LKM®

LUNG KEE GROUP HOLDINGS LIMITED
龍記集團控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 255)
Website: http://www.irasia.com/listco/hk/lkm

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2025

FINANCIAL RESULTS

The directors of Lung Kee Group Holdings Limited (the "Company") (the "Directors") are pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June, 2025 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June, 2025

		Six months ended 30th June,	
		2025	2024
		HK$'000	HK$'000
	Notes	**(unaudited)**	(unaudited)
Revenue	*3*	**688,654**	785,212
Other income, gains and losses	*4*	**11,516**	6,188
Decrease in fair value of investment properties		**(3,100)**	(5,100)
Impairment losses reversed (recognised) under expected credit loss model, net		**171**	(2,626)
Changes in inventories of finished goods and work in progress		**4,074**	(31,509)
Raw materials and consumables used		**(246,235)**	(282,438)
Employee benefits expenses		**(213,735)**	(215,457)
Depreciation of right-of-use assets		**(2,840)**	(2,782)
Depreciation of property, plant and equipment		**(76,551)**	(82,139)
Other expenses		**(163,642)**	(196,977)
Interest expense on lease liabilities		**(177)**	(129)

	Notes	Six months ended 30th June, **2025** HK$'000 (unaudited)	2024 HK$'000 (unaudited)
Loss before taxation		**(1,865)**	(27,757)
Income tax (expense) credit	*5*	**(1,688)**	3,842
Loss for the period	*6*	**(3,553)**	(23,915)
Other comprehensive income (expense) for the period:			
Item that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of foreign operations		**43,933**	(39,385)
Total comprehensive income (expense) for the period		**40,380**	(63,300)
		HK cents	HK cents
Loss per share	*8*		
- Basic		**(0.56)**	(3.79)
- Diluted		**(0.56)**	(3.79)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2025

	Notes	**At 30th June, 2025 HK$'000 (unaudited)**	At 31st December, 2024 HK$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**157,900**	161,000
Property, plant and equipment		**486,450**	525,207
Right-of-use assets		**63,905**	64,663
Deposits paid for acquisition of property, plant and equipment		**7,210**	10,079
Deferred tax assets		**52,144**	48,192
		767,609	809,141
Current assets			
Inventories		**451,737**	460,469
Trade, bills and other receivables	*9*	**147,627**	155,368
Bank balances and cash		**518,076**	546,648
		1,117,440	1,162,485
Current liabilities			
Trade and other payables	*10*	**131,658**	142,247
Contract liabilities		**20,737**	21,629
Lease liabilities		**4,019**	3,899
Taxation payable		**36,484**	33,365
Dividend payable		**414**	336
		193,312	201,476
Net current assets		**924,128**	961,009
Total assets less current liabilities		**1,691,737**	1,770,150

	At 30th June, 2025 HK$'000 (unaudited)	At 31st December, 2024 HK$'000 (audited)
Non-current liabilities		
Deferred tax liabilities	**10,311**	9,893
Lease liabilities	**2,164**	3,932
Other payables	**78,810**	82,782
	91,285	96,607
Net assets	**1,600,452**	1,673,543
CAPITAL AND RESERVES		
Share capital	**63,168**	63,168
Reserves	**1,537,284**	1,610,375
Total equity	**1,600,452**	1,673,543

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *"Interim Financial Reporting"* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations), the accounting policies and methods of computation used in the condensed consolidated financial statements of the Group for the six months ended 30th June, 2025 are the same as those presented in the Group's annual financial statements for the year ended 31st December, 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January, 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim 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.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and marketing of mould bases and related products. Revenue represents the invoiced value of goods sold to external customers during the period, after allowances for returns and trade discounts. The Group recognised revenue at a point in time.

Revenue from manufacturing and marketing of mould bases and related products

The Group manufactures and sells mould bases and related products directly to the customer. Revenue is recognised when control of the goods has been transferred to the customer, being at the point the goods are delivered to the customer. Transportation and other related activities that occur before the customers obtain control of the related goods are considered as fulfilment activities. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The Group allows credit periods ranging from 30 to 90 days to its trade customers.

The performance obligations of all contracts have an original expected duration of one year or less.

The Group only has one operating segment, based on the information reported to the chief operating decision maker (i.e. the Company's executive directors) for the purposes of resources allocation and performance assessment, which is the aggregated results of the Group, including all income, expenses and tax charges. As a result, there is only one reportable segment for the Group. For information regarding this segment, reference can be made to the condensed consolidated financial statements as a whole. No other discrete financial information is provided. Accordingly, only entity-wide disclosures and geographic information are presented.

The segment revenue and segment result of the Group represents revenue and loss after taxation set out in the condensed consolidated statement of profit or loss and other comprehensive income respectively.

Entity-wide disclosures

As at 30th June, 2025 and 31st December, 2024, substantially all of the Group's non-current assets are located in the places of domicile of the relevant group entities, i.e. the People's Republic of China (the "PRC").

The following is an analysis of the Group's revenue based on delivery location of the customers:

	Six months ended 30th June,	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The PRC	**594,866**	694,610
Others	**93,788**	90,602
	688,654	785,212

The Group has a very wide customer base covering Asia, Europe and America. No single customer contributed more than 10% of the Group's revenue for each of the six months ended 30th June, 2025 and 2024.

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30th June,	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Other income:		
Interest income	**3,030**	4,578
Rental income, net of direct outgoings of HK$310,000 (2024: HK$309,000)	**2,206**	1,432
Sundry income	**1,776**	970
	7,012	6,980
Other gains and losses:		
Gain on disposal of property, plant and equipment	**1,829**	913
Net foreign exchange gain (loss)	**2,675**	(1,705)
	4,504	(792)
	11,516	6,188

5. INCOME TAX (EXPENSE) CREDIT

	Six months ended 30th June,	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The (charge) credit comprises:		
Taxation in Hong Kong	**56**	(179)
Taxation in jurisdictions outside Hong Kong	**(4,543)**	(819)
Deferred taxation	**2,799**	4,840
	(1,688)	3,842

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Dividend distribution out of the retained profits of foreign-invested enterprises in the PRC earned after 1st January, 2008 is subject to withholding income tax at a tax rate of 10% unless reduced by treaty. Under the tax treaty between Hong Kong and the Mainland China, the withholding income tax rate applicable to the Group is 5%.

Taxation arising in jurisdictions outside Hong Kong and the PRC is calculated based on the applicable rates in those jurisdictions.

6. LOSS FOR THE PERIOD

LOSS for the period has been arrived at after charging:

	Six months ended 30th June,	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Cost of inventories recognised as an expense	**577,097**	685,156
(Reversal) recognition of inventories provision	**(452)**	56

7. DIVIDENDS

Interim dividend for the current period:

On 22nd August, 2025, the Directors determined an interim dividend of HK8 cents (six months ended 30th June, 2024: HK5 cents) per share amounting to HK$50,534,000 (six months ended 30th June, 2024: HK$31,584,000) to be paid to the shareholders of the Company whose names appear in the Register of Members on 10th September, 2025.

Dividend recognised as distribution during the period:

During the current period, a final dividend of HK6 cents (six months ended 30th June, 2024: HK5 cents) per share amounting to HK$37,901,000 (six months ended 30th June, 2024: HK$31,584,000) and a final special dividend of HK12 cents (six months ended 30th June, 2024: Nil) per share amounting to HK$75,802,000 (six months ended 30th June, 2024: Nil) was declared and paid to the shareholders in respect of the year ended 31st December, 2024 (six months ended 30th June, 2024: in respect of the year ended 31st December, 2023).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30th June, 2025 is based on the loss attributable to the owners of the Company for the six months ended 30th June, 2025 of HK$3,553,000 (six months ended 30th June, 2024: HK$23,915,000) and the number of 631,677,303 (2024: 631,677,303) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30th June, 2025 and 2024 do not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the shares for the relevant period.

9. TRADE, BILLS AND OTHER RECEIVABLES

In general, the Group allows a credit period ranging from 30 days to 90 days to its trade customers.

Included in trade, bills and other receivables are trade receivables (net of allowance for credit losses) of HK$90,176,000 (31st December, 2024: HK$89,301,000) and bills receivables of HK$4,821,000 (31st December, 2024: HK$9,369,000).

The following is an aged analysis of trade and bills receivables, presented based on the invoice dates at the end of the reporting period.

	At 30th June, 2025 HK$'000 (unaudited)	At 31st December, 2024 HK$'000 (audited)
0 to 60 days	**79,343**	86,174
61 to 90 days	**15,609**	16,495
Over 90 days	**10,266**	6,019
	105,218	108,688

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$34,460,000 (31st December, 2024: HK$46,137,000).

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period.

	At 30th June, 2025 HK$'000 (unaudited)	At 31st December, 2024 HK$'000 (audited)
0 to 60 days	**25,924**	40,595
61 to 90 days	**6,732**	3,516
Over 90 days	**1,804**	2,026
	34,460	46,137

In general, the credit period on the purchases of goods ranges from 30 days to 150 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue for the six months ended 30th June, 2025 was HK$688,654,000 (2024: HK$785,212,000). Loss attributable to owners of the Company for the six months ended 30th June, 2025 was HK$3,553,000 (2024: HK$23,915,000). The basic loss per share for the six months ended 30th June, 2025 was HK0.56 cents (2024: HK3.79 cents).

Throughout the review period, the global economy was plagued by multiple uncertainties and the global business environment was difficult and economic recovery faced many challenges. Facing a weak market situation, despite the decrease of the total revenue, the profit margin for the Group's product still increased due to the Group's effort and its competitive advantages. Compared to the same period in 2024, net loss of the Group reduced and the Group's performance slightly improved. In this connection, the Group had issued a "positive profit alert -reduction in loss" to shareholders and potential investors on July 4, 2025 in accordance with the Listing Rules.

Due to the uncertainty of economic policies in major countries such as those in Europe and the United States, coupled with the intensification of geopolitical conflicts in the Middle East, significantly aggravated risks on global economic and financial system. Strong cautious market atmosphere prevailing in the market that further slowed down the pace of global economic recovery. Facing the sluggish global environment, export business performance in China fell short of expectation and export market orders failed to rebound remarkably.

As stimulated by the macroeconomic policies put forward by the government, consumption desire of Chinese citizens recovered, however, consumer confidence had not yet fully recovered, thus demand for consumer goods remained insufficient, resulting in a slowdown in the growth rate of the domestic market. Restricted by the economic environment, total revenue of the Groups decreased.

In the review period, the aggregate order volume of the Group had not increased notably. However, with its production advantage, the Group had enlarged its revenue by slightly increasing its selling prices, coupled with securing orders with high processing contents in the market. On the other hand, the Group monitored its operation cost persistently resulting in a moderate decline in purchase price for raw materials. Consequently, the Group recorded a reduction of net loss in the reviewed period.

FINANCIAL REVIEW

The Group's revenue for the six months ended 30th June, 2025 decreased by 12.3% as compared with the same period of last year. The decrease of revenue was mainly due to the reduction of aggregate purchase orders in the market caused by the tough business operating environment. During the period under review, the relevant costs of raw materials and consumables used (including the changes in inventories of finished goods and work in progress) for generating the revenue decreased by 22.9% and their costs as percentage of revenue decreased to 35.2% (2024: 40.0%). The ratio of the relevant costs of raw materials and consumables used as percentage of revenue was decreased mainly due to (i) a slight increase of selling prices; (ii) an increase of machining services; and (iii) the moderate decline of purchase prices for raw materials. Meanwhile, the decrease in activities caused the decrease of other expenses by 16.9%. Depreciation of property, plant and equipment decreased by 6.8% mainly due to optimizing production processes to reduce the amounts in acquiring production machineries in recent years.

During the period under review, the decrease in fair value of investment properties decreased by HK$2,000,000 as compared with the same period of last year. Other income increased by HK$5,328,000 mainly due to the increase of the net foreign exchange gain amounting to HK$4,380,000. The impairment losses reversed under expected credit loss model, net for the six months ended 30th June, 2025 was HK$171,000 (2024: impairment losses recognised under expected credit loss model, net of HK$2,626,000). The income tax charge for the six months ended 30th June, 2025 was HK$1,688,000 (2024: income tax credit of HK$3,842,000).

As a result of the foregoing, loss for the six months ended 30th June, 2025 decreased by 85.1% to HK$3,553,000 (2024: HK$23,915,000).

Liquidity and Financial Resources

The total equity of the Group as at 30th June, 2025 was HK$1,600,452,000 (as at 31st December, 2024: HK$1,673,543,000). As at 30th June, 2025, the Group had bank balances and cash of HK$518,076,000 (as at 31st December, 2024: HK$546,648,000) and did not have any borrowings (as at 31st December, 2024: Nil).

The bank balances and cash were placed in short term deposits with major banks in Hong Kong and the PRC.

The Group had sufficient cash to meet its operations and capital commitments.

Employees and Remuneration Policies

As at 30th June, 2025, the Group employed a total of approximately 3,000 employees. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to staff with reference to the individual's performance.

PROSPECTS

Looking ahead to the second half of the year, the global economic development continues to face significant hindrance. The market outlook is more difficult to predict and fills with uncertainty. The Group will response cautiously to future changes and challenges.

The intensification of geopolitical conflict and the rise of trade protectionism cause a certain impact on global export business. The United States government consistently threatening to impose high tariffs on exported goods from China and implementing control on selling technology products to China will bring negative impact on the export business of China especially in steel product and high-tech electronics products. The incurred potential risks are still difficult to assess at the present stage. In response to the tense trade relationship between China and the United States, China has explored emerging trade markets such as Vietnam and Indonesia, the ASEAN member countries, actively diversified its trade partners in order to reduce its export business risks. The Group will enhance its sales team and network as well as carefully adjust its marketing strategies to cope with market changes so as to actively explore markets to seek business opportunities and diversify market risks.

To boost the development of domestic market, the Chinese government has put forward various measures to encourage consumption and investment such as expanding schemes in encouraging trade-in old consumer goods for new ones to stimulate consumption on environmentally friendly vehicles, high-tech electronic products and environment friendly intelligent home appliances. At the same time, the Chinese government further promotes new types of consumption focusing on health, green practices and environmental protection and cultivates new productive forces to explore high-end technology market such as the development of low-altitude economy, AI artificial intelligence products such as robots etc. to ensure sustained recovery of consumption market in China with an aim to achieve stable economic development of China. Furthermore, the launch of trendy doll toys by the toy industry has successfully brought continued development opportunities for its business. The Group will positively align with new development trend in the Chinese market to consolidate its leading position in the industry.

The Group maintains a stable and healthy financial position and will enhance its overall processing capabilities and product quality in the plastic and die-casting industries. At the same time, the Group will persistently ameliorate its production facilities and processes, effectively leveraging intelligent, advanced and efficient production mode to reduce its reliance on manpower and also improve its production effectiveness. Moreover, the Group will further monitor and reduce its operational costs in order to mitigate operational risks arising from rising costs and enhance the competitive advantage of its products.

Despite the uncertain business outlook, the Group will adopt a consistent pragmatic approach to develop its business, reduce potential operational risks and improve internal production and management in order to achieve steady development and growth.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed with management and the external auditor, Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements.

INTERIM DIVIDEND

The Directors have determined an interim dividend of HK8 cents (2024: HK5 cents) per share in respect of the six months ended 30th June, 2025 to be payable on or around 23rd September, 2025 to shareholders whose names appear in the Register of Members of the Company on 10th September, 2025.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 9th September, 2025 to 10th September, 2025, both days inclusive, during which period no share transfer will be effected.

In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar and Transfer Office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 8th September, 2025.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or any of its subsidiaries during the six months ended 30th June, 2025.

CORPORATE GOVERNANCE

The Company has complied with all code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the review period.

On behalf of the Board
Lung Kee Group Holdings Limited
Siu Yuk Lung
Managing Director

Hong Kong, China, 22nd August, 2025

As at the date of this announcement, the executive directors of the Company are Mr. Siu Tit Lung (Chairman), Mr. Siu Yuk Lung, Mr. Wai Lung Shing, Mr. Ting Chung Ho, Mr. Siu Yuk Tung, Ivan and Mr. Siu Yu Hang, Leo; and the independent non-executive directors of the Company are Dr. Lee Tat Yee, Mr. Wong Hak Kun and Ms. He Lamei.