Precision Tsugami (China) Corporation Limited
津上精密機床(中國)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1651)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

The board (the "**Board**") of directors of Precision Tsugami (China) Corporation Limited (the "**Company**") hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2024 (the "**Year**" or "**Year under Review**") together with the comparative figures for the corresponding period in 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March 2024 RMB'000	2023 RMB'000
REVENUE	4	**3,119,674**	4,046,902
Cost of sales		**(2,224,135)**	(3,010,781)
Gross profit		**895,539**	1,036,121
Other income and gains	4	**85,268**	68,357
Selling and distribution expenses		**(155,851)**	(148,343)
Administrative expenses		**(113,856)**	(105,559)
Impairment loss on financial assets, net		**2,340**	2,587
Other expenses		**(9,713)**	(11,470)
Finance costs	5	**(993)**	(674)
PROFIT BEFORE TAX	6	**702,734**	841,019
Income tax expense	7	**(222,764)**	(261,831)
PROFIT FOR THE YEAR		**479,970**	579,188
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**479,970**	579,188
ATTRIBUTABLE TO:			
Owners of the parent		**479,970**	579,188

	Note	Year ended 31 March 2024 RMB	2023 RMB
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
－For profit for the year	8	**1.26**	1.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**567,773**	535,989
Right-of-use assets		**71,262**	71,708
Intangible assets		**5,475**	5,144
Equity investments designated at fair value through other comprehensive income		**3,775**	2,800
Deferred tax assets		**20,932**	23,314
Total non-current assets		**669,217**	638,955
CURRENT ASSETS			
Inventories		**857,075**	1,055,191
Trade and notes receivables	*9*	**981,537**	817,892
Prepayments, other receivables and other assets		**13,343**	19,755
Cash and bank balances		**1,111,063**	977,572
Total current assets		**2,963,018**	2,870,410
CURRENT LIABILITIES			
Trade and notes payables	*10*	**533,783**	626,673
Other payables and accruals		**189,754**	166,472
Lease liabilities		**2,184**	1,719
Tax payable		**73,492**	67,871
Provision		**6,995**	9,674
Total current liabilities		**806,208**	872,409
NET CURRENT ASSETS		**2,156,810**	1,998,001
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,826,027**	2,636,956

	As at 31 March	
	2024	2023
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**1,902**	1,439
Deferred tax liabilities	**91,280**	78,106
Deferred income	**18,099**	16,418
Other liabilities	**13,157**	12,100
Total non-current liabilities	**124,438**	108,063
NET ASSETS	**2,701,589**	2,528,893
EQUITY		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Issued capital	**319,836**	319,836
Treasury shares	**(27,431)**	–
Reserves	**2,409,184**	2,209,057
TOTAL EQUITY	**2,701,589**	2,528,893

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**702,734**	841,019
Adjustments for:		
Finance costs	**993**	674
Bank interest income	**(27,664)**	(10,023)
Loss on disposal of items of property, plant and equipment	**962**	7,502
Depreciation of property, plant and equipment	**52,952**	56,869
Depreciation of right-of-use assets	**4,392**	4,591
Amortisation of intangible assets	**1,393**	1,373
Equity-settled share-based payment expense	**305**	–
Impairment loss reversed of trade receivables	**(20)**	(939)
Impairment loss reversed of financial assets at fair value through other comprehensive income	**(2,317)**	(1,646)
Impairment loss recognized of inventories	**1,351**	6
Impairment loss reversed of financial assets included in prepayments, other receivables and other assets	**(3)**	(2)
	735,078	899,424
Decrease in pledged deposits	**–**	15,497
Decrease/(increase) in inventories	**196,765**	(21,654)
(Increase)/decrease in trade and notes receivables	**(161,308)**	397,564
Decrease in prepayments, other receivables and other assets	**6,415**	30,991
Decrease in trade and notes payables	**(92,890)**	(193,499)
Increase/(decrease) in other payables and accruals	**9,970**	(30,672)
Increase in other liabilities	**1,057**	2,400
Increase/(decrease) in contract liabilities	**13,312**	(101,988)
Decrease in provision	**(2,679)**	(1,813)
Increase/(decrease) in deferred income	**1,681**	(849)
Cash generated from operations	**707,401**	995,401
Income taxes paid	**(201,587)**	(231,998)
Net cash flows from operating activities	**505,814**	763,403

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**27,664**	10,023
Purchases of items of property, plant and equipment	**(86,260)**	(54,125)
Proceeds from disposal of items of property, plant and equipment	**562**	3,606
Purchase of equity investments designated at fair value through other comprehensive income	**(975)**	(2,800)
Additions to intangible assets	**(1,724)**	(984)
Maturity in time deposits with original maturity of more than three months	**562,000**	70,000
Placement in time deposits with original maturity of more than three months	**(656,056)**	(409,000)
Net cash flows used in investing activities	**(154,789)**	(383,280)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	**(27,431)**	–
Repayment of bank loans	**–**	(22,094)
Principal portion of lease payments	**(3,018)**	(2,579)
Dividends paid	**(280,148)**	(271,637)
Interest paid	**(993)**	(674)
Net cash flows used in financing activities	**(311,590)**	(296,984)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**39,435**	83,139
Cash and cash equivalents at beginning of year	**638,572**	555,433
CASH AND CASH EQUIVALENTS AT END OF YEAR	**678,007**	638,572
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**678,007**	638,572

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 2 July 2013, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 25 September 2017. The registered office address of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

The Company is an investment holding company. During the year, the Company and its subsidiaries were primarily involved in the manufacture and sale of high precision computer numerical control ("**CNC**") machines tools.

The holding company and the ultimate holding company of the Company is Tsugami Corporation (the "**Controlling Shareholder**"), a company incorporated in Japan whose shares are listed on the Tokyo Stock Exchange.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name of company	Date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Percentage of equity attributable to the Company Indirect %	Principal activities
Precision Tsugami (Hong Kong) Limited *(note (a))* ("**Precision Tsugami Hongkong**")	24 September 2013 Hong Kong, China	HK$ 767,718,112	100	–	Investment holding
津上精密機床(浙江)有限公司*(note (b))* Precision Tsugami (China) Corporation* ("**Precision Tsugami Zhejiang**")	11 September 2003 Zhejiang, China	US$ 78,700,000	–	100	Manufacture and sale of high precision CNC machine tools
浙江品川精密機械有限公司*(note (b))* Shinagawa Precision Machinery (Zhejiang) Co., Ltd.* ("**Shinagawa Precision**")	24 November 2010 Zhejiang, China	RMB 35,000,000	–	100	Manufacture and sale of precision machine tool castings
安徽津上精密機床有限公司*(note (b))* Precision Tsugami (Anhui) Corporation* ("**Precision Tsugami Anhui**")	18 April 2018 Anhui, China	RMB 150,000,000	–	100	Manufacture and sale of high precision CNC machine tools and precision machine tool castings
中津精密機床(浙江)有限公司*(note (b))* Precision Nakatsu (China) Corporation* ("**Precision Nakatsu China**")	28 October 2021 Zhejiang, China	US$ 35,000,000	–	100	Manufacture and sale of CNC machine tools and metal cutting machine tools

* The English names of the subsidiaries registered in the People's Republic of China (the "**PRC**") represent the best efforts made by the management of the Company to translate their Chinese names as these subsidiaries do not have official English names.

Notes:

(a) This entity is a limited liability company incorporated in Hong Kong.

(b) These entities are registered as limited liability companies under the laws of the PRC.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for notes receivable and equity investments which have been measured at fair value. These financial statements are presented in Renminbi, and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows related to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified as profit, loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and

- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

As the Group did not have contracts within the scope of IFRS 17, the new standard had no impact on the Group's financial statements.

(b) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(c) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(d) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 April 2022. Upon initial application of these amendments, the Group recognised a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available) of RMB1,021,000 (31 March 2023: RMB790,000; 1 April 2022: RMB685,000), and a deferred tax liability for all taxable temporary differences associated with right-of-use assets of RMB1,109,000 (31 March 2023: RMB749,000; 1 April 2022: RMB638,000). The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 March 2024 and 2023.

(e) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3 OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment which is the manufacture and sale of high precision CNC machine tools. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland	**2,632,420**	3,105,711
Overseas	**487,254**	941,191
	3,119,674	4,046,902

The revenue information above is based on the locations of customers.

(b) Non-current assets

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland	**644,510**	612,841

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue of approximately RMB472,684,000 (2023: RMB918,473,000) was derived from sales by the industrial products segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	**3,113,567**	4,040,837
Rendering of services	**6,107**	6,065
Total	**3,119,674**	4,046,902

(i) Disaggregated revenue information

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Type of goods or services		
Sale of goods	**3,113,567**	4,040,837
Precision lathes	**2,654,911**	3,467,575
Precision machining centres	**154,885**	247,817
Precision grinding machines	**144,330**	162,858
Other components	**159,441**	162,587
Rendering of services	**6,107**	6,065
Total	**3,119,674**	4,046,902
Geographical markets		
Chinese Mainland	**2,632,420**	3,105,711
Overseas	**487,254**	941,191
Total	**3,119,674**	4,046,902
Timing of revenue recognition		
Goods transferred at a point in time	**3,113,567**	4,040,837
Services rendered at a point in time	**6,107**	6,065
Total	**3,119,674**	4,046,902

The following table shows the amounts of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**78,795**	180,783

There was no revenue recognised from performance obligations satisfied in previous periods.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 180 days from delivery. Certain contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

Rendering of services

The performance obligation is satisfied upon the rendering of the promised services to the customers and payment is generally due within about 30 days.

An analysis of other income and gains is as follows:

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**27,664**	10,023
Government grants *(Note (a))*	**55,944**	55,344
Foreign exchange gain, net	**–**	1,703
Others	**1,660**	1,287
	85,268	68,357

Note a: The amount represents grants received from the local PRC government related to the Group's subsidiaries. There are no unfulfilled conditions or contingencies relating to these grants. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position.

5 FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Interest arising from discounted notes receivable	**910**	542
Interest on lease liabilities	**83**	132
Total	**993**	674

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold*	**2,221,681**	3,008,160
Cost of services provided	**2,454**	2,621
Impairment loss recognized of inventories**	**1,351**	6
Depreciation of property, plant and equipment	**52,952**	56,869
Depreciation of right-of-use assets	**4,392**	4,591
Amortisation of intangible assets	**1,393**	1,373
Research and development costs	**41,858**	34,427
Lease payments not included in the measurement of lease liabilities	**2,709**	3,313
Equity-settled share-bases payment expense	**305**	–
Auditor's remuneration		
– Annual audit	**1,370**	1,370
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**304,377**	306,796
Pension scheme contributions	**28,719**	25,829
Social security contributions and accommodation benefits	**44,899**	37,444
Foreign exchange differences, net	**5,909**	(1,703)
Impairment of financial assets, net:		
Impairment loss reversed of trade receivables	**(20)**	(939)
Impairment loss reversed of financial assets at fair value through other comprehensive income	**(2,317)**	(1,646)
Impairment loss reversed of financial assets included in prepayments, other receivables and other assets	**(3)**	(2)
Product warranty provision	**4,809**	7,427
Bank interest income	**(27,664)**	(10,023)
Loss on disposal of items of property, plant and equipment	**962**	7,502
Government grants	**(55,944)**	(55,344)

* The cost of inventories sold includes depreciation of property, plant and equipment and employee benefit expense, which are also included in the respective total amounts of the items disclosed above.

** Impairment loss recognized of inventories is included in "cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

7 INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in that jurisdiction.

Hong Kong profits tax is to be provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong.

The provision for Chinese Mainland current income tax is based on the statutory rate of 25% (2023: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 (the "**New Corporate Income Tax Law**").

The major components of income tax expense are as follows:

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Current tax	**207,208**	241,653
Deferred tax	**15,556**	20,178
Total tax charge for the year	**222,764**	261,831

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**702,734**	841,019
Tax at the statutory tax rate	**175,684**	210,255
Adjustments in respect of current tax of previous periods	**–**	663
Expenses not deductible for tax	**2,345**	927
Tax losses and temporary differences not recognised	**8**	253
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**54,434**	57,686
Research and development super deduction	**(9,707)**	(7,953)
Total tax charge at the Group's effective tax rate	**222,764**	261,831

8 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 380,119,975 (2023: 380,804,000) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share is based on:

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**479,970**	579,188

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**380,119,975**	380,804,000
* Effect of dilution – weighted average number of ordinary shares:		
Restricted shares	**10,959**	–
	380,130,934	380,804,000

* The diluted earnings per share amount is based on the profit for the year ended 31 March 2024 of RMB479,970,000 and the weighted average number of ordinary shares of 380,130,934 in issue during the year.

9 TRADE AND NOTES RECEIVABLES

	As at 31 March	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables*	**111,688**	219,414
Notes receivables	**871,290**	599,939
	982,978	819,353
Impairment	**(1,441)**	(1,461)
Net carrying amount	**981,537**	817,892

* Trade receivables include trade receivables from the Controlling Shareholder and other related parties.

Customers are usually required to make payment in advance before the Group delivers goods to them. However, the Group's trading terms with certain major customers with good repayment history and high reputations are on credit. The credit period is generally one to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

At 31 March 2024, the Group endorsed certain notes receivables not yet due as of year end accepted by banks in Chinese Mainland (the "**Endorsed Notes**") to some of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB236,234,000 (2023: RMB285,754,000) (the "**Endorsement**"). In addition, the Group discounted certain notes receivables not yet due as of year end accepted by banks in Chinese Mainland (the "**Discounted Notes**") with a carrying amount in aggregate of RMB2,205,000 (2023: RMB110,514,000) (the "**Discount**"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes and the Discounted Notes have the right of recourse against the Group if the Chinese Mainland banks default (the "**Continuing Involvement**").

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain of the Endorsed Notes and Discounted Notes accepted by large and reputable banks with amounts of RMB94,400,000 (2023: RMB117,251,000) and RMB2,205,000 (2023: RMB110,514,000), respectively (the "**Derecognised Notes**"). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables settled by the Endorsed Notes.

The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

At 31 March 2024, the Group continued to recognise full carrying amount of the remaining Endorsed Notes and the associated trade payables with an amount of RMB141,834,000 (2023: RMB168,503,000) because the directors believe that the Group has retained substantially all the risks and rewards, which include default risks relating to such remaining Endorsed Notes.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

Notes receivables of RMB276,491,000 were classified as financial assets at fair value through other comprehensive income under IFRS 9, and RMB594,799,000 are classified as financial assets measured at amortised cost under IFRS 9.

A receivable is an entity's right to consideration that is unconditional. An entity shall recognise a receivable in accordance with IFRS 9. Upon initial recognition of a receivable from a contract with a customer, any difference between the measurement of the receivable in accordance with IFRS 9 and the corresponding amount of revenue recognised shall be presented as an impairment loss. In the subsequent measurement of financial assets at fair value through other comprehensive income, impairment reversals are recognised in the statement of profit or loss and computed in the same manner as financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income.

The Group's notes receivables were all aged within six months and none of them has past due.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of allowance, is as follows:

	As at 31 March	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**110,211**	214,469
3 months to 6 months	**36**	3,484
	110,247	217,953

The movements in the loss allowance of trade receivables are as follows:

	As at 31 March	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**1,461**	2,400
Impairment allowance (net)	**(20)**	(939)
At the end of the year	**1,441**	1,461

The decrease (2023: decrease) in the loss allowance was due to the following change in the gross carrying amount:

(i) A decrease in the loss allowance of RMB20,000 (2023: decrease of RMB939,000) as a result of a net decrease (2023: decrease) in the gross carrying amount after the settlement of trade receivables and origination of new trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns according to the sales type, customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade and notes receivables using a provision matrix:

As at 31 March 2024

		Past due			
	Current	**Less than 1 month**	**1 to 3 months**	**Over 3 months**	**Total**
Expected credit loss rate	**0.147%**	–	–	–	**0.147%**
Gross carrying amount *(RMB'000)*	**982,978**	–	–	–	**982,978**
Expected credit losses *(RMB'000)*	**1,441**	–	–	–	**1,441**

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.178%	–	–	–	0.178%
Gross carrying amount *(RMB'000)*	819,353	–	–	–	819,353
Expected credit losses *(RMB'000)*	1,461	–	–	–	1,461

10 TRADE AND NOTES PAYABLES

	As at 31 March	
	2024	2023
	RMB'000	*RMB'000*
Trade payables*	**452,107**	545,268
Notes payables	**81,676**	81,405
	533,783	626,673

* Trade payables include trade payables to the Controlling Shareholder.

An ageing analysis of the outstanding trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**452,099**	545,105
Over 3 months	**8**	163
	452,107	545,268

Trade payables are non-interest-bearing, and trade payables to third parties are normally settled on terms within 90 days.

11 DIVIDENDS

	Year ended 31 March	
	2024	2023
	RMB'000	*RMB'000*
Final dividends paid for the year ended 31 March 2023 – HK$0.40 per ordinary share (HK$0.40 per ordinary share for the year ended 31 March 2022)	**140,122**	131,633
Interim dividends paid for the six months ended 30 September 2023 – HK$0.40 per ordinary share (HK$0.40 per ordinary share for the six months ended 30 September 2022)	**140,026**	140,004
	280,148	271,637

On 26 June 2024, the board of directors proposed the payment of a final dividend of HK$0.40 per share for the year ended 31 March 2024. The source of the proposed payment of a final dividend is scheduled to be the retained profits. The proposed final dividend is subject to the approval by shareholders of the Company at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year under Review, affected by the macroeconomic situation, the domestic manufacturing industry's demand for CNC machine tools remained sluggish. The sales and profit of the Group during the Year under Review recorded a decrease as compared to the same period in the last financial year. After the lift of the COVID-19 pandemic prevention policies at the beginning of the Year under Review, the domestic economy has not seen the expected explosive rebound. From the perspective of industry, the real estate industry continued to decline, resulting in the continued downturn in real estate and related upstream and downstream industries. Although the new energy vehicle industry experienced slight growth, it has entered the adjustment period of the industrial chain after several years of rapid expansion, and is currently in the process of capacity adjustment, and its demand for manufacturing equipment dropped significantly. On the whole, the domestic macro economy and manufacturing industry lacked bright spots. In addition, the international situation is complex and volatile, and the geopolitical conflict is intensifying, which caused the adjustment to the global industrial chain structure, such that the impact on the international and domestic investment environment is becoming apparent. In the above-mentioned general domestic and foreign economic environment, the domestic manufacturing industry has been negatively affected. There is generally insufficient work, leading to a weak demand for production equipment. In order to compete for limited new orders, machine tool companies have adopted a price reduction strategy, leading to the fact that the scale of the machine tools market has shrunk, the domestic CNC machine tools market has become an inventory market, and the price war will become the dominant form in market competition.

During the Year under Review, the Group's orders decreased, and sales revenue and net profit decreased by approximately 22.9% and 17.1% year on year to approximately RMB3,119,674,000 and RMB479,970,000 respectively. Benefitting from the Group's various cost reduction and efficiency improvement efforts, the profitability improved significantly, and gross profit margin increased by approximately 3.1 percentage points to 28.7% from 25.6% in the last financial year. Net profit margin increased by approximately 1.1 percentage points to 15.4% from 14.3% in the last financial year.

Basic earnings per share during the Year under Review was approximately RMB1.26 (last financial year: approximately RMB1.52).

Taking into account the relatively significant changes in the overall manufacturing industry during the Year under Review, the management considers that the above results are within expectations.

During the Year under Review, facing with weakening demand and increasingly fierce competition in the market, the Group actively adjusted the pricing strategy of its products, while continuously investing in new models and proprietary models for special industries, so as to further develop the potential segment-specific demand, win more orders and boost the Company's sales. In terms of marketing, it actively participated in various trade fairs to strengthen the connection with customers, set up more sales and customer service outlets in areas close to customers, and provided high-quality and considerate services, enhancing the customer satisfaction of the Company's products. In addition, the Group encouraged all employees to actively participate in cost reduction and efficiency improvement, strived for excellence in material usage, production process improvement, technology research and development, and cost control, and provided customers with more cost-effective products, thereby succeeding in competition. After the continual hard work by all employees of the Company, the quality for operation and profitability of the Company have also been significantly improved.

Additionally, the Group continued to advance the implementation of its production expansion plan. During the Year under Review, with a view of preparing for seizing greater development opportunities when the economic situation improves in the future and planning ahead for the production capacity to achieve the Company's medium – and long-term goals, the Group increased its investment in the equipment of Precision Tsugami Anhui to expand its machining capacity of parts and components, and continued the expansion project of its new plant in Pinghu. The expansion project of the new plant in Pinghu is expected to be completed and the plant is expected to be put into operation in July 2024.

FINANCIAL REVIEW

Revenue

During the Year under Review, the total revenue decreased by approximately 22.9%, or approximately RMB927,228,000, from approximately RMB4,046,902,000 in the last financial year to approximately RMB3,119,674,000. Such decrease was primarily due to the decline in exports as affected by the general international environment and geopolitical conflicts, as well as a certain impact on orders for the machine tools resulting from the weakened demand and tightened capital expenditure of most domestic downstream industries, during the Year under Review. In particular, (i) the precision lathes recorded sales of approximately RMB2,654,911,000 during the Year under Review, representing a year-on-year decrease of approximately 23.4%; (ii) the precision machining centres recorded sales of approximately RMB154,885,000 during the Year under Review, representing a year-on-year decrease of approximately 37.5%; (iii) the precision grinding machines recorded sales of approximately RMB144,330,000 during the Year under Review, representing a year-on-year decrease of approximately 11.4%; and (iv) other sales which mainly included sales of thread and form rolling machines, and ancillary parts and components, recorded approximately RMB165,548,000, representing a decrease of approximately 1.8% from the last financial year.

The table below sets out the revenue breakdown by product category for the Year under Review and the last financial year: (RMB'000)

	For the year ended 31 March 2024	**Proportion (%)**	For the year ended 31 March 2023	Proportion (%)	**Year-on-year increase/ (decrease) (%)**
Precision lathes	**2,654,911**	**85.1%**	3,467,575	85.7%	**(23.4)%**
Precision machining centres	**154,885**	**5.0%**	247,817	6.1%	**(37.5)%**
Precision grinding machines	**144,330**	**4.6%**	162,858	4.0%	**(11.4)%**
Others*	**165,548**	**5.3%**	168,652	4.2%	**(1.8)%**
Total	**3,119,674**	**100%**	4,046,902	100%	**(22.9)%**

* Others include sales of precision thread and form rolling machines, parts and components and after-sales service income.

Gross Profit and Gross Profit Margin

The gross profit during the Year under Review decreased by approximately 13.6% to approximately RMB895,539,000 as compared to the last financial year. However, the gross profit margin increased from approximately 25.6% in the last financial year to approximately 28.7% during the Year under Review. The gross profit decrease was mainly brought on by the overall downward trend in the sales of the domestic machine tool industry under the general domestic and overseas economic environment during the Year under Review, also affected sales and production of the Company to varying degrees, but was partially offset by the substantial enhancements in cost reduction and efficiency improvement made by the Company, leading to a higher gross profit margin during the whole financial year.

Other Income and Gains

Other income and gains of the Group primarily consist of bank interest income, government grants and others. During the Year under Review, other income and gains increased by approximately 24.7% as compared with the last financial year to approximately RMB85,268,000, primarily due to the significant increase in the bank interest income received as a result of the significant increase in the cash and cash equivalents held by the Company during the Year under Review. The bank interest income increased by approximately RMB17,641,000 year on year.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of staff salaries and benefits, transportation and insurance costs, warranty expenses, travel expenses, office utility expenses, marketing and advertisement expenses and depreciation costs. During the Year under Review, selling and distribution expenses of the Group amounted to approximately RMB155,851,000, representing an increase of approximately 5.1% as compared with the last financial year, and accounting for approximately 5.0% of the Group's revenue for the Year under Review. Such increase in expenses was mainly attributable to the combined effect of the increase in salaries and benefits for marketing and after-sales service staff, the increase in travel expenses for sales and customer service staff, but slightly offset by the decrease in transportation insurance premiums as a result of the decrease in the Company's shipments during the Year under Review.

Administrative Expenses

Administrative expenses primarily consist of salaries and benefits for management, administrative and financial personnel, administrative costs, customisation and development expenses, depreciation expenses relating to property, plant and equipment used for administrative purposes, amortisation expenses for the management information systems, and other taxes and levies expenditure.

During the Year under Review, administrative expenses amounted to approximately RMB113,856,000, representing an increase of approximately 7.9% as compared with the last financial year, which was mainly due to the increase in development expenses, office expenses of the administrative department and corporate taxes during the Year under Review.

Other Expenses

Other expenses primarily include exchange losses, losses on the disposal of fixed assets, banking charges and others. During the Year under Review, other expenses amounted to approximately RMB9,713,000, representing a decrease of approximately RMB1,757,000 as compared with the last financial year, mainly due to the combined effect of the increase in exchange losses arising from the Japanese Yen deposits and receivables held by the Company as a result of the significant depreciation in Japanese Yen against Renminbi, and the decrease in the losses on disposal of fixed assets during the Year under Review.

Impairment Losses on Financial Assets

During the Year under Review, the provision for net impairment gains on financial assets amounted to approximately RMB2,340,000, remaining generally stable as compared to the provision for net impairment gains of RMB2,587,000 in the last financial year.

Finance Costs

During the Year under Review, the finance costs were approximately RMB993,000 (for the last financial year: RMB674,000), which was mainly due to the increase in interest arising from the discounting of bank bills during the Year under Review as compared with that of the same period last year.

Income Tax Expenses

During the Year under Review, income tax expenses decreased by approximately 14.9% as compared with the last financial year to approximately RMB222,764,000, which was mainly due to the decrease in revenue and profit before tax.

Profit for the Year

As a result of the aforementioned factors, the Group's profit for the year decreased by approximately 17.1% from approximately RMB579,188,000 in the last financial year to approximately RMB479,970,000 for the Year under Review.

Liquidity, Financial Resources and Debt Structure

During the Year under Review, the Group continued to maintain a healthy and solid liquidity position by funding its operations and investments mainly with internal cash flows. As at 31 March 2024, the cash and cash equivalents and time deposits with maturity of more than three months of the Group amounted to approximately RMB678,007,000 and RMB425,000,000, respectively (31 March 2023: approximately RMB638,572,000 and RMB339,000,000, respectively).

As at 31 March 2024, the Group's cash and cash equivalents were mainly held in Renminbi, and part of them were held in Hong Kong dollars and Japanese yen ("**JPY**").

As at 31 March 2024, the Group recorded net current assets of approximately RMB2,156,810,000 (31 March 2023: approximately RMB1,998,001,000). Capital expenditures for the year ended 31 March 2024 amounted to approximately RMB88,959,000, which was mainly utilised to finance the purchase and construction of plants, the addition of processing equipment, and the addition and purchase of design and management software.

As at 31 March 2024, the Group had no outstanding bank loans (31 March 2023: nil) and had no discounted bills with recourse (31 March 2023: nil). As at 31 March 2024, the Group's gearing ratio was approximately 0.15% (31 March 2023: 0.12%), calculated by dividing the total debt (i.e. bank loans and other borrowing and lease liabilities) by the total equity.

An analysis of the Group's key liquidity ratios is as follows:

	For the year ended 31 March	
	2024	2023
Average inventory turnover days *(Note 1)*	**157**	127
Average turnover days of trade and notes receivables *(Note 2)*	**105**	92
Average turnover days of trade and notes payables *(Note 3)*	**95**	88

	As at 31 March	
	2024	2023
Current ratio *(Note 4)*	**3.7**	3.3

Notes:

1. Average inventory turnover days are calculated based on the average balance of inventory at the beginning and end of the relevant financial year divided by the cost of sales for the relevant financial year multiplied by 365 days.

2. Average turnover days of trade and notes receivables are calculated based on the average balance of trade and notes receivables at the beginning and end of the relevant financial year divided by the revenue for the relevant financial year multiplied by 365 days.

3. Average turnover days of trade and notes payables are calculated based on the average balance of trade and notes payables at the beginning and end of the relevant financial year divided by the cost of sales for the relevant financial year multiplied by 365 days.

4. Current ratio is calculated based on total current assets divided by total current liabilities as at the end of the relevant financial year.

Average inventory turnover days

During the Year under Review, the Group's average inventory turnover days were 157 days, representing an increase of 30 days as compared to the last financial year, which was mainly due to the decrease of approximately 22.9% in sales for the Year under Review as compared with the last financial year. However, the adjustment cycle of inventory lagged behind the sales and shipments to some extent, and the average balance of inventory for the Year under Review only decreased by 8.4% as compared with the last financial year. The superimposed impacts of the two factors resulted in a significant increase in the average inventory turnover days.

Average turnover days of trade and notes receivable

During the Year under Review, the Group's average turnover days of trade and notes receivable were 105 days, representing an increase of approximately 13 days as compared to the last financial year, which was mainly due to the decrease of approximately 22.9% in sales for the Year under Review as compared with the last financial year. However, the average balance of trade and notes receivable decreased by 11.4% as compared with the last financial year, and their average turnover days increased as compared with the last financial year. The relevant trade receivables were all within normal credit terms.

Average turnover days of trade and notes payable

During the Year under Review, the Group's average turnover days of trade and notes payable were 95 days, representing an increase of 7 days as compared to the last financial year, which was mainly due to the decrease of 19.8% in the average balance of trade and notes payable for the Year under Review as compared with the last financial year, while the cost of sales for the Year under Review decreased by 26.1% from the last financial year.

Current ratio

As at 31 March 2024, the Group's current ratio was approximately 3.7 times (31 March 2023: approximately 3.3 times), which was mainly attributable to the decrease of 7.6% in the overall current liabilities as a result of the decrease of 19.8% in the balance of trade payables as at 31 March 2024 resulting from the decrease in production volume of the Company and the decrease in corresponding procurement of materials during the Year under Review, as well as a year-on-year increase of 3.2% in the current assets as at 31 March 2024.

Capital Commitment

The Group had the following capital commitments during the Year under Review and the last year:

	As at 31 March	
	2024	2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Property, plant and equipment	**27,032**	112,602

Contingent Liabilities

As at 31 March 2024, the Group had no material contingent liabilities (31 March 2023: nil).

Currency Risk and Management

Apart from a few overseas businesses that are settled in JPY and United States dollars, the sales and procurement of the Group are mainly denominated in Renminbi. As such, the management of the Group believes that the Company does not have significant currency exchange risk.

During the Year under Review, the Group did not enter into any foreign currency forward contracts or use any derivative contracts to hedge against its exposure. The Group manages its currency risk by closely monitoring the movement of the foreign currency exchange rates and may consider hedging against significant foreign currency exposure should the need arise.

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

In order to expand its production capacity, the Group invested in fixed assets of approximately RMB86,260,000 during the Year under Review, including approximately RMB76,052,000 in buildings, approximately RMB4,382,000 in machinery and equipment and approximately RMB5,826,000 in other investments.

In order to ensure the Company's future production capacity and meet the demand for CNC machine tools in the PRC market, the Company will build a new plant on the existing plant area of Nakatsu Company (the fifth plant area of the Group), with a planned investment amount of approximately RMB130 million. The construction of the new plant building began during the Year under Review, with approximately RMB79,625,000 having been invested as of the end of the Year under Review, and is expected to be completed in July 2024, at which point the fifth plant will commence full operation. The Group is expected to increase a production capacity of 3,000 to 4,000 units of CNC precision machine tools, which will greatly enhance the Company's production capacity.

Save for the investments disclosed above, the Group did not hold any other significant investment nor make any material acquisition or disposal of subsidiaries and associated companies during the Year under Review.

Employees and Remuneration Policy

As at 31 March 2024, the Group employed 2,131 employees (31 March 2023: 2,238), of whom 11 (31 March 2023: 11) were seconded employees from the Controlling Shareholder. The Group's staff costs (including salaries, bonuses, social insurance, provident funds and share award scheme) amounted to RMB377,995,000 (31 March 2023: RMB370,069,000) in aggregate, accounting for approximately 12.1% of the total revenue of the Group during the Year under Review.

The Group offers attractive remuneration packages, including competitive fixed salaries plus performance-based annual bonuses, and continuously provides tailored trainings to its employees to promote their upward mobility in the organisation and foster their loyalty. The Group's employees are subject to regular job performance reviews, which have bearing on their promotion prospects and compensation. Remuneration is determined with reference to market practice and condition and individual employee's performance, qualifications and experience.

OUTLOOK

Going into 2024, under the lingering complicated global environment, to what extent investments in the manufacturing industry as a result of confrontations brought about by geopolitical landscape remains to be kept under careful observation. Despite facing numerous challenges, the machine tool industry is poised to capitalize on various development opportunities. At a macro level, the government provides strong backing to the advancement of the industrial machine tool industry through support in taxation, research and development, and personnel training. Additionally, recent favorable policies such as the "two new" policies (trade-in deals for consumer goods and equipment renewal) were frequently introduced, with the expectations of stimulating demand within the machine tool industry. The transformation and upgrade of downstream segments with a focus on intelligent and sustainable practices, together with the demands for equipment renewal and upgrading arising therefrom, will also generate new market prospects for the machine tool industry.

Throughout 2023, the demand for domestic CNC machine tools has been in a downturn, but by the end of the year the downward trend has basically bottomed out. In March and April this year, the demand for machine tools in the manufacturing industry has begun to pick up significantly, and it is speculated that it has entered a new growth cycle. In terms of each downstream segment, it is observed that the new energy vehicles industry is expected to maintain robust development in the next two or three years, but due to its high degree of integration of parts and components, fewer machined parts, and the number of machine tools closing to saturation, it is expected that the demand for machine tools will tend to be flat to a slight increase. The 3C industry is affected by the external relocation of some manufacturers' industrial chain, and its growth trend is not obvious, and the demand for machine tools is also uncertain. However, the year-on-year performances of industrial automation, humanoid robots, and healthcare industry are expected to further improve.

Although the pace of economic recovery last year was slower than expected, the Group remains firmly confident in the development prospects of CNC machine tools in China and expects its performance to be significantly higher than last year as the manufacturing industry in China has the largest scale and the most robust supply chain, intelligent transformation has become the driving force for the development of the domestic manufacturing industry, and the long-term demand for high-end CNC machine tools is expected to grow continuously. Therefore, the Group will continue to achieve cost reduction and efficiency improvement through proactive improvement, and introduce new models and modes that are responsive to market and customer needs, while expanding production capacity to further consolidate its competitive advantage over competitors.

With the new factory in Pinghu to be put into operation in July this year, the Group expects to increase the production capacity of 3,000 to 4,000 precision CNC machine tools, coupled with the rapid expansion of machining capacity of parts and components in Tsugami Anhui, which provide strong support for the Group's production. The Group is confident that it can meet customer demand, acquire new orders and further increase its market share through efficient production of cost-effective products.

The Group will also continue to optimise its manufacturing processes and implement measures for energy saving and emission reduction in the course of our daily operation, so as to enhance the efficiency of resource utilisation and promote the practice of sustainable development, thereby bringing positive contributions to the society and the environment.

EVENTS AFTER THE END OF THE YEAR UNDER REVIEW

The Directors are not aware of any material events relating to the business or financial performance of the Group after the Year under Review and up to the date of this announcement.

DIVIDENDS

The Board recommended the payment of a final dividend of HK$0.40 per share for the year ended 31 March 2024 to the shareholders of the Company whose names appear on the register of members of the Company as at Wednesday, 28 August 2024.

The payment of the proposed final dividend is subject to approval by the shareholders of the Company at the annual general meeting for the FY2024 (the "**AGM**"). The final dividend is expected to be paid to the shareholders of the Company on Monday, 2 September 2024.

PUBLIC FLOAT

Based on information that was publicly available to the Company and to the best knowledge of the Board, as of the date of this announcement, the Company maintained the public float as prescribed under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") of not less than 25%.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "**CG Code**") under Appendix C1 to the Listing Rules as its own code of corporate governance since the listing of the shares of the Company on 25 September 2017. The Company has complied with the code provisions of the CG Code set out therein during the Year under Review, save for the deviation from code provisions C.1.8 and C.2.1 of the CG Code due to reasonable grounds (as explained below).

During the Year under Review, the potential legal actions against the Directors of the Company were covered by the Company's internal risk management and controls. As the Company is of view that there is no additional risk, no insurance arrangements have been made for the Directors in accordance with code provision C.1.8 of the CG Code.

Dr. Tang Donglei has been serving as both the Chairman and Chief Executive Officer of the Company with effect from 1 April 2022. Pursuant to code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Accordingly, the Company has deviated from the relevant code provision of the CG Code. However, the Board believes that it is in the interests of the Company to vest the roles of both the Chairman and the Chief Executive Officer of the Company in the same person, so as to ensure consistent leadership within the Group and facilitate the prompt execution of the Group's business strategies and boost operation effectiveness. The Board also believes that the balance of power and authority under this arrangement will not be impaired, as all major decisions of the Group must be made in consultation with the Board as a whole, together with its relevant committees, which comprise experienced and high calibre individuals, including three independent non-executive Directors who are in the position to provide independent insights to the Board and monitor the management and operation of the Company. The Board will periodically review and consider the effectiveness of this arrangement by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made due and careful inquiries with all the Directors, the Company confirms that all the Directors have complied with the required standards as set out in the Model Code during the Year under Review.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the "**Audit Committee**") consisted of three members, namely Mr. Tam Kin Bor, Dr. Huang Ping and Mr. Kenji Yoneyama, of whom Mr. Tam Kin Bor and Dr. Huang Ping are independent non-executive Directors and Mr. Kenji Yoneyama is a non-executive Director. The chairman of the Audit Committee is Mr. Tam Kin Bor. The primary duties of the Audit Committee include, among others, reviewing the financial statements, annual reports and accounts and interim reports of the Group, making recommendations in respect of the appointment, re-appointment and removal of external auditor, reviewing and supervising the financial reporting process, risk management and internal control system of the Group, supervising the environmental, social and governance (ESG) issues of the Company, and reviewing the accounting policies and practices adopted by the Group.

The Audit Committee has reviewed the Group's audited consolidated financial statements during the Year under Review including the accounting principles and standards adopted by the Group and discussed with the management in respect of the auditing, risk management, internal control and ESG report review.

REMUNERATION COMMITTEE

As at the date of this announcement, the remuneration committee of the Company (the "**Remuneration Committee**") consists of three members, namely Dr. Huang Ping, Mr. Tam Kin Bor and Dr. Tang Donglei, of whom Dr. Huang Ping and Mr. Tam Kin Bor are independent non-executive Directors and Dr. Tang Donglei is the chairman, chief executive officer and an executive Director. The chairman of the Remuneration Committee is Dr. Huang Ping. The primary duties of the Remuneration Committee include, among others, making recommendations to the Board regarding the policy and structure for the remuneration of all Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing remuneration policies, making recommendations to the Board on the remuneration packages of Directors and senior management of the Group and reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

NOMINATION COMMITTEE

As at the date of this announcement, the nomination committee of the Company (the "**Nomination Committee**") consists of three members, namely Mr. Takao Nishijima, Dr. Huang Ping and Mr. Tam Kin Bor, of whom Dr. Huang Ping and Mr. Tam Kin Bor are independent non-executive Directors and Mr. Takao Nishijima is a non-executive Director. The chairman of the Nomination Committee is Mr. Tam Kin Bor. The primary duties of the Nomination Committee include, among others, considering and recommending to the Board suitably qualified persons to act as a Director, reviewing the structure, size and composition of the Board on a regular basis and as required, evaluating the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Year under Review, the Company repurchased a total of 250,000 shares on the Stock Exchange (the "**Share Repurchase**"). All shares repurchased were cancelled on 18 June 2024. Details of the Share Repurchase are as follows:

Month of Repurchase	**Number of shares repurchased**	**Price per Share**		**Aggregate price** (excluding commission fee)
		Highest	Lowest	
		HK$	*HK$*	*HK$*
December 2023	195,000	8.99	7.91	1,684,720
January 2024	55,000	9.00	8.84	491,930

The Board believes that the Share Repurchase may, depending on market conditions and funding arrangements at that time, lead to an enhancement of its earning per share, and will benefit the Company and shareholders.

Save as disclosed above, there was no purchase, sale and redemption of the listed securities of the Company by the Company or any of its subsidiaries during the Year under Review.

ANNUAL GENERAL MEETING

The forthcoming AGM of the Company will be held in Hong Kong on Monday, 19 August 2024. Notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 14 August 2024 to Monday, 19 August 2024, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to qualify for attending and voting at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 13 August 2024. In addition, the register of members of the Company will be closed from Monday, 26 August 2024 to Wednesday, 28 August 2024, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 23 August 2024.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statements of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and relevant notes thereto for the year ended 31 March 2024 as set out in the preliminary results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by Ernst & Young on the preliminary results announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.tsugami.com.cn). The Company's annual report for the year ended 31 March 2024 will be dispatched to the shareholders of the Company (if requested) and published on the above websites in due course.

By Order of the Board
Precision Tsugami (China) Corporation Limited
Dr. Tang Donglei
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 June 2024

As at the date of this announcement, the executive directors of the Company are Dr. Tang Donglei and Dr. Li Zequn; the non-executive directors are Mr. Takao Nishijima, Ms. Mami Matsushita and Mr. Kenji Yoneyama; and the independent non-executive directors are Dr. Satoshi Iwabuchi, Dr. Huang Ping and Mr. Tam Kin Bor.