
Financial assets at fair value through profit or loss	<i>17</i>	253,314	3,659,338
Pledged deposits	<i>18</i>	255,849	598,712
Time deposits	<i>18</i>	1,883,253	1,059,336
Cash and cash equivalents	<i>18</i>	4,364,812	1,218,049
Total current assets		<u>13,112,788</u>	<u>12,463,367</u>

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	<i>19</i>	4,156,705	3,744,900
Other payables and accruals	<i>20</i>	909,587	801,633
Interest-bearing bank borrowings	<i>21</i>	20,000	–
Due to related parties		7,894	10,335
Tax payable		142,300	77,000
Provisions		82,208	72,538
Deferred income		6,570	6,462
		<u>5,325,264</u>	<u>4,712,868</u>
Total current liabilities			
		<u>7,787,524</u>	<u>7,750,499</u>
NET CURRENT ASSETS			
		<u>11,590,223</u>	<u>10,762,127</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Deposits for finance leases		37	37
Deferred tax liabilities		69,156	14,404
Provisions		7,631	7,524
Deferred income		31,393	36,069
		<u>108,217</u>	<u>58,034</u>
Total non-current liabilities			
		<u>11,482,006</u>	<u>10,704,093</u>
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Issued capital		444,116	444,116
Share premium and reserves		11,035,162	10,257,224
		<u>11,479,278</u>	<u>10,701,340</u>
Non-controlling interests		2,728	2,753
		<u>11,482,006</u>	<u>10,704,093</u>
TOTAL EQUITY			

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 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, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

¹ Effective for annual periods beginning on or after 1 January 2026

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

³ No mandatory effective date yet determined but available for adoption

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

3. OPERATING SEGMENT INFORMATION

Year ended 31 December 2025	Sale of construction machinery <i>RMB'000</i>	Finance lease of construction machinery <i>RMB'000</i>	Financial investment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	11,215,184	–	–	11,215,184
Segment results	1,308,592	(70)	92,913	1,401,435
Reconciliation:				
Interest income				147,893
Unallocated other losses				(3,757)
Corporate and other unallocated expenses				(15,877)
Finance costs				<u>(3,004)</u>
Profit before tax				<u><u>1,526,690</u></u>
Segment assets	15,416,976	244,846	923,485	16,585,307
Corporate and other unallocated assets				<u>330,180</u>
Total assets				<u><u>16,915,487</u></u>
Segment liabilities	5,355,550	10,158	29,691	5,395,399
Corporate and other unallocated liabilities				<u>38,082</u>
Total liabilities				<u><u>5,433,481</u></u>

OTHER SEGMENT INFORMATION

Provision for impairment of financial assets, net	20,730	–	–	20,730
Reversal of inventories, net	(3,434)	–	–	(3,434)
Depreciation	238,682	–	–	238,682
Capital expenditure*	70,360	–	–	70,360

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

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

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

Revenue from contracts with customers

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

	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Loaders	4,838,119	43.2	4,211,545	41.2
Forklifts	3,456,613	30.8	3,718,397	36.4
Excavators	1,690,168	15.1	1,055,621	10.3
Road rollers	60,131	0.5	47,597	0.5
Others	1,170,153	10.4	1,180,396	11.6
Total	<u>11,215,184</u>	<u>100.0</u>	<u>10,213,556</u>	<u>100.0</u>

There was no revenue from a single customer accounted for 10% or more of the total revenue of the Group for the year (2024: Nil).

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

Geographical information

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers:		
Chinese mainland	7,408,845	7,023,569
Outside Chinese mainland	3,806,339	3,189,987
Total revenue	<u>11,215,184</u>	<u>10,213,556</u>

The non-current assets of the Group are based in Chinese mainland.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Finance income		
Bank structured deposit interest income	66,527	55,618
Bank time deposit interest income	59,083	68,186
Amortisation of unrealised financing income	22,283	13,345
	<u>147,893</u>	<u>137,149</u>
Other income		
Government grants	41,825	49,952
Additional value-added tax deduction	56,383	70,271
Income from sales of scraps	11,931	6,009
Penalty income	178	100
Others	5,264	2,339
	<u>115,581</u>	<u>128,671</u>
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other gains and losses		
Foreign exchange losses	(3,757)	(10,985)
Gains on disposal of items of financial assets at fair value through profit or loss	3,012	48,341
Gains from disposal of derivative financial instruments	–	66,942
Dividend incomes from financial assets at fair value through profit or loss	7,355	11,385
Reversal/(addition) of provision for inventories	3,434	(7,688)
(Losses)/gains on disposal of items of property, plant and equipment	(2,384)	1,779
Fair value gains/(losses), net:		
Financial assets at fair value through profit or loss	104,725	(36,144)
Derivative financial instruments	(22,179)	(12,695)
Loss on debt restructuring	(949)	(3,616)
	<u>89,257</u>	<u>57,319</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank loans	<u> -</u>	<u> 13,731</u>
Other finance costs:	<u> 3,004</u>	<u> 1,331</u>
	<u><u> 3,004</u></u>	<u><u> 15,062</u></u>

6. PROFIT BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold*	8,617,712	8,040,826
Depreciation of property, plant and equipment (note 10)	233,508	253,185
Depreciation of right-of-use assets	5,174	4,884
Research and development costs*	502,439	447,511
Auditor's remuneration	2,938	2,938
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	788,389	713,316
Contributions to a pension scheme	<u>76,299</u>	<u>69,405</u>
Foreign exchange differences, net	3,757	10,984
Impairment of financial assets, net		
– trade receivables (note 13)	20,950	(17,325)
– other receivables (note 14)	<u>(220)</u>	<u>(101)</u>
	<u>20,730</u>	<u>(17,426)</u>
(Reversal)/addition of provision for inventories	(3,434)	7,688
Product warranty provision:		
Additional provision	99,368	82,395
Bank structured deposit interest income	(66,527)	(55,618)
Bank time deposit interest income	(59,083)	(68,186)
Amortisation of unrealised financing income	(22,283)	(13,345)
Losses/(gains) on disposal of items of property, plant and equipment	2,384	(1,779)
Fair value losses, net:		
Financial assets at fair value through profit or loss	(104,725)	36,144
Derivative instruments	22,179	12,695
Dividend income from financial assets at fair value through profit or loss	(7,355)	(11,385)
Gains on disposal of items of financial assets at fair value through profit or loss	(3,012)	(48,341)
Loss on debt restructuring	949	3,616
Government grants	41,825	49,952
Additional value-added tax deduction	56,383	70,271
Gains from disposal of derivative financial instruments	<u>–</u>	<u>(66,942)</u>

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

7. INCOME TAX

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax:		
Charged for the year	157,971	99,207
Adjustment in prior years	1,460	454
Withholding tax paid	<u>34,584</u>	<u>52,444</u>
	194,015	152,105
Deferred tax	<u>31,927</u>	<u>46,438</u>
	225,942	198,543
Total tax charge for the year	<u><u>225,942</u></u>	<u><u>198,543</u></u>

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

	2025 <i>RMB'000</i>	%	2024 <i>RMB'000</i>	%
Profit before tax	<u>1,526,690</u>		<u>1,217,182</u>	
Tax at the statutory tax rate of 25% (2024: 25%)	381,673	25	304,296	25
Income not subject to tax	(2,723)	-	-	-
Expenses not deductible for tax (i)	2,375	-	7,084	1
Adjustments in respect of current tax of previous periods	1,460	-	454	-
Tax losses and deductible temporary differences not recognized	4,604	-	-	-
Tax incentives on eligible research and development expenditures	(34,877)	(2)	(61,838)	(5)
Tax losses utilised from previous periods	(11,962)	(1)	(1,611)	(0)
Effect of withholding tax	34,584	2	52,444	4
Effect of the preferential tax rate of 15%	<u>(149,192)</u>	<u>(9)</u>	<u>(102,286)</u>	<u>(8)</u>
Tax charge and effective tax rate for the year	<u><u>225,942</u></u>	<u><u>15</u></u>	<u><u>198,543</u></u>	<u><u>16</u></u>

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

8. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Proposed final – HK\$0.20 (2024: HK\$0.13) per ordinary share	<u>756,354</u>	<u>513,514</u>

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,280,100,000 (2024: 4,280,100,000) outstanding during the year. The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2025 and 31 December 2024.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Cost						
At 1 January 2025	1,853,713	4,174,237	50,767	184,231	22,564	6,285,512
Additions	382	10,045	3,864	64	56,005	70,360
Transfers	5,341	38,767	904	11,921	(56,933)	-
Disposals	-	(58,748)	(5,643)	(1,603)	(2,280)	(68,274)
Exchange realignment	(534)	-	-	(10)	-	(544)
At 31 December 2025	<u>1,858,902</u>	<u>4,164,301</u>	<u>49,892</u>	<u>194,603</u>	<u>19,356</u>	<u>6,287,054</u>
Accumulated depreciation and impairment						
At 1 January 2025	1,098,281	3,238,810	44,460	143,735	-	4,525,286
Charge for the year	82,554	137,923	2,710	10,321	-	233,508
Disposals	-	(49,549)	(5,300)	(1,511)	-	(56,360)
Exchange realignment	(92)	-	-	(11)	-	(103)
At 31 December 2025	<u>1,180,743</u>	<u>3,327,184</u>	<u>41,870</u>	<u>152,534</u>	<u>-</u>	<u>4,702,331</u>
Carrying amount						
At 31 December 2025	<u>678,159</u>	<u>837,117</u>	<u>8,022</u>	<u>42,069</u>	<u>19,356</u>	<u>1,584,723</u>

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

11. LONG-TERM RECEIVABLES

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables (<i>note 13</i>)	<u>479,780</u>	<u>191,772</u>

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

12. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	731,051	795,288
Work in progress	213,685	195,937
Finished goods	<u>1,311,788</u>	<u>1,296,085</u>
	<u>2,256,524</u>	<u>2,287,310</u>

13. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	3,833,735	3,040,304
Impairment	<u>(491,689)</u>	<u>(471,213)</u>
	3,342,046	2,569,091
Less: Non-current portion (<i>note 11</i>)	<u>(479,780)</u>	<u>(191,772)</u>
	<u>2,862,266</u>	<u>2,377,319</u>

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

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	1,622,074	1,292,871
3 to 6 months	797,663	591,051
6 months to 1 year	654,650	462,892
More than 1 year	<u>267,659</u>	<u>222,277</u>
	<u>3,342,046</u>	<u>2,569,091</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	471,213	489,932
Impairment losses, net (<i>note 6</i>)	20,950	(17,325)
Written off as uncollectible	<u>(474)</u>	<u>(1,394)</u>
At end of year	<u>491,689</u>	<u>471,213</u>

An impairment analysis is performed at each reporting date. The Group identifies the receivables that are credit-impaired (but that are not purchased or originated credit-impaired) among the receivables, considering the observable information, such as the debtors being in major financial difficulties, in breach of the contract stipulations or in bankruptcy. The ECLs are based on all the cash flows that the Group expects to receive, discounted at an effective interest rate. As at 31 December 2025, the Group has accrued ECLs of RMB457,689,000 (31 December 2024: RMB438,446,000) for credit impaired trade receivables with a gross carrying amount of RMB562,639,000 (31 December 2024: RMB547,581,000).

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

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

As at 31 December 2025	Current	Past due			Total
		Less than 6 months	6 to 12 months	1 to 2 years	
Expected credit loss rate	0.58%	1.43%	11.26%	40.50%	1.04%
Gross carrying amount (RMB'000)	2,737,165	456,535	67,711	9,685	3,271,096
Expected credit losses (RMB'000)	15,916	6,538	7,624	3,922	34,000
As at 31 December 2024					
	Current	Past due			Total
		Less than 6 months	6 to 12 months	1 to 2 years	
Expected credit loss rate	0.47%	1.10%	8.58%	23.04%	1.31%
Gross carrying amount (RMB'000)	1,494,197	882,212	74,672	41,642	2,492,723
Expected credit losses (RMB'000)	7,050	9,717	6,407	9,593	32,767

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments	283,086	231,724
Deductible value-added tax	60,286	77,529
Deposits	<u>11,159</u>	<u>5,735</u>
 Total	 <u><u>354,531</u></u>	 <u><u>314,988</u></u>
 Other receivables:		
Loan receivables	443,443	443,733
Less: Impairment	<u>(436,950)</u>	<u>(437,170)</u>
 Net loan receivables	 <u><u>6,493</u></u>	 <u><u>6,563</u></u>
 Other miscellaneous receivables	250,447	200,510
Less: Impairment	<u>(698)</u>	<u>(698)</u>
 Net other miscellaneous receivables	 <u><u>249,749</u></u>	 <u><u>199,812</u></u>
 Total other receivables	 <u><u>256,242</u></u>	 <u><u>206,375</u></u>
 Grand total	 <u><u>610,773</u></u>	 <u><u>521,363</u></u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 1 January	437,868	437,969
Impairment losses reversal (<i>note 6</i>)	<u>(220)</u>	<u>(101)</u>
 At 31 December	 <u><u>437,648</u></u>	 <u><u>437,868</u></u>

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

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

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

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

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
More than 1 year	<u>6,493</u>	<u>6,563</u>

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bills receivable, at fair value	<u>52,663</u>	<u>42,640</u>

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

16. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income		
Unlisted equity investments, at fair value	<u>1,000</u>	<u>1,000</u>

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

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Listed equity investments, at fair value	253,314	219,804
Wealth management and fund investment products, at fair value	<u>666,080</u>	<u>4,033,672</u>
	919,394	4,253,476
Less: Non-current portion	<u>(666,080)</u>	<u>(594,138)</u>
	<u>253,314</u>	<u>3,659,338</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	4,364,812	1,218,049
Time deposits and pledged deposits	<u>2,729,505</u>	<u>1,658,048</u>
	<u>7,094,317</u>	<u>2,876,097</u>
Less: Pledged cash and bank balances and time deposits:		
Pledged for bank acceptance bills (<i>note 19</i>)	(226,895)	(193,234)
Pledged for purchasing financial assets at fair value through profit or loss	-	(400,000)
Pledged for others	(28,954)	(5,478)
Time deposits with original maturity of more than three months	<u>(2,473,656)</u>	<u>(1,059,336)</u>
Cash and cash equivalents	<u>4,364,812</u>	<u>1,218,049</u>

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

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

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

Original currency	US\$ <i>equivalent to</i> <i>RMB'000</i>	HK\$ <i>equivalent to</i> <i>RMB'000</i>	EUR€ <i>equivalent to</i> <i>RMB'000</i>
As at 31 December 2025	<u>227,060</u>	<u>19,618</u>	<u>5</u>
As at 31 December 2024	<u>739,165</u>	<u>4,635</u>	<u>236</u>

19. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	2,025,136	1,903,171
Bills payable	<u>2,131,569</u>	<u>1,841,729</u>
	<u>4,156,705</u>	<u>3,744,900</u>

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 6 months	4,077,718	3,673,021
6 months to 1 year	24,950	16,609
1 to 2 years	10,477	13,605
2 to 3 years	4,747	6,320
Over 3 years	<u>38,813</u>	<u>35,345</u>
	<u>4,156,705</u>	<u>3,744,900</u>

Bills payable were aged within 12 months at the end of the reporting period, and were secured by pledged bank deposits amounting to RMB226,895,000 (2024: RMB193,234,000) (note 18).

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

20. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Accrued sales rebate	311,501	298,178
Salaries and wages payable	157,335	142,479
Contract liabilities	136,482	91,474
Other payables	98,460	96,700
Other accrued expenses	83,927	76,516
Payable for acquisition of property, plant and equipment	17,547	10,155
VAT and other taxes payable	98,563	80,359
Deposit for finance leases	5,772	5,772
	<u>909,587</u>	<u>801,633</u>

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

Contract liabilities include short-term advances received to deliver industrial products. The revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period amounted to RMB91,474,000 (2024: RMB121,029,000). The contract liabilities as of 31 December 2025 are expected to be recognised as revenue within one year.

21. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective annual interest rate (%)	Maturity	<i>RMB'000</i>	Effective annual interest rate (%)	Maturity	<i>RMB'000</i>
Current						
Bank loans – unsecured	1.72	2026	<u>20,000</u>	-	-	<u>-</u>
			<u>20,000</u>			<u>-</u>

As at 31 December 2025, the amounts from discounted unmatured letter of credit presented as borrowings were RMB20,000,000.

RESULT AND BUSINESS REVIEW

In 2025, China's economy advanced under pressure while transitioning towards high-quality development, achieving a 5.0% growth in GDP for the year. The domestic market for Chinese infrastructure machinery showed signs of a bottoming recovery, with domestic sales of major products recording growth. The overseas market experienced high growth, although market conditions in emerging economies and mature economies diverged significantly. The Group actively responded to the complex domestic and international landscape, capitalising on favorable opportunities from the recovery in domestic demand and growth in exports. It continued to explore opportunities from stock replacement and new energy substitution in the domestic market, while proactively pursuing incremental opportunities in international emerging markets. The Group achieved steady growth in both domestic and international markets, with strong market performance of high value-added new products. The overall gross profit margin of its products continued to increase, and export sales volume and its share reached new highs, resulting in robust, sustainable and high-quality development.

During the reporting period, the Group's performance continued its growth trajectory, achieving total operating revenue of RMB11,215 million, representing an increase of 9.81% year-on-year. The Group's main products are loaders and forklifts. Loaders, the Group's most competitive products, continue to be the main source of profit. Benefiting from a significant increase in sales of electric loaders and new export products, the proportion of the sales of loader to the total sales of the Group increased by 1.91 percentage points year-on-year to 43.14%. Forklift sales accounted for 30.82% of the total sales during the period, a decrease of 5.59 percentage points compared to the same period in 2024, primarily due to a year-on-year decline in sales. Excavators benefited from structural recovery in domestic demand and sustained demand release in overseas markets, with their sales proportion increasing by 4.73 percentage points to 15.07% compared to the same period in 2024. The Group achieved notable success in overseas market development, recording overseas revenue of RMB3,806 million, an increase of 19.32% year-on-year, reaching a new record high. The Group's overall gross profit margin for the reporting period was 21.37%, representing an increase of 1.81 percentage points from 19.56% in the same period of 2024. Net profit for the year amounted to RMB1,301 million, an increase of RMB282 million from RMB1,019 million in the same period last year, representing a year-on-year growth of 27.69%. The increase in net profit was primarily attributable to steady growth in domestic and international sales, particularly the further contribution of export business to profitability; the Group's continuous development of new products, with high value-added new products becoming the main driver of profit growth; and significant improvements in quality enhancement, cost control and efficiency gains, leading to a further increase in the overall gross profit margin of its products.

GEOGRAPHICAL RESULTS

In the fiscal year 2025, the Group observed a mixed performance across its geographical markets. The domestic Chinese market experienced a slight overall increase in revenue, driven by a robust recovery and growth in certain regions.

Sales revenue from the North region saw a modest increase, reaching approximately RMB2,231 million, representing 19.89% of total revenue. This indicates a stable performance in this key domestic market. The Northeast region also demonstrated positive momentum, with sales growing to approximately RMB370 million, accounting for 3.30% of total revenue. In the East region, sales revenue amounted to approximately RMB1,589 million, contributing 14.17% to the overall revenue. The South region reported sales of approximately RMB915 million, making up 8.16% of the total. The Northwest region experienced a notable increase in sales, reaching approximately RMB790 million, or 7.05% of total revenue. Similarly, the Southwest region saw its sales grow to approximately RMB464 million, representing 4.14% of the total. The Central region maintained a solid performance, with sales of approximately RMB1,050 million, accounting for 9.35% of total revenue.

The Group's export sales continued to be a significant driver of growth, increasing to approximately RMB3,806 million, which constituted 33.94% of total operating revenue. This sustained growth in international markets underscores the effectiveness of the Group's global expansion strategy and its enhanced product competitiveness. This robust export performance played a crucial role in offsetting localized domestic market fluctuations.

The total operating revenue for the fiscal year 2025 reached approximately RMB11,215 million, reflecting a healthy increase from the previous year's RMB10,214 million. This overall growth reflects the Group's diversified geographical presence and its ability to capitalize on domestic and international market opportunities.

ANALYSIS OF PRODUCTS

For the fiscal year 2025, the Group delivered a solid and steady top-line performance. Total group revenue reached RMB11,215 million, representing a year-over-year growth of 9.81% compared to RMB10,214 million in 2024. This overall growth was primarily driven by a strategic shift in our sales focus, characterized by a surging demand for our heavy construction machinery—specifically Wheel Loaders and Excavators—which successfully offset the contraction observed in our traditional Forklift operations.

Wheel Loader

The Wheel Loader series continues to be the Group's largest revenue pillar and remains a competitive product line. In 2025, total sales revenue for the Loader segment grew by an impressive 16.93% to RMB4,598 million, up from RMB3,932 million in the previous year. Consequently, the Wheel Loader's proportion of total group sales expanded from 38.50% in 2024 to 41.00% in 2025.

The ZL50 series remained the Group's primary revenue driver, generating about RMB2,468 million and achieving a modest 2.44% year-on-year increase, sustaining its role as a stable volume leader contributing 22% of total sales. In contrast, the ZL40 series delivered an extraordinary breakthrough, soaring by 1,369.58% to about RMB252 million in 2025, showing strong market acceptance and rising demand. The ZL30 series also performed robustly, expanding 28.32% to about RMB982 million, while the ZL60 grew 24.06% to about RMB724 million, showing that customers are still favouring higher capacity models. Meanwhile, the Mini Wheel Loader contributed solid incremental growth of 9.45%, reaching approximately RMB173 million in revenue. Together, these results illustrate a balanced profile of consistent core performance, accelerating segment growth, and a well-diversified product mix poised for sustained expansion.

Excavators

Excavators emerged as the most prominent structural growth driver for the Group in 2025. The segment recorded an outstanding 60.11% year-on-year revenue surge, climbing to about RMB1,690 million from RMB1,055 million in the prior year. Because of this stellar performance, Excavators' contribution to the Group's total revenue expanded significantly, rising from 10.34% in 2024 to 15.07% in 2025. The rapid growth in excavator sales was driven by a broad recovery in demand in China, supported by policy initiatives such as equipment renewal and infrastructure investment. At the same time, the Group actively expanded into diversified international markets and optimized its market footprint, enabling excavators to achieve strong results in emerging overseas markets.

Forklifts

However, the Group faced challenges in its traditional material handling business. In 2025, the forklift business was impacted by market price competition and slow progress in its transformation, with revenue declining by 7.04% year-to-year to about RMB3,457 million compared to RMB3,718 million in 2024. Although gross margin rose against the trend to 21.25% due to lower costs, the Group's penetration rate in the electric forklift market remains below the industry average. Overall, the segment showed a pattern of "both volume and price declining, with improved gross margin." The Group will accelerate forklift electrification and overseas expansion.

Skid Steer Loaders

Sales for Skid Steer Loaders declined by 14.05% year-on-year to end the year at around RMB240 million. Skid Steer Loader sales account for a small proportion of the Group's total sales, representing only 2.14%.

Road Rollers and Components

Though a smaller fraction of the overall portfolio, Road Rollers achieved a healthy growth rate of 26.33%, bringing in approximately RMB60 million in sales. The revenue generated from components and parts remained largely flat and recorded a negligible decrease of 0.87% to approximately RMB1,170 million.

FINANCIAL REVIEW

The cash position of the Group was strong during the year. As at 31 December 2025, the Group had bank balance and cash of approximately RMB4,365 million (31 December 2024: approximately RMB1,218 million).

Cash and Bank Balance

Compared with last year, cash and bank balances increased by approximately RMB3,149 million, which is generated as a result of net cash inflow of around RMB1,245 million from operating activities, the net cash inflow of RMB2,394 million from investing activities, the net cash outflow of RMB490 million from financing activities.

Liquidity and Financial Resources

We are committed to build a sound financial position. Total net assets as at 31 December 2025 was approximately RMB11,482 million, a 7.27% increase from approximately RMB10,704 million as at 31 December 2024. The current ratio of the Group at 31 December 2025 was 2.46 (2024: 2.64).

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

Capital Structure

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

As at 31 December 2025, the gross gearing ratio (defined as total liabilities over total assets) was approximately 32.12% (31 December 2024: 30.83%).

Capital Expenditure

During the period, the Group acquired property, plant and equipment of approximately RMB70 million (2024: approximately RMB69 million) in line with a series of strategic transformation and production transformation by the Group.

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

Revenue

Revenue increased by 9.81% from approximately RMB10,214 million in 2024 to approximately RMB11,215 million in 2025, mainly due to strong performance across several product lines and the successful expansion into overseas markets.

Gross Profit

Gross profit saw a substantial increase of 19.95% in 2025 to approximately RMB2,397 million (2024: approximately RMB1,998 million), which was mainly attributable to the improvement in gross profit margin from 19.56% to 21.37%, improved cost of sales efficiency, and increased sales of higher gross-margin products.

Other Income

Other income decreased by 10.17% to approximately RMB116 million in 2025. This decrease was primarily due to a reduction in government subsidies.

Other Gains and Losses

Other gains and losses increased significantly by 55.72% from RMB57 million in 2024 to RMB89 million in 2025, largely driven by higher fair value gains on financial assets at fair value through profit or loss.

Finance Income and Costs

Finance income increased by 7.83% from approximately RMB137 million in 2024 to RMB148 million in 2025. This was mainly due to increased interest income from time deposits.

Finance costs decreased significantly by 80.06% from approximately RMB15 million in 2024 to RMB3 million in 2025. This reduction was primarily attributed to the repayment of offshore USD loans in April 2024.

Long-term receivables

A significant increase in long-term receivables from approximately RMB192 million in 2024 to RMB480 million in 2025. This is primarily due to customers paying over a longer period for more expensive products, such as electric products, so long-term receivables increased as the business grew.

Trade Receivables

Trade receivables increased by 20.40% from approximately RMB2,377 million in 2024 to RMB2,862 million in 2025. This increase aligns with the overall revenue growth and expansion of sales activities.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss in current assets decreased dramatically by 93.08% from approximately RMB3,659 million in 2024 to approximately RMB253 million in 2025. This significant reduction is due to the redemption of wealth management products.

Time Deposits

Time deposits increased by 133.51% from approximately RMB1,059 million in 2024 to RMB2,474 million in 2025. This reflects the Group's strategy to increase its holdings of time deposits for higher financial returns.

Trade and bills payables

Trade and bills payables increased by 11.00%, from approximately RMB3,745 million in 2024 to RMB4,157 million in 2025. This increase is attributed to higher procurement volumes to support increased production and sales, as well as a longer payment cycle due to economic conditions.

PROSPECT

In 2026, the Chinese government has set a clear target of achieving 4.5% to 5% growth in GDP. It will continue to implement more proactive fiscal policies and moderately loose monetary policies, while strengthening the coordination between reform measures and macroeconomic policies. The combined effects of existing and new policies have created a favorable macroeconomic foundation and stable market demand with an upward trajectory for the development of construction machinery. In the domestic market, despite intensifying industry competition, the sector is expected to sustain its recovery momentum driven by factors such as the gradual release of the accumulated replacement demand from upgrades and replacements of existing equipment, the rising upgrade and replacement demand due to the increasing penetration of new energy, and the increasing market demand caused by the steady progress of infrastructure projects such as resource and water conservancy construction, and urban renewal. In overseas markets, despite challenges such as trade protectionism, geopolitical conflicts and logistical disruptions, overseas markets present vast market size and significant growth potential. The total demand along the Belt and Road routes remains stable, while emerging markets exhibit strong development momentum. With the continued enhancement of the comprehensive competitiveness and brand value of Chinese construction machinery products, and the broadening of accesses to global markets, the global market share of Chinese construction machinery products is expected to grow further.

The Group will remain focused on the main construction machinery business and specialize in its four major categories of host products (loaders, forklifts, excavators and road machinery), as well as the core components that extend the product manufacturing chain. We will adhere to the marketing principle of agency system and continue to strengthen our three strengths of “quality, service and cost effectiveness”. Looking ahead, the Group will prioritize high-quality development, intensify global expansion and increase investment in international product R&D and overseas market resources, so as to further boost overseas revenue. We will steadily and solidly advance efforts to improve quality, control costs and enhance efficiency, continuously strengthen the competitiveness of our core products in key markets, and strive to achieve sustained volume growth and effective quality improvement in our marketing efforts. We will remain committed to the business principle of high-quality development, firmly uphold the “four awarenesses” (market awareness, quality awareness, cost awareness and internationalization awareness) and focus on our main business with prudent operations, practical innovation and unwavering determination to achieve our annual goals. We will be dedicated to writing a new chapter of high-quality development and delivering long-term sustainable value to our shareholders.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code (the “CG Code”)

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

The Board emphasizes maintaining a quality Board with balance of skill set of directors, better transparency and effective accountability system in order to enhance shareholders' value. In the opinion of the directors, the Company has adopted and complied with the code provisions as set out in the Corporate Governance Code ("CG Code") contained in Appendix C1 to Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2025, except for certain deviations which are summarized as below.

Code Provision C.1.7

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

Code Provision C.1.5

As stipulated in the Code Provision C.1.5 of CG Code, independent non-executive directors and other non-executive directors shall generally attend general meetings. Three independent non-executive directors and one non-executive director were unable to attend annual general meeting of the Company held on 28 May 2025 (the "2025 AGM") due to other important engagement.

Code Provision B.2.3 and B.2.4

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

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

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

The Company has received from Mr. Qian and Mr. Wu a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Each of Mr. Qian and Mr. Wu has not engaged in any executive management of the Group. Taking into consideration his independent scope of works in the past years, the Directors consider Mr. Qian and Mr. Wu to be independent under the Listing Rules despite the fact that they have served the Company for more than nine years. Accordingly, Mr. Qian and Mr. Wu shall be subject to retirement rotation and re-election by way of a separate resolution approved by the Shareholders at the annual general meeting. At the Annual General Meeting of the Company held on 28 May 2025, a separate resolution to re-elect Mr. Qian and Mr. Wu as retiring Directors, as an independent non-executive Director was passed by the Shareholders by way of poll.

Code Provision C.2.1

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

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

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

Audit Committee

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

REVIEW OF ANNUAL RESULTS

The annual results for the year ended 31 December 2025 have been reviewed by the Company's audit committee. The figures in the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes for the year ended 31 December 2025, as set out in the preliminary announcement, have been agreed by the Group's external auditor, Ernst & Young, with the amounts reported in the Group's audited consolidated financial statements for the year.

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

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

DIVIDENDS

A final dividend of HKD0.13 per share as a result of the operation of 2024 amounting to HKD556 million (equivalent to RMB514 million) was paid to the shareholders during the year. There were no any interim dividend paid out during the year.

The Directors recommend the payment of a final dividend of HKD0.20 per share for the year ended 31 December 2025.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 22 May 2026 to Thursday, 28 May 2026, both days inclusive, during which period no transfers of shares will be effected. All transfer documents, accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited (at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong), for registration not later than 4:30 p.m. on Thursday, 21 May 2026 in order to identify Shareholders who are entitled to attend and vote at the annual general meeting of the Company (the "Entitlement to AGM"). The record date for the Entitlement to AGM will be on Thursday, 28 May 2026.

Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend will be payable to the shareholders whose names appear on the register of members of the Company on Friday, 5 June 2026. To ascertain the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 3 June 2026 to Friday, 5 June 2026, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend, shareholders of the Company must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 2 June 2026.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Meeting Room 508, 5/F., Jucai Office Building, 26 Minyi Road, Xingqiao, Songjiang Industrial, Shanghai 201612, the People's Republic of China on Thursday, 28 May 2026. The notice of annual general meeting will be published and sent to the shareholders of the Company in due course.

PAYMENT OF FINAL DIVIDEND

The board of directors (the "Board") of the Company recommended a final dividend of HKD0.20 per share for the year ended 31 December 2025, subject to the approval of the shareholders at the forthcoming annual general meeting. The final dividend will be dispatched to the shareholders on or before 31 July 2026 whose names appear on the register of members of the Company at the close of business on Friday, 5 June 2026.

PUBLICATION OF FINANCIAL INFORMATION

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

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

Hong Kong, 26 March 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.