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## **IMPRO PRECISION INDUSTRIES LIMITED**

**鷹普精密工業有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1286)**

### **VOLUNTARY ANNOUNCEMENT ACQUISITION OF ENTIRE EQUITY INTEREST OF FOSHAN AMERIFORGE MANUFACTURING TECHNOLOGY CO., LTD.**

This announcement is made by Impro Precision Industries Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board of directors (the “**Board**”) of the Company wishes to disclose the information of the acquisition of Foshan Ameriforge Manufacturing Technology Co., Ltd.\* (佛山市美鍛製造技術有限公司) (the “**Target Company**”) by the Group to the shareholders and potential investors of the Company.

#### **ACQUISITION**

On 1 June 2022 (after trading hours), Impro Aerotek Limited\* (鷹普航空科技有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into an equity purchase agreement (the “**Equity Purchase Agreement**”) with Ameriforge International S.A.R.L., the sole shareholder of the Target Company (the “**Seller**”), pursuant to which the Purchaser has conditionally agreed to purchase and the Seller has conditionally agreed to sell the entire equity interest of the Target Company at a proposed total consideration of RMB59,270,000 (subject to certain adjustment) (the “**Acquisition**”). The completion of the Acquisition is expected to take place within 90 days upon execution of the Equity Purchase Agreement. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

To the best of the knowledge, information and belief of the directors of the Company, and having made all reasonable enquiries, the Seller is an independent third party of the Company and its connected persons.

## **BACKGROUND OF THE TARGET COMPANY**

The Target Company is a limited liability company established under the law of the PRC in 2004. As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Seller, mainly engaged in the manufacturing, testing, assembling and special processing of high-precision and high-complexity, mission critical parts and assemblies for end markets such as commercial aircrafts, industrial gas turbines and oil and gas equipment. The products can be used for: (i) engines, auxiliary power units and airframe structures for commercial aircrafts; (ii) industrial gas turbines for power generation equipment; and (iii) oil and gas equipment, such as drilling, logging and completion equipment for oilfield services. The key products of the Target Company include (i) aerospace thin-walled ring parts of combustion chambers, compressors and turbines in aero-engines; (ii) end covers, fuel nozzles and fuel nozzle assemblies of combustion chambers in industrial gas turbines; and (iii) long chassis parts in oil and gas equipment, etc.

Based on the audited financial statements of the Target Company prepared in accordance with the PRC GAAP, the audited revenue from principal business of the Target Company for the year ended 31 December 2021 amounted to RMB58,979,000.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company believes that the Acquisition will further consolidate and develop the Group's global strategic layout in the aerospace end market, deepen and strengthen the Group's cooperation with global customers in aerospace end market, and broaden the Group's capabilities in core processes of specialty welding and assembly production. Meanwhile, the Acquisition will also expand the Group's layout in high value-added end markets such as industrial gas turbines and oil and gas equipment, and strengthen the Group's technical capabilities in assemblies with specialty welding and long-shaft parts. Also, the Group will partner with the Target Company to implement a strategy of one-stop solution with global footprint and region for region manufacturing, which will effectively unlock the synergistic value between the Group and the Target Company through the Group's forward-looking layout in overseas regions such as Mexico and Turkey.

Aerospace end market is one of the Group's long-term strategic development directions. In order to better serve customers in aerospace, medical and other high value-added end markets with a higher speed in a more focused manner, the Group established the "Aerotek Business Unit" in July 2021. Despite the novel coronavirus epidemic continues to recur, it is expected that the business of aerospace end market may become the future growth engine of the Group again since lockdowns and entry restrictions have been gradually lifted in various countries. The Acquisition is a development opportunity for the Company's advance planning amid economic recovery in the post-epidemic era. After the Acquisition, the Company will continue to be solid and confident in the development of the Aerotek Business Unit while diversifying its business portfolio.

## LISTING RULES IMPLICATIONS

As all the applicable percentage ratios (as defined under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Acquisition are lower than 5%, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules. As the Seller is an independent third party of the Company and its connected persons, and none of the circumstances set out in Rule 14A.28 of the Listing Rules is relevant to the Acquisition, the Acquisition does not constitute a connected transaction under Chapter 14A of the Listing Rules.

**As the Acquisition is subject to the satisfaction of the conditions precedent as provided in the Equity Purchase Agreement, which may or may not be fulfilled, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Impro Precision Industries Limited**  
**LU Ruibo**  
*Chairman and Chief Executive Officer*

Hong Kong, 1 June 2022

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. LU Ruibo, Ms. WANG Hui, Ina, Mr. YU Yuepeng, Ms. ZHU Liwei and Mr. WANG Dong, and three independent non-executive Directors, namely Mr. YU Kwok Kuen Harry, Dr. YEN Gordon and Mr. LEE Siu Ming.*

\* *For identification purposes only*