

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



IPE GROUP LIMITED

國際精密集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 929)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

The Board (the “**Board**”) of Directors (the “**Director(s)**”) of IPE Group Limited (the “**Company**”) would like to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4&5	487,743	502,149
Cost of sales		(350,604)	(364,755)
Gross profit		137,139	137,394
Other income	5	19,097	28,779
Change in fair value of financial assets measured at			
Fair value through profit or loss		3,337	–
Distribution costs		(17,424)	(17,344)
Administrative expense and other expense		(91,251)	(85,673)
Research and development costs		(29,875)	(36,792)
Profit from operations		21,023	26,364
Finance costs	6	(5,360)	(8,777)
Share of losses of an associate		(648)	(683)
Profit before taxation	7	15,015	16,904
Income tax	8	(2,832)	(4,216)
Profit for the period		12,183	12,688
Attributable to:			
Equity shareholders of the Company		2,205	2,378
Non-controlling interests		9,978	10,310
Profit for the period		12,183	12,688
Earnings per share	9		
Basic		HK0.2 cents	HK0.2 cents
Diluted		HK0.2 cents	HK0.2 cents
Interim dividend per share	10	–	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	12,183	12,688
Other comprehensive income/(loss):		
Exchange difference on translation of foreign operation	<u>65,507</u>	<u>(35,578)</u>
Total comprehensive income/(loss) for the period	<u>77,690</u>	<u>(22,890)</u>
Attributable to:		
Equity shareholders of the Company	63,771	(35,460)
Non-controlling interests	<u>13,919</u>	<u>12,570</u>
Total comprehensive income/(loss) for the period	<u>77,690</u>	<u>(22,890)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2025 (Unaudited) <i>HK\$'000</i>	At 31 December 2024 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Investment properties	<i>11</i>	129,798	125,974
Property, plant and equipment	<i>11</i>	882,403	847,367
Intangible assets		52,284	55,624
Goodwill		68,974	66,733
Interest in an associate		442	1,023
Deposits for purchase of non-current assets		3,855	3,855
Deferred tax assets		16,904	14,179
		<hr/>	<hr/>
Total non-current assets		1,154,660	1,114,755
		<hr/>	<hr/>
CURRENT ASSETS			
Financial assets at fair value through profit or loss		30,994	30,825
Inventories	<i>12</i>	327,693	318,921
Trade receivables	<i>13</i>	404,617	370,268
Prepayments, deposit and other receivables		110,760	85,655
Pledged and restricted cash		18,963	34,733
Cash and bank balances	<i>14</i>	439,269	515,160
		<hr/>	<hr/>
Total current assets		1,332,296	1,355,562
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	<i>15</i>	106,366	105,160
Other payables and accruals		87,826	76,693
Contract liabilities		18,353	7,436
Bank and other loans		202,050	287,946
Lease liabilities		1,012	957
Deferred income		209	585
Tax payables		6,066	5,274
		<hr/>	<hr/>
Total current liabilities		421,882	484,051
		<hr/>	<hr/>

	At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
NET CURRENT ASSETS	910,414	871,511
TOTAL ASSETS LESS CURRENT LIABILITIES	2,065,074	1,986,266
NON-CURRENT LIABILITIES		
Bank loans and other loan	3,726	3,818
Lease liabilities	792	1,735
Other payables	2,817	2,306
Deferred income	691	428
Deferred tax liabilities	31,002	30,061
Total non-current liabilities	39,028	38,348
Net assets	2,026,046	1,947,918
CAPITAL AND RESERVES		
Equity attributable to owners of the Company		
Share capital	105,225	105,225
Reserves	1,753,379	1,689,170
	1,858,604	1,794,395
Non-controlling interests	167,442	153,523
Total Equity	2,026,046	1,947,918

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Net cash flows generated from operating activities	<u>70,583</u>	<u>23,174</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(63,042)	(95,430)
Proceeds from disposal of items of property, plant and equipment	4,869	6,694
Proceeds from disposal of financial asset at Fair Value through Profit or Loss	3,617	–
Remaining consideration paid on acquisition of subsidiaries	–	(168,064)
Dividend income received	<u>2,223</u>	<u>2,522</u>
Net cash flows used in investing activities	<u>(52,333)</u>	<u>(254,278)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(5,312)	(8,684)
Proceeds from new bank loans	54,605	214,292
Repayment of bank loans	(146,447)	(94,536)
Principal payments of lease liabilities	<u>(490)</u>	<u>(1,007)</u>
Net cash flows (used in)/generated from financing activities	<u>(97,644)</u>	<u>110,065</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(79,394)	(121,039)
Cash and cash equivalents at beginning of period	515,160	674,400
Effect of foreign exchange rate changes	<u>3,503</u>	<u>3,524</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>439,269</u>	<u>556,885</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(Unaudited)	Attributable to owners of the Company													Total Equity
	Statutory													
	Issued	Share		Statutory	public	Capital	Share	Properties	Exchange				Non-	
	Capital	premium	Contributed	surplus	welfare	redemption	options	revaluation	fluctuation	Others	Retained	Total	controlling	
	Account	Surplus	reserve	fund	reserves	reserves	reserves	reserves	reserves	reserves	profit	interest		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2025	105,225	472,201	15,880	87,704	287	7,905	51,735	34,527	(37,271)	4,239	1,051,963	1,794,395	153,523	1,947,918
Profit for the period	-	-	-	-	-	-	-	-	-	-	2,205	2,205	9,978	12,183
Other comprehensive income for the period:														
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	61,566	-	-	61,566	3,941	65,507
Total comprehensive income for the period	-	-	-	-	-	-	-	-	61,566	-	2,205	63,771	13,919	77,690
Equity-settled share options arrangements	-	-	-	-	-	-	438	-	-	-	-	438	-	438
At 30 June 2025	105,225	472,201	15,880	87,704	287	7,905	52,173	34,527	24,295	4,239	1,054,168	1,858,604	167,442	2,026,046
At 1 January 2024	105,225	472,201	15,880	82,188	287	7,905	51,735	34,527	11,959	4,239	1,046,882	1,833,028	131,162	1,964,190
Profit for the period	-	-	-	-	-	-	-	-	-	-	2,378	2,378	10,310	12,688
Other comprehensive loss for the period:														
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(37,838)	-	-	(37,838)	2,260	(35,578)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(37,838)	-	2,378	(35,460)	12,570	(22,890)
At 30 June 2024	105,225	472,201	15,880	82,188	287	7,905	51,735	34,527	(25,879)	4,239	1,049,260	1,797,568	143,732	1,941,300

NOTES TO THE CONDENSED FINANCIAL STATEMENT

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 July 2002 under the Companies Law of Cayman Islands. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 1 November 2004.

The principal activities of the Group are the manufacture and sale of precision metal components for automotive parts, hydraulic equipment components, electronic equipment components and components for other applications.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). They have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2024.

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Accounting Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRSs that are mandatorily effective for the current period

Amendments to HKAS 21

Lack of Exchangeability

The application of the Amendments to References to the Conceptual Framework in HKFRS Accounting Standards and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

See Segment information

The Group manages its businesses by divisions, which are organised by the geographical locations of the customers. 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 six reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (a) Thailand;
- (b) Malaysia;
- (c) Mainland China, Macau and Hong Kong;
- (d) North America;
- (e) Europe; and
- (f) Other countries.

Segment results, assets and liabilities

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is gross profit. The Group's senior executive management is provided with segment information concerning segment revenue and gross profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below.

Six months ended 30 June 2025 (Unaudited)							
			Mainland China, Macau and Hong Kong	North America	Europe	Other Countries	Total
	Thailand HK\$'000	Malaysia HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers recognised by point in time and Reportable segment revenue	<u>2,405</u>	<u>12,441</u>	<u>291,649</u>	<u>95,630</u>	<u>66,862</u>	<u>18,756</u>	<u>487,743</u>
Reportable segment profit							
Gross profit	<u>676</u>	<u>3,498</u>	<u>82,003</u>	<u>26,888</u>	<u>18,800</u>	<u>5,274</u>	<u>137,139</u>
Six months ended 30 June 2024 (Unaudited)							
			Mainland China, Macau and Hong Kong	North America	Europe	Other Countries	Total
	Thailand HK\$'000	Malaysia HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers recognised by point in time and reportable segment revenue	<u>9,562</u>	<u>14,068</u>	<u>275,248</u>	<u>102,037</u>	<u>86,503</u>	<u>14,731</u>	<u>502,149</u>
Reportable segment profit							
Gross profit	<u>2,616</u>	<u>3,849</u>	<u>75,311</u>	<u>27,919</u>	<u>23,668</u>	<u>4,031</u>	<u>137,394</u>

5. REVENUE AND OTHER INCOME AND GAINS

Revenue, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period.

An analysis of the Group's revenue and other income and gains is disaggregated as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue recognised at a point in time		
Sale of automotive components	216,366	226,890
Sale of hydraulic equipment components	254,322	251,685
Sale of electric components	12,143	14,327
Others	4,912	9,247
	487,743	502,149
Other income		
Bank interest income	1,976	4,671
Government grants	5,902	6,278
Dividend income	2,223	2,522
Rental income	4,776	5,266
Others	3,836	2,577
	18,713	21,314
Gains		
Gain on disposal of items of property, plant and equipment	–	231
Gain on disposal of financial assets at fair value through profit or loss	384	–
Foreign exchange difference, net	–	7,234
	19,097	28,779

6. FINANCE COST

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans	5,056	8,174
Financial arrangement fees	256	510
Interest on lease liabilities	48	93
	5,360	8,777

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventory sold	350,604	364,755
Depreciation on property, plant and equipment	46,334	39,334
Depreciation on right-of-use asset	464	863
Amortization	5,239	5,073
Equity-settled share option expenses	438	–
Auditors' remuneration	1,320	1,236
Foreign exchange differences, net	4,914	(7,234)
Loss/(gain) on disposal of items of property, plant and equipment	772	(231)

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (16.5% for the six months ended 30 June 2024) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current	4,151	4,216
Deferred	(1,319)	–
	<u>2,832</u>	<u>4,216</u>

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to equity shareholders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2025 is based on the profit attributable to equity shareholders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to equity shareholders of the Company		
used in the basic earnings per share calculation	<u>2,205</u>	<u>2,378</u>
	Number of shares (in thousands)	
Shares		
Weighted average number of ordinary shares in issue during		
the period used in the basic earnings per share calculation	<u>1,052,254</u>	<u>1,052,254</u>

10. INTERIM DIVIDEND

Six months ended 30 June
2025 2024
(Unaudited) (Unaudited)

Interim dividend — Nil per ordinary share (2024: Nil)

 — —

The Board does not recommend the payment of any interim dividend for six months ended 30 June 2025 (2024: Nil per ordinary share).

11. PROPERTY, PLANT AND EQUIPMENT

	Ownership interest in leasehold land held for own use carried at cost HK\$'000	Other properties leased for own use carried at cost HK\$'000	Freehold Land and building HK\$'000	Leasehold improvement HK\$'000	Plant and Machinery HK\$'000	Furniture and Fixtures HK\$'000	Motor car HK\$'000	Construction in progress HK\$'000	Investment properties HK\$'000	Total HK\$'000
Cost										
At 1 January 2025	78,544	5,057	898,723	20,084	1,515,150	144,142	15,723	14,367	125,974	2,817,764
Additions	—	—	9,792	—	21,992	10,678	—	20,580	—	63,042
Transfer from										
Construction in Progress	—	—	6,101	—	3,641	—	—	(9,742)	—	—
Disposals	—	—	(2,781)	—	(20,084)	(263)	(32)	—	—	(23,160)
Exchange realignment	3,284	170	25,867	428	56,345	4,830	497	1,240	3,824	96,485
At 30 June 2025	81,828	5,227	937,702	20,512	1,577,044	159,387	16,188	26,445	129,798	2,954,131
Accumulated depreciation										
At 1 January 2025	12,653	3,075	420,332	17,375	1,278,040	99,560	13,388	—	—	1,844,423
Depreciation provided during the period	2,070	464	14,296	237	22,372	6,887	472	—	—	46,798
Disposals	—	—	(1,453)	—	(15,873)	(182)	(11)	—	—	(17,519)
Exchange realignment	1,199	103	15,046	422	47,718	3,356	384	—	—	68,228
At 30 June 2025	15,922	3,642	448,221	18,034	1,332,257	109,621	14,233	—	—	1,941,930
Net carrying amount										
Cost/Valuation	81,828	5,227	937,702	20,512	1,577,044	159,387	16,188	26,445	129,798	2,954,131
Accumulated depreciation	(15,922)	(3,642)	(448,221)	(18,034)	(1,332,257)	(109,621)	(14,233)	—	—	(1,941,930)
At 30 June 2025 (Unaudited)	65,906	1,585	489,481	2,478	244,787	49,766	1,955	26,445	129,798	1,012,201
Net carrying amount										
Cost/Valuation	78,544	5,057	898,723	20,084	1,515,150	144,142	15,723	14,367	125,974	2,817,764
Accumulated depreciation	(12,653)	(3,075)	(420,332)	(17,375)	(1,278,040)	(99,560)	(13,388)	—	—	(1,844,423)
At 31 December 2024 (Audited)	65,891	1,982	478,391	2,709	237,110	44,582	2,335	14,367	125,974	973,341

12. INVENTORIES

	At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
Raw materials	83,579	97,580
Consumables	18,293	16,321
Work in progress	86,698	70,298
Finished goods	139,123	134,722
	<u>327,693</u>	<u>318,921</u>

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers where payments in advance are normally required. The credit period generally ranges from 60 to 120 days, but longer credit terms will be granted to certain major customers with the approval of the directors. Each customer has a maximum credit limit. The Group maintains strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
Within 1 month	217,981	175,321
1 to 2 months	72,156	71,405
2 to 3 months	52,212	51,043
3 to 4 months	34,483	35,049
4 to 12 months	24,943	37,450
Over 1 year	2,842	–
	<u>404,617</u>	<u>370,268</u>

14. CASH AND BANK BALANCES

	At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
Deposits with banks and cash at bank and on hand	458,232	549,893
Less: Pledged and restricted deposits	<u>(18,963)</u>	<u>(34,733)</u>
Cash and cash equivalents	<u>439,269</u>	<u>515,160</u>

15. TRADE PAYABLES

	At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
Within 1 month	59,541	64,756
1 to 2 months	23,190	21,781
2 to 3 months	12,812	6,312
Over 3 months	<u>10,823</u>	<u>12,311</u>
	<u>106,366</u>	<u>105,160</u>

16. SHARE CAPITAL

	At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
Authorised:		
2,000,000,000 (31 December 2024:2,000,000,000)		
Ordinary shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid		
1,052,254,135 (31 December 2024:1,052,254,135)		
Ordinary shares of 30 June 2025	<u>105,225</u>	<u>105,225</u>

No movements in issued and fully paid share capital for the six months ended 30 June 2025 and year ended 31 December 2024.

17. BANK LOANS AND OTHER LOANS

At 30 June 2025, the bank loans were repayables as follow:

	At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
Bank loans		
– Secured	–	110,000
– Secured with demand clause	199,486	171,541
– Unsecured	–	4,242
	199,486	285,783
Other loans – Non-controlling shareholder		
– Unsecured	6,290	5,981
	205,776	291,764

The maturity of the bank loan and analysis of the amount due based on scheduled payment dates set out in the loan agreements are as follow:

Within 1 year or on demand	44,645	128,040
In the second year	16,626	15,863
In the third to fifth years, inclusive	80,234	52,835
Over 5 years	57,981	89,045
	199,486	285,783
Portion classified as current liabilities	(195,760)	(281,965)
	3,726	3,818

At 30 June 2025, the other loans was repayables as follow:

Within 1 year or on demand	6,290	5,981
----------------------------	-------	-------

18. CAPITAL COMMITMENTS

The Group had the following capital commitment at the ended of the reporting period:

	At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
Contracted but not provided for:		
Plant and machinery	1,474	3,299
Buildings	9,216	15,321
	<u>10,690</u>	<u>18,620</u>

19. RELATED PARTY TRANSACTIONS

The Group had the following capital commitment at the ended of the reporting period:

	At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
Short-term employee benefits	5,434	6,299
Post-employment benefits	240	222
	<u>5,674</u>	<u>6,521</u>
Total Compensation paid to key management personnel		

CHAIRMAN’S STATEMENT

On behalf of the board of directors (the “**Board**”), I present to shareholders the first half-year results of IPE Group Limited (“**IPE**” or the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**IPE Group**”) as of 30 June 2025.

BUSINESS REVIEW

Since the United States initiated the tariff war, although in the name of trade protection, the true intent is to curb China’s development. Through imposing high tariffs and implementing export controls, among other measures, the United States attempted to disrupt the order of China’s exports to the US and reshape the global industrial chain layout. Meanwhile, the ongoing Russia-Ukraine War has not only shattered regional peace and stability but also triggered waves of turbulence across multiple domains including energy, finance, and trade. This turmoil in European markets has consequently impacted economic and trade exchanges between China and Europe. In addition, the industry in which the Group operates is facing intense domestic “involution” —a cutthroat competition landscape where enterprises increasingly adopt aggressive tactics to vie for limited market share, ultimately fueling a vicious cycle of competition. Despite the impact of the domestic new energy vehicle market, the Group’s overall income remained relatively stable. Sales amounted to HK\$487,743,000 for the first half of this year, compared to HK\$502,149,000 for the corresponding period last year, a slight decrease of HK\$14,406,000 or 2.9%.

The hydraulic equipment components business of the Company is facing increasingly fierce competition in the industry, competitors are adopting aggressive price reduction strategies. In order to consolidate and increase market share, the Company implemented price reductions for certain products and made volume stability and order preservation its top priority. Meanwhile, the Company proactively capitalized on national subsidy policies to ramp up development of its agricultural machinery business segment, countering the involution dilemma. The sales of the hydraulic equipment components business in the first half of this year amounted to HK\$254,322,000, compared to HK\$251,685,000 in the corresponding period of last year, representing a year-on-year increase of HK\$2,637,000. During the period, sales of hydraulic equipment components business remained the largest contributor to the Company’s total sales.

The automotive components business has been negatively impacted by both the US reciprocal tariff policy and the increasing penetration rate of new energy vehicles. Since the United States implemented its tariff policy, European and American automobile manufacturers have adopted a wait-and-see attitude toward the policy, leading to a suspension of purchases by customers. The sales of the automotive components business in the first half of this year amounted to HK\$216,366,000, representing a slight decrease of HK\$10,524,000, or 4.6%, when compared to the corresponding period of last year. To avoid tariff risks, the Company has transferred some components of its automotive business to its Thailand factory, which has been successfully put into production during the period.

For the electronic equipment components business, sales for the business amounted to HK\$12,143,000 in the first half of this year, remained at the relatively same level when compared to HK\$14,327,000 for the corresponding period of last year.

The following table shows the sales and comparative data of each of the Group's businesses for the first half of 2025:

	1H 2025		1H 2024		Change	Change
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Hydraulic equipment components	254,322	52.1	251,685	50.1	+2,637	+1.0
Automotive components	216,366	44.4	226,890	45.2	-10,524	-4.6
Electronic equipment components	12,143	2.5	14,327	2.9	-2,184	-15.2
Others	4,912	1.0	9,247	1.8	-4,335	-46.9
Total	487,743	100.0	502,149	100	-14,406	-2.9

The Company has actively implemented a series of cost control strategies, including advancing streamlined initiatives, enhancing automation levels, and optimizing supply chain management systems, to mitigate the impact of reduced production scale. The gross profit margin remained stable, with a gross profit margin of 28.1% for the period (compared to 27.4% in the same period last year). As a result, net profit for the first half of this year amounted to HK\$12,183,000, compared to HK\$12,688,000 in the same period last year.

FINANCIAL REVIEW

For the six months ended 30 June 2025, the Group recorded sales of HK\$487,743,000, representing a slight decrease of HK\$14,406,000 or 2.9% as compared to HK\$502,149,000 for the corresponding period last year.

Although total sales for the first half of this year declined compared to the same period last year, changes in the proportion of sales operations and the implementation of cost-cutting measures such as increased automation offset the negative impact of the decline in sales on gross profit. Gross profit for the first half of 2025 was HK\$137,139,000, with a gross profit margin of 28.1%, representing a year-on-year increase of 0.2%; the gross profit margin remained at the same level as the previous year.

Other income amounted to HK\$19,097,000 for the first half of 2025, represented a slight decrease as compared to HK\$28,779,000 for the corresponding period last year. The main reason for the year-on-year decrease was exchange rate fluctuations. In the same period last year, there was a gain of HK\$7,234,000 from the appreciation of the US dollar, whereas this year, due to the weakening of the US dollar, similar gains were not realized. In addition, due to the use of existing funds to repay bank loans at the beginning of the year, interest income from deposits decreased in the first half of this year. Interest income for the first half of this year was HK\$1,976,000, a decrease of HK\$2,695,000 as compared to the same period last year.

Total sales for the first half of this year decreased by 2.9% as compared to the same period last year. Selling and distribution expenses were similar to that of last year, amounted to HK\$17,424,000 for the first half of this year.

Administrative expense and other expense amounted to HK\$91,251,000 for the first half of the year, representing an increase of HK\$5,578,000 or 6.5% as compared to the corresponding period last year. There are several reasons for the significant changes in costs. First, a non-wholly owned subsidiary commenced formal winding-up during the period, which incurred related expenses. These included severance payments made to dismissed employees, amounting to HK\$2,200,000 in total. No such expense was incurred in the same period last year. Besides, due to depreciation of US dollar, an exchange loss of HK\$4,914,000 was incurred. Secondly, the Group implemented cost reduction and efficiency improvement measures during the period, which achieved positive results, with a total saving of HK\$851,000 in water and electricity expense compared to the same period last year.

To maintain the Group's competitiveness in the market, it is essential to continuously innovate, iterate products, enhance customer satisfaction, and expand into new areas. The Group has consistently invested in research and development ("R&D") expenses. During the period, research and development expenses amounted to HK\$29,875,000, compared to HK\$36,792,000 in the same period last year. The level of investment slightly decreased.

Following the completion of the previous acquisitions of Shanghai Yutai and Wuhu Inno, the demand for funds has slowed down. To reduce finance costs, particularly in Hong Kong where financing costs are relatively high, the Company utilized its own funds to repay bank loans during the period, thereby reducing finance costs. Finance costs for the first half of this year amounted to HK\$5,360,000, compared to HK\$8,777,000 in the same period last year, representing a decrease of HK\$3,417,000 or 38.9%.

For the six months ended 30 June 2025, the Group recorded an unaudited net profit of HK\$12,183,000, representing a slight decrease of HK\$505,000 or 4.0% as compared to HK\$12,688,000 for the corresponding period last year.

CHARGES ON THE GROUP'S ASSETS

With the successful completion of the previous acquisitions, in order to reduce costs, the Company used its own funds to repay bank loans with higher costs. Therefore, as at 30 June 2025, the Group had bank and other borrowings of HK\$205,776,000 in total, representing a decrease of HK\$85,988,000 as compared to bank borrowings of HK\$291,764,000 as of 31 December 2024. The borrowings were secured by corporate guarantees given by the Company and its subsidiaries, as well as equity interests and real estates of its subsidiary.

In addition, the Group repaid its working capital loans during 2025, therefore as at 30 June 2025, it did not pledge any deposits (31 December 2024: HK\$20,000,000) to secure daily working capital. The Group pledged deposits of HK\$2,302,000 to secure letters of guarantee (31 December 2024: HK\$2,099,000). The Group pledged the equity interest of a subsidiary to obtain funds for Acquisition, and deposits of HK\$16,660,000 (31 December 2024: HK\$14,075,000) were restricted to use for loan repayment purposes only, and at last, the Company pledged the real estates in Jiangsu held by a subsidiary to obtain funds for the construction of a new plant.

Except for above pledges and restricted deposits, the Group had no charge on any of its assets for its banking facilities as at 30 June 2025.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIOS

The Group generally finances its operations with internally generated cash flow as well as banking facilities provided by the banks. As at 30 June 2025, based on the 1,052,254,135 ordinary shares in issue (31 December 2024: 1,052,254,135 ordinary shares), cash attributable to each share amounted to HK\$0.41 (31 December 2024: HK\$0.49).

For the six months ended 30 June 2025, net cash inflow from the Company's operating activities was HK\$70,583,000, as compared to HK\$23,174,000 for the corresponding period last year, representing an increase of cash inflow of HK\$41,670,000 generated from the changes in working capital. This was mainly attributable to the improvement of the Group's working capital management, including receivables and payables, as well as inventory management, resulting in the decrease in cash outflow of HK\$32,959,000 as compared to the same period of last year. In addition, restricted funds decreased, releasing capital liquidity by HK\$15,770,000.

Net cash outflow from investment activities was HK\$52,333,000, mainly due to the investment for various fixed assets amounted to HK\$63,042,000 during the year as to replace new production equipment and R&D investments, together with the capital expenditure for the investment in new factory. Net cash outflow from investment activities for last year amounted to HK\$254,278,000, representing a decrease of HK\$201,945,000. Cash outflow from investment activities was relatively more significant as a result of the acquisitions of Shanghai Yutai and Wuhu Inno for the same period of last year.

In order to reduce financing costs, the Group used its own funds to repay bank loans with higher financing costs. Therefore, the net outflow from the repayment of bank loans less the new borrowings during the period was HK\$91,482,000. Also, the repayment for interests amounted to HK\$5,312,000 for the first half of the year. Interest expense for the period was HK\$8,684,000. During the year, the Company utilized its own funds to repay bank loans with higher financing costs, resulting in a net cash outflow from financing activities of HK\$97,644,000.

Overall, the Group's net cash (cash and bank balances less total bank and other borrowings) as at 30 June 2025 was HK\$233,493,000, representing an increase of HK\$10,097,000 as compared to HK\$223,396,000 as at 31 December 2024.

CURRENCY EXPOSURE AND MANAGEMENT

The Group is exposed to fluctuations in foreign exchange rates. Since most of the Group's revenue is denominated in US dollars, Euros and Renminbi, whereas most of the Group's expenses, such as major raw materials, costs of machineries and equipment, and production expenses, are denominated in Japanese yen, Renminbi, Thai baht and HK dollar, fluctuations in exchange rates can materially affect the Group, in particular, the appreciation of Renminbi will adversely affect the Group's profitability. The management of the Group continuously evaluates the foreign exchange risks of the Group and takes measures when necessary to reduce the risks.

HUMAN RESOURCES

The Company has established a pipeline of talents, developed a training plan for the talent pool, and created a comprehensive overview of the talent pipeline to ensure an adequate supply of core talents and prepare for the Company's future development and expansion. At the same time, the Company has implemented measures to protect employees, enhance production safety awareness and training, strengthen risk management on production lines, and prevent safety incidents.

In addition, the Company has a share option scheme in place as an encouragement and rewards to selected participants for their contributions to the Company. Furthermore, the Company has set up a mandatory provident fund and local retirement benefit schemes for our staff. As at 30 June 2025, the Company had a total of 2,138 employees, representing a year-on-year decrease of 119 employees as compared to 2,257 employees as at 30 June 2024.

PROSPECT

In the current complex and uncertain international economic environment, factors such as tariff increases and the impact of new energy vehicles have created significant uncertainty for the Company's export business. To reduce dependence on overseas sales markets, the Company is expanding its domestic market through the launch of new products, thereby reducing operational risks and enhancing competitiveness in the domestic market. As a result of our sustained efforts, the Group's sales revenue from the China region in the first half of this year has increased from 55% in the same period last year to 60% in the current period.

To mitigate the potential impact of tariffs and avoid the effects of changes in US tariff policies, the Group continues to gradually transfer orders from US customers to its production base in Thailand. On the one hand, this will meet the demand for products from US customers; on the other hand, it will expand the sales network to the Southeast Asian market, avoiding the vicious competition caused by domestic competition, which affects the Company's profits and development.

In the second half of the year, the Group will put sales breakthrough as its top priority, expanding into new regional markets such as Eastern Europe and Southeast Asia to create new growth opportunities. Meanwhile, the Group will formulate a long-term development strategy, actively explore new projects, and accelerate the development of new product samples to ensure smooth transition to mass production for all projects. Additionally, the Group will drive future growth through R&D, iteratively upgrading products to optimize functionality and meet diverse customer needs, thereby maintaining the Company's competitiveness and securing a market share. Recruiting key talents to enhance the Company's production processes and R&D capabilities.

Finally, on behalf of the Board, I would like to thank all the staff for their contributions and dedication to the Group in the past.

Mr. Zeng Guangsheng

Chairman

20 August 2025

SUPPLEMENTARY INFORMATION

Purchase, Redemption or Sale of Listed Securities of the Company

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 (including sale of treasury shares, if any) listed on the Stock Exchange. As of 30 June 2025, the Company did not hold any treasury shares.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: Nil).

Model Code for Securities Transactions

The Company has adopted its own code of conduct governing directors' dealings in the Company's securities (the "**Own Code**") on terms no less than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all directors and all of them have confirmed that they had complied with the Own Code and Model Code throughout the six months ended 30 June 2025.

The Company has also established written guidelines on no less exacting than the Model Code (the "**Employees Written Guidelines**") for governing the securities transactions by employees who are likely to possess inside information of the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company throughout the six months ended 30 June 2025.

In case when the Company is aware of any restricted period for the dealings in the Company's securities, the Company will notify its directors and relevant employee in advance.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no material subsequent events undertaken by the Group after 30 June 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of the Appendix C1 to Listing Rules as the basis of the Company’s corporate governance practices and the Board is of the view that the Company has met the CG Code during the period under review except the deviations for the followings:

- (a) The code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zeng Guangsheng (“Mr. Zeng”) has assumed the roles of both Chairman of the Board and Chief Executive Officer of the Company. The Board believes that by assuming both roles, Mr. Zeng will be able to provide the Group with strong and consistent leadership, allowing for more effective and efficient business planning and decisions as well as execution of long-term business strategies for the Group. The structure is therefore beneficial to the shareholders as a whole.
- (b) The code provision C.1.5 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Chen Kuangguo, a non-executive director; and Mr. Yang Rusheng, an independent non-executive Director, were unable to attend the annual general meeting of the Company held on 16 May 2025 due to other engagement.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising three independent non-executive directors, namely Mr. Yang Rusheng (Chairman of the Audit Committee), Mr. Cheung Chun Yue, Anthony and Mr. Zhu Jianbiao, has reviewed together with senior management of the Group, with no disagreement, the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting processes as well as reviewed the unaudited interim results of the Group for the six months ended 30 June 2025.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.ipegroup.com>) respectively. The interim report of the Company for the six months ended 30 June 2025 containing all the relevant information required by under the Listing Rules will be dispatched to the Shareholders (if requested) and published on the afore-mentioned websites in due course.

Board of Directors

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Zeng Guangsheng
(Chairman and Chief Executive Officer)
Mr. Ng Hoi Ping

Non-Executive Directors:

Ms. Zeng Jing
Mr. Chen Kuangguo

Independent Non-Executive Directors:

Mr. Yang Rusheng
Mr. Cheung Chun Yue, Anthony
Mr. Zhu Jianbiao

By order of the Board
IPE Group Limited
Mr. Tam Yiu Chung
Company Secretary

Hong Kong, 20 August 2025