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 2025

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 2025 (the "**Year**" or the "**Year under Review**") together with the comparative figures for the corresponding period in 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**4,261,557**	3,119,674
Cost of sales		**(2,851,124)**	(2,224,135)
Gross profit		**1,410,433**	895,539
Other income and gains	*4*	**80,384**	85,268
Selling and distribution expenses		**(189,947)**	(155,851)
Administrative expenses		**(152,629)**	(113,856)
Impairment loss on financial assets, net		**(6,216)**	2,340
Other expenses		**(4,434)**	(9,713)
Finance costs	*5*	**(412)**	(993)
PROFIT BEFORE TAX	*6*	**1,137,179**	702,734
Income tax expense	*7*	**(354,762)**	(222,764)
PROFIT FOR THE YEAR		**782,417**	479,970
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**782,417**	479,970
ATTRIBUTABLE TO:			
Owners of the parent		**782,417**	479,970

		Year ended 31 March	
		2025	2024
	Note	***RMB***	*RMB*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic			
– For profit for the year	*8*	**2.08**	1.26
– Diluted			
– For profit for the year	*8*	**2.07**	1.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March **2025** ***RMB'000***	 2024 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**554,497**	567,773
Right-of-use assets		**67,656**	71,262
Intangible assets		**6,315**	5,475
Equity investments designated at fair value through other comprehensive income		**4,750**	3,775
Deferred tax assets		**26,294**	20,932
Total non-current assets		**659,512**	669,217
CURRENT ASSETS			
Inventories		**930,344**	857,075
Trade and notes receivables	*9*	**1,566,691**	981,537
Prepayments, other receivables and other assets		**16,287**	13,343
Cash and bank balances		**1,081,652**	1,111,063
Total current assets		**3,594,974**	2,963,018
CURRENT LIABILITIES			
Trade and notes payables	*10*	**610,517**	533,783
Other payables and accruals		**213,949**	189,754
Lease liabilities		**1,338**	2,184
Income tax payable		**137,750**	73,492
Provision		**10,391**	6,995
Total current liabilities		**973,945**	806,208
NET CURRENT ASSETS		**2,621,029**	2,156,810
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,280,541**	2,826,027

		As at 31 March	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**1,005**	1,902
Deferred tax liabilities		**116,361**	91,280
Deferred income		**16,600**	18,099
Other long-term liabilities		**12,413**	13,157
Total non-current liabilities		**146,379**	124,438
NET ASSETS		**3,134,162**	2,701,589
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Issued capital		**319,626**	319,836
Treasury shares		**(87,058)**	(27,431)
Reserves		**2,901,594**	2,409,184
TOTAL EQUITY		**3,134,162**	2,701,589

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**1,137,179**	702,734
Adjustments for:		
Finance costs	**412**	993
Bank interest income	**(22,518)**	(27,664)
Loss on disposal of items of property, plant and equipment	**239**	962
Depreciation of property, plant and equipment	**54,789**	52,952
Depreciation of right-of-use assets	**4,450**	4,392
Amortisation of intangible assets	**1,684**	1,393
Equity-settled share-based payment expense	**6,749**	305
Impairment loss accrual/(reversal) of trade receivables	**5,682**	(20)
Impairment loss accrual/(reversal) of financial assets at fair value through other comprehensive income	**533**	(2,317)
Impairment loss accrual of inventories	**2,743**	1,351
Impairment loss accrual/(reversal) of financial assets included in prepayments, other receivables and other assets	**1**	(3)
	1,191,943	735,078
(Increase)/decrease in inventories	**(76,012)**	196,765
Increase in trade and notes receivables	**(591,369)**	(161,308)
(Increase)/decrease in prepayments, other receivables and other assets	**(2,945)**	6,415
Increase/(decrease) in trade and notes payables	**76,734**	(92,890)
Increase in other payables and accruals	**31,860**	9,970
(Decrease)/increase in other liabilities	**(744)**	1,057
(Decrease)/increase in contract liabilities	**(7,665)**	13,312
Increase/(decrease) in provision	**3,396**	(2,679)
(Decrease)/increase in deferred income	**(1,499)**	1,681
Cash generated from operations	**623,699**	707,401
Income taxes paid	**(270,785)**	(201,587)
Net cash flows from operating activities	**352,914**	505,814

	Year ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**22,518**	27,664
Purchases of items of property, plant and equipment	**(42,405)**	(86,260)
Proceeds from disposal of items of property, plant and equipment	**653**	562
Purchase of equity investments designated at fair value through other comprehensive income	**(975)**	(975)
Additions to intangible assets	**(2,524)**	(1,724)
Withdrawal of time deposits with original maturity of more than three months	**428,000**	562,000
Placement in time deposits with original maturity of more than three months	**(686,532)**	(656,056)
Net cash flows used in investing activities	**(281,265)**	(154,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	**(61,736)**	(27,431)
Principal portion of lease payments	**(2,587)**	(3,018)
Dividends paid	**(294,857)**	(280,148)
Interest paid	**(412)**	(993)
Net cash flows used in financing activities	**(359,592)**	(311,590)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(287,943)**	39,435
Cash and cash equivalents at beginning of year	**678,007**	638,572
CASH AND CASH EQUIVALENTS AT END OF YEAR	**390,064**	678,007
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**390,064**	678,007

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 P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY 1-1205, Cayman Islands.

The Company is an investment holding company. During the year, the Group was 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		Principal activities
			Direct %	Indirect %	
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$148,700,000	–	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	RMB35,000,000	–	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	RMB150,000,000	–	100	Manufacture and sale of high precision CNC machine tools and precision machine tool castings

* 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 Standard Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) as 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 receivables 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 2025. 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 IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback Transaction*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards adopted by the Group are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments will not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As supplier finance arrangements are not applicable to the Group, the amendments did not have any impact on the financial position or performance of 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. Therefore, no analysis of operating segments is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
Mainland China	**3,790,671**	2,632,420
Overseas	**470,886**	487,254
Total revenue	**4,261,557**	3,119,674

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

(b) Non-current assets

	Year ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
Mainland China	**628,468**	644,510

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

Information about major customers

Revenue of approximately RMB452,140,000 (2024: RMB472,684,000) 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 2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Sale of goods	**4,255,516**	3,113,567
Rendering of services	**6,041**	6,107
Total	**4,261,557**	3,119,674

(i) Disaggregated revenue information

	Year ended 31 March 2025 RMB'000	2024 RMB'000
Type of goods or services		
Sale of goods	**4,255,516**	3,113,567
Precision lathes	**3,624,492**	2,654,911
Precision machining centres	**243,618**	154,885
Precision grinding machines	**208,359**	144,330
Other components	**179,047**	159,441
Rendering of services	**6,041**	6,107
Total	**4,261,557**	3,119,674
Geographical markets		
Mainland China	**3,790,671**	2,632,420
Overseas	**470,886**	487,254
Total	**4,261,557**	3,119,674
Timing of revenue recognition		
Goods transferred at a point in time	**4,255,516**	3,113,567
Services rendered at a point in time	**6,041**	6,107
Total	**4,261,557**	3,119,674

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 2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**92,107**	78,795

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 gives 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 30 days from delivery.

An analysis of other income and gains is as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**22,518**	27,664
Government grants *(Note (a))*	**56,504**	55,944
Others	**1,362**	1,660
Total other income and gains	**80,384**	85,268

Note a: The amount represents grants received from the local PRC government. 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 from continuing operations is as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
Interest arising from discounted notes receivables	**370**	910
Interest on lease liabilities	**42**	83
Total	**412**	993

6. PROFIT BEFORE TAX

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

	Year ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
Cost of inventories sold*	**2,848,239**	2,221,681
Cost of services provided	**2,885**	2,454
Impairment loss accrual of inventories**	**2,743**	1,351
Depreciation of property, plant and equipment	**54,789**	52,952
Depreciation of right-of-use assets	**4,450**	4,392
Amortisation of intangible assets	**1,684**	1,393
Research and development costs	**72,837**	41,858
Lease payments not included in the measurement of lease liabilities	**3,363**	2,709
Equity-settled share-based payment expense	**6,749**	305
Auditor's remuneration		
– Annual audit	**1,420**	1,370
Employee benefit expense (including directors' and chief executives' remuneration):		
Wages and salaries	**374,491**	304,377
Pension scheme contributions	**33,616**	28,719
Social security contributions and accommodation benefits	**51,061**	44,899
Foreign exchange differences, net	**3,759**	5,909
Impairment of financial assets, net:		
Impairment loss accrual/(reversal) of trade receivables	**5,682**	(20)
Impairment loss accrual/(reversal) of financial assets at fair value through other comprehensive income	**533**	(2,317)
Impairment loss accrual/(reversal) of financial assets included in prepayments, other receivables and other assets	**1**	(3)
Warranty provision	**16,433**	4,809
Bank interest income	**(22,518)**	(27,664)
Loss on disposal of items of property, plant and equipment	**239**	962
Government grants	**(56,504)**	(55,944)

* 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 recognised on inventories during the year 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 operated.

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% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong.

The provision for Mainland China current income tax is based on the statutory rate of 25% (2024: 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	
	2025	2024
	RMB'000	*RMB'000*
Current tax – Mainland China	**335,043**	207,208
Deferred tax	**19,719**	15,556
Total tax charge for the year	**354,762**	222,764

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	
	2025	2024
	RMB'000	*RMB'000*
Profit before tax	**1,137,179**	702,734
Tax at the statutory tax rate	**284,295**	175,684
Adjustments in respect of current tax of previous periods	**170**	–
Expenses not deductible for tax	**3,942**	2,345
Tax losses and temporary differences not recognised	**2,204**	8
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**81,081**	54,434
Research and development costs super deduction	**(16,930)**	(9,707)
Total tax charge at the Group's effective tax rate	**354,762**	222,764

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 376,040,025 (2024: 380,119,975) 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	
	2025	2024
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**782,417**	479,970

	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**376,040,025**	380,119,975
* Effect of dilution – weighted average number of ordinary shares:		
Restricted shares	**1,243,082**	10,959
	377,283,107	380,130,934

* The diluted earnings per share amount is based on the profit for the year ended 31 March 2025 of RMB782,417,000 and the weighted average number of ordinary shares of 377,283,107 in issue during the year.

9 TRADE AND NOTES RECEIVABLES

	As at 31 March	
	2025	2024
	RMB'000	*RMB'000*
Trade receivables*	**224,032**	111,688
Notes receivables	**1,349,782**	871,290
	1,573,814	982,978
Impairment	**(7,123)**	(1,441)
Net carrying amount	**1,566,691**	981,537

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

Customers are usually required to make payments 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 balance of trade receivables. Trade receivables are unsecured and non-interest-bearing.

At 31 March 2025, the Group endorsed certain notes receivables accepted by banks in China (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 RMB124,123,000 (2024: RMB236,234,000). In addition, the Group discounted certain notes receivables accepted by banks in Mainland China (the "**Discounted Notes**"), with no relevant amount incurred this year (2024: RMB2,205,000). 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 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 RMB77,423,000 (2024: RMB94,400,000) and RMB nil (2024: RMB2,205,000), 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 2025, the Group continued to recognise the full carrying amount of the remaining Endorsed Notes and the associated trade payables with an amount of RMB46,700,000 (2024: RMB141,834,000) 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 did not recognise 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 RMB572,368,000 were classified as financial assets at fair value through other comprehensive income under IFRS 9, and RMB777,414,000 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 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 had been 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	
	2025	2024
	RMB'000	*RMB'000*
Within 3 months	**216,374**	110,211
3 months to 6 months	**489**	36
6 months to 9 months	**46**	–
Total	**216,909**	110,247

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

	As at 31 March	
	2025	2024
	RMB'000	*RMB'000*
At the beginning of the year	**1,441**	1,461
Impairment allowance (net)	**5,682**	(20)
At the end of the year	**7,123**	1,441

The increase (2024: decrease) in the loss allowance was due to the following significant changes in the gross carrying amount:

(i) An increase in the loss allowance of RMB5,682,000 (2024: decrease of RMB20,000) as a result of a net increase (2024: 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 2025

		Past due			
	Current	**Less than 1 month**	**1 to 3 months**	**Over 3 months**	**Total**
Expected credit loss rate	**0.453%**	**–**	**–**	**–**	**0.453%**
Gross carrying amount *(RMB'000)*	**1,573,814**	**–**	**–**	**–**	**1,573,814**
Expected credit losses *(RMB'000)*	**7,123**	**–**	**–**	**–**	**7,123**

As at 31 March 2024

	Current	Past due: Less than 1 month	Past due: 1 to 3 months	Past due: 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

10 TRADE AND NOTES PAYABLES

	As at 31 March	
	2025	2024
	RMB'000	*RMB'000*
Trade payables*	**531,980**	452,107
Notes payables	**78,537**	81,676
	610,517	533,783

* 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	
	2025	2024
	RMB'000	*RMB'000*
Within 3 months	**531,930**	452,099
Over 3 months	**50**	8
	531,980	452,107

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

11 DIVIDENDS

	Year ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
Final dividends paid for the year ended 31 March 2024 – HK$0.40 per ordinary share (HK$0.40 per ordinary share for the year ended 31 March 2023)	**138,371**	140,122
Interim dividends paid for the six months ended 30 September 2024 – HK$0.45 per ordinary share (HK$0.40 per ordinary share for the six months ended 30 September 2023)	**156,486**	140,026
	294,857	280,148

On 25 June 2025, the board of directors proposed the payment of a final dividend of HK$0.50 per share for the year ended 31 March 2025. The source of the proposed payment of a final dividend is scheduled to be the retained profits. The proposed final dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back at FY2025, the global macroeconomic environment remained complex and challenging, along with escalating geopolitical conflicts. The international trade landscape underwent profound adjustments, and the restructuring of global industrial chains further accelerated. During 2024, the domestic manufacturing industry exhibited a bifurcated trend: traditional sectors such as real estate and related upstream and downstream sectors continued to undergo significant adjustments, with ongoing contraction in fixed asset investments, while strategic sectors such as new energy vehicles, high-end equipment and semiconductors maintained growth momentum with the support of national industrial policies. In general, after adjustments spanning the second half of 2022 and the full year of 2023, the manufacturing industry's demand for CNC machine tools began to gradually recover from a suppressed state, propelling the CNC machine tools market into an upward cycle.

Especially in the automotive industry, beyond the recovery of basic demand, certain leading automobile manufacturers optimized and integrated resources within their supply chains to gain further competitive advantages in the market. Simultaneously, related machining suppliers were compelled to introduce higher-performance CNC machine tools in response to technological competition. Downstream industries generated demand for production equipment amid local adjustments. In recent years, the Group has been committed to actively expanding into various segments of the automotive industry and providing cost-effective solutions to customers, which has achieved notable results. During the Year under Review, the Group promptly seized opportunities presented by market recovery, achieving strong sales performance in the automotive components sector.

On the other hand, against the backdrop of overall overcapacity in the domestic manufacturing industry, intensified competition across downstream industries has imposed greater pressure on the procurement cost of production equipment. Consequently, competition within domestic CNC machine tools industry has intensified, with price wars becoming the dominant feature of market competition. In recent years, the Group has actively promoted cost reduction and efficiency enhancement across all aspects of the Company's operations through an improvement proposal campaign involving all employees, which has achieved fruitful results. These efforts enabled the Group to proactively lower product prices as and when necessary in response to market competition, maintaining its competitive advantages in the market while significantly improving its profitability and further enhancing its overall operational quality.

During the Year under Review, the Group saw a steady increase in orders secured from major downstream industries such as the automobile parts and components sector, with sales revenue and net profit increasing by 36.6% and 63.0% respectively as compared with the last financial year to approximately RMB4,261,557,000 and RMB782,417,000, respectively. Benefitting from the Group's various cost reduction and efficiency improvement efforts, the profitability improved significantly, with the gross profit margin increasing by approximately 4.4 percentage points to 33.1% from 28.7% in the last financial year. Net profit margin increased by approximately 3.0% to 18.4% from 15.4% in the last financial year.

Basic earnings per share during the Year under Review were approximately RMB2.08 (last financial year: approximately RMB1.26).

FINANCIAL REVIEW

Revenue

During the Year under Review, the total revenue increased by approximately 36.6%, or approximately RMB1,141,883,000, from approximately RMB3,119,674,000 in the last financial year to approximately RMB4,261,557,000. Such increase was primarily due to (1) increased demand for machine tools from the downstream manufacturing industry as a result of China's pickup in overall economic conditions in 2024 and the upturn in the CNC machine tools industry commencing in March and April 2024; and (2) improved product cost-effectiveness and competitiveness due to the Company's ongoing cost reduction and efficiency improvement initiatives, as well as active participation in market competition to reduce sales price. More orders were secured by the Company, contributed by its continuously diversified product offerings and increased penetration into downstream segments. In particular, (i) the precision lathes recorded sales of approximately RMB3,624,492,000 during the Year under Review, representing a year-on-year increase of approximately 36.5%; (ii) the precision machining centres recorded sales of approximately RMB243,618,000 during the Year under Review, representing a year-on-year increase of approximately 57.3%; (iii) the precision grinding machines recorded sales of approximately RMB208,359,000 during the Year under Review, representing a year-on-year increase of approximately 44.4%; and (iv) other sales, which mainly included sales of thread and form rolling machines, and ancillary parts and components, recorded approximately RMB185,088,000, representing a year-on-year increase of approximately 11.8%.

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 2025	**Proportion (%)**	For the year ended 31 March 2024	Proportion (%)	**Year-on-year increase (%)**
Precision lathes	**3,624,492**	**85.1%**	2,654,911	85.1%	**36.5%**
Precision machining centres	**243,618**	**5.7%**	154,885	5.0%	**57.3%**
Precision grinding machines	**208,359**	**4.9%**	144,330	4.6%	**44.4%**
Others*	**185,088**	**4.3%**	165,548	5.3%	**11.8%**
Total	**4,261,557**	**100%**	3,119,674	100%	**36.6%**

* 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 increased by approximately 57.5% to approximately RMB1,410,433,000 as compared to the last financial year. The gross profit margin increased from approximately 28.7% in the last financial year to approximately 33.1% during the Year under Review. The increased sales revenue during the Year under Review led to a corresponding increase in gross profit, with the gross profit margin rising by 4.4 percentage points, which was mainly attributable to the substantial enhancements in cost reduction and efficiency improvement implemented by the Company.

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 decreased by approximately 5.7% as compared with the last financial year to approximately RMB80,384,000, primarily due to the slight decrease in the bank interest income received as a result of the slight decrease in the cash and bank balances held by the Company during the Year under Review. The bank interest income decreased by approximately RMB5,146,000 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 RMB189,947,000, representing an increase of approximately 21.9% as compared with the last financial year, and accounting for approximately 4.5% of the Group's revenue for the Year under Review. Such increase in expenses was mainly attributable to the increase in salaries and benefits costs for marketing and after-sales service staff, and the increase in warranty expenses as a result of the increase in shipment volume.

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 RMB152,629,000, representing an increase of approximately 34.1% as compared with the last financial year, which was mainly due to the increase in development expenses and salaries and benefits costs for administrative staff, and the increase in office expenses of the administrative department 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 RMB4,434,000, representing a decrease of approximately RMB5,279,000 as compared with the last financial year, mainly due to the combined effect of the decrease in exchange losses arising from the Japanese Yen deposits and receivables held by the Company as a result of movements in the Japanese Yen against Renminbi exchange rates, 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 losses on financial assets amounted to approximately RMB6,216,000, as compared to the provision for net impairment gains of RMB2,340,000 in the last financial year, which was mainly due to the increase in sales during the Year under Review, and the corresponding increase in balance of trade and notes receivables as at the end of the year, resulting in an increase in the provision made for the same.

Finance Costs

During the Year under Review, the finance costs were approximately RMB412,000 (for the last financial year: RMB993,000), which was mainly due to the decrease 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 increased by approximately 59.3% as compared with the last financial year to approximately RMB354,762,000, which was mainly due to the increase in revenue and profit before tax.

Profit for the Year

As a result of the aforementioned factors, the Group's profit for the year increased by approximately 63.0% from approximately RMB479,970,000 in the last financial year to approximately RMB782,417,000 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 2025, the cash and cash equivalents and time deposits with maturity of more than three months of the Group amounted to approximately RMB390,064,000 and RMB676,000,000, respectively (31 March 2024: approximately RMB678,007,000 and RMB425,000,000, respectively).

As at 31 March 2025, 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 2025, the Group recorded net current assets of approximately RMB2,621,029,000 (31 March 2024: approximately RMB2,156,810,000). Capital expenditures for the year ended 31 March 2025 amounted to approximately RMB45,904,000, 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 2025, the Group had no outstanding bank loans (31 March 2024: nil) and had no discounted bills with recourse (31 March 2024: nil). As at 31 March 2025, the Group's gearing ratio was approximately 0.07% (31 March 2024: 0.15%), calculated by dividing total debt (i.e. bank loans and other borrowing and lease liabilities) by total equity.

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

	Year ended 31 March	
	2025	2024
Average inventory turnover days *(Note 1)*	**114**	157
Average turnover days of trade and notes receivables *(Note 2)*	**109**	105
Average turnover days of trade and notes payables *(Note 3)*	**73**	95

	As at 31 March	
	2025	2024
Current ratio *(Note 4)*	**3.7**	3.7

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 114 days, representing a decrease of 43 days as compared to the last financial year, which was mainly due to the increase of approximately 36.6% in sales for the Year under Review as compared with the last financial year. The increase in sales led to an increase in production volume, which accelerated the turnover of the Company's inventory, resulting in a decrease in the average inventory turnover days.

Average turnover days of trade and notes receivables

During the Year under Review, the Group's average turnover days of trade and notes receivables were 109 days, representing an increase of 4 days as compared to the last financial year, which was mainly due to the increase of approximately 36.6% in sales for the Year under Review as compared with the last financial year. However, the average balance of trade and notes receivables increased by 41.6% as compared to the last financial year. The increase in trade and notes receivables exceeded the increase in sales, resulting in an increase in average turnover days as compared to the last financial year. Currently, the relevant trade receivables are all within normal credit terms.

Average turnover days of trade and notes payables

During the Year under Review, the Group's average turnover days of trade and notes payables were 73 days, representing a decrease of 22 days as compared to the last financial year, which was mainly due to the fact that the average balance of trade and notes payables during the Year under Review remained basically flat with those of the last financial year, while the cost of sales during the Year under Review increased by 28.2% as compared to the last financial year, resulting in a faster average turnover of trade and notes payables.

Current ratio

As at 31 March 2025, the Group's current ratio was approximately 3.7 times (31 March 2024: approximately 3.7 times), which remained stable. During the Year under Review, the Group recorded an increase in the Company's sales, resulting in an increase in trade and notes receivables, as well as a corresponding increase in procurement of materials due to the increase in production volume of the Company, an increase of 14.4% in the balance of trade payables as at 31 March 2025, an increase of 20.8% in overall current liabilities, as well as a year-on-year increase of 21.3% in the current assets as at 31 March 2025.

Capital Commitment

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

	As at 31 March	
	2025	2024
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Property, plant and equipment	**5,511**	21,307
Equity investments designated at fair value through other comprehensive income	**4,750**	5,725
Total	**10,261**	27,032

Contingent Liabilities

As at 31 March 2025, the Group had no material contingent liabilities (31 March 2024: 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 exposure.

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 RMB42,405,000 during the Year under Review, including approximately RMB21,551,000 in buildings, approximately RMB8,486,000 in machinery and equipment and approximately RMB12,368,000 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 built two new plants on the existing plant area of the fifth plant area of the Group, with an investment of approximately RMB130 million. During the Year under Review, the completion and acceptance procedures for both new plants were completed, which commenced full operation since October 2024 as an assembly workshop for turret machines. It is expected to increase production capacity of 3,000 to 4,000 units of CNC precision machine tools for the Group, 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 2025, the Group employed 2,399 employees (31 March 2024: 2,131), of whom 12 (31 March 2024: 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 RMB459,168,000 (31 March 2024: RMB377,995,000) in aggregate, accounting for approximately 10.8% of the total revenue of the Group during the Year under Review.

The Group offers attractive remuneration packages, including competitively fixed salaries plus performance-based annual bonuses, and continuously provides tailored training 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

Since March 2024, China's machine tools industry has clearly entered a new upward cycle. During the Year under Review, the demand for machine tools in the manufacturing industry consistently increased, with each quarter recording considerable year-on-year growth as compared to the previous year. This trend has continued into 2025, particularly with robust demand from January to March, resulting in the best order performance since the establishment of the Group. In particular, the demand from the automobile parts and components sector remained robust, while other sectors also experienced year-on-year growth.

Following April, the tariff war initiated by the Trump administration resulted in retaliatory escalations in tariffs between China and the United States, along with uncertain prospects for subsequent negotiations between representatives from both countries, casting a shadow over the FY2026 trajectory that was initially promising, and introducing multiple uncertainties.

Despite persistent external uncertainties, the broader context of China's transformation and upgrading in the manufacturing industry, along with demand for equipment upgrades, will continue to unfold. China's manufacturing industry remains the world's largest in scale with the most complete supply chains, and continues to be the most attractive CNC machine tools market globally. Following the outbreak of tariff war, the Chinese government promptly introduced relevant fiscal and financial policies. Based on orders in April and May, the impact of the tariff war has been limited.

Accordingly, the Group maintains its anticipation of a more robust industry demand in FY2026 compared to the Year under Review, and will work to seize this opportunity to achieve its best performance since the establishment of the Group.

In terms of downstream segments, it can be observed that both in the near term and future, the manufacturing demand for miniature precision parts and components driven by the upgrade and transformation of automotive technologies as well as the rapid development of AI and embodied robots, will present an extremely appealing development opportunity for the Group which specializes in miniature precision machine tools.

With the fifth plant in Pinghu put into operation in October 2024, the Group expects to increase its annual production capacity by 3,000 to 4,000 units of machine tools. Precision Tsugami Anhui also continues to adopt new equipment, constantly improving its machining capacity for parts and components and its assembling capacity for function units. In addition, the Group has formulated plans to strategically position its production capacity in 2025. In May 2025, the Group acquired a land of approximately 34 mu in Pinghu Economic Development District, and planned to construct two plants over the next two years. The new plant area under planning is expected to increase an annual production capacity by approximately 3,000 units of machine tools. The Group is confident in its future development and aims to further expand its market share by providing cost-effective products and services to the market to meet customer demands, striving to become a world-class comprehensive machine tools manufacturer.

EVENTS AFTER THE END OF THE YEAR UNDER REVIEW

After the end of the Year under Review, the Company repurchased 2,371,000 shares on the Stock Exchange during the period from April to May 2025. Following the period during which share repurchases are prohibited as stipulated in the Listing Rules, the Company will assess market conditions to determine whether to proceed with share repurchases pursuant to the share buy-back mandate.

Save as disclosed above, 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$0.50 per share for the year ended 31 March 2025 to the shareholders of the Company whose names appear on the register of members of the Company as at Wednesday, 27 August 2025.

The payment of the proposed final dividend is subject to approval by the shareholders of the Company at the annual general meeting for the FY2025 (the "**AGM**"). The final dividend is expected to be paid to the shareholders of the Company on Friday, 12 September 2025.

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 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 during the Year under Review.

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 several 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

Immediately before the change of Directors which takes effect 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. Following the resignation of Mr. Kenji Yoneyama as a non-executive Director, Mr. Shoichiro Haga has been appointed as a non-executive Director and a member of the Audit Committee with effect from 25 June 2025. 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

Immediately before the change of Directors which takes effect 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. Following the resignation of Dr. Tang Donglei, the chairman, chief executive officer and an executive Director, as a member of the Remuneration Committee, Mr. Shoichiro Haga has been appointed as a non-executive Director and a member of the Remuneration Committee with effect from 25 June 2025. 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

Immediately before the change of Directors which takes effect 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. Following the resignation of Mr. Takao Nishijima, a non-executive Director, as a member of the Nomination Committee, Ms. Mami Matsushita, a non-executive Director, has been appointed as a member of the Nomination Committee with effect from 25 June 2025. 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 1,982,000 shares on the Stock Exchange (the "**Share Repurchase**"). Subsequently, the Company continued to repurchase 2,371,000 shares on the Stock Exchange from April to May 2025. All shares repurchased were pending cancellation, and will be cancelled as soon as reasonably practicable. Details of the Share Repurchase are as follows:

Month of Repurchase	**Number of shares repurchased**	**Price per Share**		**Aggregate price**
		Highest *HK$*	Lowest *HK$*	(excluding commission fee) *HK$*
February 2025	756,000	17.60	12.22	11,976,540
March 2025	1,226,000	22.40	17.94	25,428,310

The Board believes that the Share Repurchase may, depending on market conditions and funding arrangements at that time, lead to an enhancement of its earnings 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, nor were there any sales of treasury shares of the Company during the Year under Review.

ANNUAL GENERAL MEETING

The forthcoming AGM of the Company will be held in Hong Kong on Monday, 18 August 2025. The 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, 13 August 2025 to Monday, 18 August 2025, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. The record date will be Monday, 18 August 2025. 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, 12 August 2025.

In addition, the register of members of the Company will be closed from Monday, 25 August 2025 to Wednesday, 27 August 2025, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. The record date will be Wednesday, 27 August 2025. 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, 22 August 2025.

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 2025 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 2025 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, 25 June 2025

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