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 2026

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 2026. This announcement, containing the full text of the 2026 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 2026 Interim Report for the six months ended 30 June 2026 containing all the information required by Appendix D2 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, 11 August 2026

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

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

2026 INTERIM REPORT

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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 (resigned with effect from 1 July 2026)
Mr. WANG Dong
Mr. ZHANG Yongfeng
(appointed with effect from 1 July 2026)

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
Mrs. CHOW Lok Mei Ki Cindy

SUSTAINABILITY COMMITTEE

Dr. YEN Gordon *(Chairman)*
Mr. LEE Siu Ming
Mr. YU Yuepeng
Ms. ZHU Liwei (resigned with effect from 1 July 2026)
Mr. WANG Dong
Mr. ZHANG Yongfeng
(appointed with effect from 1 July 2026)

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 Communications Limited
Bank of Communications (Hong Kong) Limited
Bank of Jiangsu Co., Limited
China Construction Bank (Asia) Corporation Limited
China Merchants Bank Company Limited
Citibank, N.A., Hong Kong Branch
CTBC Bank Co., Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Ping An Bank Co., Limited
Taishin International Bank Co., Limited
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

Issued shares as at 30 June 2026:
1,947,285,665

Index Constituent as at 30 June 2026:
MSCI Hong Kong Small Cap Index

KEY DIVIDEND INFORMATION

2026 interim dividend of 8.0 HK cents per share

Ex-dividend date:
Monday, 24 August 2026

Closure of register of members:
Wednesday, 26 August 2026 to Friday, 28 August 2026 (both days inclusive)

Record date:
Friday, 28 August 2026

Interim dividend payable date:
On or before Wednesday, 9 September 2026

FINANCIAL HIGHLIGHTS

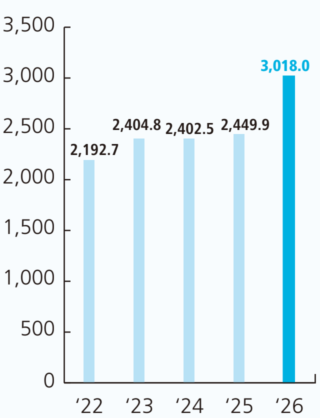
HK$ million	Six months ended 30 June **2026**	2025	Change
Revenue	**3,018.0**	2,449.9	23.2%
Gross profit	**856.8**	681.5	25.7%
Gross profit margin	**28.4%**	27.8%	0.6%
Profit attributable to equity shareholders of the Company	**421.0**	346.3	21.6%
Adjusted profit attributable to shareholders[1]	**433.1**	359.6	20.4%
Basic earnings per share (HK cents)	**22.20**	18.35	21.0%
Adjusted basic earnings per share (HK cents)	**22.80**	19.10	19.4%
Dividend per share (HK cents)	**8.0**	8.0	0.0%
EBITDA[2]	**828.4**	715.3	15.8%
EBITDA margin	**27.4%**	29.2%	-1.8%
Adjusted EBITDA	**828.4**	715.3	15.8%
Adjusted EBITDA margin	**27.4%**	29.2%	-1.8%
Last twelve months ("L12M") adjusted EBITDA	**1.526.2**	1,339.6	13.9%
Net cash generated from operating activities	**689.1**	555.3	24.1%
Free cash inflow from operations[3]	**7.4**	116.6	-93.7%

Revenue

23.2%

HK$3,018.0 million

HK$ million

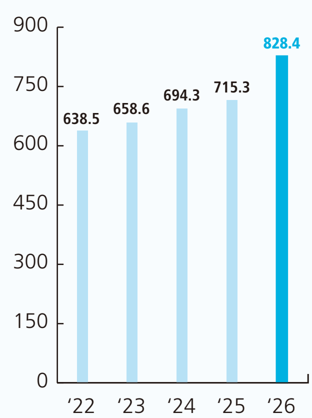


Adjusted EBITDA

15.8%

HK$828.4 million

HK$ million

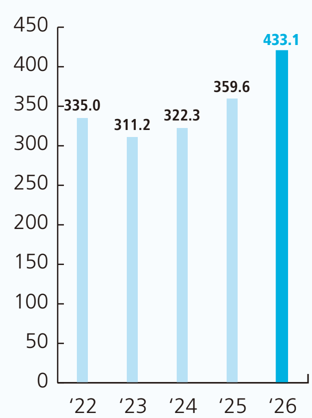


Adjusted Profit Attributable to Shareholders

20.4%

HK$433.1 million

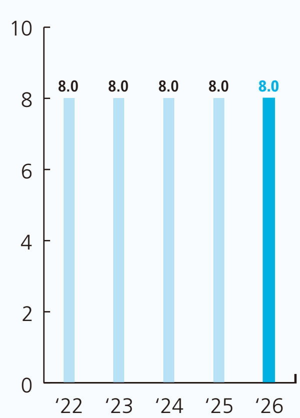
HK$ million



Interim Dividend per Share

HK$8.0 cents

HK$ cents



For the six months ended 30 June

HK$ million	**As at 30 June 2026**	As at 31 December 2025	Change
Cash and cash equivalents	**1,248.4**	720.9	73.2%
Total debt	**2,503.7**	2,430.8	3.0%
Net debt (total debt less cash and cash equivalents)	**1,255.3**	1,709.9	-26.6%
Total equity	**6,844.9**	5,623.2	21.7%
Market capitalization[4]	**15,636.7**	9,191.1	70.1%
Enterprise value[5]	**17,004.8**	10,919.3	55.7%

	As at 30 June 2026	As at 31 December 2025
Key Financial Ratios		
Adjusted return on equity[6]	**12.7%**	13.4%
Price earnings ratio	**19.5**	12.7
Enterprise value to L12M adjusted EBITDA	**11.1**	7.7
Net debt to L12M adjusted EBITDA	**0.8**	1.2
Net gearing ratio	**18.3%**	30.4%
Interest coverage ratio[7]	**11.1**	9.9

FINANCIAL HIGHLIGHTS

Notes:

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

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Profit for the Period	**422.0**	347.4
Adjustment:		
– Amortization and depreciation related to past purchase price allocation, net of tax	**12.1**	13.3
Adjusted profit for the Period	**434.1**	360.7
Less: profit attributable to non-controlling interests	**(1.0)**	(1.1)
Adjusted profit attributable to shareholders	**433.1**	359.6

2 Earnings before interest, tax, depreciation and amortization.

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

4 Total number of issued shares multiplied by the closing share price (HK$8.03 per share as of 30 June 2026; HK$4.87 per share as of 31 December 2025).

5 Enterprise value calculated as market capitalization plus non-controlling interests plus net debt.

6 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.

7 Interest coverage ratio is profit from operations divided by interest expenses on total interest-bearing bank loans and lease liabilities.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to the Shareholders the interim results of Impro Precision Industries Limited (the "Company", together with its subsidiaries, the "Group" or "Impro Precision") for the six months ended 30 June 2026 (the "Period").

During the Period, the Group's revenue reached HK$3,018.0 million, representing a year-on-year increase of 23.2%. Profit attributable to shareholders of the Company ("Shareholders") was HK$421.0 million, representing a year-on-year increase of 21.6%, and adjusted profit attributable to Shareholders was HK$433.1 million, representing a year-on-year increase of 20.4%. Basic earnings per share stood at 22.20 HK cents (for the six months ended 30 June 2025: 18.35 HK cents). Taking into account the Group's sound cash flow position and business prospects, the Board resolved to declare an interim dividend of 8.0 HK cents per share for the six months ended 30 June 2026 (for the six months ended 30 June 2025: 8.0 HK cents).

In the first half of 2026, albeit the existence of multiple challenges in the global economic and geopolitical landscape, the Group achieved significant growth by leveraging the effective execution of its "Global Footprint" and "Diversified End-markets" strategies. During the Period, the momentum of artificial intelligence development and robust demand for data centers remained vibrant, sustaining the growth in our related businesses. In particular, demand for liquid cooling systems was exceptionally robust, propelling a remarkable year-on-year surge of 107.6% in revenue from the Group's diversified industrials – others end-market. In the energy end-market, revenue surged 83.7% year-on-year, benefiting from data center demand that fostered the need for industrial gas turbines. In addition, as a critical component of distributed power generators, the demand for high horsepower engines continued to escalate, driving a notable year-on-year increase of 23.7% in revenue from the high horsepower engine end-market. Benefiting from customer supply chain restructuring, the Group successfully gained additional market share in the recreational boat and vehicle end-market, in which its revenue rose sharply by 57.4% year-on-year. The aerospace end-market achieved a strong year-on-year sales increase of 34.6% due to supply chain capacity constraints and a low sales base in the first half of 2025 attributable to tariff impacts. The construction equipment end-market also recorded strong revenue growth by 34.2% year-on-year.

On the profit front, in anticipation of a significant ramp-up in sales at the Group's Mexico SLP Campus in the second half of this year and the coming year, the campus headcount surged by over 600 during the Period to over 2,000 employees. Although the employee turnover rate declined, it remained relatively high, leading to continuing substantial net loss for the Period, which widened considerably compared with the same period in 2025. In addition, the Turkish plant was adversely affected by both persistently high inflation over the past few years and a softened European passenger car market, causing a significant decline in profit during the Period to barely breakeven. Furthermore, the average exchange rates of the Renminbi and the Mexican Peso appreciated against the Hong Kong dollar by 4.7% and 11.9%, respectively, during the Period, resulting in foreign exchange losses of HK$67.7 million for the first half year and higher costs. Despite these challenges, our plants in China continued their standout performance with strong profit growth, which has effectively offset the above factors and drove an increase of 20.4% in the Group's adjusted profit attributable to Shareholders for the Period.

Revenue by End-market

The Group sells its products to customers worldwide across a diverse range of end-markets. During the Period, the diversified industrials sector recorded robust sales growth, with segment revenue increasing significantly by 38.7% year-on-year to HK$1,794.6 million. Benefiting from the large-scale construction of artificial intelligence data centers globally, sales performance in the high horsepower engine end-market and the diversified industrials – others end-market was outstanding, rising by 23.7% and 107.6% year-on-year, reaching HK$660.3 million and HK$410.4 million, respectively, and accounting for 21.9% and 13.6% of total revenue during the Period.

CHAIRMAN'S STATEMENT

In addition, benefiting from customer supply chain restructuring, the recreational boat and vehicle end-market sustained its growth momentum from the second half of last year, with sales surging 57.4% year-on-year to HK$108.1 million during the Period. The construction equipment end-market also benefited from increased demand in the United States and China, with sales rising by 34.2% to HK$455.0 million.

The aerospace, energy, and medical sector also recorded remarkable growth, with sales going up by 37.9% year-on-year to HK$488.2 million. In particular, strong demand growth for industrial gas turbines drove a significant year-on-year increase of 83.7% in energy end-market sales to HK$99.4 million, while the aerospace end-market benefited from supply chain capacity shortages and gained market share, resulting in a year-on-year sales increase of 34.6% to HK$321.9 million.

Although sales in the automotive sector declined to HK$735.2 million during the Period, the rate of decline narrowed to 8.4%. Within this sector, the passenger car end-market continued to be impacted by the weak European market, with revenue decreasing significantly by 21.7% year-on-year. In contrast, the commercial vehicle end-market resumed its growth driven by new customer orders, with revenue growing by 6.6% year-on-year.

	Six months ended 30 June					
	2026		2025		Increase/Decrease	
By End-market	**HK$ million**	**Proportion**	HK$ million	Proportion	HK$ million	Change
Diversified Industrials	**1,794.6**	**59.5%**	**1,293.8**	**52.8%**	**500.8**	**38.7%**
– High Horsepower Engine	660.3	21.9%	533.7	21.8%	126.6	23.7%
– Construction Equipment	455.0	15.1%	339.1	13.8%	115.9	34.2%
– Agricultural Equipment	160.8	5.3%	154.6	6.3%	6.2	4.0%
– Recreational Boat and Vehicle	108.1	3.6%	68.7	2.8%	39.4	57.4%
– Others	410.4	13.6%	197.7	8.1%	212.7	107.6%
Automotive	**735.2**	**24.3%**	**802.2**	**32.7%**	**(67.0)**	**-8.4%**
– Commercial Vehicle	403.9	13.3%	379.0	15.4%	24.9	6.6%
– Passenger Car	331.3	11.0%	423.2	17.3%	(91.9)	-21.7%
Aerospace, Energy & Medical	**488.2**	**16.2%**	**353.9**	**14.5%**	**134.3**	**37.9%**
– Aerospace	321.9	10.7%	239.1	9.8%	82.8	34.6%
– Energy	99.4	3.3%	54.1	2.2%	45.3	83.7%
– Medical	66.9	2.2%	60.7	2.5%	6.2	10.2%
Total	**3,018.0**	**100.0%**	**2,449.9**	**100.0%**	**568.1**	**23.2%**

In local currencies, the Group's revenue grew by 20.1% year-on-year. This growth rate was lower than the reported revenue growth rate, primarily due to the appreciation of the average exchange rates of the Euro and the Renminbi against the Hong Kong dollar by 5.6% and 4.7%, respectively, compared with the same period last year.

Revenue by Business Segment

By business segment, the investment casting and sand casting segments recorded the highest revenue growth, with significant year-on-year increases of 25.9% and 31.0%, respectively, which were driven primarily by robust demand in related end-markets fuelled by artificial intelligence and data centers expansion. Affected by the decline in passenger car end-market sales, the precision machining business segment delivered a relatively lackluster performance, though its revenue still grew by 14.4% year-on-year. Revenue from the surface treatment business segment decreased slightly by 3.1% year-on-year.

	Six months ended 30 June					
	2026		2025		Increase/Decrease	
By Business Segment	**HK$ million**	**Proportion**	HK$ million	Proportion	HK$ million	Change
Investment Casting	1,161.7	38.5%	922.6	37.7%	239.1	25.9%
Sand Casting	911.0	30.2%	695.2	28.4%	215.8	31.0%
Precision Machining and Others	907.7	30.1%	793.3	32.4%	114.4	14.4%
Surface Treatment	37.6	1.2%	38.8	1.5%	(1.2)	-3.1%
Total	**3,018.0**	**100.0%**	**2,449.9**	**100.0%**	**568.1**	**23.2%**

Revenue by Geographical Market

During the Period, the Group's business in Asia performed exceptionally well, with revenue increasing substantially by 50.9% year-on-year, primarily benefiting from the vibrant sales growth of liquid cooling system and high horsepower engine products in the China region. In the Americas, sales growth was recorded across the liquid cooling system and high horsepower engine products, as well as the aerospace, recreational boat and vehicle, and construction equipment end-markets, driving a significant 25.9% increase in revenue for the region. However, weakness in the passenger car end-market in Europe led to a slight 2.3% decline in revenue in that region.

	Six months ended 30 June					
	2026		2025		Increase/Decrease	
By Geographical Market	**HK$ million**	**Proportion**	HK$ million	Proportion	HK$ million	Change
Americas	**1,461.8**	**48.4%**	**1,156.6**	**47.3%**	**305.2**	**26.4%**
– United States	1,279.8	42.4%	998.1	40.8%	281.7	28.2%
– Others	182.0	6.0%	158.5	6.5%	23.5	14.8%
Asia	**842.4**	**27.9%**	**560.1**	**22.8%**	**282.3**	**50.4%**
– PRC	768.6	25.5%	507.5	20.7%	261.1	51.4%
– Others	73.8	2.4%	52.6	2.1%	21.2	40.3%
Europe	**713.8**	**23.7%**	**733.2**	**29.9%**	**(19.4)**	**-2.6%**
Total	**3,018.0**	**100.0%**	**2,449.9**	**100.0%**	**568.1**	**23.2%**

CHAIRMAN'S STATEMENT

Corporate Awards

During the Period, the Group's premier products and services received high recognition from customers. The Group was honored with the "Chenghuang Excellence" (Special Project Support Award) from Chongqing Cummins and the "Annual Excellent Quality Supplier Award" from Danfoss Power Solutions. On the capital market front, the Group was recognized for the first time by the Hong Kong Investor Relations Association with the "Best Investor Relations Company" award, underscoring the Group's robust investor relations management and its close engagement with the investment community.

Development Strategy and Outlook

Looking ahead to the second half of 2026, the global economy is expected to remain volatile under the multiple pressures of geopolitical conflicts in the Middle East, fluctuating energy costs, and escalating trade protectionism, while the trajectory of US tariff policy also augments uncertainty to the global trading system. Despite the complex and ever-changing external environment, the advantages of the Group's longstanding strategies of "Global Footprint", "Diversified End-markets", and "Dual Source Production" have become even more pronounced, effectively meeting customers' preference for manufacturers with multiple sources of supply to mitigate supply chain risks. The Group's diversified end-market distribution has effectively cushioned the impact of cyclical fluctuations across various end-markets, providing solid support for its sales performance in the first half year. As demand from artificial intelligence-related industries continues to unfold and some end-markets experience a moderate recovery, growth momentum is expected to further strengthen in the second half of the year. Supported by a strong order backlog and the progress in new project development, the Group forecasts that sales growth in the second half of 2026 will be even more robust, and has raised its full-year year-on-year sales growth rate forecast to between 20% and 25%.

The diversified industrials sector is expected to continue its robust growth trajectory. Global AI infrastructure construction has gradually moved from an initial investment phase to a large-scale expansion phase, fostering sustained demand for data center power management, cooling systems and backup power generation equipment. Leveraging the technical expertise and market reputation that the Group has built over the years in the high-complexity components segment, the relevant product portfolio has progressively become the Group's key growth engine in the coming years. The growth rate of the high horsepower engine end-market was moderated somewhat in the first half of 2026, primarily due to the Mexican plant is at a critical customer certification phase and is currently still in sample production and testing. As certification work progresses steadily, the Mexican plant is expected to commence mass production in the third or fourth quarter of 2026, at which point high horsepower engine-related components are poised to experience a higher growth rate. Simultaneously, for liquid cooling systems, with the Mexican plant now fully in the mass production phase, growth is expected to accelerate further in the second half of the year. This product series are primarily used in data centers while also radiating other environmental management system applications. In addition, benefiting from customer supply chain restructuring, the Group has successfully gained additional market share in the recreational boat and vehicle end-market. This growth momentum is expected to continue unfolding in the second half of 2026 and in the coming year, further propelling growth in this end-market.

The Group will continue to deepen its presence in the aerospace, energy and medical sector, seizing the strategic opportunities arising from tight supply chain capacity. Affected by tariff policies in the first half of 2025, the sales base for the aerospace end-market was relatively low. As customer production plans gradually adapt and adjust, combined with the structural opportunities presented by the widespread capacity shortages in the aerospace supply chain, the Group's aerospace end-market demonstrated a recovery trajectory since the second half of 2025, with its growth accelerating further in 2026. To capture this wave of market opportunities, Impro Aerospace Mexico has proactively deployed a workforce reserve of over 200 employees, well-positioned itself for the anticipated obtaining of NADCAP certifications for special processes and customer certifications successively in the third and fourth quarters of 2026, as well as for the subsequent production ramp-up. In the energy end-market, driven by global power shortages, the demand for industrial gas turbines as primary power generation equipment remains strong, providing robust growth momentum for the Group's energy business. The demand related to industrial gas turbines is expected to maintain significant growth over the next three to five years, offering sustainable support to the Group's energy end-market sales. Driven jointly by capacity shortages in the aerospace supply chain and sustained growth in demand for industrial gas turbines, the aerospace, energy and medical sector is expected to maintain healthy double-digit growth over the medium to long term, providing ongoing momentum for the Group's overall performance. At the same time, the Group continues to evaluate a potential spin-off and separate listing of the aerospace, energy and medical sector to support the long-term development of this business.

In the automotive sector, while the passenger car market continues to undergo demand adjustments in the short term, the Group is actively capturing structural market opportunities and steadily expanding its new customer base, new businesses and new products in the North American market. A number of internal combustion engine-related projects are currently at the development stage and are expected to enter mass production one after another over the next 2 to 3 years, which should drive a gradual return to positive growth for the passenger car business. In the commercial vehicle end-market, commencing mass production has been delayed due to adjustments in the development progress of certain projects, and growth is expected to be more promising in the following year, injecting greater momentum into the overall performance of the automotive sector.

At the plant level, as an increasing number of global customers adopt supply chain regionalization and localization strategies, the importance of the Mexico SLP Campus as the Group's North America manufacturing platform continues to grow. To capture the robust customer demand expected in the North American market in the second half of 2026 and throughout 2027, the Group is proactively deploying human resources to further strengthen its employee reserves, laying a solid foundation for future capacity expansion. Although the United States-Mexico-Canada Agreement ("USMCA") is not renewed by the United States, the basic terms of the agreement will remain in effect until 2036, subject to annual review, providing a certain degree of policy stability for business operations in the North American region. While upfront investments in capacity expansion and staff recruitment to meet anticipated customer demand growth in 2027 have exerted some pressure on short-term profits, these are essential expenditures during the production ramp-up stage and are expected to yield returns as economies of scale gradually materialize. Despite the remaining short-term operational challenges, as a core strategic pillar of the Group's "Global Footprint", the Mexico SLP Campus's locational advantages and production synergies will become increasingly apparent as customer orders continue to unfold, and its long-term development potential is worth anticipating.

For the plants in the China region, Nantong Plant 12 has been operating with improving efficiency since completing its relocation and integration, and delivers steady performance growth, with synergistic effects expected to gradually materialize during the year. Plant 8 for surface treatment continues to see improvement in its operating performance and is expected to achieve a profitability turnaround during the year.

Meanwhile, at the Turkish plant, the persistently high inflationary environment over the past several years, coupled with weak demand in the European passenger car market, has exerted certain pressure on profit performance in the first half of the year. The Group's management has been closely monitoring the relevant market dynamics and is actively reviewing cost optimization and business adjustment initiatives, as well as exploring business opportunities in other end-markets beyond the automotive segment, to cope with potential market volatility.

In response to continuous growth in customer demand and the need for capacity expansion at the Mexico SLP Campus, the Group has proactively positioned itself to address customer demand over the coming years and seize market opportunities. Compared with the budget set at the beginning of the year, the latest capital expenditure budget for 2026 went up by approximately HK$650 million to approximately HK$1.5 billion, with more than half allocated to capacity construction at the Mexico SLP Campus. The sustained capital investment in the Phase II capacity expansion of the Mexico SLP Campus since the second half of 2024 has already laid a more solid capacity foundation for the Group, facilitating the capture of more significant growth opportunities in the second half of 2026 and in the years ahead.

Looking ahead to the coming years, business growth related to artificial intelligence data centers is expected to remain robust. The Group will fully leverage its advantages in regional production and continue to develop new products with its strong research and development capabilities, actively expanding capacity to capture market opportunities, with the target of doubling the Group's total revenue to over HK$10 billion by 2029 or 2030 compared with 2025.

The Group will continue to focus on its three core strategies of "Global Footprint", "Diversified End-markets" and "Twin Growth Engine", actively seizing the structural growth opportunities presented by artificial intelligence-related industries, deepening its expansion across the diversified industrials, aerospace, energy and medical sectors, while prudently navigating the adjustments in the automotive end-market and continuously optimizing its product portfolio and competitiveness. To cope with the increase in capital expenditure over the coming years, the Group successfully raised approximately HK$680 million in the first half of this year from the capital market and through the employee share ownership plan adopted by Impro Aerotek Limited ("Impro Aerotek"), strengthening the Group's financial position. With the steady progress of capacity construction at the Mexico SLP Campus, the orderly progress of customer certifications and the successive ramp up of new projects into mass production, the Group expects the pace of revenue growth to further accelerate over the next two to three years. We will continue to leverage the synergies of our production and sales network across Asia, the Americas and Europe to flexibly respond to changes in the external environment, while closely monitoring merger and acquisition opportunities with synergistic potential, and remains committed to creating long-term stable and growing returns for Shareholders.

LU Ruibo
Chairman and Chief Executive Officer

Hong Kong, 11 August 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

	Six months ended 30 June		
HK$ million	**2026**	2025	Change
Revenue	**3,018.0**	2,449.9	23.2%
Gross profit	**856.8**	681.5	25.7%
Gross profit margin	***28.4%***	*27.8%*	*0.6%*
Other revenue	**19.2**	12.7	51.2%
Other net (loss)/income	**(66.1)**	24.1	-374.3%
Selling and distribution expenses	**(78.5)**	(94.4)	-16.8%
As a % of revenue	***2.6%***	*3.9%*	*-1.3%*
Administrative and other operating expenses	**(195.7)**	(162.1)	20.7%
As a % of revenue	***6.5%***	*6.6%*	*-0.1%*
Profit from operation	**535.7**	461.8	16.0%
Operating margin	***17.8%***	*18.8%*	*-1.0%*
Net finance costs	**(44.0)**	(41.0)	7.3%
Profit before taxation	**491.7**	420.8	16.8%
Income tax	**(69.7)**	(73.4)	-5.0%
Effective tax rate	***14.2%***	*17.4%*	*-3.2%*
Profit for the Period	**422.0**	347.4	21.5%
Net margin	***14.0%***	*14.2%*	*-0.2%*
Profit attributable to:			
Equity shareholders of the Company	**421.0**	346.3	21.6%
Non-controlling interests	**1.0**	1.1	-9.1%
	422.0	347.4	21.5%

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2026 increased by 23.2% to HK$3,018.0 million compared to the last corresponding period.

Gross profit and gross profit margin

The Group's gross profit increased by HK$175.3 million, or 25.7% to HK$856.8 million for the six months ended 30 June 2026 as compared to HK$681.5 million for the six months ended 30 June 2025. The gross profit of investment casting has experienced a significant increase of HK$92.1 million, or 29.0% to HK$409.2 million during the Period, mainly driven by the increase in revenue from diversified industrials end-markets, particularly strong demand for liquid cooling systems. The gross profit of sand casting plants also increased significantly by HK$85.0 million to HK$295.5 million during the Period, mainly as a result of robust demand in the high horsepower engine end-market, more than offsetting the gross loss reported by the Mexico sand casting plant. The gross profit of the precision machining and other business decreased by HK$4.8 million, or 3.3% to HK$140.8 million, mainly due to the decline in gross profit of Mexico and Turkey precision machining plants. Surface treatment business reported a gross profit of HK$11.3 million, compared to HK$8.3 million for the six months ended 30 June 2025. This improvement is attributable to the termination of a loss making electroplating service line of the Nantong plant in the second half of 2025.

The Group's gross profit margin was 28.4% for the six months ended 30 June 2026, compared to 27.8% in the last corresponding period. The increase in gross profit margin was mainly attributable to the increase in gross profit margin of investment casting business and sand casting business but was partially offset by lower gross profit margin of Mexico and Turkey precision machining plants.

Other revenue

The Group's other revenue during the six months ended 30 June 2026 increased by HK$6.5 million to HK$19.2 million (six months ended 30 June 2025: HK$12.7 million). Other revenue mainly represented various discretionary incentives from the local PRC governments in relation to technology development and other incentive programs.

Other net (loss)/income

The Group recorded other net loss of HK$66.1 million for the six months ended 30 June 2026 (six months ended 30 June 2025: other net income of HK$24.1 million). Other net loss mainly represented net foreign exchange loss of HK$67.7 million primarily caused by the appreciation of RMB against Hong Kong dollars during the Period. In the last corresponding period, the 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.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by HK$15.9 million or 16.8% to HK$78.5 million for the six months ended 30 June 2026. The decrease in selling and distribution expenses was mainly caused by the refund of US tariff of HK$38.3 million during the Period. Selling and distribution expenses to revenue ratio was 2.6% for the Period (six months ended 30 June 2025: 3.9%).

Administrative and other operating expenses

The Group's administrative and other operating expenses increased by HK$33.6 million, or 20.7%, to HK$195.7 million for the six months ended 30 June 2026, as compared to HK$162.1 million for the last corresponding period. The increase was mainly attributable to the increase in staff costs and depreciation expense. Administrative and other operating expenses to revenue rate was 6.5% for the Period (six months ended 30 June 2025: 6.6%).

Net finance costs

The Group's net finance costs increased to HK$44.0 million for the six months ended 30 June 2026 from HK$41.0 million for the last corresponding period. The increase was mainly due to higher HK dollar borrowing rates during the Period.

Income tax

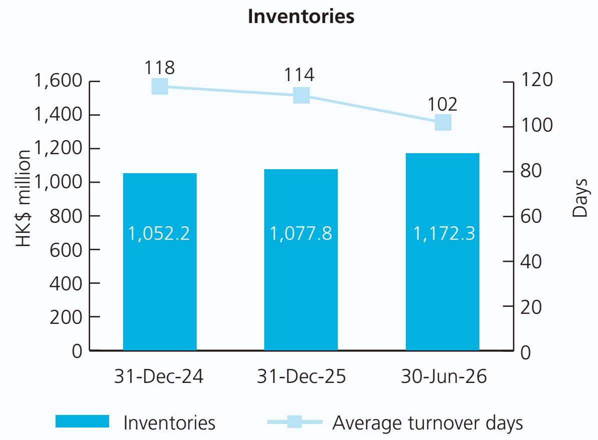
The Group's income tax expense decreased to HK$69.7 million for the six months ended 30 June 2026 from HK$73.4 million for the last corresponding period, which reflected the over-provision of income tax expense in prior year.

Working Capital

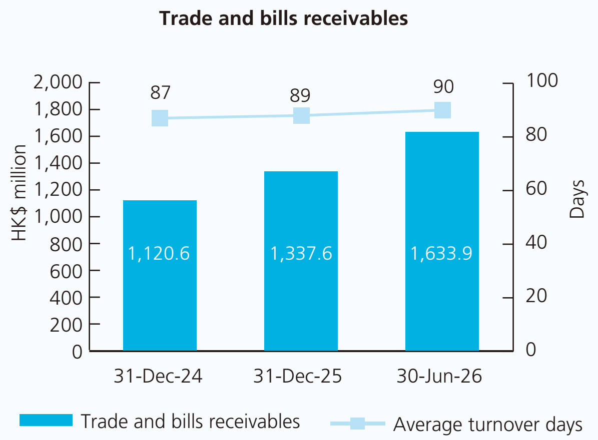
HK$ million	**As at 30 June 2026**	As at 31 December 2025
Inventories	**1,172.3**	1,077.8
Trade and bills receivables	**1,633.9**	1,337.6
Prepayments, deposits and other receivables	**333.7**	286.8
Trade payables	**(849.7)**	(644.8)
Other payables and accruals	**(459.0)**	(408.9)
Deferred income	**(139.9)**	(139.7)
Defined benefit retirement benefits obligations	**(55.2)**	(58.8)
	1,636.1	1,450.0
Total working capital as a % of Revenue	**28.9%**	28.5%

MANAGEMENT DISCUSSION AND ANALYSIS

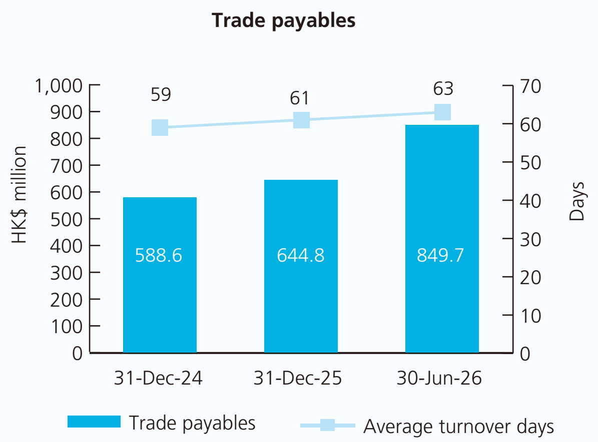
Inventories increased by HK$94.5 million to HK$1,172.3 million as of 30 June 2026 (31 December 2025: HK$1,077.8 million), mainly due to higher inventory levels at the China and Mexico plants to cope with business growth. Inventory turnover days decreased by 12 days to 102 days as at 30 June 2026 from 114 days as at 31 December 2025.



Trade and bills receivables increased by HK$296.3 million to HK$1,633.9 million as of 30 June 2026 (31 December 2025: HK$1,337.6 million) due to increase in revenue during the Period. Trade receivable turnover days increased by 1 day from 89 days as at 31 December 2025 to 90 days as at 30 June 2026. 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 2026, current receivables and overdue balances of less than 30 days remained high at 97.2% (31 December 2025: 96.2%) of the balance of the gross trade and bills receivables.



Trade payables increased by HK$204.9 million to HK$849.7 million as of 30 June 2026 (31 December 2025: HK$644.8 million). Trade payable turnover days increased by 2 days to 63 days as at 30 June 2026 as compared to 61 days as at 31 December 2025.



EBITDA and net profit

The Group's EBITDA (earnings before interest, taxation, depreciation and amortization) during the Period was HK$828.4 million, or EBITDA margin of 27.4%, as compared to EBITDA of HK$715.3 million, or EBITDA margin of 29.2% in the last corresponding period. Profit attributable to the Shareholders during the Period was HK$421.0 million, as compared to HK$346.3 million in the last corresponding period. Net profit margin for the Period was 14.0%, as compared to 14.2% 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$433.1 million for the six months ended 30 June 2026, an increase of 20.4% as compared to HK$359.6 million in the last corresponding period. Adjusted net profit margin was 14.4% for the six months ended 30 June 2026, as compared to 14.7% attained in the last corresponding period.

Financial resources and liquidity

As at 30 June 2026, the total assets of the Group increased by 16.4% to HK$10,928.0 million and total equity increased by 21.7% to HK$6,844.9 million as compared to the amount as at 31 December 2025. The increase in total assets was mainly attributable to the net proceeds of HK$539.0 million from the Top-up Placing and Subscription (as defined in page 20) in May 2026, the net proceeds of RMB120.3 million from the subscription of new shares of Impro Aerotek by partnerships established as employee shareholding platforms in June 2026, and the increase in property, plant and equipment amount as a result of appreciation of Mexican peso and RMB against Hong Kong dollars and also the increase in capital expenditures during the Period. The Group's current ratio as at 30 June 2026 was 1.92, higher than that of 1.60 as at 31 December 2025.

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 expenditures and product development cost 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	
	2026	2025
	HK$ million	HK$ million
Cash generated from/(used in):		
Operating activities	**689.1**	555.3
Investing activities	**(681.7)**	(438.7)
Financing activities	**493.5**	(83.7)
Net movement in cash	**500.9**	32.9

Cash flows generated from operating activities during the Period was HK$689.1 million, representing an increase of HK$133.8 million compared to HK$555.3 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$681.7 million, representing an increase of HK$243.0 million compared to HK$438.7 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$634.0 million.

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

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Payment for the acquisition of property, plant and equipment	**(634.0)**	(400.8)
Payment for deferred expenses	**(55.9)**	(43.6)
Others	**8.2**	5.7
Net cash used in investing activities	**(681.7)**	(438.7)

Cash flows generated from financing activities was HK$493.5 million, representing an increase of HK$577.2 million compared to HK$83.7 million used in financing activities in the last corresponding period. Major movements during the Period mainly involved proceeds from bank loans of HK$1,248.3 million, repayment of bank borrowings of HK$1,228.1 million and second interim dividend payment in 2025 to equity shareholders of the Company of HK$151.0 million.

The table below sets forth the cash generated from/(used in) financing activities for the periods indicated:

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Proceeds from bank loans	**1,248.3**	907.0
Repayment of bank loans	**(1,228.1)**	(785.1)
Interest paid	**(48.1)**	(46.9)
Lease rentals paid	**(2.4)**	(2.4)
Proceeds from issue of ordinary shares, net of issuance costs	**539.0**	–
Capital contributions from non-controlling interests, net of issuance costs	**138.5**	–
Dividend paid to equity shareholders of the Company	**(151.0)**	(151.0)
Dividend paid to non-controlling interest	**(2.7)**	(5.3)
Net cash generated from/(used in) financing activities	**493.5**	(83.7)

Indebtedness

As at 30 June 2026, the Group's total borrowings were HK$2,503.7 million, representing an increase of HK$72.9 million from HK$2,430.8 million as at 31 December 2025. 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 2026 HK$ million	As at 31 December 2025 HK$ million
Current bank loans	**969.0**	1,061.1
Non-current bank loans	**1,526.8**	1,359.5
Current lease liabilities	**3.5**	4.4
Non-current lease liabilities	**4.4**	5.8
Total borrowings	**2,503.7**	2,430.8

As at 30 June 2026, the Group had total banking facilities available for drawdown of HK$2,642.2 million (as at 31 December 2025: HK$2,505.0 million).

The Group's net gearing ratio as at 30 June 2026 was 18.3% (31 December 2025: 30.4%). This ratio is based on total borrowings less cash and cash equivalents divided by total equity. The decrease in gearing ratio during the Period was mainly due to the Top-up Placing and Subscription (as defined in page 20) of new shares of the Company and the issuance of new shares to non-controlling interests by a subsidiary of the Company.

Capital Expenditures and Commitments

The management of the Group exercised careful control over capital expenditures. Capital expenditures of the Group amounted to HK$622.9 million for the six months ended 30 June 2026 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$425.7 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 2026 amounted to HK$502.2 million, which were mainly related to plant 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 2026.

Contingent Liabilities

No material contingent liability existed as at 30 June 2026.

USE OF PROCEEDS FROM THE TOP-UP PLACING AND SUBSCRIPTION

On 27 May 2026, the Company entered into a placing and subscription agreement with Impro Development Limited (the "Seller") and certain placing agents, pursuant to which 60,000,000 existing shares of the Company were placed at HK$9.10 per share (the "Top-up Placing") and the same number of shares of the Company (the "Top-up Subscription Shares") were subsequently subscribed by the Seller at the same price (the "Top-up Subscription", together with the Top-up Placing, the "Top-up Placing and Subscription"). The Top-up Subscription Shares, representing approximately 3.08% of the enlarged share capital, were issued under the general mandate without requiring further shareholders approval. The Top-up Placing was completed on 29 May 2026 and the Top-up Subscription was completed on 3 June 2026, raising net proceeds (after deducting related costs, fees and expenses) of HK$539.0 million. The table below sets forth the use of the net proceeds from the Top-up Placing and Subscription up to 30 June 2026:

Intended use of the net proceeds	Expected utilization timeline of the use of the net proceeds	Actual amount of the net proceeds HK$ million	Utilized amount of net proceeds up to 30 June 2026 HK$ million
Capacity expansion of the Mexico and China plants to meet the soaring demand particularly on end-markets related to artificial intelligence data centers	By 30 June 2027	350.0	70.9
Expansion of future production capacity and process categories and make forward-looking preparations for the long-term sustainable development of the aerospace sector	By 30 June 2028	100.0	5.0
Repayment of bank borrowings, general working capital and general corporate purposes	By 31 December 2026	89.0	72.3
Total		539.0	148.2

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 2026.

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 and RMB while most of the cost of sales is denominated in RMB, Turkish lira, Euro and Mexican peso. As a result, exchange rate fluctuations between US dollar, Euro, 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 2026, the borrowings of the Group were denominated in Hong Kong dollar, US dollar, RMB and Euro, in which, HK$378.7 million of borrowings were at fixed interest rates.

During the six months ended 30 June 2026, 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 2026, the Group had 9,424 full-time employees, of whom 6,550 were based in Mainland China and 2,874 were based in Turkey, Germany, Mexico, Hong Kong, United States, and other countries. Total staff costs, including the emoluments of the Directors, amounted to HK$812.3 million for the six months ended 30 June 2026 (six months ended 30 June 2025: HK$644.3 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 for the six months ended 30 June 2026 (six months ended 30 June 2025: 8.0 HK cents per Share) in a total amount of approximately HK$155.8 million to equity shareholders of the Company (six months ended 30 June 2025: HK$151.0 million). Relevant dates for interim dividend payment are set out below.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	24 August 2026
Closure of register of members	26–28 August 2026 (both days inclusive)
Record date	28 August 2026
Dividend payment date	on or before 9 September 2026

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 25 August 2026.

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

During the six months ended 30 June 2026, 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 to 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 2026, 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 to 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 2026.

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 2026, 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	69.23
	Spouse interest	300,000	0.02
	Beneficial owner	9,239,000	0.47

(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
	Impro Aerotek[3]	40,597,600	4.88

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 1,947,285,665 issued Shares as at 30 June 2026.

(3) Mr. Lu is the general partner of five limited partnerships established specifically as employee shareholding platforms pursuant to an employee share ownership plan adopted by Impro Aerotek and Impro Aerotek allotted and issued a total of 40,597,600 new shares to these five partnerships.

Save as disclosed above, as at 30 June 2026, 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.

Name of substantial shareholders	Nature of interest/capacity	Number of Shares held	Approximate percentage of the Company's issued share capital[1]
Impro Development	Beneficial owner	1,348,118,787	69.23
Mr. LU	Interest in a controlled corporation and beneficial owner	1,357,357,787	69.70
	Spouse interest	300,000	0.02

Note:

(1) The percentages were calculated based on the total number of 1,947,285,665 issued Shares as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, 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.

SHARE OPTION SCHEME

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 "Previous 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. At the beginning of the Period, there were no more options outstanding under the Pre-IPO Share Option Scheme, and no share options have been granted since the adoption of the Previous Post-IPO Share Option Scheme.

On 30 December 2025, the Previous Post-IPO Share Option Scheme was terminated and a new share option scheme (the "New Share Option Scheme") was adopted by shareholders' resolution at the extraordinary general meeting. The principal terms of the New Share Option Scheme are set out below:

1. Purpose

The purposes of the New Share Option Scheme are to enable the Company to grant Options to the eligible participants as incentives or rewards for their contribution or potential contribution to the growth and development of the Group and/or to enable the Group to attract and retain the best quality personnel for the development of the Group's businesses.

2. Participants and Eligibility

Eligible participants of the New Share Option Scheme include employee participants only. The basis of determining the eligibility of each eligible participant shall be determined by the Board absolutely. With respect to employee participants, the assessing factors shall include, but not limited to, individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of employment with the Group and the individual contribution or potential contribution to the development and growth of the Group.

3. Scheme Mandate Limited

The total number of Shares which may be issued in respect of all options and awards to be granted under the New Share Option Scheme and any other schemes of the Company shall be 188,728,566, being 10% of the total issued shares as at the date of adoption of the New Share Option Scheme.

4. Maximum Entitlement for Each Participant

Where any grant of Options to an eligible participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the relevant scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue, such grant shall be separately approved by the shareholders of the Company in general meeting with such eligible participant and his Close Associates (or associates if such eligible participant is a connected person) abstaining from voting.

5. Vesting Period

The vesting period of options granted under the New Share Option Scheme shall not be less than 12 months. Notwithstanding the foregoing, a shorter vesting period may be granted to employee participants under specific circumstances under Rule 17.03F of the Listing Rules.

6. Amount Payable on Acceptable of the Option

An offer of the grant of an option shall remain open for acceptance by the eligible participant concerned for a period of 28 days from the grant date provided that no such grant of an option may be accepted after the expiry of the effective period of the New Share Option Scheme or after the New Share Option Scheme has been terminated. An option shall be deemed to have been granted and accepted by the eligible participant and to have taken effect when the duplicate grant letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favor of the Company of HKD1.00 by way of consideration for the grant thereof is received by the Company on or before the acceptance date. Such remittance shall in no circumstances be refundable.

7. Exercise Price

Subject to the provisions of the Listing Rules, the exercise price in respect of any particular option under the New Share Option Scheme shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the grant letter) but in any event the exercise price shall not be less than whichever is the highest of: (a) the nominal value (if any) of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date.

8. Life of the New Share Option Scheme

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the New Share Option Scheme, i.e. 30 December 2025, after which no further Options may be issued or granted.

Since the adoption of the New Share Option Scheme, no option has been granted under the New Share Option Scheme. Therefore, no option was exercised or canceled or has lapsed during the period ended 30 June 2026 and there was no outstanding option as at 30 June 2026.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors and chief executive required to be disclosed since the date of the 2025 annual report is as follows:

(1) Ms. ZHU Liwei has resigned as an executive Director and a member of the sustainability committee, with effect from 1 July 2026; and

(2) Mr. ZHANG Yongfeng has been appointed as an executive Director and a member of the sustainability committee, with effect from 1 July 2026.

REVIEW OF THE INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2026. 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 2026 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 2026 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 this interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this 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 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 2026 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

11 August 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026 (unaudited)
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2026 HK$'000	Six months ended 30 June 2025 HK$'000
Revenue	4	**3,018,048**	2,449,946
Cost of sales		**(2,161,244)**	(1,768,427)
Gross profit		**856,804**	681,519
Other revenue	5(a)	**19,197**	12,698
Other net (loss)/income	5(b)	**(66,056)**	24,058
Selling and distribution expenses		**(78,493)**	(94,390)
Administrative and other operating expenses		**(195,762)**	(162,050)
Profit from operations		**535,690**	461,835
Net finance costs	6(a)	**(43,953)**	(41,035)
Profit before taxation	6	**491,737**	420,800
Income tax	7	**(69,700)**	(73,349)
Profit for the period		**422,037**	347,451
Attributable to:			
Equity shareholders of the Company		**421,037**	346,335
Non-controlling interests		**1,000**	1,116
Profit for the period		**422,037**	347,451
Earnings per share			
Basic (HK cents)	8(a)	**22.20**	18.35
Diluted (HK cents)	8(b)	**22.20**	18.35

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(a).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026 (unaudited)
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Profit for the period	**422,037**	347,451
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	**1,910**	(5,635)
Related tax	**50**	1,282
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	**273,919**	332,564
Other comprehensive income for the period (after tax adjustments)	**275,879**	328,211
Total comprehensive income for the period	**697,916**	675,662
Attributable to:		
Equity shareholders of the Company	**696,682**	674,334
Non-controlling interests	**1,234**	1,328
Total comprehensive income for the period	**697,916**	675,662

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026 (unaudited)
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2026 HK$'000**	At 31 December 2025 HK$'000
Non-current assets			
Property, plant and equipment	9	**5,712,700**	5,236,218
Prepayments for purchase of property, plant and equipment		**119,203**	18,562
Intangible assets		**164,901**	168,674
Goodwill	10	**237,390**	228,279
Deferred expenses		**169,211**	163,008
Other financial asset		**1,621**	1,559
Deferred tax assets		**119,164**	141,413
		6,524,190	5,957,713
Current assets			
Inventories	11	**1,172,269**	1,077,757
Trade and bills receivables	12	**1,633,918**	1,337,615
Prepayments, deposits and other receivables	13	**333,662**	286,803
Taxation recoverable		**15,645**	8,936
Cash and cash equivalents	14	**1,248,364**	720,944
		4,403,858	3,432,055
Current liabilities			
Bank loans	15	**968,995**	1,061,138
Lease liabilities		**3,541**	4,395
Trade payables	16	**849,742**	644,799
Other payables and accruals	17	**459,011**	408,933
Taxation payable		**14,484**	20,519
		2,295,773	2,139,784
Net current assets		**2,108,085**	1,292,271
Total assets less current liabilities		**8,632,275**	7,249,984

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

	Note	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Non-current liabilities			
Bank loans	15	**1,526,771**	1,359,451
Lease liabilities		**4,396**	5,780
Deferred income		**139,865**	139,714
Defined benefit retirement plans obligation		**55,210**	58,796
Deferred tax liabilities		**61,093**	63,063
		1,787,335	1,626,804
NET ASSETS		**6,844,940**	5,623,180
CAPITAL AND RESERVES	18		
Share capital		**194,729**	188,729
Reserves		**6,540,037**	5,416,072
Total equity attributable to equity shareholders of the Company		**6,734,766**	5,604,801
Non-controlling interests		**110,174**	18,379
TOTAL EQUITY		**6,844,940**	5,623,180

Approved and authorized for issue by the board of directors on 11 August 2026.

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 2026 (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 interests 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(a)(ii)	–	–	–	–	–	–	(150,983)	(150,983)	–	(150,983)
Dividends paid to non-controlling interest		–	–	–	–	–	–	–	–	(5,378)	(5,378)
Balance at 30 June 2025 and 1 July 2025		188,729	1,443,764	1,110	318,530	(183,549)	(571)	3,476,735	5,244,748	17,467	5,262,215
Changes in equity for the six months ended 31 December 2025:											
Profit for the period		–	–	–	–	–	–	379,846	379,846	787	380,633
Other comprehensive income		–	–	–	–	122,996	–	8,194	131,190	155	131,345
Total comprehensive income		–	–	–	–	122,996	–	388,040	511,036	942	511,978
First interim dividends declared in respect of the current year		–	–	–	–	–	–	(150,983)	(150,983)	–	(150,983)
Dividends paid to non-controlling interest		–	–	–	–	–	–	–	–	(30)	(30)
Appropriation of reserve		–	–	–	41,811	–	–	(41,811)	–	–	–
Balance at 31 December 2025		188,729	1,443,764	1,110	360,341	(60,553)	(571)	3,671,981	5,604,801	18,379	5,623,180

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

	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 interests HK$'000	Total equity HK$'000
		Attributable to equity shareholders of the Company									
Balance at 1 January 2026		188,729	1,443,764	1,110	360,341	(60,553)	(571)	3,671,981	5,604,801	18,379	5,623,180
Changes in equity for the six months ended 30 June 2026:											
Profit for the period		–	–	–	–	–	–	421,037	421,037	1,000	422,037
Other comprehensive income		–	–	–	–	273,685	–	1,960	275,645	234	275,879
Total comprehensive income		–	–	–	–	273,685	–	422,997	696,682	1,234	697,916
Issue of ordinary shares by placing, net of issuance costs	18(b)	6,000	532,996	–	–	–	–	–	538,996	–	538,996
Second interim dividends approved in respect of the previous year	18(a)(ii)	–	–	–	–	–	–	(150,983)	(150,983)	–	(150,983)
Capital contribution from non-controlling interests, net of issuance costs	18(c)	–	–	45,270	–	–	–	–	45,270	93,264	138,534
Dividends paid to non-controlling interest		–	–	–	–	–	–	–	–	(2,703)	(2,703)
Balance at 30 June 2026		194,729	1,976,760	46,380	360,341	213,532	(571)	3,943,995	6,734,766	110,174	6,844,940

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 2026 (unaudited)
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2026 HK$'000	2025 HK$'000
Operating activities			
Cash generated from operations		**750,898**	621,286
Tax paid		**(61,831)**	(65,939)
Net cash generated from operating activities		**689,067**	555,347
Investing activities			
Payment for the acquisition of property, plant and equipment		**(633,986)**	(400,819)
Payment for deferred expenses		**(55,901)**	(43,609)
Other cash flows arising from investing activities		**8,174**	5,717
Net cash used in investing activities		**(681,713)**	(438,711)
Financing activities			
Proceeds from bank loans		**1,248,333**	907,048
Repayment of bank loans		**(1,228,074)**	(785,084)
Interest paid		**(48,114)**	(46,932)
Capital element of lease rentals paid		**(2,231)**	(2,073)
Interest element of lease rentals paid		**(192)**	(282)
Proceeds from issue of ordinary shares, net of issuance costs	18(b)	**538,996**	–
Capital contributions from non-controlling interests, net of issuance costs	18(c)	**138,534**	–
Dividends paid to equity shareholders of the Company	18(a)(ii)	**(150,983)**	(150,983)
Dividends paid to non-controlling interest		**(2,703)**	(5,378)
Net cash generated from/(used in) financing activities		**493,566**	(83,684)
Increase in cash and cash equivalents		**500,920**	32,952
Cash and cash equivalents at 1 January	14	**720,944**	601,747
Effect of foreign exchange rate changes		**26,500**	20,535
Cash and cash equivalents at 30 June	14	**1,248,364**	655,234

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 11 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 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 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying 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 2025 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 IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. None of these developments have had a material effect on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 and provision of surface treatment services.

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

	Six months ended 30 June	
Revenue	**2026**	2025
	HK$'000	HK$'000
Investment casting	**1,161,668**	922,601
Precision machining and others	**907,719**	793,351
Sand casting	**911,033**	695,164
Surface treatment	**37,628**	38,830
	3,018,048	2,449,946

The Group's revenue from contracts with customers were recognized at point in time for the six months ended 30 June 2026 and 2025. 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.

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(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.

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 2026				
	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	1,161,668	907,719	911,033	37,628	3,018,048
Inter-segment revenue	–	–	–	22,583	22,583
Reportable segment revenue	1,161,668	907,719	911,033	60,211	3,040,631
Gross profit from external customers	409,241	140,777	295,539	11,247	856,804
Inter-segment gross profit	–	–	–	6,986	6,986
Reportable segment gross profit	409,241	140,777	295,539	18,233	863,790
Depreciation and amortization	98,857	91,393	85,858	16,582	292,690
Reportable segment profit	417,753	140,081	307,493	31,647	896,974

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

	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

	As at 30 June 2026				
	Investment casting HK$'000	**Precision machining and others HK$'000**	**Sand casting HK$'000**	**Surface treatment HK$'000**	**Total HK$'000**
Reportable segment assets	**3,356,624**	**2,434,475**	**3,268,727**	**498,324**	**9,558,150**

	As at 31 December 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	3,059,667	2,340,999	2,608,623	527,177	8,536,466

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	
	2026	2025
	HK$'000	HK$'000
Revenue		
Reportable segment revenue	**3,040,631**	2,466,869
Elimination of inter-segment revenue	**(22,583)**	(16,923)
Consolidated revenue	**3,018,048**	2,449,946
Gross profit		
Reportable segment gross profit	**863,790**	686,096
Elimination of inter-segment gross profit	**(6,986)**	(4,577)
Consolidated gross profit	**856,804**	681,519
Profit		
Reportable segment profit	**896,974**	692,114
Elimination of inter-segment profit	**(6,986)**	(4,577)
Reportable segment profit derived from Group's external customers	**889,988**	687,537
Other revenue	**19,197**	12,698
Other net (loss)/income	**(66,056)**	24,058
Unallocated head office and corporate expenses	**(14,749)**	(8,954)
Consolidated profit before interest, taxes, depreciation and amortization	**828,380**	715,339
Net finance costs	**(43,953)**	(41,035)
Depreciation and amortization	**(292,690)**	(253,504)
Consolidated profit before taxation	**491,737**	420,800

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	
	2026	2025
	HK$'000	HK$'000
Americas		
– United States of America ("United States")	**1,279,841**	998,123
– Others	**182,050**	158,547
Asia		
– The People's Republic of China ("PRC")	**768,587**	507,489
– Others	**73,809**	52,631
Europe	**713,761**	733,156
	3,018,048	2,449,946

Specified non-current assets

	At 30 June 2026	At 31 December 2025
	HK$'000	HK$'000
United States	**5,244**	6,124
Europe	**399,339**	424,096
The PRC	**3,080,915**	2,926,402
Mexico	**2,919,528**	2,459,678
	6,405,026	5,816,300

5 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

(a) Other revenue

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Rental income	**878**	868
Government grants	**13,768**	10,089
Others	**4,551**	1,741
	19,197	12,698

(b) Other net (loss)/income

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Net exchange (loss)/gain	**(67,655)**	23,231
Net loss on disposal of property, plant and equipment	**(626)**	(643)
Others	**2,225**	1,470
	(66,056)	24,058

6 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Interest income	**(4,353)**	(6,179)
Interest expenses on bank loans	**48,114**	46,932
Interest expenses on lease liabilities	**192**	282
	48,306	47,214
Net finance costs	**43,953**	41,035

(b) Other items

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Cost of inventories recognized as expenses*	**2,161,244**	1,768,427
Depreciation charges		
– owned property, plant and equipment	**221,861**	196,601
– right-of-use assets	**4,251**	4,135
Amortization of intangible assets	**10,378**	9,913
Amortization of deferred expenses	**56,200**	42,855
Research and development expenses	**99,087**	83,096
(Reversal of)/provision for impairment loss on trade receivables	**(1,878)**	593
Provision for/(reversal of) write-down of inventories	**713**	(4,158)

* Cost of inventories recognized as expenses includes amounts relating to depreciation and amortization expenses, research and development expenses, provision for 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	
	2026	2025
	HK$'000	HK$'000
Current tax – Chinese Mainland Corporate Income Tax		
– Provision for the period	**50,373**	40,057
– Bonus deduction of research and development expenses	**(8,712)**	(7,266)
– (Over)/under-provision in respect of prior years	**(2,869)**	14,090
Current tax – Hong Kong Profits Tax	**4,016**	15,107
Current tax – Tax jurisdictions outside Chinese Mainland and Hong Kong	**5,666**	14,387
	48,474	76,375
Deferred taxation	**21,226**	(3,026)
	69,700	73,349

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 2025: 16.5%) to the six months ended 30 June 2026. 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$421,037,000 (six months ended 30 June 2025: HK$346,335,000) and the weighted average of 1,896,285,665 ordinary shares (2025: 1,887,285,665 shares) in issue during the interim period.

(b) Diluted earnings per share

During the six months ended 30 June 2026 and 2025, diluted earnings per share were the same as the basic earnings per share as there were no dilutive potential ordinary shares issued.

(Expressed in Hong Kong dollars unless otherwise indicated)

9 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2026, the Group did not enter into new lease agreements.

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.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment at a cost of HK$522,260,000 (six months ended 30 June 2025: HK$421,838,000). Apart from that, items of property, plant and equipment with a net book value of HK$4,445,000 were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: HK$1,122,000), resulting in a loss on disposal of HK$626,000 (six months ended 30 June 2025: a loss on disposal of HK$643,000).

10 GOODWILL

	HK$'000
Cost:	
At 1 January 2025	222,654
Exchange adjustment	5,625
At 31 December 2025 and 1 January 2026	228,279
Exchange adjustment	9,111
At 30 June 2026	237,390
Accumulated impairment losses:	
At 31 December 2025, 1 January 2026 and 30 June 2026	–
Carrying amount:	
At 30 June 2026	237,390
At 31 December 2025	228,279

11 INVENTORIES

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Raw materials	**295,429**	250,745
Work in progress	**552,263**	436,074
Finished goods	**413,356**	477,501
	1,261,048	1,164,320
Write-down of inventories	**(88,779)**	(86,563)
	1,172,269	1,077,757

During the six months ended 30 June 2026, the Group recognized a write-down of HK$713,000 (six months ended 30 June 2025: reversed a write-down of HK$4,158,000) 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 2026 HK$'000	At 31 December 2025 HK$'000
Trade receivables	**1,485,356**	1,235,746
Bills receivable	**158,067**	113,178
	1,643,423	1,348,924
Less: loss allowance	**(9,505)**	(11,309)
	1,633,918	1,337,615

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

12 TRADE AND BILLS RECEIVABLES (Continued)

Aging analysis

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 2026 HK$'000	At 31 December 2025 HK$'000
Within 1 month	**832,087**	610,192
1 to 3 months	**669,776**	605,472
Over 3 months but within 12 months	**132,055**	121,951
	1,633,918	1,337,615

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

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Prepayments	**106,859**	61,165
Value added tax recoverable	**176,107**	169,779
Other deposits and receivables	**50,696**	55,859
	333,662	286,803

14 CASH AND CASH EQUIVALENTS

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Cash at banks	**1,248,200**	720,785
Cash on hand	**164**	159
	1,248,364	720,944

As of the end of the reporting period, cash and cash equivalents located in Chinese Mainland amounted to HK$916,807,000 (2025: HK$415,679,000). 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 2026 HK$'000	At 31 December 2025 HK$'000
Short-term bank loans	**173,779**	588,767
Current portion of long-term bank loans	**795,216**	472,371
Within 1 year or on demand	**968,995**	1,061,138
After 1 year but within 2 years	**1,061,316**	870,673
After 2 years but within 5 years	**448,789**	488,778
	1,526,771	1,359,451
	2,495,766	2,420,589

As at 30 June 2026 and 31 December 2025, 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 2026 and 31 December 2025, none of the covenants relating to drawn down facilities had been breached.

16 TRADE PAYABLES

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Trade payables	**849,742**	644,799

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 2026 HK$'000	At 31 December 2025 HK$'000
Within 1 month	**553,073**	411,362
1 to 3 months	**220,604**	175,275
Over 3 months	**76,065**	58,162
	849,742	644,799

17 OTHER PAYABLES AND ACCRUALS

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Other payables (Note)	**370,551**	331,666
Accrued expenses	**88,460**	77,267
	459,011	408,933

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 2026 HK$'000	At 31 December 2025 HK$'000
Deferred consideration payable	**22,850**	21,973
Salaries, wages, bonus and benefits payable	**133,017**	121,710
Payables for purchase of property, plant and equipment	**31,099**	42,184
Contract liabilities	**40,591**	38,847
Other tax payable	**48,981**	44,495
Advances received for plant relocation	**6,290**	6,049
Maintenance costs payable	**1,852**	3,178
Freight costs payable	**7,901**	7,096
Payables for reimbursement of tariff refunds	**35,908**	–
Others	**42,062**	46,134
	370,551	331,666

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	Six months ended 30 June	
	2026 HK$'000	2025 HK$'000
First interim dividend declared after the end of each reporting period of HK$0.08 per share (six months ended 30 June 2025: HK$0.08 per share)	**155,783**	150,983

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

18 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Dividends (Continued)

(ii) 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	
	2026	2025
	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 2025: HK$0.08 per share)	**150,983**	150,983

(b) Placement and subscription of ordinary shares of the Company

In June 2026, the Company completed a placement and issued a total of 60,000,000 shares to certain investors with net proceeds of HK$538,996,000 at a price of HK$9.10 per share. Consequently, HK$6,000,000 was recorded in share capital and the corresponding premium of HK$532,996,000 (after deduction of the capitalized expenses amount to HK$7,004,000) was recognized in share premium.

(c) Issuance of ordinary shares by Impro Aerotek Limited ("Impro Aerotek")

In June 2026, Impro Aerotek, a PRC subsidiary of the Group, allotted and issued a total of 40,597,600 ordinary shares, representing approximately 4.88% of the equity interest of Impro Aerotek at a total consideration of RMB120.4 million, to certain directors, key management and employees of Impro Aerotek and the Group through several partnerships established in the PRC as shareholding vehicles pursuant to an employee share ownership plan adopted by Impro Aerotek.

The consideration was determined with reference to the fair value of the underlying equity interest of Impro Aerotek as valued by an independent valuer.

Net proceeds from these issues amounted to RMB120,325,000 (equivalent to approximately HK$138,534,000), after offsetting issuance costs directly attributable to the issue of these shares of Impro Aerotek, out of which HK$93,264,000 and HK$45,270,000 were recorded in non-controlling interests and capital reserve accounts, respectively.

19 COMMITMENTS

Capital commitments outstanding at 30 June 2026 not provided for in the interim financial report were as follows:

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Contracted for:	**502,239**	481,039
Represented by:		
Construction of plants	**108,880**	140,219
Acquisition of machinery	**393,359**	340,820
	502,239	481,039

20 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Pursuant to the board meeting on 11 August 2026, the directors resolved to declare an interim dividend of HK$0.08 per share. Further details are disclosed in Note 18(a)(i).

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing the interim financial report.

The following updates the information provided in the last annual financial statements about the possible impacts of IFRS 18 which may have a significant impact on the Group's consolidated financial statements when adopted.

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1, *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.