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IMPRO PRECISION INDUSTRIES LIMITED
鷹普精密工業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1286)

CONNECTED TRANSACTION
ISSUANCE OF SHARES BY IMPRO AEROTEK PURSUANT TO ITS EMPLOYEE SHARE OWNERSHIP PLAN

ISSUANCE OF IMPRO AEROTEK SHARES TO EMPLOYEE SHAREHOLDING PLATFORMS

The Board is pleased to announce that on 22 June 2026, Impro Aerotek Limited ("**Impro Aerotek**"), an indirect wholly-owned subsidiary of the Company, allotted and issued a total of 40,597,600 new shares, representing approximately 4.88% equity interest of Impro Aerotek at a total consideration of RMB120.4 million ("**Subscription Consideration**"), to the Partnerships established specifically as employee shareholding platforms pursuant to an employee share ownership plan ("**ESOP**") adopted by Impro Aerotek on 22 June 2026.

The primary objectives of the ESOP are to establish and enhance the long-term incentive mechanism of Impro Aerotek, as well as to attract and retain outstanding talents. By effectively motivating the key management, core technical staff, and other essential personnel of Impro Aerotek and the Group, the ESOP aims to closely align the interests of the shareholders, Impro Aerotek and the Group, and the individual management personnel, thereby promoting the long-term sustainable development of Impro Aerotek and the Group.

Pursuant to the ESOP, a total of 133 eligible Grantees have been granted the right to participate in the establishment of the relevant Partnership by subscribing for limited partnership interests in the relevant Partnership, which in turn hold the Impro Aerotek Shares upon completion of the allotment and issuance of Impro Aerotek Shares.

ESTABLISHMENT OF THE PARTNERSHIPS

On 11 June 2026, the Partnerships were established with Mr. Lu Ruibo, an executive Director, as the general partner and a Grantee, and a total of 132 other Grantees as limited partners in the relevant Partnerships by subscribing for limited partnership interests in the relevant Partnerships pursuant to the ESOP. In accordance with the rules of the ESOP, the limited partnership interests subscribed for by the Grantees shall be subject to lock-up restrictions as set out in the ESOP and the relevant limited partnership agreements to be executed by the respective Grantees. As at the date of this announcement, the Grantees have paid the applicable subscription price of RMB2.965 per share for the limited partnership interests in accordance with the terms of the ESOP, which in aggregate equal to the Subscription Consideration. The Subscription Consideration was determined based on the valuation of Impro Aerotek of RMB2,347.0 million as at 16 May 2026 ("**Aerotek Valuation**") as valued by the Independent Valuer.

Certain Grantees are connected persons of the Company (the "**Connected Grantees**"). The particulars of the Connected Grantees and details of their subscription in the Partnerships are as follows:

Name of Connected Grantee	**Relationship with the Company**	**Number of limited partnership interests subscribed**	**Subscription Consideration** *(RMB'M)*	**Equivalent % of share capital of Impro Aerotek**
Mr. LU Ruibo	Executive Director	3,035,400	9.0	0.36
Mr. YU Yuepeng	Executive Director	1,517,600	4.5	0.18
Ms. ZHU Liwei	Executive Director & Impro Aerotek employee	337,200	1.0	0.04
Mr. WANG Dong	Executive Director	1,214,000	3.6	0.15
	Subtotal	**6,104,200**	**18.1**	**0.73**
Other Impro Aerotek employees (total 37)	Employees	9,054,400	26.9	1.09
Other non-Impro Aerotek employees (total 92)	Employees	25,439,000	75.4	3.06
	Subtotal	**34,493,400**	**102.3**	**4.15**
	Grand Total	**40,597,600**	**120.4**	**4.88**

According to the scheme rules of the ESOP, the Grantees shall not dispose of or transfer their limited partnership interests in the relevant Partnership prior to the completion of the listing of Impro Aerotek (the "**Listing**") and the release of transfer restrictions stipulated in the respective partnership agreement in full. Pursuant to the applicable securities laws and regulations in the PRC and the partnership agreements, the limited partnership interests shall be subject to the following lock-up period during which such interests shall not be transferred or disposed of:

Date	**% of limited partnership interests that are subject to lock-up**
3 years after the Listing	100%
4 years after the Listing	60%
5 years after the Listing	30%
6 years after the Listing	0%

REASONS FOR AND BENEFITS OF THE ALLOTMENT AND ISSUANCE OF IMPRO AEROTEK SHARES

The allotment and issuance of Impro Aerotek Shares essentially allows the Partnerships to hold equity interests in Impro Aerotek, thereby enabling the Grantees to hold indirect interests in Impro Aerotek. Further, the Group is continuously evaluating a potential spin-off and separate listing of Impro Aerotek. The ESOP serves as a crucial mechanism to retain core talent and ensure management stability during this critical period. By aligning the personal interests of the Grantees with the long-term growth of Impro Aerotek and the Group, the Directors (including the independent non-executive Directors) consider that the Grant is beneficial to and in the interests of Impro Aerotek, the Company, and the Shareholders as a whole from the perspective of promoting business sustainability and stability. The net proceeds from the Subscription Consideration (after deducting all fees, costs and expenses) are approximately RMB120.3 million. Impro Aerotek intends to apply these funds to support the expansion of future production capacity and process categories and make forward-looking preparations for the long-term sustainable development of the aerospace sector and for general working capital purpose.

The Directors (including the independent non-executive Directors) are of the view that the allotment and issuance of Impro Aerotek Shares to the Partnerships is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Save for Mr. LU Ruibo, Mr. YU Yuepeng, Ms. ZHU Liwei and Mr. WANG Dong who have material interests in the Partnerships and thus abstained from voting on the resolution approving such allotment and issuance, none of the Directors is required to abstain from voting on the resolution approving the allotment and issuance.

INFORMATION ABOUT THE COMPANY AND IMPRO AEROTEK

The Company is a limited liability company incorporated in the Cayman Islands, the shares of which have been listed on the Main Board of the Stock Exchange since 28 June 2019. The Group is primarily engaged in the manufacturing of high-precision, high-complexity and mission-critical castings, machined components and hydraulic orbital motors for diverse end-markets. The Group operates in three business sectors, namely diversified industrials, automotive and aerospace, energy and medical and has 21 manufacturing plants in China, Mexico, Turkey, Germany and Czech Republic. Impro Aerotek is an indirect wholly-owned subsidiary of the Company established in China, primarily engaged in the manufacturing of high-precision, high-complexity and mission-critical castings, machined components in the aerospace, energy and medical sector and operates 6 manufacturing plants, 4 of them in China and 2 in Mexico.

LISTING RULES IMPLICATION

As Impro Aerotek is not a principal subsidiary (within the meaning of Rule 17.14 of the Listing Rules) of the Company, the adoption of the ESOP and the establishment of the Partnerships are therefore not subject to compliance with the requirements set out in Chapter 17 of the Listing Rules.

As at the date of this announcement, the general partner of each of the Partnerships is Mr. LU Ruibo, who is an executive Director. Accordingly, each of the Partnerships is an associate of Mr. LU Ruibo and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Furthermore, certain Grantees, namely Mr. LU Ruibo, Mr. YU Yuepeng, Ms. ZHU Liwei and Mr. WANG Dong, are also executive Directors and therefore connected persons of the Company.

As such, the allotment and issuance of Impro Aerotek Shares to the Partnerships constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the issuance of Impro Aerotek Shares is more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the effective interest of the Company in Impro Aerotek is expected to decrease from 100% to 95.12% upon the issue of Impro Aerotek Shares, the issue of Impro Aerotek Shares also constitutes a deemed disposal of the Company under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio of such issuance is more than 0.1% but less than 5%, it is not subject to any announcement, reporting or Shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

"Board"	the board of the Directors
"Company"	Impro Precision Industries Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Director(s)"	the director(s) of the Company
"ESOP"	the employee share ownership plan adopted by Impro Aerotek on 22 June 2026
"Grantee(s)"	the selected grantees under the ESOP
"Group"	the Company and its subsidiaries
"Impro Aerotek"	Impro Aerotek Limited, a company established in the PRC and an indirect wholly-owned subsidiary of the Company
"Impro Aerotek Share(s)"	ordinary share(s) of RMB1.0 each in the registered capital of Impro Aerotek
"Independent Valuer"	Zhongshui Zhiyuan Assets Appraisal Co., Ltd.
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Partnerships"	collectively, 5 limited partnerships established in the PRC as the platforms for the ESOP, namely (i) Impro Zhiyuan No. 1 Investment (Wuxi) Partnership (Limited Partnership) (鷹普致遠壹號投資(無錫)合夥企業(有限合夥)), (ii) Impro Zhiyuan No. 2 Investment (Wuxi) Partnership (Limited Partnership) (鷹普致遠貳號投資(無錫)合夥企業(有限合夥)), (iii) Impro Zhiyuan No. 3 Investment (Wuxi) Partnership (Limited Partnership) (鷹普致遠叁號投資(無錫)合夥企業(有限合夥)), (iv) Impro Aerotek Zhiyuan No. 1 Investment (Wuxi) Partnership (Limited Partnership) (鷹航致遠壹號投資(無錫)合夥企業(有限合夥)), and (v) Impro Aerotek Zhiyuan No. 2 Investment (Wuxi) Partnership (Limited Partnership) (鷹航致遠貳號投資(無錫)合夥企業(有限合夥))
"PRC"	the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Shareholder(s)"	holder(s) of share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Consideration"	total consideration paid/payable by the Grantees
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"%"	per cent

By order of the Board
Impro Precision Industries Limited
LU Ruibo
Chairman

Hong Kong, 22 June 2026

As at 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.