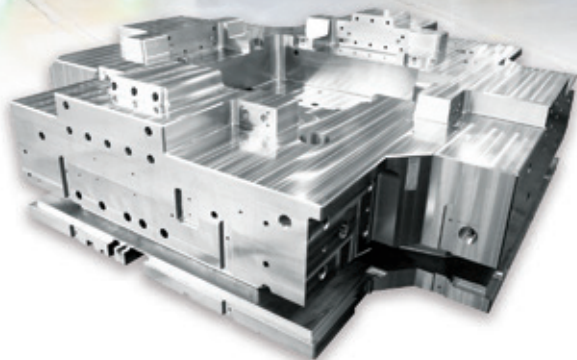




**Lung Kee Group Holdings Limited**  
**龍記集團控股有限公司**

Stock Code: 255



**2025** Interim Report



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# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

To the Board of Directors of  
**LUNG KEE GROUP HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*

## Introduction

We have reviewed the condensed consolidated financial statements of Lung Kee Group Holdings Limited (the “Company”) and its subsidiaries set out on pages 4 to 20, which comprise the condensed consolidated statement of financial position as of 30th June, 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
22nd August, 2025

## FINANCIAL RESULTS

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

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June, 2025

		Six months ended 30th June,	
	Notes	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue	3	688,654	785,212
Other income, gains and losses	4	11,516	6,188
Decrease in fair value of investment properties		(3,100)	(5,100)
Impairment losses reversed (recognised) under expected credit loss model, net		171	(2,626)
Changes in inventories of finished goods and work in progress		4,074	(31,509)
Raw materials and consumables used		(246,235)	(282,438)
Employee benefits expenses		(213,735)	(215,457)
Depreciation of right-of-use assets		(2,840)	(2,782)
Depreciation of property, plant and equipment		(76,551)	(82,139)
Other expenses	5	(163,642)	(196,977)
Interest expense on lease liabilities		(177)	(129)
Loss before taxation		(1,865)	(27,757)
Income tax (expense) credit	6	(1,688)	3,842
Loss for the period	7	(3,553)	(23,915)
Other comprehensive income (expense) for the period:			
Item that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of foreign operations		43,933	(39,385)
Total comprehensive income (expense) for the period		40,380	(63,300)
		HK cents	HK cents
Loss per share	9		
— Basic		(0.56)	(3.79)
— Diluted		(0.56)	(3.79)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2025

	Notes	At 30th June, 2025 HK\$'000 (unaudited)	At 31st December, 2024 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	10	157,900	161,000
Property, plant and equipment	10	486,450	525,207
Right-of-use assets		63,905	64,663
Deposits paid for acquisition of property, plant and equipment		7,210	10,079
Deferred tax assets		52,144	48,192
		<b>767,609</b>	<b>809,141</b>
<b>Current assets</b>			
Inventories		451,737	460,469
Trade, bills and other receivables	11	147,627	155,368
Bank balances and cash		518,076	546,648
		<b>1,117,440</b>	<b>1,162,485</b>
<b>Current liabilities</b>			
Trade and other payables	12	131,658	142,247
Contract liabilities		20,737	21,629
Lease liabilities		4,019	3,899
Taxation payable		36,484	33,365
Dividend payable		414	336
		<b>193,312</b>	<b>201,476</b>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30th June, 2025

		At 30th June, 2025 HK\$'000 (unaudited)	At 31st December, 2024 HK\$'000 (audited)
	<i>Notes</i>		
Net current assets		<b>924,128</b>	961,009
Total assets less current liabilities		<b>1,691,737</b>	1,770,150
Non-current liabilities			
Deferred tax liabilities		<b>10,311</b>	9,893
Lease liabilities		<b>2,164</b>	3,932
Other payables	12	<b>78,810</b>	82,782
		<b>91,285</b>	96,607
Net assets		<b>1,600,452</b>	1,673,543
CAPITAL AND RESERVES			
Share capital	13	<b>63,168</b>	63,168
Reserves		<b>1,537,284</b>	1,610,375
Total equity		<b>1,600,452</b>	1,673,543

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2025

	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Share- based payments reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January, 2024 (audited)	63,168	156,213	334,835	170,752	123	1,073,671	1,798,762
Loss for the period	—	—	—	—	—	(23,915)	(23,915)
<b>Other comprehensive expense for the period</b>							
Exchange difference arising on translation of foreign operations	—	—	—	(39,385)	—	—	(39,385)
Total comprehensive expense for the period	—	—	—	(39,385)	—	(23,915)	(63,300)
Final dividend for the year ended 31st December, 2023 (note 8)	—	—	—	—	—	(31,584)	(31,584)
At 30th June, 2024 (unaudited)	63,168	156,213	334,835	131,367	123	1,018,172	1,703,878
At 1st January, 2025 (audited)	63,168	156,213	334,835	121,938	559	996,830	1,673,543
Loss for the period	—	—	—	—	—	(3,553)	(3,553)
<b>Other comprehensive income for the period</b>							
Exchange difference arising on translation of foreign operations	—	—	—	43,933	—	—	43,933
Total comprehensive income for the period	—	—	—	43,933	—	(3,553)	40,380
Recognition of equity-settled share based payment (note 14)	—	—	—	—	232	—	232
Final dividend for the year ended 31st December, 2024 (note 8)	—	—	—	—	—	(37,901)	(37,901)
Final special dividend for the year ended 31st December, 2024 (note 8)	—	—	—	—	—	(75,802)	(75,802)
At 30th June, 2025 (unaudited)	63,168	156,213	334,835	165,871	791	879,574	1,600,452



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2025

	Six months ended 30th June,	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Operating cash flows before movements in working capital	75,895	54,332
Decrease in inventories	25,157	37,268
Decrease (increase) in trade, bills and other receivables	13,915	(8,030)
(Decrease) increase in trade and other payables	(22,659)	18,585
Decrease in contract liabilities	(892)	(8,677)
Cash generated from operations	91,416	93,478
Income taxes paid	(1,990)	(1,301)
Income taxes refunded	5	942
Net cash from operating activities	89,431	93,119
Net cash used in investing activities		
Purchases of property, plant and equipment	(20,808)	(13,102)
Interest received	3,030	4,578
Proceeds on disposal of property, plant and equipment	1,829	1,166
	(15,949)	(7,358)
Cash used in financing activities		
Dividends paid	(113,625)	(31,533)
Repayments of leases liabilities	(1,981)	(1,949)
Interest paid on leases liabilities	(177)	(129)
	(115,783)	(33,611)
Net (decrease) increase in cash and cash equivalents	(42,301)	52,150
Cash and cash equivalents at the beginning of the period	546,648	428,758
Effect of foreign exchange rate changes	13,729	(10,367)
Cash and cash equivalents at end of the period, represented by bank balances and cash	518,076	470,541

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2025

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

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

### ***Application of amendments to HKFRS Accounting Standards***

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

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

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

### 3. REVENUE AND SEGMENT INFORMATION

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

#### ***Revenue from manufacturing and marketing of mould bases and related products***

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

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

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

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

### 3. REVENUE AND SEGMENT INFORMATION *(continued)*

#### ***Entity-wide disclosures***

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

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

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

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

#### 4. OTHER INCOME, GAINS AND LOSSES

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

## 5. OTHER EXPENSES

### Six months ended 30th June,

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Tooling costs	<b>43,197</b>	44,250
Transportation expenses	<b>26,096</b>	31,062
Repair and maintenance expenses	<b>20,501</b>	30,241
Electricity and water	<b>22,001</b>	25,398
Factory supplies	<b>14,610</b>	15,402
Other taxes and government charges	<b>9,731</b>	10,127
Fuels & lubricant oil	<b>5,987</b>	6,864
Travelling and motor car expenses	<b>4,738</b>	4,415
Promotion and packing expenses	<b>3,352</b>	3,690
Sub-contracting charges	<b>702</b>	3,548
Software and system expenses	<b>3,429</b>	2,786
Auditors' remuneration (including remuneration for non-audit services)	<b>2,305</b>	2,443
Others	<b>6,993</b>	16,751
	<b>163,642</b>	196,977



## 6. INCOME TAX (EXPENSE) CREDIT

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

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

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

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

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

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

## 7. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

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

## 8. DIVIDENDS

Interim dividend for the current period:

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

Dividend recognised as distribution during the period:

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

## **9. LOSS PER SHARE**

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

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

## **10. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT**

The fair value of the Group's investment properties as at the end of the current interim period were determined by C S Surveyors Limited, independent qualified professional valuers not connected to the Group.

The fair value was determined based on market comparable approach, where the prices per square feet of the properties are assessed by reference to market evidence of transaction prices for similar use of properties in the similar locations and conditions in Hong Kong. There has been no change from the valuation technique used in the prior years and it is classified under Level 3 hierarchy.

The resulting decrease in fair value of investment properties of HK\$3,100,000 (six months ended 30th June, 2024: HK\$5,100,000) has been recognised directly in profit or loss during the period.

During the period, the Group disposed of certain property, plant and equipment with an aggregate net carrying amount of Nil (six months ended 30th June, 2024: HK\$253,000) for cash proceeds of HK\$1,829,000 (six months ended 30th June, 2024: HK\$1,166,000), resulting in a gain on disposal of HK\$1,829,000 (six months ended 30th June, 2024: HK\$913,000).

In addition, during the current interim period, the Group acquired HK\$18,727,000 (six months ended 30th June, 2024: HK\$25,288,000), HK\$667,000 (six months ended 30th June, 2024: HK\$335,000) and HK\$4,283,000 (six months ended 30th June, 2024: HK\$1,873,000) of plant and machinery, furniture and equipment and motor vehicles, respectively, for the purpose of upgrading the Group's production facilities.

## 11. TRADE, BILLS AND OTHER RECEIVABLES

	At 30th June, 2025 HK\$'000 (unaudited)	At 31st December, 2024 HK\$'000 (audited)
Trade receivables	100,397	99,319
Bills receivables	4,821	9,369
Less: allowance for credit losses	(10,221)	(10,018)
	94,997	98,670
Other receivables	1,810	1,840
Prepayment for materials	45,273	41,211
Deposits and other prepayments	5,547	13,647
Total trade, bills and other receivables	147,627	155,368

In general, the Group allows a credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade and bills receivables, presented based on the invoice dates at the end of the reporting period.

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

As at 30th June, 2025, total bills received amounting to HK\$4,821,000 (31st December, 2024: HK\$9,369,000) are held by the Group to collect cash upon maturity. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period within six months (31st December, 2024: six months).

## 12. TRADE AND OTHER PAYABLES

	At 30th June, 2025 HK\$'000 (unaudited)	At 31st December, 2024 HK\$'000 (audited)
Trade payables	34,460	46,137
Provision of employee benefits	86,143	90,547
Payables for salaries and bonuses	30,669	29,229
Deposits and accruals	20,738	23,935
Value-added tax payables	26,790	22,250
Other payables	11,668	12,931
Total	210,468	225,029
Less: Amount due within one year shown under current liabilities	(131,658)	(142,247)
Amount due after one year	78,810	82,782

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

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

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

## 13. SHARE CAPITAL

The Company has 631,677,303 ordinary shares of HK\$0.1 each in issue as at 30th June, 2025 and throughout both periods.

## 14. SHARE OPTION SCHEME

The Company's share option scheme (the "2022 Scheme") was adopted pursuant to a resolution passed on 30th May 2022 for the primary purpose of providing incentives to directors and eligible employees, and will remain in force for a period of 10 years commencing on the date of adoption subject to the provisions of early termination thereof.

The following table discloses the movements of the 2022 Scheme:

Category of grantees	Number of share options				Date of grant	Exercisable period	Exercise price per share HK\$
	At 1st January, 2025	Lapsed during the period	Granted during the period	At 30 June, 2025			
Employees	2,310,000	—	—	2,310,000	28th September, 2023	28th September, 2024 to 27th September, 2027	1.578
Employees	2,130,000	—	—	2,130,000	27th September, 2024	27th September, 2025 to 26th September, 2028	1.180
<b>Total</b>	<b>4,440,000</b>	<b>—</b>	<b>—</b>	<b>4,440,000</b>			
Weighted average exercise price	1.387	—	—	1.387			

The Group recognises the total expense of HK\$232,000 for the period ended 30th June, 2025 (six months ended 30th June, 2024: Nil) in relation to share options granted by the Company.

## 15. CAPITAL COMMITMENTS

	<b>At 30th June, 2025 HK\$'000 (unaudited)</b>	<b>At 31st December, 2024 HK\$'000 (audited)</b>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>10,116</b>	<b>14,468</b>



## 16. RELATED PARTY DISCLOSURE

During the period, the Group entered into transactions with the following related parties:

Relationship	Nature of transaction	Six months ended 30th June,	
		2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Companies controlled by certain directors of the Company (note)	Repayments of lease liabilities	1,291	1,291
	Rental deposit paid	646	646
	Interest expense on lease liabilities	104	37

Note: Two directors of the Company are the directors of Silver Aim Limited and Triplefull Company Limited and one of them is also the beneficial shareholder of Silver Aim Limited and Triplefull Company Limited.

The remuneration of key management during the period was as follows:

	Six months ended 30th June,	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Short-term benefits	13,477	13,646
Post-employment benefits	1,323	1,323
	14,800	14,969

No director waived any emoluments for both periods.

## 17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis.

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair value.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

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

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### FINANCIAL REVIEW

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

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

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

### ***Liquidity and Financial Resources***

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

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

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

### ***Employees and Remuneration Policies***

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

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### PROSPECTS

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

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

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

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

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

## **OTHER INFORMATION**

### **REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

### **INTERIM DIVIDEND**

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

### **CLOSURE OF REGISTER OF MEMBERS**

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

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

## OTHER INFORMATION *(continued)*

### DIRECTORS' INTERESTS IN SHARES

As at 30th June, 2025, the directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”).

#### Interests in the Company

Name of director	Capacity	Number of shares held			Total interests	Percentage of Company's issued share capital
		Personal interests	Family interests	Other interests		
Siu Tit Lung (Notes 1 & 2)	Beneficial owner, interests jointly with another person and founder of discretionary trust	41,161,444	—	366,210,937	407,372,381	64.49%
Siu Yuk Lung (Notes 1 & 2)	Beneficial owner, interests jointly with another person and founder of discretionary trust	41,161,444	—	366,210,937	407,372,381	64.49%
Wai Lung Shing	Beneficial owner	3,843,750	—	—	3,843,750	0.61%
Ting Chung Ho	Beneficial owner	720,000	—	—	720,000	0.11%
Siu Yuk Tung, Ivan (Note 2)	Beneficial owner and beneficiary of a trust	80,000	—	366,210,937	366,290,937	57.99%
Siu Yu Hang, Leo (Notes 2 & 3)	Interest of child or spouse and beneficiary of a trust	—	1,096,000	366,210,937	367,306,937	58.15%
Lee Tat Yee	Beneficial owner	150,000	—	—	150,000	0.02%



## **OTHER INFORMATION** *(continued)*

### **DIRECTORS' INTERESTS IN SHARES** *(continued)*

#### **Interests in the Company** *(continued)*

*Notes:*

- (1) Messrs. Siu Tit Lung and Siu Yuk Lung jointly held 35,851,288 shares in the Company and each owned a further 5,310,156 shares in the Company registered in their own names.
- (2) Pan Island Investments Limited, which is wholly-owned by a discretionary trust of which the family members of Messrs. Siu Tit Lung and Siu Yuk Lung are beneficiaries (including Messrs. Siu Yuk Tung, Ivan and Siu Yu Hang, Leo), held 366,210,937 shares in the Company.
- (3) Mr. Siu Yu Hang, Leo and his spouse jointly held 1,096,000 shares in the Company.

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Company, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30th June, 2025.

### **DIRECTORS' RIGHTS TO ACQUIRE SECURITIES**

None of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

### **SHARE OPTION SCHEME**

At the annual general meeting of the Company held on 30th May, 2022, the shareholders of the Company approved the adoption of a new share option scheme of the Company (the "2022 Scheme"). The 2022 Scheme was set up for the primary purpose to attract, retain and motivate talented Participants, as defined in the 2022 Scheme, to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the Participants. The 2022 Scheme will expire on 29th May, 2032.

## OTHER INFORMATION *(continued)*

### SHARE OPTION SCHEME *(continued)*

The following table discloses the details of outstanding share options at the beginning and at the end of the reporting period:

Category of grantees	Number of share options		Date of grant <i>(Note 1)</i>	Exercisable period <i>(Note 2)</i>	Exercise price per share HK\$
	At 1st January, 2025	At 30th June, 2025			
Employees	2,310,000	2,310,000	28th September, 2023	28th September, 2024 to 27th September, 2027	1.578
Employees	2,130,000	2,130,000	27th September, 2024	27th September, 2025 to 26th September, 2028	1.180
Total	4,440,000	4,440,000			

*Notes:*

- (1) The closing price per share immediately before the date on which the share options as of 28th September, 2023 and 27th September, 2024 were granted was HK\$1.56 and HK\$1.17 respectively.
- (2) The vesting period of the share options is from the date of grant until the commencement of the relevant exercise period.
- (3) All the grants were made without any performance targets.

The number of options available for grant under the 2022 Scheme at the beginning and at the end of the reporting period was 58,727,730.

No option was granted under the 2022 Scheme during the reporting period. The number of shares that may be issued in respect of options granted under the 2022 Scheme during the reporting period representing 0% of the weighted average number of shares in issue for the period.

## OTHER INFORMATION *(continued)*

### SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2025, the following persons (other than directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares/ underlying shares held	Percentage of Company's issued share capital
Pan Island Investments Limited	Beneficial owner	366,210,937 <i>(Note)</i>	57.97%
HSBC International Trustee Limited	Trustee	366,514,990 <i>(Note)</i>	58.02%
David Michael Webb	Beneficial owner and interest of a controlled corporation	37,938,498	6.00%

*Note:* HSBC International Trustee Limited, in its capacity as a trustee of a trust, controlled Pan Island Investments Limited and therefore was deemed to be interested in the shares of the Company in which Pan Island Investments Limited was interested. Accordingly, the 366,210,937 shares of the Company in which Pan Island Investments Limited was interested were duplicated with the interests attributed to HSBC International Trustee Limited.

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30th June, 2025.

## **OTHER INFORMATION** *(continued)*

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

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

### **CORPORATE GOVERNANCE**

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

### **MODEL CODE**

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the directors.

Having made specific enquiry of all directors, all directors declared that they have complied with the Model Code throughout the review period.

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

Hong Kong, China, 22nd August, 2025