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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The Board of Directors (the "**Board**") of Impro Precision Industries Limited (the "**Company**") is pleased to announce the interim results of the Company and its subsidiaries for the six months ended 30 June 2025. This announcement, containing the full text of the 2025 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in relation to information to accompany preliminary announcements of interim results.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.improprecision.com. The 2025 Interim Report for the six months ended 30 June 2025 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
IMPRO PRECISION INDUSTRIES LIMITED
LU Ruibo
Chairman and Chief Executive Officer

Hong Kong, 12 August 2025

As of the date of this announcement, the Board comprises four executive Directors, namely Mr. LU Ruibo, Mr. YU Yuepeng, Ms. ZHU Liwei and Mr. WANG Dong, and three independent non-executive Directors, namely Dr. YEN Gordon, Mr. LEE Siu Ming and Mrs. CHOW Lok Mei Ki Cindy.

Impro

鷹普精密工業有限公司

Impro Precision Industries Limited

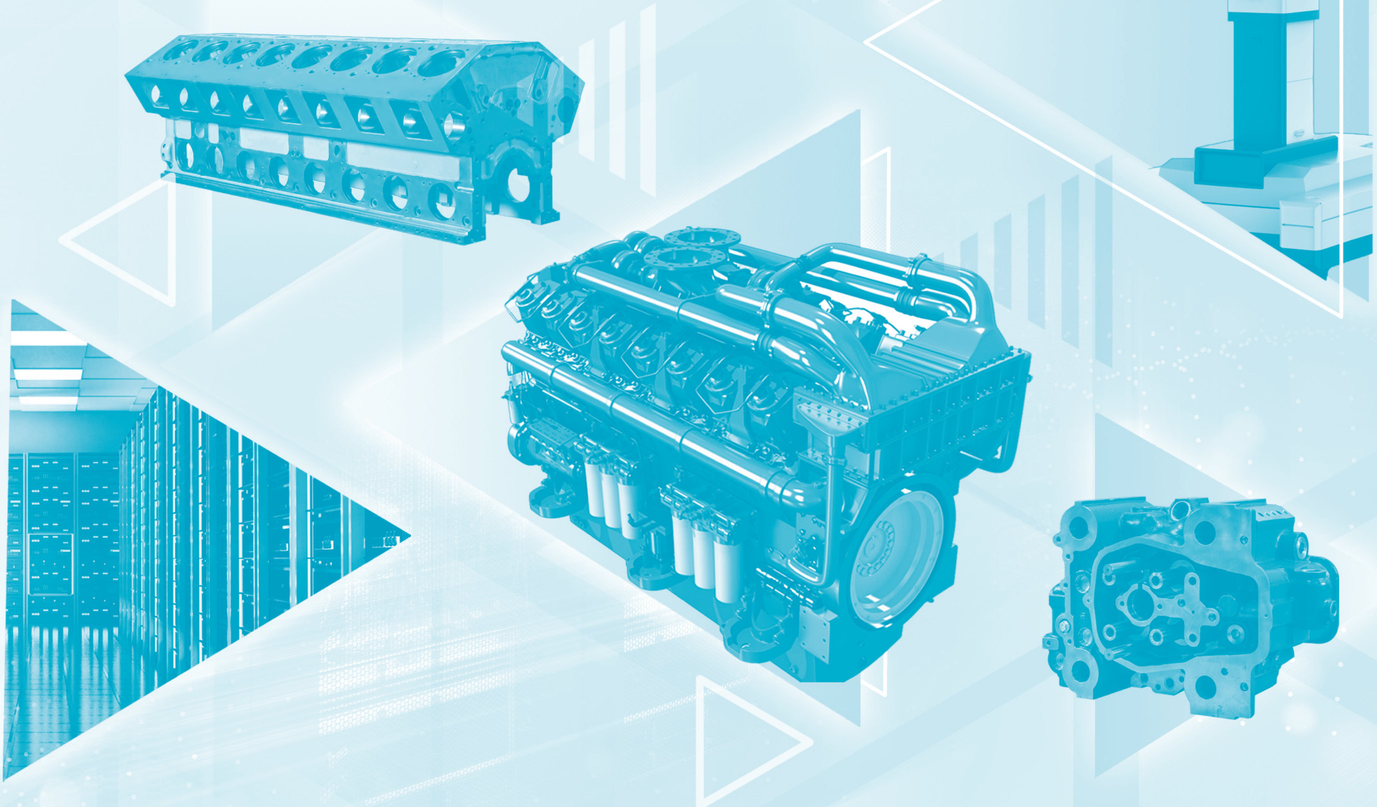
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1286

2025 INTERIM REPORT

CONTENTS

This interim report is printed on environmentally friendly paper.



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. LU Ruibo
(Chairman and Chief Executive Officer)
Mr. YU Yuepeng
Ms. ZHU Liwei
Mr. WANG Dong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. YEN Gordon
Mr. LEE Siu Ming
Mrs. CHOW Lok Mei Ki Cindy

AUDIT COMMITTEE

Mrs. CHOW Lok Mei Ki Cindy *(Chairperson)*
Dr. YEN Gordon
Mr. LEE Siu Ming

REMUNERATION COMMITTEE

Mr. LEE Siu Ming *(Chairman)*
Mr. LU Ruibo
Mrs. CHOW Lok Mei Ki Cindy

NOMINATION COMMITTEE

Mr. LU Ruibo *(Chairman)*
Dr. YEN Gordon
Mr. LEE Siu Ming (ceased to be a member with effect from 12 August 2025)
Mrs. CHOW Lok Mei Ki Cindy (appointed with effect from 12 August 2025)

SUSTAINABILITY COMMITTEE

Dr. YEN Gordon *(Chairman)*
Mr. LEE Siu Ming
Mr. YU Yuepeng
Ms. ZHU Liwei
Mr. WANG Dong

AUTHORIZED REPRESENTATIVES

Mr. LU Ruibo
Mr. IP Wui Wing Dennis

COMPANY SECRETARY

Mr. IP Wui Wing Dennis, *CPA*

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 803, 8/F, Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 18, Furong Road 5
Xishan Economy Development Zone
Wuxi City, Jiangsu Province
The PRC

LEGAL ADVISER AS TO HONG KONG LAW

Morgan, Lewis & Bockius
19th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8/F Prince's Building
10 Chater Road
Central, Hong Kong

PRINCIPAL BANKERS

Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Limited
Bank of Jiangsu Co., Limited
China Construction Bank (Asia) Corporation Limited
Citibank, N.A., Hong Kong Branch
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Taishin International Bank Co., Ltd
The Hong Kong and Shanghai Banking Corporation Limited
United Overseas Bank Limited Hong Kong Branch

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

www.improprecision.com

INVESTOR RELATIONS

ir@impro.com.hk

SHARE INFORMATION

Stock Code: 1286
Listing date: 28 June 2019
Board lot: 1,000 ordinary shares

KEY DIVIDEND INFORMATION

2025 interim dividend of 8.0 HK cents per share

Ex-dividend date:
Monday, 25 August 2025

Closure of register of members:
Wednesday, 27 August 2025 to Friday, 29 August 2025 (both days inclusive)

Record date:
Friday, 29 August 2025

Interim dividend payable date:
On or before Wednesday, 10 September 2025

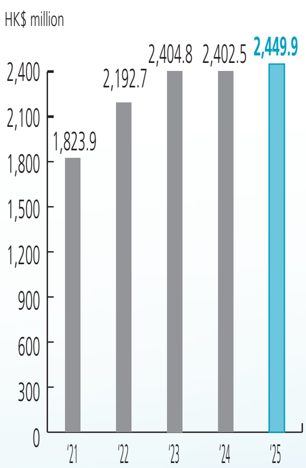
FINANCIAL HIGHLIGHTS

HK$ million	Six months ended 30 June 2025	2024	Change
Revenue	**2,449.9**	2,402.5	2.0%
Gross profit	**681.5**	634.5	7.4%
Gross profit margin	**27.8%**	26.4%	1.4%
Profit attributable to equity shareholders of the Company	**346.3**	304.5	13.7%
Adjusted profit attributable to shareholders[1]	**359.6**	322.3	11.6%
Basic earnings per share (HK cents)	**18.35**	16.13	13.8%
Adjusted basic earnings per share (HK cents)	**19.10**	17.10	11.7%
Dividend per share (HK cents)	**8.0**	8.0	0.0%
EBITDA[2]	**715.3**	694.3	3.0%
EBITDA margin	**29.2%**	28.9%	0.3%
Adjusted EBITDA[3]	**715.3**	694.3	3.0%
Adjusted EBITDA margin	**29.2%**	28.9%	0.3%
Last twelve months ("L12M") adjusted EBITDA[3]	**1,339.6**	1,250.6	7.1%
Net cash generated from operating activities	**555.3**	497.9	11.5%
Free cash inflow from operations[4]	**116.6**	156.6	-25.5%

Revenue

2.0%

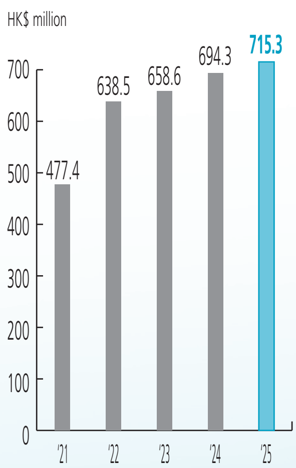
HK$2,449.9 million



Adjusted EBITDA

3.0%

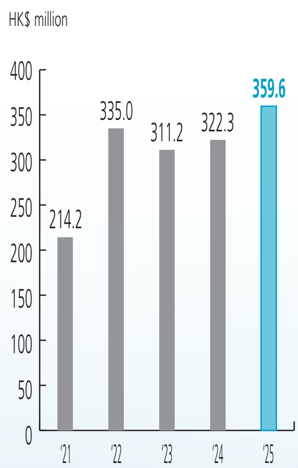
HK$715.3 million



Adjusted Profit Attributable to Shareholders

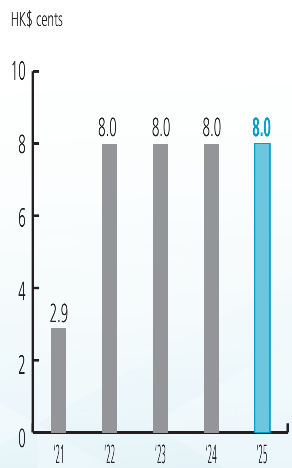
11.6%

HK$359.6 million



Interim Dividend per Share

HK$8.0 cents



For the six months ended 30 June

HK$ million	**As at 30 June 2025**	As at 31 December 2024	Change
Cash and cash equivalents	**655.2**	601.7	8.9%
Total debt	**2,353.4**	2,196.1	7.2%
Net debt (total debt less cash and cash equivalents)	**1,698.2**	1,594.4	6.5%
Total equity	**5,262.2**	4,742.9	10.9%
Market capitalization[5]	**5,567.5**	3,680.2	51.3%
Enterprise value[6]	**7,283.1**	5,296.1	37.5%

	As at 30 June 2025	As at 31 December 2024
Key Financial Ratios		
Adjusted return on equity[7]	**13.0%**	12.8%
Price earnings ratio	**8.1**	5.7
Enterprise value to L12M adjusted EBITDA	**5.4**	4.0
Net debt to L12M adjusted EBITDA	**1.3**	1.2
Net gearing ratio	**32.3%**	33.6%
Adjusted interest coverage ratio[8]	**9.8**	7.4

FINANCIAL HIGHLIGHTS

Notes:

1 Reconciliation of profit for the period to adjusted profit attributable to shareholders (non-IFRS measure):

	Six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Profit for the period	**347.4**	305.5
Adjustment:		
— Amortization and depreciation related to past purchase price allocation, net of tax	**13.3**	17.8
Adjusted profit for the period	**360.7**	323.3
Less: profit attributable to non-controlling interest	**(1.1)**	(1.0)
Adjusted profit attributable to shareholders	**359.6**	322.3

2 Earnings before interest, tax, depreciation and amortization.

3 Adjusted EBITDA represents EBITDA adjusted for below significant one-off items for the six months ended 30 June 2025 and 2024. Last twelve months ("L12M") adjusted EBITDA was derived from the last 12 months' adjusted EBITDA.

Reconciliation between EBITDA to adjusted EBITDA and L12M adjusted EBITDA (non-IFRS measures):

	Six months ended 30 June		L12M up to	Year ended 31 December
	2025	2024	**30 June 2025**	2024
	HK$ million	HK$ million	**HK$ million**	HK$ million
EBITDA	**715.3**	694.3	**1,411.9**	1,390.9
Adjustment:				
— Insurance claims received for Nantong fire incident	**–**	–	**(72.3)**	(72.3)
Adjusted EBITDA	**715.3**	694.3	**1,339.6**	1,318.6

4 Net cash generated from operating activities less net cash used in investing activities.

5 Total number of issued shares multiplied by the closing share price (HK$2.95 per share as of 30 June 2025; HK$1.95 per share as of 31 December 2024).

6 Enterprise value calculated as market capitalization plus non-controlling interest plus net debt.

7 Adjusted return on equity is calculated as L12M adjusted profit attributable to shareholders divided by the average of total equity attributable to equity shareholders of the Company.

8 Adjusted interest coverage ratio is profit from operations (adjusted for significant one-off item in note 3 above) divided by interest expenses on total interest-bearing bank loans and lease liabilities.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased report to the shareholders the interim results of Impro Precision Industries Limited (the "Company", together with its subsidiaries, the "Group" or "Impro") for the six months ended 30 June 2025 (the "Period"). During the Period, the revenue of the Group amounted to HK$2,449.9 million, representing a year-on-year increase of 2.0%. Profit attributable to the shareholders of the Company (the "Shareholders") amounted to HK$346.3 million, representing a year-on-year increase of 13.7%. The adjusted profit attributable to the Shareholders amounted to HK$359.6 million, representing a year-on-year increase of 11.6%. The basic earnings per share amounted to 18.35 HK cents (six months ended 30 June 2024: 16.13 HK cents). Having taken into account the sound cash flow position and business prospects of the Group, the Board resolved to declare an interim dividend of 8.0 HK cents per share for the six months ended 30 June 2025 (six months ended 30 June 2024: 8.0 HK cents).

In the first half of 2025, the global economy continued to fluctuate amid uncertainty over US tariff policies and geopolitical tensions. The implementation of the new US tariff policy posed significant challenges for global trading partners and caused substantial uncertainty to the supply chain. Amid market volatility, corporate investment and production are generally in a wait-and-see state. When placing orders, customers have become more cautious in evaluating the distribution of market share and adjusting their procurement strategies accordingly. Meanwhile, there is a growing preference for manufacturers with diversified sources of supply. Some customers are showing a more cautious approach when considering about awarding new projects to plants located in China. These factors have led to a temporary decline in demand from some customers, which had a certain impact on the Group's sales. In the face of a complex and ever-changing global business environment, the Group successfully and effectively resisted the cyclical downward pressure in some end-markets by leveraging the strategic characteristics and advantages of "Global Footprint", "Region for Region Manufacturing" and "Dual Source Production", demonstrating strong operational resilience. During the Period, the wave of artificial intelligence (AI) continued to sweep the world, and the demand for related big data centres further surged, driving a significant increase in demand for high horsepower engines as a key component of distributed power generators. Combined with the increase in the Group's market share and in-depth processing of products, the revenue of the high horsepower engine end-market increased significantly by 48.3%. At the same time, the Group's new products in the medical end-market commenced mass production during the Period, with sales increasing by 50.6% year-on-year.

On the profit side, the Group's new plants in Mexico still recorded a relatively large loss in the first half of this year, while the weak European automotive market and high local inflation continue to affect the sales and profit performance of Turkish plants. Fortunately, most of the Group's plants in China have managed to maintain resilient and impressive financial performance despite the impact of the trade war and high tariffs. In addition, the Group's financing costs have declined, driving the Group's adjusted profit attributable to the Shareholders to increase by 11.6% during the Period.

Revenue by end-market

The Group sells its products to worldwide customers in diversified end-markets. During the Period, the diversified industrial end-markets recorded impressive sales growth in the first half of the year, with segment revenue increasing by 13.7% year-on-year from last year to HK$1,293.8 million. Benefiting mainly from the large-scale construction of AI data centres in the United States, Europe and Asia, sales in the high horsepower engine end-market increased significantly by 48.3% year-on-year, demonstrating exceptional performance. In addition, "Others end-markets" in the diversified industrials segment benefited from the significant growth in sales of AI-related products, with revenue increased by 12.8% year-on-year to HK$197.7 million. Meanwhile, the construction equipment end-market increased modestly by 1.5% to HK$339.1 million. However, the agricultural equipment and recreational boat and vehicle end-markets saw lower customer demand due to the weak European and American economies and increased market uncertainty, with revenues falling by 12.8% and 25.2% year-on-year to HK$154.6 million and HK$68.7 million respectively.

CHAIRMAN'S STATEMENT

Sales of the aerospace, medical and energy end-markets decreased by 11.1% year-on-year to HK$353.9 million. In particular, the medical end-market showed strong growth momentum in the first half of 2025, with revenue soaring by 50.6% year-on-year. However, due to the trade war and tariff war, customers tend to reduce inventory levels and adjust production plans. In addition, the overall installed capacities in the aerospace market slowed down, leading to a temporary decline in market demand. The aerospace end-market sales fell slightly by 6.4% year-on-year. During the Period, energy end-market sales were still affected by the continued weakness of the oil and natural gas market and customers' inventory reduction, and revenue fell sharply by 47.1% year-on-year.

The overall demand in the automotive end-market was weak in the first half of this year, with end-market revenue for passenger car and commercial vehicle falling 4.8% and 10.1% year-on-year to HK$423.2 million and HK$379.0 million, respectively.

	Six months ended 30 June					
	2025		2024		Increase/Decrease	
By End-market	**HK$ million**	**Proportion**	HK$ million	Proportion	HK$ million	Change
Diversified Industrials	**1,293.8**	**52.8%**	**1,138.2**	**47.4%**	**155.6**	**13.7%**
– High Horsepower Engine	533.7	21.8%	359.8	15.0%	173.9	48.3%
– Construction Equipment	339.1	13.8%	334.1	13.9%	5.0	1.5%
– Agricultural Equipment	154.6	6.3%	177.2	7.4%	(22.6)	-12.8%
– Recreational Boat and Vehicle	68.7	2.8%	91.8	3.8%	(23.1)	-25.2%
– Others	197.7	8.1%	175.3	7.3%	22.4	12.8%
Automotive	**802.2**	**32.7%**	**866.3**	**36.0%**	**(64.1)**	**-7.4%**
– Passenger Car	423.2	17.3%	444.5	18.5%	(21.3)	-4.8%
– Commercial Vehicle	379.0	15.4%	421.8	17.5%	(42.8)	-10.1%
Aerospace, Medical & Energy	**353.9**	**14.5%**	**398.0**	**16.6%**	**(44.1)**	**-11.1%**
– Aerospace	239.1	9.8%	255.5	10.6%	(16.4)	-6.4%
– Medical	60.7	2.5%	40.3	1.7%	20.4	50.6%
– Energy	54.1	2.2%	102.2	4.3%	(48.1)	-47.1%
Total	**2,449.9**	**100.0%**	**2,402.5**	**100.0%**	**47.4**	**2.0%**

In local currencies, the revenue of the Group increased by 1.8% as compared to the six months ended 30 June 2024. During the Period, the appreciation of Euro and depreciation of Renminbi against Hong Kong Dollar were 1.9% and 1.3% respectively.

Revenue by business segment

In terms of business segment, benefiting from the continuously strong sales growth in the high horsepower engine end-market within the Group, the sales volume of related sand casting significantly increased year-on-year by 35.9%. Rehabilitation of the Nantong Plant was completed in January 2024, and the Group's revenue from the surface treatment business continued to rebound, representing an increase of 33.8% during the Period. Although the sales of medical end-market grew strongly, affected by the weakening demand from customers in certain diversified industrials and automotive end-markets, the sales of investment casting declined by 3.6% year-on-year during the Period, while the sales of precision machining and others declined by 12.3% year-on-year, mainly affected by the weakening demand from customers in the automotive end-market.

	Six months ended 30 June					
	2025		2024		Increase/Decrease	
By Business Segment	**HK$ million**	**Proportion**	HK$ million	Proportion	HK$ million	Change
Investment casting	922.6	37.7%	957.0	39.8%	(34.4)	-3.6%
Precision machining and others	793.3	32.4%	904.8	37.7%	(111.5)	-12.3%
Sand casting	695.2	28.4%	511.7	21.3%	183.5	35.9%
Surface treatment	38.8	1.5%	29.0	1.2%	9.8	33.8%
Total	**2,449.9**	**100.0%**	**2,402.5**	**100.0%**	**47.4**	**2.0%**

Revenue by geographical market

In the first half of 2025, the Group's business in Asia performed well, mainly due to the strong sales performance of high horsepower engine products in China, which drove overall sales in Asia up by 22.1%; while the Americas and European markets were affected by the trade war, tariff war and shrinking end demand, with sales down by 3.9% and 0.9% year-on-year respectively.

	Six months ended 30 June					
	2025		2024		Increase/Decrease	
By Geographical Market	**HK$ million**	**Proportion**	HK$ million	Proportion	HK$ million	Change
Americas	**1,156.6**	**47.3%**	**1,204.0**	**50.1%**	**(47.4)**	**-3.9%**
– United States	998.1	40.8%	1,090.1	45.4%	(92.0)	-8.4%
– Others	158.5	6.5%	113.9	4.7%	44.6	39.2%
Europe	**733.2**	**29.9%**	**739.9**	**30.8%**	**(6.7)**	**-0.9%**
Asia	**560.1**	**22.8%**	**458.6**	**19.1%**	**101.5**	**22.1%**
– PRC	507.5	20.7%	393.0	16.4%	114.5	29.1%
– Others	52.6	2.1%	65.6	2.7%	(13.0)	-19.8%
Total	**2,449.9**	**100.0%**	**2,402.5**	**100.0%**	**47.4**	**2.0%**

CHAIRMAN'S STATEMENT

CORPORATE DEVELOPMENT AND STRATEGY

As we enter 2025, the global trade environment has become more complex. The Sino-US trade war continues to deepen, and global trade barriers are becoming increasingly severe, bringing greater uncertainty to the already fragile global supply chain. Faced with this severe situation, Impro continues to adhere to the "Global Footprint" and "Diversified End-markets" strategy, and through the coordination of global production bases and diversified end-market strategies to diversify risks, effectively hedge the impact of escalating trade protectionism, and show strong resilience in business development and operation.

During the Period, various end-markets developed steadily. In the diversified industrials end-market, with the accelerated expansion of AI-related data centre applications, the demand for high horsepower engines, as a core component of distributed power generators continued to rise, and this end-market surpassed the passenger car end-market to become the largest sub-segment among all end-markets. Driven by growing demand for AI data centre construction and the start of production of a large sand casting plant in Mexico next year, it is expected that sales revenue from the high horsepower engine end-market will continue to grow at an impressive rate over the next two to three years. In addition, the Group also successfully developed other related cooling system components for data centres last year. It is expected that sales in other diversified industrial end-markets will maintain notable growth in the next two to three years. In terms of construction equipment, agricultural equipment, recreational boat and vehicle end-markets, after experiencing a downturn in the industry cycle over the past two years, coupled with the impact of intensified geopolitical conflicts and macroeconomic uncertainties, customer demand continued to be weak in the first half of this year. As new products in related end-markets and related products of Mexican plants ramp up, sales in these end-markets are expected to begin to recover slightly in the second half of the year.

The Group continues to focus on the aerospace, medical and energy end-markets. Sales revenue from the medical end-market is expected to continue to grow at a high rate in the second half of 2025, benefiting from the continued increase in demand for new product orders in North America. In addition, with the tariff policy between the United States and China stabilising at a certain stage, coupled with customers' adaptive adjustments to their production plans and the commencement of the operation of the Mexican aerospace plant next year, the impact on the Group's aerospace end-market is expected to ease. As a result, sales are anticipated to rebound from the second half of this year onwards. However, due to periodic factors such as cyclical fluctuations in the oil and gas industry and customer destocking, energy end-market sales are expected to return to growth in the second half of the year.

In the automotive end-market, commercial vehicle and passenger car end-market sales are expected to continue facing downward pressure in the second half of 2025 due to the combined effects of the accelerated transition to electrification and the continued contraction of the traditional fuel car market in Europe.

At present, Impro has a total of 21 plants in China, Germany, Turkey, Czech Republic and Mexico. The Group adheres to "Global Footprint", "Region for Region Manufacturing" and "Dual Source Production" and, by building a diversified supply chain system, effectively helps customers reduce supply chain risks caused by geopolitical fluctuations and enhances overall supply chain resilience. Affected by the escalation of Sino-US trade tensions and the uncertainty of tariff policies, customers have requested the Group to shift part of their production capacity from China to the Mexico Campus. Additionally, they have asked Impro Mexico to take over some orders from other Asian and European suppliers. This trend will prompt the Mexican plants to increase capital expenditure in the next one to two years to meet customers' needs for transfer and increased business. The Group expects that through this strategic capacity adjustment in line with the times, it will greatly enhance Impro's service capabilities and supply chain resilience in the North American market, and occupy a more advantageous position in market share. As of 30 June 2025, the Group had a total of approximately 1,150 employees in its Mexico SLP Campus, up 35% year-on-year. Due to the huge demand for human resources in local Mexico labour market, the Group's Mexico Campus has a high staff turnover rate and also a high scrap rate. The two dormitory buildings that the Group invested in building in the second half of last year will be put into operation in the third quarter of this year. By then, the Group will increase its efforts in recruiting employees from other places and strive to effectively reduce the employee turnover rate, so as to effectively reduce the scrap rate.

As an important strategic layout of the Group's aerospace and energy parts business, Nantong Plant is currently in a critical stage of ramping up production capacity. As customer inventory levels gradually decrease, the plant is expected to maintain its growth track in the second half of the year, and the Group is optimistic about the development prospects of Nantong Plant.

OUTLOOK

Looking ahead to the second half of 2025, the global economy is expected to remain under pressure due to ongoing uncertainty surrounding US tariff policies and heightened geopolitical tensions. Under high tariffs, changes in customer order patterns and demand have negatively impacted the Group's sales to a certain extent. However, opportunities also emerge in crises. Customers' preference for manufacturers with multiple sources of supply is further highlighted in the current uncertain trade environment. The Group is expected to distinguish itself from competition by leveraging its three strategic advantages of "Global Footprint", "Diversified End-markets" and "Twin Growth Engine" that have been implemented for many years. The Group remains cautiously optimistic about its business outlook, although some end-markets still face downside risks in the second half of the year. Based on the assessment of the existing undelivered orders on hand and the progress of new project development, the Group forecasts that the sales growth rate will pick up in second half of 2025 and maintains its full-year sales growth forecast for 2025 in the mid-to-high single-digit range year-on-year.

The Group completed the relocation of Foshan Ameriforge and the merger and integration with the Nantong Plant No. 12 at the end of 2024. As the relevant customers had built up their inventories prior to the completion of the relocation, the first half of this year was still in the stage of inventory digestion and the demand was relatively low. With the gradual reduction in inventory consumption and the successful completion of product certification at the Nantong Plant, demand from the relevant aerospace and energy end-markets is expected to recover and return to the growth track. The Group remains confident in the performance of the new plants in Nantong and expects that it will start to deliver synergies in 2026. The Group's previous investment in the medical end-market has yielded significant results in the first half of the year and is expected to continue to grow at a high rate in the second half of the year.

In light of the escalating Sino-US trade war and the tariff war, customers are asking the Group's Mexico SLP Campus to achieve a significant increase in production capacity in the next one to two years to meet their needs for relocation and increased business. Therefore, the Group has increased capital expenditures budget for the Mexico SLP Campus to approximately HK$600 million this year. In view of the needs of business growth in Mexico, the Group's capital expenditures in Mexico will remain at a high level next year. The Group expects that the second phase of the infrastructure of the plant in Mexico SLP Campus will be mostly completed by the end of 2026. During this phase, the plant for the production of high horsepower engine sand casting components in the Campus will be put into operation in the first quarter of next year, which will further enhance synergies and increase market share. In addition, with the expansion of the sales scale of the plants in Mexico and the enhancement of the operational efficiency, it is expected that the plants in Mexico will be able to reduce its losses and turn around to profitability in a shorter period of time.

Looking ahead, the Group will continue to fully expand its diversified industrial and aerospace, medical and energy end-markets, especially products related to the AI industry, while further improving the operational efficiency of each region. It will promote business development and achieve performance breakthroughs on the basis of continuously strengthening the three major strategies. The Group will make full use of the production and sales networks in Asia, Europe and America to consolidate the foundation of its core business, actively seize market opportunities and flexibly respond to challenges. At the same time, the Group will continue to implement the "Twin Growth Engine" strategy, pay close attention to acquisition targets with synergistic effects, and continue to enhance its research and development capabilities, achieve self-innovation by providing diversified, high-quality products and services, and ensure sustained and stable returns for its Shareholders.

On behalf of the Board, I would like to express my sincere gratitude to all our customers, Shareholders, employees, suppliers and other stakeholders for their continuous support.

LU Ruibo
Chairman and Chief Executive Officer

Hong Kong, 12 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

	Six months ended 30 June		
HK$ million	**2025**	2024	Change
Revenue	**2,449.9**	2,402.5	2.0%
Gross profit	**681.5**	634.5	7.4%
Gross profit margin	***27.8%***	*26.4%*	1.4%
Other revenue	**12.7**	13.5	-5.9%
Other net income	**24.1**	44.8	-46.2%
Selling and distribution expenses	**(94.4)**	(87.0)	8.5%
As a % of revenue	***3.9%***	*3.6%*	*0.3%*
Administrative and other operating expenses	**(162.1)**	(173.6)	-6.6%
As a % of revenue	***6.6%***	*7.2%*	*-0.6%*
Profit from operation	**461.8**	432.2	6.8%
Operating margin	***18.8%***	*18.0%*	*0.8%*
Net finance costs	**(41.0)**	(55.0)	-25.5%
Profit before taxation	**420.8**	377.2	11.6%
Income tax	**(73.4)**	(71.7)	2.4%
Effective tax rate	***17.4%***	*19.0%*	*-1.6%*
Profit for the period	**347.4**	305.5	13.7%
Net margin	***14.2%***	*12.7%*	*1.5%*
Profit attributable to:			
Equity shareholders of the Company	**346.3**	304.5	13.7%
Non-controlling interest	**1.1**	1.0	10.0%
	347.4	305.5	13.7%

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2025 increased by 2.0% to HK$2,449.9 million compared to the last corresponding period.

Gross profit and gross profit margin

The Group's gross profit increased by HK$47.0 million, or 7.4% to HK$681.5 million for the six months ended 30 June 2025 as compared to HK$634.5 million for the six months ended 30 June 2024. The gross profit of investment casting has experienced a decrease of HK$10.5 million, or 3.2% to HK$317.1 million during the Period, mainly due to the decline in revenue from the automotive, energy and aerospace end-markets. The gross profit of the precision machining and other business decreased by HK$23.0 million, or 13.6% to HK$145.6 million due to decline in gross profit of Turkey and Mexico precision machining and others plants. The gross profit of sand casting plants increased significantly by HK$71.3 million to HK$210.5 million during the Period due to the strong growth in gross profit of China sand casting plants as a result of significant revenue growth of products from high horsepower engine end-market, which was more than enough to offset the gross loss reported in Mexico sand casting plant. Surface treatment business reported a gross profit of HK$8.3 million compared to a gross loss of HK$0.9 million as Nantong plant ramped up its revenue during the Period.

The Group's gross profit margin was 27.8% for the six months ended 30 June 2025, compared to 26.4% in the last corresponding period. The increase in gross profit margin was mainly attributable to the increase in gross profit margin of sand casting business but was partially offset by lower gross profit margin of investment casting business and Mexico and Turkey precision machining plants.

Other revenue

The Group's other revenue during the six months ended 30 June 2025 decreased by HK$0.8 million to HK$12.7 million (six months ended 30 June 2024: HK$13.5 million). Other revenue mainly represented various discretionary incentives from the local PRC governments in relation to technology development and other incentive programs.

Other net income

The Group recorded other net income of HK$24.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: HK$44.8 million). Other net income mainly represented net foreign exchange gain of HK$23.2 million primarily caused by the appreciation of Euro against Hong Kong dollars and US dollars against Hong Kong Dollars. In the last corresponding period, the net income mainly represented net foreign exchange gain of HK$43.0 million arising mainly from the devaluation of Turkish Lira against Euro and devaluation of Renminbi against Hong Kong Dollars.

Selling and distribution expenses

The Group's selling and distribution expenses increased by HK$7.4 million or 8.5% to HK$94.4 million for the six months ended 30 June 2025. The increase in selling and distribution expenses was mainly caused by the increase in US tariff by HK$6.3 million to HK$16.0 million during the Period as compared to HK$9.7 million in the last corresponding period. Selling and distribution expenses to revenue ratio was 3.9% for the Period (six months ended 30 June 2024: 3.6%).

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and other operating expenses

The Group's administrative and other operating expenses decreased by HK$11.5 million, or 6.6%, to HK$162.1 million for the six months ended 30 June 2025, as compared to HK$173.6 million for the last corresponding period. The decrease was mainly attributable to decrease in amortization and depreciation expense related to past purchase price allocation and bad debt expenses. Administrative and other operating expenses to revenue rate was 6.6% for the Period (six months ended 30 June 2024: 7.2%).

Net finance costs

The Group's net finance costs decreased to HK$41.0 million for the six months ended 30 June 2025 from HK$55.0 million for the last corresponding period. The decrease was mainly due to lower HK dollar borrowing rate and higher proportion of RMB borrowing during the Period.

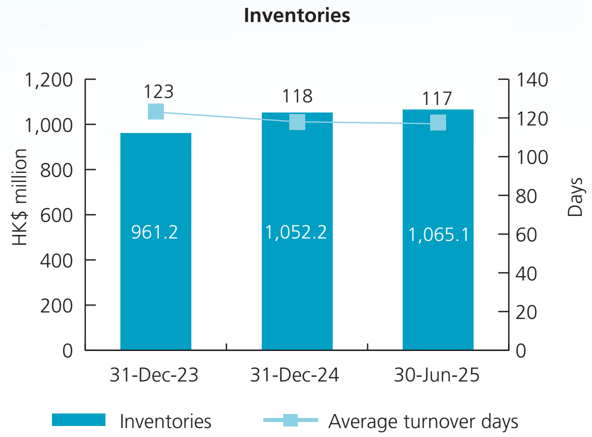
Income tax

The Group's income tax expense increased to HK$73.4 million for the six months ended 30 June 2025 from HK$71.7 million for the last corresponding period, which reflected a higher reported profit during the Period.

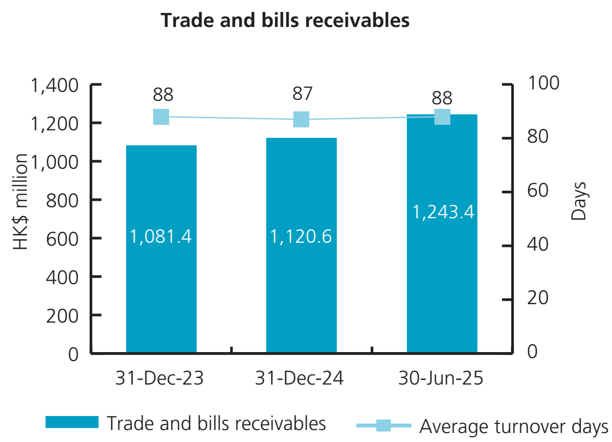
Working Capital

HK$ million	**As at 30 June 2025**	As at 31 December 2024
Inventories	**1,065.1**	1,052.2
Trade and bills receivables	**1,243.4**	1,120.6
Prepayments, deposits and other receivables	**312.6**	338.2
Trade payables	**(540.5)**	(588.6)
Other payables and accruals	**(367.7)**	(378.1)
Deferred income	**(126.1)**	(129.2)
Defined benefit retirement benefits obligations	**(69.0)**	(62.6)
	1,517.8	1,352.5
Total working capital as a % of Revenue	**32.1%**	28.9%

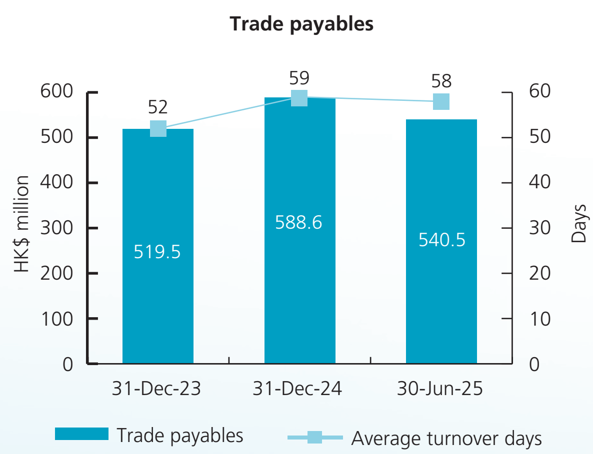
Inventories increased by HK$12.9 million to HK$1,065.1 million as of 30 June 2025 (31 December 2024: HK$1,052.2 million) mainly due to increase in import tariffs of ending inventories at US warehouses. Inventory turnover days decreased by 1 day to 117 days as at 30 June 2025 from 118 days as at 31 December 2024.



Trade and bills receivables increased by HK$122.8 million to HK$1,243.4 million as of 30 June 2025 (31 December 2024: HK$1,120.6 million) due to increase in revenue during the Period. Trade receivable turnover days increased by 1 day from 87 days as at 31 December 2024 to 88 days as at 30 June 2025. The management of the Group is of the view that the Group's receivables are of high quality and the Group has not encountered any material default payment from customers. As at 30 June 2025, current receivables and overdue balances of less than 30 days remained high at 96.3% (31 December 2024: 94.8%) of the balance of the gross trade and bills receivables.



Trade payables decreased by HK$48.1 million to HK$540.5 million as of 30 June 2025 (31 December 2024: HK$588.6 million). Trade payable turnover days decreased by 1 day to 58 days as at 30 June 2025 as compared to 59 days as at 31 December 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

EBITDA and net profit

The Group's EBITDA (earnings before interest, taxation, depreciation and amortization) during the Period was HK$715.3 million, or EBITDA margin of 29.2%, as compared to EBITDA of HK$694.3 million, or EBITDA margin of 28.9% in the last corresponding period. Profit attributable to the Shareholders during the Period was HK$346.3 million, as compared to HK$304.5 million in the last corresponding period. Net profit margin for the Period was 14.2%, as compared to 12.7% in the last corresponding period.

Excluding the impact of amortization and depreciation related to past purchase price allocation, net of tax, adjusted profit attributable to the Shareholders was HK$359.6 million for the six months ended 30 June 2025, an increase of 11.6% as compared to HK$322.3 million in the last corresponding period. Adjusted net profit margin was 14.7% for the six months ended 30 June 2025, as compared to 13.5% attained in the last corresponding period.

Financial resources and liquidity

As at 30 June 2025, the total assets of the Group increased by 7.9% to HK$8,814.2 million and total equity increased by 10.9% to HK$5,262.2 million as compared to the amount as at 31 December 2024. The increase in total assets was mainly attributable to the increase in property, plant and equipment amount as a result of appreciation of Mexican peso and RMB against Hong Kong dollar and also the increase in capital expenditures during the Period. The Group's current ratio as at 30 June 2025 was 1.72, slightly higher than that of 1.63 as at 31 December 2024.

The Group continues to adopt a prudent financial management and treasury policy to the effect that the Group can maintain a healthy financial position through different business cycles and achieve a long-term sustainable growth. The Group's business requires a significant amount of working capital for the purchase of raw materials, capital spending and product development which are financed by the Group's internal working capital as well as the bank loan facilities from various banks.

The table below sets forth a condensed consolidated cash flow statement of the Group for the periods indicated:

	Six months ended 30 June	
	2025 **HK$ million**	2024 HK$ million
Cash generated from/(used in):		
Operating activities	**555.3**	497.9
Investing activities	**(438.7)**	(341.3)
Financing activities	**(83.7)**	(333.6)
Net movement in cash	**32.9**	(177.0)

Cash flows generated from operating activities during the Period was HK$555.3 million, representing an increase of HK$57.4 million compared to HK$497.9 million in the last corresponding period. The increase in cash flows from operating activities was mainly due to increase in profit during the Period.

Cash flows used in investing activities was HK$438.7 million, representing an increase of HK$97.4 million compared to HK$341.3 million in the last corresponding period. The major items on investing activities were payment of capital expenditure which include purchases of machinery, equipment, tooling and infrastructure amounted to HK$400.8 million.

The table below sets forth the cash used in investing activities for the periods indicated:

	Six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Payment for the acquisition of property, plant and equipment	**(400.8)**	(315.8)
Payment for deferred expenses	**(43.6)**	(44.2)
Others	**5.7**	18.7
Net cash used in investing activities	**(438.7)**	(341.3)

Cash flows used in financing activities was HK$83.7 million, representing a decrease of HK$249.9 million compared to HK$333.6 million in last corresponding period. Major movements during the Period mainly involved proceeds from bank loans of HK$907.0 million, repayment of bank borrowings of HK$785.1 million and second interim dividend payment in 2024 to equity shareholders of the Company of HK$151.0 million.

The table below sets forth the cash used in financing activities for the periods indicated:

	Six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Proceeds from bank loans	**907.0**	796.3
Repayment of bank loans	**(785.1)**	(915.9)
Interest paid	**(46.9)**	(59.3)
Lease rentals paid	**(2.4)**	(3.7)
Dividend paid to equity shareholders of the Company	**(151.0)**	(151.0)
Dividend paid to non-controlling interest	**(5.3)**	–
Net cash used in financing activities	**(83.7)**	(333.6)

Indebtedness

As at 30 June 2025, the Group's total borrowings were HK$2,353.4 million, representing an increase of HK$157.3 million from HK$2,196.1 million as at 31 December 2024. The increase in borrowings was due to higher working capital and capital expenditures during the Period.

The following table sets forth the balances of short and long-term borrowing obligations within the Group as at the dates indicated:

	As at 30 June 2025 HK$ million	As at 31 December 2024 HK$ million
Current bank loans	**959.3**	919.2
Non-current bank loans	**1,381.9**	1,265.6
Current lease liabilities	**4.3**	3.8
Non-current lease liabilities	**7.9**	7.5
Total borrowings	**2,353.4**	2,196.1

As at 30 June 2025, the Group had total banking facilities available for drawdown of HK$2,123.5 million (as at 31 December 2024: HK$2,308.6 million).

The Group's net gearing ratio as at 30 June 2025 was 32.3% (31 December 2024: 33.6%). This ratio is based on total borrowings less cash and cash equivalents divided by total equity. The increase in gearing ratio during the Period was mainly due to the slight increase in net debt balance as of 30 June 2025.

Capital Expenditures and Commitments

The management of the Group exercised careful control over capital expenditures. Capital expenditures of the Group amounted to HK$382.9 million for the six months ended 30 June 2025 which was primarily used in the production capacity expansion in the PRC plants, as well as the infrastructure and machinery spending for the plants in Mexico. Among which, the Group incurred HK$242.7 million for the construction of plants in Mexico, including the purchases of machinery for and construction of precision machining, sand casting, investment casting, aerospace and surface treatment plants. Capital commitments contracted for but not incurred by the Group as at 30 June 2025 amounted to HK$542.7 million, which were mainly related to plants construction and acquisition of machinery.

Pledge of Assets

No property, plant and equipment of the Group were pledged as security for bank borrowings as at 30 June 2025.

Contingent Liabilities

No material contingent liability existed as at 30 June 2025.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Chairman's Statement in this interim report, the Group did not have other future plans for material investments or capital assets.

Material Acquisitions and Disposal of Subsidiaries

There was no material acquisition and disposal of subsidiaries during the six months ended 30 June 2025.

Treasury Policies and Exposure to Fluctuation in Exchange Rates

The Group has adopted a prudent approach on treasury management for the purpose of allocating sufficient financial resources to different members of the Group with minimised amount of financial cost.

The Group's revenue was mainly denominated in US dollar, Euro dollar and RMB while most of the cost of sales is denominated in RMB, Turkish lira, Euro dollar and Mexican peso. As a result, exchange rate fluctuations between US dollar, Euro dollar, RMB, Turkish lira and Mexican peso against Hong Kong dollar could affect the Group's performance and asset value in the reporting currency of Hong Kong dollar.

To reduce the exposure to foreign currency exchange risk, the Group's management monitors the foreign exchange rates from time to time and may adjust the currency mix of the loan portfolio in a proportion that resembled the respective underlying sales currency proportion with a view to reduce the impact of exchange rate fluctuations. As at 30 June 2025, the borrowings of the Group were denominated in Hong Kong dollar, US dollar, RMB and Euro dollar, in which, HK$671.7 million of borrowings were at fixed interest rates.

During the six months ended 30 June 2025, the Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations, and the Group did not use any financial instrument for hedging purpose.

Employees and Remuneration Policy

As at 30 June 2025, the Group had 7,897 full-time employees of whom 6,031 were from the Mainland China and 1,866 were from Turkey, Germany, Mexico, Hong Kong, United States, and other countries. Total staff costs, including the emoluments of the Directors, amounted to HK$644.3 million for the six months ended 30 June 2025 (six months ended 30 June 2024: HK$671.8 million).

The management of the Group maintains good working relationship with its employees and provides training when necessary to keep its employees informed of the latest information on the developments of its products and production processes. Remuneration packages offered to the Group's employees are generally competitive and consistent with the prevailing levels in the market and are reviewed on a regular basis. Apart from basic remuneration and the statutory retirement benefit scheme, discretionary bonuses and share options may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

FURTHER INFORMATION ON THE GROUP

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Having considered the profitability of the Group and the financial resources required for business expansion, the Board has resolved to declare an interim dividend of 8.0 HK cents per Share (six months ended 30 June 2024: 8.0 HK cents per Share) for the six months ended 30 June 2025 in the total amount of approximately HK$151.0 million to equity shareholders of the Company (six months ended 30 June 2024: HK$151.0 million). Relevant dates for interim dividend payment are set out below.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	25 August 2025
Closure of register of members	27 August to 29 August 2025 (both days inclusive)
Record date	29 August 2025
Dividend payment date	on or before 10 September 2025

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong share registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Tuesday, 26 August 2025.

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the basis of the Company's corporate governance practices with effect from the date of the listing of the Company.

In the opinion of the Directors, the Company has complied with all the code provisions of the CG Code and to a large extent the recommended best practices in the CG Code during the six months ended 30 June 2025, except for the deviation from code provision C.2.1 of the CG Code as described below.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. LU Ruibo is the chairman of the Board and the chief executive officer of the Group. Since the founding of the Group in 1998, Mr. LU has been responsible for formulating the overall business development strategies and leading the overall operations of the Group, and therefore has been instrumental to the growth and business expansion of the Group. Mr. LU's vision and leadership have played a pivotal role in the Group's success and achievements to date, and therefore the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The long-serving and outstanding senior management team and the Board, which comprise experienced and high-caliber individuals, provide a check on balance of power and authority. The Board currently comprises four executive Directors (including Mr. LU) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board has established an audit committee, a nomination committee, a remuneration committee and a sustainability committee, each with defined terms of reference which are no less exacting than those set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set forth in Appendix C3 of the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiry with the Directors and all Directors have confirmed that they complied with the Model Code during the six months ended 30 June 2025.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, the underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which was required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

THE COMPANY AND ASSOCIATED CORPORATION

(i) Long positions in the Shares and underlying Shares of the Company

Name of Directors	Nature of interest/ capacity	Number of Shares or underlying Shares	Approximate percentage of the Company's issued share capital[(2)]
Mr. LU Ruibo ("Mr. LU")	Interest in a controlled corporation [(1)]	1,348,118,787	71.43
	Spouse interest	300,000	0.02
	Beneficial owner	9,239,000	0.49

(ii) Interest in associated corporation

Name of Directors	Name of associated corporation	Number of shares	Percentage of shareholding interest
Mr. LU	Impro Development	1	100

Notes:

(1) All issued shares of Impro Development Limited ("Impro Development") are beneficially owned by Mr. LU and Mr. LU is the sole director of Impro Development. Accordingly, Mr. LU is deemed to be interested in the 1,348,118,787 Shares held by Impro Development under the SFO.

(2) The percentages were calculated based on the total number of 1,887,285,665 issued Shares as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares or the underlying Share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 30 June 2025, the interests and short positions of the persons, other than Directors and chief executive of the Company, (except for Mr. LU and his controlled company) in the Shares and the underlying Shares of the Company, as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of substantial shareholders	Nature of interest/capacity	Number of Shares held	Approximate percentage of the Company's issued share capital[3]
Impro Development	Beneficial owner	1,348,118,787	71.43
Mr. LU	Interest in a controlled corporation and beneficial owner	1,357,357,787	71.92
	Spouse interest	300,000	0.02
GT Cedar Capital (Hong Kong) Limited ("GT Cedar") [1]	Beneficial owner	103,989,123	5.51
Genertec Investment Management Co. Ltd. [2]	Interest in a controlled corporation	103,989,123	5.51
Genertec Capital Company Limited [2]	Interest in a controlled corporation	103,989,123	5.51
China General Technology (Group) Holding Company Limited [2]	Interest in a controlled corporation	103,989,123	5.51

Notes:

(1) GT Cedar is owned as to 80% by Genertec Investment Management Co. Ltd. and 20% by Genertec Hong Kong International Capital Limited.

(2) GT Cedar is owned as to 80% by Genertec Investment Management Co. Ltd. Genertec Investment Management Co. Ltd. is owned as to 99.7% by Genertec Capital Company Limited, a wholly-owned subsidiary of China General Technology (Group) Holding Company Limited. Under the SFO, Genertec Investment Management Co. Ltd., Genertec Capital Company Limited and China General Technology (Group) Holding Company Limited are deemed to be interested in the Shares held by GT Cedar.

(3) The percentages were calculated based on the total number of 1,887,285,665 issued Shares as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, the Directors are not aware of any persons other than the Directors or chief executive of the Company (except for Mr. LU and his controlled company), who had any interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

FURTHER INFORMATION ON THE GROUP

SHARE OPTION SCHEMES

On 15 June 2018, the Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme"), and a post-IPO share option scheme (the "Post-IPO Share Option Scheme"), pursuant to which the Company may grant options to eligible participants to subscribe for the Shares subject to the terms and conditions stipulated therein.

As at 30 June 2025, all options granted under the Pre-IPO Share Option Scheme were exercised or lapsed and thus there are no outstanding options under the Pre-IPO Share Option Scheme and no option has been granted under the Post-IPO Share Option Scheme since its adoption.

POST-IPO SHARE OPTION SCHEME

The following is a summary of principal terms of the Post-IPO Share Option Scheme conditionally adopted by the Shareholders on June 15, 2018. The terms of the Post-IPO Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Post-IPO Share Option Scheme is to enable the Company to grant Options (as defined below) to Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to the Group and to provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (a) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; (b) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group; and/or (c) for such purposes as the Board may approve from time to time.

Eligible Participants shall be: (i) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (the "Executive"), any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group (the "Employee"); (ii) a director or proposed director (including an independent non-executive director) of any member of the Group; (iii) a direct or indirect shareholder of any member of the Group; (iv) a supplier of goods or services to any member of the Group; (v) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (vi) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (vii) an associate of any of the persons referred to in paragraphs (i) to (iii) above.

The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Post-IPO Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10% of our Shares in issue as of the Listing Date, i.e. 183,330,000 Shares, excluding Shares which may fall to be issued upon the exercise of the Over-allotment Option (the "Scheme Mandate Limit") provided that: (i) Our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all Options to be granted under the Post-IPO Share Option Scheme and any other schemes of our Company shall not exceed 10% of our Shares in issue as of the date of approval by Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Post-IPO Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, expired, forfeited or exercised in accordance with the terms of the Post-IPO Share Option Scheme or any other schemes of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules. (ii) Our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by our Company before such approval is obtained. Our Company shall issue a circular to our Shareholders containing the details and information required under the Listing Rules. (iii) The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes of our Group shall not exceed 30% of our Shares in issue from time to time. No Option may be granted under the Post-IPO Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of the Shares of the Company in issue from time to time.

Subject to the terms of the Post-IPO Share Option Scheme, the Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further Options will be granted or offered but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-years period or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

The amount payable on acceptance of an Option is HK$1.00. The subscription price of a Share in respect of any particular Option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of: (i) the nominal value of a Share; (ii) the closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; and (iii) the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the date of grant.

FURTHER INFORMATION ON THE GROUP

EVENTS AFTER THE END OF THE PERIOD

Save for the interim dividend as disclosed in the paragraph under "interim dividend and closure of register of members", no other material events affecting any member of the Group occurred after the end of the Period up to the date of this interim report.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

There has been no change in the information of the Directors and chief executive required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period.

REVIEW OF THE INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2025. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members and the external auditor of the Company.

The unaudited interim financial report of the Group for the six months ended 30 June 2025 has also been reviewed by the Company's external auditor, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT REVIEW REPORT

Review report to the board of directors of Impro Precision Industries Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 28 to 50 which comprises the consolidated statement of financial position of Impro Precision Industries Limited (the "Company") as of 30 June 2025 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

12 August 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025 (unaudited)
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2025	2024
	Note	**HK$'000**	HK$'000
Revenue	4	**2,449,946**	2,402,544
Cost of sales		**(1,768,427)**	(1,768,026)
Gross profit		**681,519**	634,518
Other revenue	5(a)	**12,698**	13,536
Other net income	5(b)	**24,058**	44,849
Selling and distribution expenses		**(94,390)**	(87,027)
Administrative and other operating expenses		**(162,050)**	(173,641)
Profit from operations		**461,835**	432,235
Net finance costs	6(a)	**(41,035)**	(55,049)
Profit before taxation	6	**420,800**	377,186
Income tax	7	**(73,349)**	(71,728)
Profit for the period		**347,451**	305,458
Attributable to:			
Equity shareholders of the Company		**346,335**	304,469
Non-controlling interest		**1,116**	989
Profit for the period		**347,451**	305,458
Earnings per share			
Basic (HK cents)	8(a)	**18.35**	16.13
Diluted (HK cents)	8(b)	**18.35**	16.13

The notes on pages 35 to 50 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 18.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025 (unaudited)
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Profit for the period	**347,451**	305,458
Other comprehensive income for the period (after tax adjustments)		
Items that will not be reclassified to profit or loss:		
Effect of remeasurement of defined benefit retirement plans obligation	**(5,635)**	287
Related tax	**1,282**	1,783
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of entities with functional currencies other than Hong Kong Dollars	**332,564**	(216,100)
Other comprehensive income for the period (after tax adjustments)	**328,211**	(214,030)
Total comprehensive income for the period	**675,662**	91,428
Attributable to:		
Equity shareholders of the Company	**674,334**	90,780
Non-controlling interest	**1,328**	648
Total comprehensive income for the period	**675,662**	91,428

The notes on pages 35 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 (unaudited)
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2025 HK$'000**	At 31 December 2024 HK$'000
Non-current assets			
Property, plant and equipment	9	**4,822,179**	4,322,632
Prepayments for purchase of property, plant and equipment		**33,799**	75,765
Intangible assets		**177,064**	184,223
Goodwill	10	**226,093**	222,654
Deferred expenses		**162,176**	158,960
Other financial asset		**1,544**	1,521
Deferred tax assets		**107,124**	83,880
		5,529,979	5,049,635
Current assets			
Inventories	11	**1,065,066**	1,052,233
Trade and bills receivables	12	**1,243,412**	1,120,602
Prepayments, deposits and other receivables	13	**312,640**	338,222
Taxation recoverable		**7,851**	9,387
Cash and cash equivalents	14	**655,234**	601,747
		3,284,203	3,122,191
Current liabilities			
Bank loans	15	**959,291**	919,234
Lease liabilities		**4,330**	3,778
Trade payables	16	**540,517**	588,573
Other payables and accruals	17	**367,720**	378,058
Taxation payable		**41,296**	24,430
		1,913,154	1,914,073
Net current assets		**1,371,049**	1,208,118
Total assets less current liabilities		**6,901,028**	6,257,753

The notes on pages 35 to 50 form part of this interim financial report.

	Note	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Non-current liabilities			
Bank loans	15	**1,381,876**	1,265,648
Lease liabilities		**7,874**	7,457
Deferred income		**126,069**	129,208
Defined benefit retirement plans obligation		**68,978**	62,642
Deferred tax liabilities		**54,016**	49,884
		1,638,813	1,514,839
NET ASSETS		**5,262,215**	4,742,914
CAPITAL AND RESERVES	18		
Share capital		**188,729**	188,729
Reserves		**5,056,019**	4,532,668
Total equity attributable to equity shareholders of the Company		**5,244,748**	4,721,397
Non-controlling interest		**17,467**	21,517
TOTAL EQUITY		**5,262,215**	4,742,914

Approved and authorized for issue by the board of directors on 12 August 2025.

Lu Ruibo

Directors

Wang Dong

The notes on pages 35 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 (unaudited)
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company									
	Note	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Statutory surplus reserve HK$'000	Exchange reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 January 2024		188,729	1,443,764	8,386	287,223	(16,362)	(571)	2,969,454	4,880,623	20,333	4,900,956
Changes in equity for the six months ended 30 June 2024:											
Profit for the period		–	–	–	–	–	–	304,469	304,469	989	305,458
Other comprehensive income		–	–	–	–	(215,759)	–	2,070	(213,689)	(341)	(214,030)
Total comprehensive income		–	–	–	–	(215,759)	–	306,539	90,780	648	91,428
Second interim dividends approved in respect of the previous year	18(b)	–	–	–	–	–	–	(150,983)	(150,983)	–	(150,983)
Equity settled share-based transactions		–	–	136	–	–	–	–	136	–	136
Balance at 30 June 2024 and 1 July 2024		188,729	1,443,764	8,522	287,223	(232,121)	(571)	3,125,010	4,820,556	20,981	4,841,537
Changes in equity for the six months ended 31 December 2024:											
Profit for the period		–	–	–	–	–	–	339,835	339,835	511	340,346
Other comprehensive income		–	–	–	–	(283,780)	–	(4,231)	(288,011)	25	(287,986)
Total comprehensive income		–	–	–	–	(283,780)	–	335,604	51,824	536	52,360
First interim dividends declared in respect of the current year		–	–	–	–	–	–	(150,983)	(150,983)	–	(150,983)
Expiry of share options		–	–	(7,412)	–	–	–	7,412	–	–	–
Appropriation of reserve		–	–	–	31,307	–	–	(31,307)	–	–	–
Balance at 31 December 2024		188,729	1,443,764	1,100	318,530	(515,901)	(571)	3,285,736	4,721,397	21,517	4,742,914

The notes on pages 35 to 50 form part of this interim financial report.

	Note	Attributable to equity shareholders of the Company									
		Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Statutory surplus reserve HK$'000	Exchange reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 January 2025		188,729	1,443,764	1,110	318,530	(515,901)	(571)	3,285,736	4,721,397	21,517	4,742,914
Changes in equity for the six months ended 30 June 2025:											
Profit for the period		–	–	–	–	–	–	346,335	346,335	1,116	347,451
Other comprehensive income		–	–	–	–	332,352	–	(4,353)	327,999	212	328,211
Total comprehensive income		–	–	–	–	332,352	–	341,982	674,334	1,328	675,662
Second interim dividends approved in respect of the previous year	18(b)	–	–	–	–	–	–	(150,983)	(150,983)	–	(150,983)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(5,378)	(5,378)
Balance at 30 June 2025		188,729	1,443,764	1,100	318,530	(183,549)	(571)	3,476,735	5,244,748	17,467	5,262,215

The notes on pages 35 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2025 (unaudited)
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2025 HK$'000	Six months ended 30 June 2024 HK$'000
Operating activities			
Cash generated from operations		**621,286**	560,046
Tax paid		**(65,939)**	(62,114)
Net cash generated from operating activities		**555,347**	497,932
Investing activities			
Payment for the acquisition of property, plant and equipment		**(400,819)**	(315,768)
Payment for deferred expenses		**(43,609)**	(44,166)
Other cash flows arising from investing activities		**5,717**	18,595
Net cash used in investing activities		**(438,711)**	(341,339)
Financing activities			
Proceeds from bank loans		**907,048**	796,261
Repayment of bank loans		**(785,084)**	(915,882)
Interest paid		**(46,932)**	(59,309)
Capital element of lease rentals paid		**(2,073)**	(3,404)
Interest element of lease rentals paid		**(282)**	(302)
Dividends paid to equity shareholders of the Company	18(b)	**(150,983)**	(150,983)
Dividends paid to non-controlling interest		**(5,378)**	–
Net cash used in financing activities		**(83,684)**	(333,619)
Increase/(decrease) in cash and cash equivalents		**32,952**	(177,026)
Cash and cash equivalents at 1 January	14	**601,747**	630,850
Effect of foreign exchange rate changes		**20,535**	(6,391)
Cash and cash equivalents at 30 June	14	**655,234**	447,433

The notes on pages 35 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION

Impro Precision Industries Limited (the "Company") was incorporated in Cayman Islands on 8 January 2008 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 28 June 2019. The Company and its subsidiaries (collectively as the "Group") are principally engaged in the development and production of a broad range of casting products and precision machining parts and provision of surface treatment services.

2 BASIS OF PREPARATION

This interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorized for issue on 12 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 27.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the development and production of a broad range of casting products and precision machining parts.

Disaggregation of revenue from contracts with customers by business lines is as follows:

	Six months ended 30 June	
Revenue	**2025** **HK$'000**	2024 HK$'000
Investment casting	**922,601**	956,983
Precision machining and others	**793,351**	904,839
Sand casting	**695,164**	511,663
Surface treatment	**38,830**	29,059
	2,449,946	2,402,544

The Group's revenue from contracts with customers were recognized at point in time for the six months ended 30 June 2025 and 2024. Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 4(b)(iii).

(b) Segment reporting

The Group manages its businesses by divisions, which are organized by business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Investment casting: It is a metal forming process that casts molten metal into a ceramic mold produced by surrounding a wax pattern. The main products are automotive, diversified industrials, aerospace and medical components.
- Precision machining and others: It uses a computerized power-driven machine tool to drill or shape metal parts with high precision specifications. The main products are automotive, construction equipment and aerospace components, and hydraulic orbital motors.
- Sand casting: It is a metal forming process in which a mold is first formed from a three-dimensional pattern of sand and molten metal is poured into the mould cavity for solidification. The main products are high horsepower engine and construction equipment components.
- Surface treatment: It primarily contains surface treatment services including plating, anodising, painting and coating and is mainly used in automotive and aerospace end-markets.

(i) Segment results and assets

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of other financial asset, deferred tax assets, cash and cash equivalents and other corporate assets.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses or which otherwise arise from the depreciation or amortization of assets attributable to those segments. However other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of technical know-how, is not measured.

The measure used for reporting segment profit is adjusted earnings before interest, taxes, depreciation and amortization. To arrive at the reporting segment profit, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs. In addition, the management evaluates the performance of the Group based on the earnings before interest, taxes, depreciation and amortization.

In addition to receiving segment information concerning reporting segment profit, management is provided with segment information concerning revenue (including inter-segment sales) generated by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) ***Segment results and assets*** (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2025				
	Investment casting HK$'000	Precision machining and others HK$'000	Sand casting HK$'000	Surface treatment HK$'000	Total HK$'000
Revenue from external customers	922,601	793,351	695,164	38,830	2,449,946
Inter-segment revenue	–	–	–	16,923	16,923
Reportable segment revenue	922,601	793,351	695,164	55,753	2,466,869
Gross profit from external customers	317,051	145,607	210,547	8,314	681,519
Inter-segment gross profit	–	–	–	4,577	4,577
Reportable segment gross profit	317,051	145,607	210,547	12,891	686,096
Depreciation and amortization	89,031	86,203	63,158	15,112	253,504
Reportable segment profit	321,336	141,161	205,885	23,732	692,114

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) ***Segment results and assets*** (Continued)

	Six months ended 30 June 2024				
	Investment casting HK$'000	Precision machining and others HK$'000	Sand casting HK$'000	Surface treatment HK$'000	Total HK$'000
Revenue from external customers	956,983	904,839	511,663	29,059	2,402,544
Inter-segment revenue	–	–	–	13,602	13,602
Reportable segment revenue	956,983	904,839	511,663	42,661	2,416,146
Gross profit/(loss) from external customers	327,648	168,614	139,159	(903)	634,518
Inter-segment gross profit	–	–	–	4,499	4,499
Reportable segment gross profit	327,648	168,614	139,159	3,596	639,017
Depreciation and amortization	95,580	98,352	58,499	9,598	262,029
Reportable segment profit	336,262	165,226	146,180	9,053	656,721

	As at 30 June 2025				
	Investment casting HK$'000	**Precision machining and others HK$'000**	**Sand casting HK$'000**	**Surface treatment HK$'000**	**Total HK$'000**
Reportable segment assets	**2,979,009**	**2,406,100**	**2,170,347**	**491,274**	**8,046,730**

	As at 31 December 2024				
	Investment casting HK$'000	Precision machining and others HK$'000	Sand casting HK$'000	Surface treatment HK$'000	Total HK$'000
Reportable segment assets	2,870,304	2,377,091	1,809,540	428,687	7,485,622

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment revenues, gross profit and profit or loss

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Revenue		
Reportable segment revenue	**2,466,869**	2,416,146
Elimination of inter-segment revenue	**(16,923)**	(13,602)
Consolidated revenue	**2,449,946**	2,402,544
Gross profit		
Reportable segment gross profit	**686,096**	639,017
Elimination of inter-segment gross profit	**(4,577)**	(4,499)
Consolidated gross profit	**681,519**	634,518
Profit		
Reportable segment profit	**692,114**	656,721
Elimination of inter-segment profit	**(4,577)**	(4,499)
Reportable segment profit derived from Group's external customers	**687,537**	652,222
Other revenue	**12,698**	13,536
Other net income	**24,058**	44,849
Unallocated head office and corporate expenses	**(8,954)**	(16,343)
Consolidated profit before interest, taxes, depreciation and amortization	**715,339**	694,264
Net finance costs	**(41,035)**	(55,049)
Depreciation and amortization	**(253,504)**	(262,029)
Consolidated profit before taxation	**420,800**	377,186

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, prepayments for purchase of property, plant and equipment, intangible assets, goodwill, deferred expenses, and other financial asset ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, i.e. the location of the operation to which they are allocated.

Revenue from external customers

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Americas		
— United States of America ("United States")	**998,123**	1,090,100
— Others	**158,547**	113,913
Europe	**733,156**	739,919
Asia		
— The People's Republic of China ("PRC")	**507,489**	392,975
— Others	**52,631**	65,637
	2,449,946	2,402,544

Specified non-current assets

	At 30 June 2025	At 31 December 2024
	HK$'000	HK$'000
United States	**7,043**	7,893
Europe	**452,512**	408,873
The PRC	**2,957,628**	2,914,359
Mexico	**2,005,672**	1,634,630
	5,422,855	4,965,755

5 OTHER REVENUE AND OTHER NET INCOME

(a) Other revenue

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Rental income	**868**	700
Government grants	**10,089**	12,200
Others	**1,741**	636
	12,698	13,536

(b) Other net income

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Net exchange gain	**23,231**	42,953
Net loss on disposal of property, plant and equipment	**(643)**	(188)
Others	**1,470**	2,084
	24,058	44,849

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Net finance costs

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Interest income	**(6,179)**	(4,562)
Interest expenses on bank loans	**46,932**	59,309
Interest expenses on lease liabilities	**282**	302
	47,214	59,611
Net finance costs	**41,035**	55,049

(b) Other items

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Cost of inventories recognized as expenses*	**1,768,427**	1,768,026
Depreciation charges		
— owned property, plant and equipment	**196,601**	197,580
— right-of-use assets	**4,135**	5,531
Amortization of intangible assets	**9,913**	15,028
Amortization of deferred expenses	**42,855**	43,890
Research and development expenses	**83,096**	82,895
Provision of impairment loss on trade receivables	**593**	4,095
Reversal of write-down of inventories	**(4,158)**	(10,219)

* Cost of inventories recognized as expenses includes amounts relating to depreciation and amortization expenses, research and development expenses, reversal of write-down of inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7 INCOME TAX

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Current tax — Chinese Mainland Corporate Income Tax		
— Provision for the period	**40,057**	42,264
— Bonus deduction of research and development expenses	**(7,266)**	(14,183)
— Under/(over)-provision in respect of prior years	**14,090**	(1,331)
Current tax — Hong Kong Profits Tax	**15,107**	11,013
Current tax — Tax jurisdictions outside Chinese Mainland and Hong Kong	**14,387**	15,786
	76,375	53,549
Deferred taxation	**(3,026)**	18,179
	73,349	71,728

The provision for Chinese Mainland income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the Chinese Mainland as determined in accordance with the relevant income tax rules and regulations of the Chinese Mainland. The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 June 2024: 16.5%) to the six months ended 30 June 2025. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$346,335,000 (six months ended 30 June 2024: HK$304,469,000) and the weighted average of 1,887,285,665 ordinary shares (2024: 1,887,285,665 shares) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$346,335,000 (six months ended 30 June 2024: HK$304,469,000) and the weighted average of 1,887,285,665 ordinary shares (2024: 1,887,285,665 shares).

For the six months ended 30 June 2024, the Company has the outstanding share options under the Company's share option scheme as the dilutive potential ordinary shares.

During the six months ended 30 June 2024, the dilutive potential ordinary shares were not included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive. Accordingly, diluted earnings per share was the same as basic earnings per share of the six months ended 30 June 2024.

9 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2025, the Group entered into a number of new lease agreements for use of properties, and therefore recognized the additions to right-of-use assets of HK$3,008,000 (six months ended 30 June 2024: HK$686,000). Apart from that, items of right-of-use assets with a net book value of HK$nil (six months ended 30 June 2024: HK$2,997,000) were disposed of during the six months ended 30 June 2025, resulting in a loss on disposal of HK$nil (six months ended 30 June 2024: a loss on disposal of HK$379,000).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment at a cost of HK$421,838,000 (six months ended 30 June 2024: HK$333,781,000). Apart from that, items of property, plant and equipment with a net book value of HK$1,122,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: HK$2,885,000), resulting in a loss on disposal of HK$643,000 (six months ended 30 June 2024: a loss on disposal of HK$191,000).

10 GOODWILL

	HK$'000
Cost:	
At 1 January 2024	227,522
Exchange adjustment	(4,868)
At 31 December 2024 and 1 January 2025	222,654
Exchange adjustment	3,439
At 30 June 2025	226,093
Accumulated impairment losses:	
At 31 December 2024,1 January 2025 and 30 June 2025	–
Carrying amount:	
At 30 June 2025	226,093
At 31 December 2024	222,654

11 INVENTORIES

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Raw materials	**227,017**	209,460
Work in progress	**445,471**	414,174
Finished goods	**475,308**	511,700
	1,147,796	1,135,334
Write down of inventories	**(82,730)**	(83,101)
	1,065,066	1,052,233

During the six months ended 30 June 2025, the Group reversed a write-down of HK$4,158,000 (six months ended 30 June 2024: HK$10,219,000) against those inventories with net realizable value higher than carrying value. The write-down is included in cost of sales in the consolidated statement of profit or loss.

12 TRADE AND BILLS RECEIVABLES

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Trade receivables	**1,211,418**	1,062,905
Bills receivable	**45,290**	70,180
	1,256,708	1,133,085
Less: loss allowance	**(13,296)**	(12,483)
	1,243,412	1,120,602

All of the trade and bills receivables are expected to be recovered within one year.

12 TRADE AND BILLS RECEIVABLES (Continued)

As of the end of the reporting period, the aging analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Within 1 month	**555,783**	507,337
1 to 3 months	**571,859**	478,504
Over 3 months but within 12 months	**115,770**	134,761
	1,243,412	1,120,602

Trade receivables are due within 15–120 days from the date of billing.

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Prepayments	**75,538**	77,176
Value added tax recoverable	**186,463**	175,817
Other deposits and receivables	**50,639**	85,229
	312,640	338,222

14 CASH AND CASH EQUIVALENTS

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Cash at bank	**655,108**	601,562
Cash on hand	**126**	185
	655,234	601,747

As of the end of the reporting period, cash and cash equivalents situated in Chinese Mainland amounted to HK$506,649,000 (2024: HK$446,668,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

15 BANK LOANS

The maturity profile for the interest-bearing bank loans of the Group at the end of each reporting period is as follows:

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Short-term bank loans	**430,804**	468,170
Current portion of long-term bank loans	**528,487**	451,064
Within 1 year or on demand	**959,291**	919,234
After 1 year but within 2 years	**612,537**	551,719
After 2 years but within 5 years	**769,339**	713,929
	1,381,876	1,265,648
	2,341,167	2,184,882

As at 30 June 2025 and 31 December 2024, none of the Group's bank loans were secured.

Certain banking facilities of the Group are subject to the fulfilment of financial covenants relating to certain of the financial ratios of the Group or the subsidiaries of the Group, as are commonly found in lending arrangements with financial institutions. The Group regularly monitors its compliance with these covenants. As at 30 June 2025 and 31 December 2024, none of the covenants relating to drawn down facilities had been breached.

16 TRADE PAYABLES

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Trade payables	**540,517**	588,573

All of the trade payables are expected to be settled within one year or repayable on demand.

As of the end of the reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Within 1 month	**365,490**	350,413
1 to 3 months	**127,647**	166,508
Over 3 months	**47,380**	71,652
	540,517	588,573

17 OTHER PAYABLES AND ACCRUALS

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Other payables (Note)	**281,339**	299,031
Accrued expenses	**86,381**	79,027
	367,720	378,058

All of the other payables are expected to be settled within one year or repayable on demand.

Note:

An analysis of the other payables of the Group is as follows:

	At 30 June 2025 HK$'000	At 31 December 2024 HK$'000
Deferred consideration payable	**21,763**	21,432
Salaries, wages, bonus and benefits payable	**96,263**	100,307
Payables for purchase of property, plant and equipment	**31,071**	52,018
Contract liabilities	**28,380**	23,154
Other tax payable	**46,298**	36,043
Advances received for plant relocation	**7,823**	8,621
Maintenance costs payable	**4,230**	4,820
Freight costs payable	**10,859**	7,775
Others	**34,652**	44,861
	281,339	299,031

18 DIVIDENDS

(a) Dividends payable to equity shareholders attributable to the interim period

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
First interim dividend declared after the end of each reporting period of HK$0.08 per share (six months ended 30 June 2024: HK$0.08 per share)	**150,983**	150,983

The interim dividend has not been recognized as a liability at the end of each reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Second interim dividend in respect of the previous financial year, approved and paid during the interim period, of HK$0.08 per share (six months ended 30 June 2024: HK$0.08 per share)	**150,983**	150,983

19 COMMITMENTS

Capital commitments outstanding at 30 June 2025 not provided for in the interim financial report were as follows:

	At 30 June 2025	At 31 December 2024
	HK$'000	HK$'000
Contracted for:	**542,652**	425,442
Represented by:		
Construction of plants	**220,231**	344,840
Acquisition of machinery	**322,421**	80,602
	542,652	425,442

20 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Pursuant to the board meeting on 12 August 2025, the directors resolved to declare an interim dividend of HK$0.08 per share. Further details are disclosed in Note 18(a).