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Folangsi

FOLANGSI CO., LTD
廣州佛朗斯股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2499)

POSITIVE PROFIT ALERT

This announcement is made by FOLANGSI CO., LTD (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended December 31, 2023, the Group is expected to record a net profit ranging from approximately RMB29.6 million to approximately RMB32.8 million, and after eliminating the impact of the listing expenses of approximately RMB39.2 million in relation to the listing of the Group that the management of the Group considers to be non-operating or non-recurring expenses, the adjusted net profit of the Group is expected to range from approximately RMB68.8 million to approximately RMB72.0 million, which, as compared with the net profit of approximately RMB35.4 million for the year ended December 31, 2022, represents an expected increase of approximately RMB33.4 million to approximately RMB36.6 million or of approximately 94.4% to 103.4%.

Such expected increase in the adjusted net profit is primarily due to the increase in demand from existing customers and the increase in utilization rates of intralogistics equipment as a result of business expansion and improvement in operational capacity of the Group, as well as the revenue brought by new customers from the Group’s active expansion into domestic and overseas market.

The above net profit of the Group for the year ending December 31, 2023, ranging from approximately RMB68.8 million to approximately RMB72.0 million, is an adjusted net profit, which is unaudited in nature and not required by or presented in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”). The Board believes that the non-HKFRS measure (i) eliminates the potential impact of items that the management does not consider to be an indicator of operating performance and facilitates comparison of operating performance on a year-on-year basis; and (ii) provides useful information to potential investors in understanding and evaluating the performance of the Group’s consolidated statement of comprehensive income in the same manner as it assists the management. However, the Group’s presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies as they do not share standard meanings. The use of non-HKFRS measure has limitations as an analytical tool, and Shareholders and potential investors should not consider it in isolation from, or as substitute for analysis of, the results of operations or financial condition as reported under HKFRS. The Board defines adjusted net profit as profit/loss for the year adjusted for non-recurring or extraordinary items, which include listing expenses in relation to the listing of the Group. The Board eliminates potential impacts of these items that the management does not consider to be indicators of the Group’s operating performance because they are non-operating or non-recurring expenses of the Group.

As of the date of this announcement, the Company is still in the process of finalizing the Group’s consolidated annual results for the year ended December 31, 2023. The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available to the Group and the latest unaudited consolidated management accounts of the Group for the year ended December 31, 2023, which have not been audited or reviewed by the Company’s auditors or the audit committee of the Board and may be subject to corresponding adjustments. Further details of the Group’s financial information shall be disclosed in the annual results announcement of the Company for the year ended December 31, 2023 to be released in due course in accordance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
FOLANGSI CO., LTD
Hou Zekuan

Chairman of the Board and Executive Director

Guangzhou City, the People’s Republic of China
March 1, 2024

As at the date of this announcement, the Board of Directors comprises Mr. Hou Zekuan as the chairman of the Board and an executive Director, Mr. Hou Zebing, Mr. Qian Xiaoxuan and Ms. Ma Li as executive Directors, Mr. Zhu Yingchun and Mr. Shu Xiaowu as non-executive Directors, and Mr. Chiang Edward, Dr. Fan Xia and Mr. Wang Chuanbang as independent non-executive Directors.