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

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

- Record high revenue of HK$5,095.5 million in 2025 (2024: HK$4,686.8 million), a year-on-year increase of 8.7%
- Strong year-on-year revenue growth rate of 55.2% in medical end-market, and artificial intelligence data center related end-markets (of which: high horsepower engine increased by 43.3% and diversified industrials others increased by 38.4%)
- Gross profit increased by 10.3% to HK$1,400.1 million (2024: HK$1,269.1 million) and gross profit margin was 27.5% (2024: 27.1%)
- Profit attributable to shareholders of the Company increased to a record high of HK$726.2 million (2024: HK$644.3 million), a year-on-year increase of 12.7%
- Adjusted profit attributable to shareholders of the Company increased to a record high of HK$689.9 million (2024: HK$615.5 million), a year-on-year increase of 12.1%
- The Board resolved to declare a second interim dividend of 8.0 HK cents per share. Together with the first interim dividend of 8.0 HK cents per share, total dividend for the year ended 31 December 2025 amounted to 16.0 HK cents per share, equivalent to approximately 44% dividend payout ratio based on adjusted profit attributable to shareholders of the Company

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report to the shareholders the annual results of Impro Precision Industries Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**Impro**") for the year ended 31 December 2025.

During the year ended 31 December 2025, the revenue of the Group amounted to HK$5,095.5 million, representing a year-on-year increase of 8.7%. Profit attributable to shareholders of the Company ("**Shareholders**") amounted to HK$726.2 million, representing a year-on-year increase of 12.7%. Adjusted profit attributable to Shareholders amounted to HK$689.9 million, representing a year-on-year increase of 12.1%. Basic earnings per share amounted to 38.5 HK cents (for the year ended 31 December 2024: 34.1 HK cents). Taking into account the sound cash flow position and business prospects of the Group, the Board resolved to declare a second interim dividend of 8.0 HK cents per share for 2025 in lieu of a final dividend. Together with the first interim dividend of 8.0 HK cents per share for 2025 already distributed, dividend per share for the year amounted to 16.0 HK cents (for the year ended 31 December 2024: 16.0 HK cents).

In 2025, the artificial intelligence boom, intense volatility and unpredictability of US tariff policy and ongoing geopolitical conflicts continued to intertwine, profoundly affecting the global market landscape and trends. By virtue of its solid business foundation and its enduringly effective strategies of "Global Footprint", "Region for Region Manufacturing" and "Dual Source Production", the Group successfully mitigated market risks and achieved growth in its results. During the year, the development momentum of artificial intelligence remained strong, driving continued growth in demand for related data centers. As a key component of distributed power generators, the demand for high horsepower engines rose significantly, leading to a substantial year-on-year increase of 43.3% in the Group's sales in the high horsepower engine end-market. Meanwhile, the growth in demand for liquid cooling systems related to artificial intelligence data centers was also very strong, driving a substantial year-on-year increase of 38.4% in revenue from the diversified industrials others end-market. In addition, as new products commenced mass production, revenue from the medical end-market recorded a significant year-on-year increase of 55.2%.

In addition, as the Group's Mexico SLP Campus is still in the ramp-up stage, with high employee turnover leading to rising scrap rates, it continued to record a relatively large net loss during the year. Fortunately, most of our plants in China continued stellar financial performance and significant profit growth. This, coupled with the decrease in the Group's financing costs, successfully drove a 12.1% increase in the Group's adjusted profit attributable to Shareholders for 2025. The Group's robust financial performance in 2025, coupled with its forward-looking global footprint and diversified end-markets advantages, successfully attracted capital from Hong Kong, overseas and Chinese Mainland to purchase the Company's shares during the year. In 2025, the Company's share price increased significantly by approximately 1.5 times compared to the end of 2024.

Revenue by end-market

The Group sells its products to customers worldwide in diversified end-markets. During the year, the diversified industrials sector recorded a considerable increase in sales for the year, with sector revenue increasing by 23.6% year-on-year to HK$2,792.7 million. The large-scale construction of artificial intelligence data centers globally has led to a year-on-year surge of 43.3% and 38.4% in sales in the high horsepower engine end-market and the others end-market for the year, respectively. In 2025, the sales of the high horsepower engine end-market became the Group's largest sub-sector end-market, accounting for 22.1% of total revenue.

In addition, the construction equipment and the recreational boats and vehicle end-markets returned to growth, with sales increasing by 11.2% and 4.0% year-on-year to HK$721.3 million and HK$154.4 million, respectively. Although sales in the agricultural equipment end-market decreased to HK$302.5 million, the rate of decline narrowed to 6.7%.

The aerospace, energy and medical sector remained stable overall, with sales increasing by 3.7% year-on-year to HK$815.6 million. The medical end-market experienced strong growth, with sales increasing significantly by 55.2% year-on-year to HK$133.2 million. However, the energy end-market saw a year-on-year decrease in sales of 14.8% to HK$138.0 million due to weak in the oil and gas market, while the aerospace end-market remained basically flat, with sales increasing by 1.1% year-on-year.

For the year, sales in the automotive sector decreased by 9.3% to HK$1,487.2 million. Among them, revenue from the passenger car end-market decreased by 6.2% year-on-year, while the commercial vehicle end-market decreased by 12.7% year-on-year, primarily affected by weakening demand in the European and United States markets.

	Year ended 31 December					
	2025		2024		Increase/Decrease	
By End-market	***HK$ million***	***Proportion***	*HK$ million*	*Proportion*	*HK$ million*	*Change*
Diversified Industrials	**2,792.7**	**54.8%**	**2,260.0**	**48.2%**	**532.7**	**23.6%**
— High Horsepower Engine	1,125.9	22.1%	785.8	16.8%	340.1	43.3%
— Construction Equipment	721.3	14.2%	648.5	13.8%	72.8	11.2%
— Agricultural Equipment	302.5	5.9%	324.3	6.9%	(21.8)	-6.7%
— Recreational Boat and Vehicle	154.4	3.0%	148.4	3.2%	6.0	4.0%
— Others	488.6	9.6%	353.0	7.5%	135.6	38.4%
Automotive	**1,487.2**	**29.2%**	**1,640.5**	**35.0%**	**(153.3)**	**-9.3%**
— Passenger Car	799.1	15.7%	852.0	18.2%	(52.9)	-6.2%
— Commercial Vehicle	688.1	13.5%	788.5	16.8%	(100.4)	-12.7%
Aerospace, Energy & Medical	**815.6**	**16.0%**	**786.3**	**16.8%**	**29.3**	**3.7%**
— Aerospace	544.4	10.7%	538.6	11.5%	5.8	1.1%
— Energy	138.0	2.7%	161.9	3.5%	(23.9)	-14.8%
— Medical	133.2	2.6%	85.8	1.8%	47.4	55.2%
Total	**5,095.5**	**100.0%**	**4,686.8**	**100.0%**	**408.7**	**8.7%**

In local currencies, the revenue of the Group increased by 7.5% year-on-year. Such growth rate was lower than the reported revenue growth rate primarily due to the appreciation of average foreign exchange rate of Euro against HKD by 4.7% compared with the previous year.

Revenue by business segment

In terms of business segments, benefiting from the significant increase in sales in the high horsepower engine end-market of the Group during the year, the related sand casting business segment revenue increased significantly by 35.1%. With the completion of the rehabilitation and commencement of operations of the Nantong plant, revenue of the Group's surface treatment business segment increased significantly by 29.4% year-on-year. The robust sales growth in the medical end-market offset the impact of weak demand in some of the automotive end-markets, driving a year-on-year increase of 5.8% in revenue from investment casting business segment. However, due to weakening demand in the automotive sector, revenue from precision machining and others decreased by 5.8% year-on-year.

	Year ended 31 December					
	2025		2024		Increase/Decrease	
By Business Segment	***HK$ million***	***Proportion***	*HK$ million*	*Proportion*	*HK$ million*	*Change*
Investment casting	1,909.9	37.5%	1,804.7	38.5%	105.2	5.8%
Precision machining and others	1,619.8	31.8%	1,720.3	36.7%	(100.5)	-5.8%
Sand casting	1,487.5	29.2%	1,101.3	23.5%	386.2	35.1%
Surface treatment	78.3	1.5%	60.5	1.3%	17.8	29.4%
Total	**5,095.5**	**100.0%**	**4,686.8**	**100.0%**	**408.7**	**8.7%**

Revenue by geographical market

In 2025, benefiting from the strong sales growth of high horsepower engine products in China, the Group's business in Asia performed well, with revenue increasing by 29.7% year-on-year. Revenue from the Americas continued to grow, with an increase of 4.3%, while revenue from Europe only grew by 2.1%.

	Year ended 31 December					
	2025		2024		Increase/Decrease	
By Geographical Market	***HK$ million***	***Proportion***	*HK$ million*	*Proportion*	*HK$ million*	*Change*
Americas	**2,429.2**	**47.7%**	**2,328.5**	**49.7%**	**100.7**	**4.3%**
— United States	2,080.9	40.9%	2,082.3	44.4%	(1.4)	-0.1%
— Others	348.3	6.8%	246.2	5.3%	102.1	41.5%
Europe	**1,451.2**	**28.5%**	**1,421.6**	**30.3%**	**29.6**	**2.1%**
Asia	**1,215.1**	**23.8%**	**936.7**	**20.0%**	**278.4**	**29.7%**
— PRC	1,095.3	21.4%	817.9	17.5%	277.4	33.9%
— Others	119.8	2.4%	118.8	2.5%	1.0	0.8%
Total	**5,095.5**	**100.0%**	**4,686.8**	**100.0%**	**408.7**	**8.7%**

CORPORATE AWARDS

In 2025, the Group's products and services continued to receive high recognition from customers and were repeatedly honored with important awards, including the "Excellent Supplier Award for Lean Manufacturing" from Honeywell Aerospace, "Excellence in Delivery Performance Award" from GE Aerospace APAC, the 2025 "Excellence in Delivery Performance Award" from Pratt & Whitney China, and the 2025 "Strategic Supplier Award", "Excellence Performance Award" and "Long Service Award" from Bosch Rexroth. On the capital market front, by virtue of its robust business performance, clear strategic layout and continuous value enhancement, the Group once again received multi-party recognition from the market during the year. These included the "New Quality Productive Forces Enterprise Award 2025", the "Listed Company Excellence Award" from the Hong Kong Economic Journal, a major Hong Kong financial media outlet, for the fifth consecutive year, and the "Listed Company Annual Award" from the Hong Kong Stock Analysts Association for the fourth consecutive year. In February 2026, the Company was included by MSCI as a constituent of the MSCI Hong Kong Small Cap Index. Furthermore, EcoVadis, a corporate social responsibility rating service provider, awarded the Group a Silver Medal for the first time in February 2026 after awarding it Bronze Medal for three consecutive years. These accolades reflect the continued confidence in Impro's business resilience, growth potential and corporate governance.

DEVELOPMENT STRATEGY AND OUTLOOK

Looking ahead to 2026, the strategic competition in Sino-US relations, the continuous evolution of the geopolitical situation, the uncertain trend of fiscal policies in major global economies, and unpredictable nature of tariff policies will continue to bring challenges to the global economy and add complexity to corporate operations. However, the current trading environment highlights the advantages of the Group's three long-standing strategies of "Global Footprint", "Diversified End-markets" and "Twin Growth Engine", which enable us to meet the needs of customers for manufacturers with multiple sources of supply to mitigate supply chain risks. In view of the expected continued strong growth of artificial intelligence data centers related products, coupled with a large number of new orders at the Mexico SLP Campus and the recovery of demand in certain end-markets, the Group's sales revenue growth rate is expected to accelerate over the next two to three years. Based on the Group's outstanding orders on hand and the progress of future new project development, the Company forecasts that the year-on-year sales growth rate in 2026 will be approximately mid-double digits.

Among these, the diversified industrials sector is expected to continue to demonstrate robust growth momentum. The Group will actively seize the growth opportunities brought by industries related to artificial intelligence data centers and effectively translate them into sustained business results. In the high horsepower engine sector, as products are upgraded from castings and rough machining to a higher proportion of deep processing and partial full-finishing, combined with the successive mass production for new projects involving both existing and new customers, and with the large-scale sand casting workshop in Phase II of the Mexico SLP Campus commencing mass production in the middle of this year to provide more capacity, it is expected that high horsepower engine-related components will embark on a new growth curve starting from 2026. Meanwhile, leveraging its unique technological advantages and customer relationship in the field of data center liquid cooling systems, the Group's related business is ushering in rapid growth. With the expansion of production capacity of the investment casting plant at the Mexico SLP Campus, it is expected to continuously increase its market share in 2026 and beyond.

The aerospace, energy and medical sector ("**aerospace sector**") will become one of the Group's primary growth engines in the future. The Group will precisely capture the strategic opportunities arising from the current supply chain capacity constraints in this sector. In the aerospace end-market, the Mexican plants obtained the initial phase of AS9100 quality system certification in January 2026. As aerospace products involve various specialized processes, it is expected that the relevant certifications will be completed successively in the second half of 2026, and mass production will gradually commence. In the medical end-market, the Group will continue to develop surgical robots related products, which are expected to demonstrate certain growth potential in the coming years. In the energy end-market, due to the global power shortage, demand for industrial gas turbines as primary power generation equipment remains robust. Capturing this trend may lead to a further increase in related capital expenditure.

According to industry forecasts, the global investment casting market is set to grow from approximately US$17.5 billion in 2025 to more than US$23.8 billion in 2031, of which approximately US$4 billion will be coming from the aerospace, energy and medical sector. To capture this market opportunity and gain a share of the market growth, the Group is continuously evaluating a potential spin-off and separate listing of the aerospace, energy and medical sector, as well as various other feasible financing options to support the expansion of future production capacity and process categories and make forward-looking preparations for the long-term sustainable development of the aerospace sector.

The automotive sector will exhibit structural divergence, with demand for passenger cars projected to continue to decline, while the commercial vehicle market is expected to resume growth. In response to this trend, the Group will continue to optimize its product structure, focus on increasing sales of commercial vehicles, and effectively control capital expenditure related to passenger cars, while attentive to any business opportunities that may arise during the downturn period of the passenger car market. In the commercial vehicle end-market, the Group will continue to consolidate and increase its market share in traditional internal combustion engines, while flexibly seizing strategic opportunities to enter the electric commercial vehicle market. It is expected that from the third quarter of 2026, related products will enter a steady ramp-up phase, thereby driving relatively strong sales growth in the electric commercial vehicle market.

Currently, although the Sino-US trade war has temporarily eased, providing some breathing space for the market, the United States-Mexico-Canada Agreement ("**USMCA**") will face renewal negotiations in 2026, which will pose challenges to the future business development of the Group and its customers with the capricious and unpredictable nature of the US tariff policy, and the unknown impact of the US-Iran War on global geopolitics and the global economy. Although overall operations still face numerous uncertainties, the strategic value and commercial potential of the Mexico SLP Campus within the Group's "Global Footprint" will gradually become apparent, with its long-term development potential and contribution worth expecting. In terms of internal management, as more employee dormitories in Mexico are successively put into use, it is expected that the issue of employee turnover will be effectively alleviated. Moreover, to seize the opportunities from the rapid growth of the global investment casting market and to meet strong customer demand, the Group will moderately increase the capital expenditure of the aerospace plant in the Mexico SLP Campus. Subject to prudent assessment, the Group will continue to seek opportunities for expansion of production capacity and process categories to share in the dividends of market growth. The Group expects capital expenditure for 2026 to be approximately HK$850 million, of which more than three-quarters will be allocated to the Mexico SLP Campus, with the remainder to be primarily invested in our plants in China.

The plants in China are expected to continue leveraging their advantages in operational efficiency and cost control to deliver sustained and steady performance to the Group. With the successful relocation of Foshan Ameriforge (Plant 12) to Nantong and the gradual stabilization of its operations, the plant has demonstrated a steady growth trend in its performance. In addition, plant 8 for surface treatment in Nantong is expected to achieve a turnaround to profitability in 2026. However, high staff turnover and high scrap rate at the Mexico plants are expected to continue for a certain period of time. The hyperinflation in Turkey and the ongoing appreciation of Renminbi will pose significant challenges to the Group. This is further compounded by the unpredictability of US tariff policy and the expiration of the truce period of the Sino-US trade war in November 2026, uncertainties surrounding the renewal of the USMCA as scheduled, as well as the ongoing Middle East US-Iran War, coupled with the intensifying trend of global geopolitical conflicts, all of which will bring considerable pressure and uncertainties to the Group's results. The relevant management of the Group will pay close attention to and make every effort to cope with these challenges and strive to achieve stable growth in results of the Group.

To actively explore and lay out the medium-to-long-term growth momentum, the Group has formally established the "Future Business Unit", which focuses on identifying and evaluating emerging market opportunities that align with the Group's strategic direction, with the aim of cultivating potential growth projects for the Group. The Group is not only committed to consolidating the stable growth of existing businesses, but will also continue to explore new opportunities in future industrial trends through systematic and forward-looking positioning. The Future Business Unit will serve as a key engine for exploration and innovation, assisting the Group's existing "Aerotek Business Unit", "Fluidtek Business Unit" and "Mechatek Business Unit" in enhancing market share and global industry status amidst dynamic competition and laying the foundation for the next stage of advancement.

Looking ahead, the Group will focus on the three core strategies of "Global Footprint", "Diversified End-markets" and "Twin Growth Engine", while simultaneously promoting the expansion of the diversified industrials, aerospace, energy and medical and automotive end-markets, and precisely seizing the strategic opportunities brought by the artificial intelligence. Meanwhile, the Group will continue to optimize its global production capacity allocation, give full play to the advantages of its global footprint, and actively promote end-market diversification and regional production synergy. In addition, the Group will continue to seek merger and acquisition opportunities with synergistic effects, strengthen its research and development and technical capabilities, drive continuous improvement of the Group's results by providing diversified, high-quality products and services, and strive to create stable and growing returns for Shareholders.

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

LU Ruibo
Chairman and Chief Executive Officer

Hong Kong, 10 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

HK$ million	**Year ended 31 December 2025**	2024	Change
Revenue	**5,095.5**	4,686.8	8.7%
Gross profit	**1,400.1**	1,269.1	10.3%
Gross profit margin	***27.5%***	*27.1%*	*0.4%*
Other revenue	**31.5**	33.2	-5.1%
Other net income	**12.1**	125.5	-90.4%
Selling and distribution expenses	**(189.7)**	(177.0)	7.2%
As a % of revenue	***3.7%***	*3.8%*	*-0.1%*
Administrative and other operating expenses	**(359.5)**	(362.6)	-0.9%
As a % of revenue	***7.1%***	*7.7%*	*-0.6%*
Profit from operations	**894.5**	888.2	0.7%
Operating profit margin	***17.6%***	*19.0%*	*-1.4%*
Net finance costs	**(78.8)**	(102.3)	-23.0%
Profit before taxation	**815.7**	785.9	3.8%
Income tax	**(87.6)**	(140.1)	-37.5%
Adjusted effective tax rate[1]	***18.4%***	*18.1%*	*0.3%*
Profit for the year	**728.1**	645.8	12.7%
Net profit margin	***14.3%***	*13.8%*	*0.5%*
Profit attributable to:			
Equity shareholders of the Company	**726.2**	644.3	12.7%
Non-controlling interest	**1.9**	1.5	26.7%
	728.1	645.8	12.7%

Note:

1 Adjusted effective tax rate (non-IFRS measure) is computed as below:

	Year ended 31 December 2025 HK$ million	2024 *HK$ million*
Profit before taxation	**815.7**	785.9
Less: Insurance claims received, net of legal expenses as a result of Nantong fire incident	**–**	(72.3)
Adjusted profit before taxation	**815.7**	713.6
Income tax	**(87.6)**	(140.1)
Add: Tax impact on adjusting items above	**–**	10.8
Less: Recognition of deferred tax assets of tax losses of a PRC subsidiary arising from intragroup reorganization	**(62.5)**	–
Adjusted income tax	**(150.1)**	(129.3)
Adjusted effective tax rate	**18.4%**	18.1%

HK$ million	**Year ended 31 December** **2025**	2024	Change
Profit attributable to shareholders of the Company	**726.2**	644.3	12.7%
Adjusted profit attributable to shareholders of the Company[1]	**689.9**	615.5	12.1%
Earnings per share — Basic (HK cents)	**38.5**	34.1	12.7%
Adjusted basic earnings per share (HK cents)	**36.6**	32.6	12.3%
Dividend per share (HK cents)	**16.0**	16.0	0.0%
EBITDA[2]	**1,413.1**	1,390.9	1.6%
EBITDA margin	**27.7%**	29.7%	-2.0%
Adjusted EBITDA[3]	**1,413.1**	1,318.6	7.2%
Adjusted EBITDA margin	**27.7%**	28.1%	-0.4%
Net cash generated from operating activities	**1,258.7**	1,146.2	9.8%
Free cash inflow from operations[4]	**281.6**	456.2	-38.4%

HK$ million	**As at 31 December 2025**	As at 31 December 2024	Change
Cash and cash equivalents	**720.9**	601.7	19.8%
Total debt	**2,430.8**	2,196.1	10.7%
Net debt (total debt less cash and cash equivalents)	**1,709.9**	1,594.4	7.2%
Total equity	**5,623.2**	4,742.9	18.6%
Market capitalization[5]	**9,191.1**	3,680.2	149.7%
Enterprise value[6]	**10,919.3**	5,296.1	106.2%

Key Financial Ratios		
Adjusted return on equity[7]	**13.4%**	12.8%
Price earnings ratio	**12.7**	5.7
Enterprise value to adjusted EBITDA ratio	**7.7**	4.0
Net debt to adjusted EBITDA ratio	**1.2**	1.2
Net gearing ratio	**30.4%**	33.6%
Interest coverage[8]	**9.9**	7.4

Notes:

1 Reconciliation of profit for the year to adjusted profit attributable to shareholders of the Company (non-IFRS measure), which represents the Group's underlying performance is shown below:

	Year ended 31 December	
	2025	2024
	HK$ million	*HK$ million*
Profit for the year	**728.1**	645.8
Adjustments:		
— Insurance claims received, net of legal expenses & tax, as a result of Nantong fire incident	**–**	(61.5)
— Amortization and depreciation related to purchase price allocation, net of tax	**26.2**	32.7
— Recognition of deferred tax assets of tax losses of a PRC subsidiary arising from intragroup reorganization	**(62.5)**	–
Adjusted profit for the year	**691.8**	617.0
Less: Profit attributable to non-controlling interest	**(1.9)**	(1.5)
Adjusted profit attributable to shareholders of the Company	**689.9**	615.5

2 EBITDA refers to earnings before interest, tax, depreciation and amortization.

3 Adjusted EBITDA represents EBITDA added back below significant one-off items for the years ended 31 December 2025 and 2024.

Reconciliation of EBITDA to adjusted EBITDA (non-IFRS measures):

	Year ended 31 December	
	2025	2024
	HK$ million	*HK$ million*
EBITDA	**1,413.1**	1,390.9
Adjustments:		
— Insurance claims received, net of legal expenses as a result of Nantong fire incident	**–**	(72.3)
Adjusted EBITDA	**1,413.1**	1,318.6

4 Net cash generated from operating activities less net cash used in investing activities but add back net cash used in acquisitions.

5 Outstanding number of shares multiplied by the closing share price (HK$4.87 per share as of 31 December 2025; HK$1.95 per share as of 31 December 2024).

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

7 Adjusted return on equity is calculated as adjusted profit attributable to shareholders of the Company divided by the average of total equity attributable to equity shareholders of the Company as of 31 December 2025 and 2024.

8 Interest coverage is profit from operations (adjusted for significant one-off items) divided by interest expenses on total interest-bearing bank loans and lease liabilities.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2025 increased by 8.7% to HK$5,095.5 million as compared to last year of HK$4,686.8 million. In local currencies, the Group's revenue increased by 7.5% year-on-year. Such growth rate was lower than the reported revenue growth rate mainly due to the appreciation of average foreign exchange rates of Euro against HKD by 4.7% compared with the previous year.

Gross profit and gross profit margin

The Group's gross profit increased by HK$131.0 million, or 10.3% to HK$1,400.1 million for the year ended 31 December 2025 as compared to HK$1,269.1 million for the year ended 31 December 2024. The gross profit of investment casting business increased by HK$20.5 million, or 3.3% to HK$645.5 million, mainly due to revenue increase from medical and diversified industrials end-markets which was partially offset by revenue decline from automotive end-market. The gross profit of precision machining and others business decreased by HK$51.4 million to HK$275.4 million mainly due to the decline in gross profit of Mexican and Turkish precision machining plants. The gross profit of sand casting business increased by HK$148.9 million, or 47.2% to HK$464.4 million mainly as a result of the robust demand of high horsepower engine end-market, which was more than enough to offset the gross loss reported in Mexico sand casting plant. Surface treatment business reported a gross profit of HK$14.8 million for the year ended 31 December 2025, compared to a gross profit of HK$1.8 million for the year ended 31 December 2024. This improvement is attributed to the rehabilitation of the Nantong plant since January 2024.

The Group's gross profit margin was 27.5% for the year ended 31 December 2025, compared with 27.1% in last year. The increase in gross profit margin was mainly attributed to the robust demand from high horsepower engine end-market, partially offset by the lower-than-expected revenue growth from the Mexican plants and the decline in profit in precision machining and others business.

Other revenue

During the year ended 31 December 2025, the Group's other revenue decreased by HK$1.7 million to HK$31.5 million (2024: HK$33.2 million). Other revenue mainly represented various discretionary incentives from the local governments in the PRC in relation to technology development and other incentive programs.

Other net income

The Group recorded other net income of HK$12.1 million for the year ended 31 December 2025 (2024: HK$125.5 million). Other net income amount was significant in 2024 because the Group received insurance compensation from the Nantong fire incident net of legal expense of HK$72.3 million, and reported a net foreign exchange gain of HK$45.8 million mainly due to devaluation of RMB against HKD.

Selling and distribution expenses

The Group's selling and distribution expenses increased by HK$12.7 million, or 7.2%, to HK$189.7 million for the year ended 31 December 2025 as compared to HK$177.0 million for the year ended 31 December 2024. The increase in selling and distribution expenses was mainly due to a significant increase in tariff expenses by HK$17.6 million or 68.8% to HK$43.2 million. Selling and distribution expenses to revenue ratio was 3.7% for the year ended 31 December 2025 (2024: 3.8%).

Administrative and other operating expenses

The Group's administrative and other operating expenses decreased by HK$3.1 million, or 0.9%, to HK$359.5 million for the year ended 31 December 2025, as compared to HK$362.6 million in last year. The decrease in administrative and other operating expenses was mainly attributable to the decrease in amortization and depreciation expense of HK$8.4 million as the acquisition of Turkish subsidiary related intangibles and fixed assets have been fully amortized and depreciated in 2024. Administrative and other operating expenses to revenue ratio was 7.1% for the year ended 31 December 2025 (2024: 7.7%).

Net finance costs

The Group's net finance costs decreased by HK$23.5 million to HK$78.8 million for the year ended 31 December 2025. The decrease was mainly attributable to the lower interest rate of HKD borrowings during the year ended 31 December 2025.

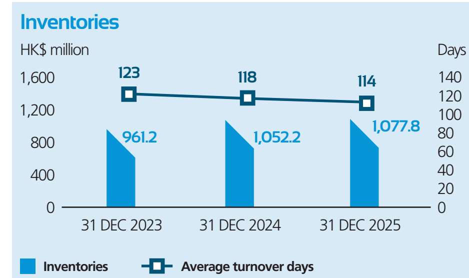
Income tax

The Group's income tax expenses decreased to HK$87.6 million for the year ended 31 December 2025 from HK$140.1 million for the year ended 31 December 2024. Income tax expenses were lower in 2025 mainly due to the one-off recognition of deferred tax assets of HK$62.5 million by a PRC subsidiary arising from intragroup reorganization. Adjusted effective tax rate was 18.4% for the year ended 31 December 2025 (2024: 18.1%).

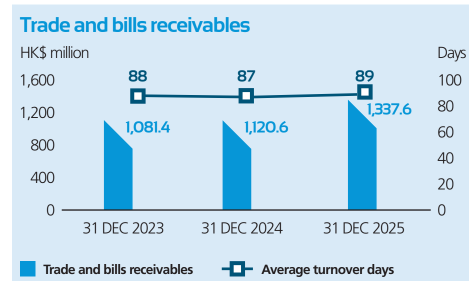
Working capital

	As at 31 December 2025 *HK$ million*	As at 31 December 2024 *HK$ million*
Inventories	**1,077.8**	1,052.2
Trade and bills receivables	**1,337.6**	1,120.6
Prepayments, deposits and other receivables	**286.8**	338.2
Trade payables	**(644.8)**	(588.6)
Other payables and accruals	**(408.9)**	(378.1)
Deferred income	**(139.7)**	(129.2)
Defined benefit retirement plans obligation	**(58.8)**	(62.6)
Total working capital	**1,450.0**	1,352.5
Total working capital as a % of Revenue	**28.5%**	28.9%

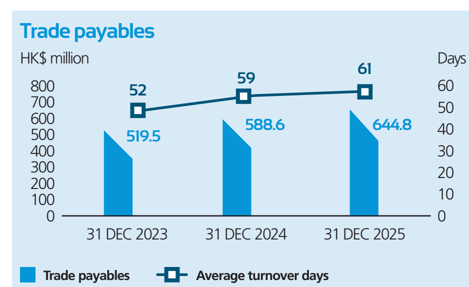
Inventories increased by HK$25.6 million to HK$1,077.8 million as of 31 December 2025 (31 December 2024: HK$1,052.2 million) mainly due to increase in raw materials to cope with higher customers' demand during the year ended 31 December 2025. Inventory turnover days decreased 4 days to 114 days as at 31 December 2025 from 118 days as at 31 December 2024.



Trade and bills receivables increased by HK$217.0 million to HK$1,337.6 million as of 31 December 2025 (31 December 2024: HK$1,120.6 million) mainly due to increase in revenue during the year ended 31 December 2025. Trade and bills receivables average turnover days increased to 89 days as at 31 December 2025 (31 December 2024: 87 days). 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 31 December 2025, current receivables and overdue balances of less than 30 days has increased to 96.2% (as at 31 December 2024: 94.8%) of the balance of the gross trade and bills receivables.



Trade payables increased by HK$56.2 million to HK$644.8 million as of 31 December 2025 (31 December 2024: HK$588.6 million). The increase was generally in line with the increase in the scale of business operation. Trade payable average turnover days as at 31 December 2025 increased to 61 days as compared to 59 days as at 31 December 2024.



EBITDA and Net profit

The Group's EBITDA was HK$1,413.1 million, or EBITDA margin of 27.7% for the year ended 31 December 2025, as compared to EBITDA of HK$1,390.9 million, or EBITDA margin of 29.7% in last year. Profit attributable to Shareholders was HK$726.2 million, as compared to a profit of HK$644.3 million in last year. Net profit margin for the year ended 31 December 2025 was 14.3%, as compared to 13.8% in last year.

Excluding one-off deferred tax assets recognition in 2025, insurance compensation received from the Nantong fire incident in 2024 and the amortization and depreciation expenses related to past acquisitions in both years, the Group's adjusted profit attributable to Shareholders was HK$689.9 million for the year ended 31 December 2025, an increase of 12.1% as compared to HK$615.5 million in last year. Adjusted net profit margin was 13.6% for the year ended 31 December 2025, as compared to 13.2% attained in last year.

Financial resources and liquidity

As at 31 December 2025, the total assets of the Group increased by 14.9% to HK$9,389.9 million and total equity increased by 18.6% to HK$5,623.2 million as compared to the amount as at 31 December 2024. The increase of total assets was mainly attributable to the appreciation of MXN and RMB against HKD that increased the HKD value of property, plant and equipment amount of Mexico and China plants respectively together with continued capital expenditures in Mexico plants during the year ended 31 December 2025. The Group's current ratio as at 31 December 2025 was 1.60, as compared to 1.63 as at 31 December 2024. The change in current ratio was primarily due to increase in short-term bank borrowings during the year ended 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. The Group had operating cash inflow of HK$1,258.7 million for the year ended 31 December 2025. The funds generated from operations and cash on hand are adequate to fund the liquidity and capital requirements.

To the extent that there is any surplus cash which has yet to be used for the designated purposes, the Group will deposit such cash with different licensed banks or financial institutions for the purpose of generating interest income.

The table below sets forth a consolidated cashflow statement for the Group for the years indicated:

	Year ended 31 December	
	2025	2024
	HK$ million	*HK$ million*
Cash generated from/(used in)		
Operating activities	**1,258.7**	1,146.2
Investing activities	**(977.1)**	(690.0)
Financing activities	**(185.5)**	(467.2)
Net movement in cash	**96.1**	(11.0)

Cash generated from operating activities was HK$1,258.7 million for the year ended 31 December 2025, an increase of HK$112.5 million compared to HK$1,146.2 million in last year. The increase in cash flows from operating activities was mainly due to a decrease in net working capital.

Cash used in investing activities was HK$977.1 million for the year ended 31 December 2025, an increase of HK$287.1 million compared to HK$690.0 million in last year. The major items on investment activities were payment for capital expenditures which included purchases of machinery, equipment, tooling and infrastructure of HK$904.3 million.

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

	Year ended 31 December	
	2025	2024
	HK$ million	*HK$ million*
Payment of property, plant and equipment	**(904.3)**	(612.0)
Proceeds from disposal of property, plant and equipment	**3.4**	1.7
Payment for deferred expenses	**(87.5)**	(88.1)
Interest received	**11.3**	8.4
Net cash used in investing activities	**(977.1)**	(690.0)

Cash used in financing activities was HK$185.5 million for the year ended 31 December 2025, compared to HK$467.2 million in last year.

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

	Year ended 31 December	
	2025	2024
	HK$ million	*HK$ million*
Proceeds from bank loans	**1,601.7**	1,529.4
Repayment of bank loans	**(1,385.3)**	(1,578.7)
Interest paid	**(89.5)**	(110.1)
Payment of lease rentals	**(5.1)**	(5.8)
Dividend paid to equity shareholders of the Company	**(302.0)**	(302.0)
Dividend paid to non-controlling interest	**(5.3)**	–
Net cash used in financing activities	**(185.5)**	(467.2)

Indebtedness

As at 31 December 2025, the Group's total borrowings were HK$2,430.8 million, an increase of HK$234.7 million from HK$2,196.1 million as at 31 December 2024. Long-term borrowings accounted for 56.2% of total borrowings (as at 31 December 2024: 58.0%).

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

	As at 31 December 2025 *HK$ million*	As at 31 December 2024 *HK$ million*
Current bank loans	**1,061.1**	919.2
Non-current bank loans	**1,359.5**	1,265.6
Current lease liabilities	**4.4**	3.8
Non-current lease liabilities	**5.8**	7.5
Total borrowings	**2,430.8**	2,196.1

As at 31 December 2025, the Group had total banking facilities available for draw-down of HK$2,505.0 million (as at 31 December 2024: HK$2,308.6 million).

The Group's net gearing ratio as at 31 December 2025 was 30.4% (as at 31 December 2024: 33.6%). This ratio is based on total borrowings less cash and cash equivalents divided by total equity. The gearing level has decreased mainly due to increase in total equity balance as a result of appreciation of MXN and RMB that increased the exchange reserve during the year ended 31 December 2025.

Capital Expenditures and Commitments

The management of the Group exercised careful control over capital expenditures. Capital expenditures of the Group amounted to HK$897.7 million for the year ended 31 December 2025 (2024: HK$632.7 million) which was primarily used in the infrastructure and machinery spending for the new plants in Mexico, as well as the production capacity expansion in the Group's PRC plants. Among which, the Group incurred HK$706.3 million (2024: HK$290.1 million) for the development of new plants in Mexico, including the purchases of machinery 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 31 December 2025 amounted to HK$481.0 million (as at 31 December 2024: HK$425.4 million), which were mainly related to plants construction and acquisition of machinery.

Pledge of Assets

No property, plant and equipment of the Group were pledged as security for bank borrowings/facilities as at 31 December 2025 (as at 31 December 2024: nil).

Contingent Liabilities

No material contingent liability existed as at 31 December 2025.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

Save as disclosed below, the Group had neither material acquisition nor disposal of subsidiaries, associates and joint ventures for the year ended 31 December 2025.

Significant Investments

As at 31 December 2025, the Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 31 December 2025.

Treasury Policies and Exposure to Fluctuation in Exchange Rates

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

The Group's revenue was mainly denominated in USD, EUR and RMB while most of the cost of sales was denominated in RMB, TL, EUR and MXN. As a result, exchange rate fluctuations between the above-mentioned foreign currencies against HK$ could affect the Group's performance and asset value in the reporting currency of HK$.

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 revenue currency proportion with a view to reducing the impact of exchange rate fluctuations. As at 31 December 2025, HK$859.7 million of borrowings were at fixed interest rates, while the cash and cash equivalents were mainly denominated in RMB, USD, TL, MXN and HKD.

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. During the year ended 31 December 2025, the Group did not use any financial instrument for hedging purpose.

Employees and Remuneration Policy

As at 31 December 2025, the Group had 8,271 full-time employees of whom 5,981 were based in Mainland China and 2,290 were based in Turkey, Germany, Czech Republic, Mexico, Hong Kong, United States and Luxembourg. The total staff costs, including the emoluments of the Directors, amounted to HK$1,362.8 million for the year ended 31 December 2025 (2024: HK$1,309.5 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 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 option may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

Sustainability

During the year, the Group deepened its commitment and actions on reducing greenhouse gas emission in the Group's manufacturing plants. As a result of various energy efficiency enhancement projects and acceleration of energy mix transformation of our global plants, the Group's greenhouse gas emission intensity decreased by 2.3% year-on-year. On an accumulated basis since 2020, the Group has accomplished 2030 greenhouse gas emission and water consumption intensity reduction goals and reduced these intensities by 41.5% and 58.3%, respectively. The Group has also made progress with waste disposal intensity, with 90.9% of waste being recycled in 2025, compared to 87.8% in 2024.

During the year, the Group was awarded an A-Rating from Wind ESG, a leading China ESG rating agency covering more than 12,000 corporate entities. This ESG score ranked Impro in the top 10% of its industry peers. Further in February 2026, the Group was accredited the Silver Medal by a global reputable sustainability rating agency EcoVadis for the first time, with its score significantly improving by 15 points year-on-year to 77, after awarding it Bronze Medals for three consecutive years, signifying the Group's outstanding corporate social responsibility and sustainability achievements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Note	2025 HK$'000	2024 HK$'000
Revenue	*3*	**5,095,490**	4,686,795
Cost of sales		**(3,695,375)**	(3,417,651)
Gross profit		**1,400,115**	1,269,144
Other revenue	*4(a)*	**31,498**	33,189
Other net income	*4(b)*	**12,071**	125,481
Selling and distribution expenses		**(189,668)**	(177,021)
Administrative and other operating expenses		**(359,590)**	(362,630)
Profit from operations		**894,426**	888,163
Net finance costs	*5(a)*	**(78,776)**	(102,261)
Profit before taxation	*5*	**815,650**	785,902
Income tax	*6*	**(87,566)**	(140,098)
Profit for the year		**728,084**	645,804
Attributable to:			
Equity shareholders of the Company		**726,181**	644,304
Non-controlling interest		**1,903**	1,500
Profit for the year		**728,084**	645,804
Earnings per share	*8*		
Basic *(HK cents)*		**38.5**	34.1
Diluted *(HK cents)*		**38.5**	34.1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	HK$'000	*HK$'000*
Profit for the year	**728,084**	645,804
Other comprehensive income for the year (after tax adjustments)		
Items that will not be reclassified to profit or loss:		
Effect of remeasurement of defined benefit plan obligations (net of tax of HK$97,000 (2024: HK$2,750,000))	**3,841**	(2,161)
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of entities with functional currencies other than Hong Kong Dollars ("**HK$**")	**455,715**	(499,855)
Other comprehensive income for the year	**459,556**	(502,016)
Total comprehensive income for the year	**1,187,640**	143,788
Attributable to:		
Equity shareholders of the Company	**1,185,370**	142,604
Non-controlling interest	**2,270**	1,184
Total comprehensive income for the year	**1,187,640**	143,788

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment		**5,236,218**	4,322,632
Prepayments for purchase of property, plant and equipment		**18,562**	75,765
Intangible assets		**168,674**	184,223
Goodwill	*9*	**228,279**	222,654
Deferred expenses		**163,008**	158,960
Other financial asset		**1,559**	1,521
Deferred tax assets		**141,413**	83,880
		5,957,713	5,049,635
Current assets			
Inventories		**1,077,757**	1,052,233
Trade and bills receivables	*10*	**1,337,615**	1,120,602
Prepayments, deposits and other receivables		**286,803**	338,222
Taxation recoverable		**8,936**	9,387
Cash and cash equivalents		**720,944**	601,747
		3,432,055	3,122,191
Current liabilities			
Bank loans		**1,061,138**	919,234
Lease liabilities		**4,395**	3,778
Trade payables	*11*	**644,799**	588,573
Other payables and accruals		**408,933**	378,058
Taxation payable		**20,519**	24,430
		2,139,784	1,914,073
Net current assets		**1,292,271**	1,208,118
Total assets less current liabilities		**7,249,984**	6,257,753

	2025	2024
	HK$'000	*HK$'000*
Non-current liabilities		
Bank loans	**1,359,451**	1,265,648
Lease liabilities	**5,780**	7,457
Deferred income	**139,714**	129,208
Defined benefit plan obligations	**58,796**	62,642
Deferred tax liabilities	**63,063**	49,884
	1,626,804	1,514,839
NET ASSETS	**5,623,180**	4,742,914
CAPITAL AND RESERVES		
Share capital	**188,729**	188,729
Reserves	**5,416,072**	4,532,668
Total equity attributable to equity shareholders of the Company	**5,604,801**	4,721,397
Non-controlling interest	**18,379**	21,517
TOTAL EQUITY	**5,623,180**	4,742,914

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2025

	2025	2024
	HK$'000	*HK$'000*
Operating activities		
Cash generated from operations	**1,387,028**	1,258,951
Tax paid	**(128,307)**	(112,783)
Net cash generated from operating activities	**1,258,721**	1,146,168
Investing activities		
Payment for the acquisition of property, plant and equipment	**(904,272)**	(611,950)
Proceeds from disposal of property, plant and equipment	**3,363**	1,670
Payment for deferred expenses	**(87,472)**	(88,158)
Interest received	**11,271**	8,434
Net cash used in investing activities	**(977,110)**	(690,004)
Financing activities		
Proceeds from bank loans	**1,601,753**	1,529,452
Repayment of bank loans	**(1,385,341)**	(1,578,722)
Interest paid	**(89,530)**	(110,130)
Capital element of lease rentals paid	**(4,466)**	(5,241)
Interest element of lease rentals paid	**(517)**	(565)
Dividends paid to equity shareholders of the Company	**(301,966)**	(301,966)
Dividends paid to non-controlling interest	**(5,408)**	–
Net cash used in financing activities	**(185,475)**	(467,172)
Net increase/(decrease) in cash and cash equivalents	**96,136**	(11,008)
Cash and cash equivalents at 1 January	**601,747**	630,850
Effect of foreign exchange rate changes	**23,061**	(18,095)
Cash and cash equivalents at 31 December	**720,944**	601,747

NOTES

1 GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 of the Cayman Islands.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 June 2019.

The Company is an investment holding company. The Company and its subsidiaries (together, 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.

The consolidated financial statements are presented in HK$, unless otherwise stated and have approved for issue by the Board of Directors on 10 March 2026. They have been prepared in accordance with all applicable International Financial Reporting Standard ("**IFRS**") using the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial information relating to the financial year ended 31 December 2025 that is included in this preliminary annual results announcement does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

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

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

3 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.

(i) Disaggregation of revenue

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

	Year ended 31 December	
	2025	2024
	HK$'000	*HK$'000*
Investment casting	**1,909,999**	1,804,779
Precision machining and others	**1,619,758**	1,720,250
Sand casting	**1,487,452**	1,101,270
Surface treatment	**78,281**	60,496
	5,095,490	4,686,795

The Group's revenue from contracts with customers were recognized at point in time. Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 3(b)(iii).

The Group's customer base is diversified and includes two (2024: three) customers with whom transactions have exceeded 10% of the Group's revenues.

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for goods such that information about revenue expected to be recognized in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an expected duration of one year or less.

(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 mold cavity for solidification. The main products are high horsepower engine and construction equipment components.

- Surface treatment: It primarily contains surface treatment services including plating, anodizing, painting and coating and is mainly used in automotive and aerospace end-markets.

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

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

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses or which otherwise arise from the depreciation or amortization of assets attributable to those segments. However, other than reporting intersegment 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 Intersegment sales) generated by the segments in their operations. Intersegment 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 years ended 31 December 2025 and 2024 is set out below:

	Year ended 31 December 2025				
	Investment casting	**Precision machining and others**	**Sand casting**	**Surface treatment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**1,909,999**	**1,619,758**	**1,487,452**	**78,281**	**5,095,490**
Intersegment revenue	**–**	**–**	**–**	**36,073**	**36,073**
Reportable segment revenue	**1,909,999**	**1,619,758**	**1,487,452**	**114,354**	**5,131,563**
Gross profit from external customers	**645,484**	**275,414**	**464,373**	**14,844**	**1,400,115**
Intersegment gross profit	**–**	**–**	**–**	**10,921**	**10,921**
Reportable segment gross profit	**645,484**	**275,414**	**464,373**	**25,765**	**1,411,036**
Depreciation and amortization	**181,004**	**176,030**	**131,733**	**29,936**	**518,703**
Reportable segment profit	**647,673**	**261,338**	**451,431**	**46,730**	**1,407,172**
Reportable segment assets	**3,059,667**	**2,340,999**	**2,608,623**	**527,177**	**8,536,466**

	Year ended 31 December 2024				
	Investment casting *HK$'000*	Precision machining and others *HK$'000*	Sand casting *HK$'000*	Surface treatment *HK$'000*	Total *HK$'000*
Revenue from external customers	1,804,779	1,720,250	1,101,270	60,496	4,686,795
Intersegment revenue	–	–	–	32,171	32,171
Reportable segment revenue	1,804,779	1,720,250	1,101,270	92,667	4,718,966
Gross profit from external customers	625,041	326,835	315,509	1,759	1,269,144
Intersegment gross profit	–	–	–	9,437	9,437
Reportable segment gross profit	625,041	326,835	315,509	11,196	1,278,581
Depreciation and amortization	183,089	173,908	122,000	23,739	502,736
Reportable segment profit	629,897	290,229	318,798	26,061	1,264,985
Reportable segment assets	2,870,304	2,377,091	1,809,540	428,687	7,485,622

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

	Year ended 31 December	
	2025 ***HK$'000***	2024 *HK$'000*
Revenue		
Reportable segment revenue	**5,131,563**	4,718,966
Elimination of intersegment revenue	**(36,073)**	(32,171)
Consolidated revenue	**5,095,490**	4,686,795
Gross profit		
Reportable segment gross profit	**1,411,036**	1,278,581
Elimination of intersegment gross profit	**(10,921)**	(9,437)
Consolidated gross profit	**1,400,115**	1,269,144
Profit		
Reportable segment profit	**1,407,172**	1,264,985
Elimination of intersegment profit	**(10,921)**	(9,437)
Reportable segment profit derived from the Group's external customers	**1,396,251**	1,255,548
Other revenue	**31,498**	33,189
Other net income	**12,071**	125,481
Unallocated head office and corporate expenses	**(26,691)**	(23,319)
Consolidated profit before interest, taxes, depreciation and amortization	**1,413,129**	1,390,899
Net finance costs	**(78,776)**	(102,261)
Depreciation and amortization	**(518,703)**	(502,736)
Consolidated profit before taxation	**815,650**	785,902

	As at 31 December	
	2025	2024
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**8,536,466**	7,485,622
Elimination of intersegment receivables	**(22,643)**	(8,048)
	8,513,823	7,477,574
Other financial asset	**1,559**	1,521
Deferred tax assets	**141,413**	83,880
Cash and cash equivalents	**720,944**	601,747
Unallocated head office and corporate assets	**12,029**	7,104
Consolidated total assets	**9,389,768**	8,171,826

(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

	Year ended 31 December	
	2025	2024
	HK$'000	*HK$'000*
Americas		
— United States of America ("**United States**")	**2,080,851**	2,082,275
— Others	**348,270**	246,192
Europe	**1,451,168**	1,421,584
Asia		
— The People's Republic of China ("**PRC**")	**1,095,418**	817,953
— Others	**119,783**	118,791
	5,095,490	4,686,795

Specified non-current assets

	As at 31 December	
	2025	2024
	HK$'000	*HK$'000*
United States	**6,124**	7,893
Europe	**424,096**	408,873
The PRC	**2,926,402**	2,914,359
Mexico	**2,459,678**	1,634,630
	5,816,300	4,965,755

4 OTHER REVENUE AND OTHER NET INCOME

(a) Other revenue

	Year ended 31 December	
	2025	2024
	HK$'000	*HK$'000*
Rental income	**878**	749
Government grants *(Note)*	**26,477**	27,031
Others	**4,143**	5,409
	31,498	33,189

Note:

During the year ended 31 December 2025, the Group received unconditional government subsidies of HK$16,230,000 (2024: HK$14,638,000) as encouragement of their contribution in technology development, environment protection and contribution in local economy.

During the year ended 31 December 2025, the Group received conditional government subsidies of HK$17,394,000 (2024: HK$9,181,000) as subsidies for acquisition of property, plant, equipment and leasehold land. During the year ended 31 December 2025, the Group recognized such subsidies of HK$10,247,000 (2024: HK$12,393,000) for acquisition of property, plant, equipment and leasehold land and investment incentive in the profit or loss when related conditions were satisfied.

(b) Other net income

	Year ended 31 December	
	2025	2024
	HK$'000	*HK$'000*
Net exchange (loss)/gain	**(1,854)**	45,786
Net loss on disposal of property, plant and equipment	**(2,705)**	(379)
Insurance claims *(Note)*	**–**	72,298
Others	**16,630**	7,776
	12,071	125,481

Note:

Impro Aerotek (Nantong) Limited received the net insurance claims of RMB65,951,000 (equivalent to approximately HK$72,298,000), after offsetting related legal fees, during the year ended 31 December 2024 in respect of loss on the fire accident in June 2022.

5 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	Year ended 31 December	
	2025	2024
	HK$'000	*HK$'000*
Interest income	**(11,271)**	(8,434)
Interest expenses on bank loans	**89,530**	110,130
Interest expenses on lease liabilities	**517**	565
	90,047	110,695
Net finance costs	**78,776**	102,261

(b) Staff costs

	Year ended 31 December	
	2025	2024
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**1,257,604**	1,206,283
Contributions to defined contribution retirement plans	**93,635**	90,239
Expenses recognized in respect of defined benefit plan obligations	**11,525**	12,885
Equity settled share-based payment expenses	**–**	136
	1,362,764	1,309,543

(c) Other items

	Year ended 31 December	
	2025	2024
	HK$'000	*HK$'000*
Cost of inventories recognized as expenses*	**3,695,375**	3,417,651
Depreciation charges		
— owned property, plant and equipment	**403,037**	379,965
— right-of-use assets	**8,289**	9,704
Amortization of intangible assets	**19,937**	26,265
Amortization of deferred expenses	**87,440**	86,802
Research and development expenses	**162,361**	174,555
Provision for impairment loss on trade receivables	**271**	4,940
Reversal of write-down of inventories	**(689)**	(25,677)
Auditors' remuneration		
— Audit services	**5,754**	5,557
— Non-audit services	**1,114**	2,447

* Cost of inventories recognized as expenses includes amounts relating to staff costs, 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 or in Note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the year (2024: 16.5%).

Income tax for the PRC operations is charged at the statutory rate of 25% of the assessable profits under tax rules and regulations in the PRC. Certain PRC subsidiaries are subject to a preferential income tax of 15% under the relevant tax rules and regulations.

Taxation in other jurisdiction is calculated at the rates prevailing in the relevant jurisdictions.

Income tax in the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2025	2024
	HK$'000	*HK$'000*
Current tax		
Chinese Mainland Corporate Income Tax		
Provision for the year	**60,107**	77,003
Bonus deduction of research and development expenses	**(12,511)**	(26,203)
Under/(over)-provision in respect of prior years	**16,122**	(1,306)
	63,718	49,494
Hong Kong Profits Tax		
Provision for the year	**21,011**	23,313
Over-provision in respect of prior years	**(866)**	(323)
	20,145	22,990
Tax jurisdictions outside Chinese Mainland and Hong Kong		
Provision for the year	**30,610**	31,412
	114,473	103,896
Deferred tax		
Origination and reversal of temporary differences	**(26,907)**	36,202
Total income tax expense	**87,566**	140,098

7 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year:

	At 31 December	
	2025	2024
	HK$'000	*HK$'000*
First interim dividend declared and paid of HK$0.08 per share (2024: HK$0.08 per share)	**150,983**	150,983
Second interim dividend declared after the end of the reporting period of HK$0.08 per share (2024: HK$0.08 per share)	**150,983**	150,983
	301,966	301,966

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

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

	At 31 December	
	2025	2024
	HK$'000	*HK$'000*
Second interim dividend in respect of the previous financial year, approved and paid during the year, of HK$0.08 per share (2024: HK$0.08 per share)	**150,983**	150,983

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$726,181,000 (2024: HK$644,304,000) and the weighted average of 1,887,285,665 ordinary shares (2024: 1,887,285,665 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$726,181,000 (2024: HK$644,304,000) and the weighted average number of ordinary shares of 1,887,285,665 shares (2024: 1,887,285,665 ordinary shares).

During the year ended 31 December 2024, the dilutive potential ordinary shares were not included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive. Accordingly, diluted earnings per share was the same as basic earnings per share of the year ended 31 December 2024.

During the year ended 31 December 2025, diluted earnings per share was the same as the basic earnings per share as there were no dilutive potential ordinary shares issued.

9 GOODWILL

	HK$'000
Cost:	
At 1 January 2024	227,522
Exchange adjustment	(4,868)
At 31 December 2024 and 1 January 2025	222,654
Exchange adjustment	5,625
At 31 December 2025	228,279
Accumulated impairment losses:	
At 1 January 2024, 31 December 2024,1 January 2025 and 31 December 2025	–
Carrying amount:	
At 31 December 2025	228,279
At 31 December 2024	222,654

Impairment tests for cash-generating unit containing goodwill

For the purpose of goodwill impairment testing, goodwill arising from the business combination was allocated to the appropriate cash-generation units ("**CGU**") of the Group identified according to the individual hydraulic orbital motor business acquired by the Group in 2022.

Goodwill is allocated to the Group's CGU as follows:

	At 31 December	
	2025	2024
	HK$'000	*HK$'000*
Hydraulic orbital motor business	**228,279**	222,654

The recoverable amount of the CGU is determined based on value-in-use calculation. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amount are as follows:

	2025	2024
Annual revenue growth rate during the forecast period	**13.8%**	17.4%
Operating profit margin	**13.0%**	11.5%
Growth rate beyond the forecast period	**2.0%**	2.0%
Pre-tax discount rate	**13.8%**	14.0%

Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate which is consistent with the forecasts included in industry reports.

The estimated recoverable amount of the CGU exceeded its carrying amount as at 31 December 2025 by approximately HK$48,851,000 (2024: HK$17,392,000).

Management performed sensitivity analysis of three key assumptions that could significantly affect the recoverable amount. The following table shows the percentage by which these three assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

Change required for recoverable amount to equal carrying amount (in percentage point)

	2025	2024
Hydraulic orbital motor business		
Increase in discount rate	**+1.4%**	+0.7%
Decrease in annual revenue growth rate during the forecast period	**-2.4%**	-0.9%
Decrease in operating profit margin	**-2.0%**	-0.7%

10 TRADE AND BILLS RECEIVABLES

	At 31 December	
	2025	2024
	HK$'000	*HK$'000*
Trade receivables	**1,235,746**	1,062,905
Bills receivable	**113,178**	70,180
	1,348,924	1,133,085
Less: loss allowance	**(11,309)**	(12,483)
	1,337,615	1,120,602

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

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 allowance for loss allowance, is as follows:

	At 31 December	
	2025	2024
	HK$'000	*HK$'000*
Within 1 month	**610,192**	507,337
1 to 3 months	**605,472**	478,504
Over 3 months but within 12 months	**121,951**	134,761
	1,337,615	1,120,602

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

11 TRADE PAYABLES

	At 31 December	
	2025	2024
	HK$'000	*HK$'000*
Trade payables	**644,799**	588,573

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

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

	At 31 December	
	2025	2024
	HK$'000	*HK$'000*
Within 1 month	**411,362**	350,413
1 to 3 months	**175,275**	166,508
Over 3 months	**58,162**	71,652
	644,799	588,573

CORPORATE GOVERNANCE FRAMEWORK

The Company believes that good corporate governance can enhance its overall effectiveness, and thus create additional value for its shareholders. The Company is committed to maintaining high standards and has applied the principles in the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 of the Rules Governing to the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company's corporate governance practices are based on these principles. The Board believes that good corporate governance standards are essential in contributing to the provision of a framework for the Company to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies, and enhance transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices with effect from the listing date.

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 year ended 31 December 2025, except for the deviation from code provision C.2.1 of the CG Code as described below.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in Appendix C3 of the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiry with the Directors and all Directors have confirmed that they complied with the Model Code during the year ended 31 December 2025.

RELEVANT DATES FOR SECOND INTERIM DIVIDEND

Second interim dividend

8 April 2026	Ex-dividend date
9 April 2026, 4:30 p.m.	Latest time to lodge share transfer
10–14 April 2026 (both days inclusive)	Closure of Register of Members
14 April 2026	Record date
22 April 2026	Payment date

In order to qualify for the above-mentioned second interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Thursday, 9 April 2026.

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on Tuesday, 26 May 2026. Notice of the AGM will be sent to its Shareholders in due course. For the purpose of determining Shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 20 May 2026 to Tuesday, 26 May 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 19 May 2026.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2025.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") since 15 June 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules. Members of the Audit Committee are three independent non-executive Directors, namely, Mrs. CHOW Lok Mei Ki Cindy, Dr. YEN Gordon and Mr. LEE Siu Ming. Mrs. CHOW Lok Mei Ki Cindy currently serves as the chairperson of the Audit Committee. The primary responsibilities of the Audit Committee are making recommendation to the Board on the appointment and removal of external auditors, reviewing draft financial statements of the Group, attending any material advice or matters in financial reporting or otherwise arising from the audit process and overseeing the risk management policies and internal control procedures of the Group.

The Company's consolidated financial statements for the year ended 31 December 2025 have been reviewed by the Audit Committee. The Audit Committee is of the view that the consolidated financial statements of the Company for the year ended 31 December 2025 comply with the applicable accounting standards and the disclosure requirements under the applicable laws and regulations, including the Listing Rules, and that adequate disclosures have been made.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.improprecision.com) and the Stock Exchange (www.hkexnews.hk). The 2025 annual report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and dispatched to the Shareholders in due course.

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

Hong Kong, 10 March 2026

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