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## **Tiangong International Company Limited**

**天工國際有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 826)**

### **ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025**

#### **FINANCIAL HIGHLIGHTS**

*RMB'million (unless otherwise specified)*

	<b>Six months ended 30 June 2025 (unaudited)</b>	<b>Six months ended 30 June 2024 (unaudited)</b>	<b>Change</b>
Revenue	<b>2,342.5</b>	2,521.6	(7.1%)
Gross profit	<b>443.9</b>	558.5	(20.5%)
Profit attributable to equity shareholders of the Company	<b>203.6</b>	184.4	10.4%
Basic earnings per share ( <i>RMB</i> )	<b>0.075</b>	0.067	11.9%
Diluted earnings per share ( <i>RMB</i> )	<b>0.075</b>	0.067	11.9%
Gross profit margin	<b>18.9%</b>	22.1%	(3.2 ppt)
Net profit margin	<b>9.3%</b>	8.3%	1.0 ppt
	<b>At 30 June 2025 (unaudited)</b>	<b>At 31 December 2024 (audited)</b>	<b>Change</b>
Net Assets	<b>7,808.5</b>	7,452.7	4.8%
Net Debt <sup>(1)</sup>	<b>2,348.6</b>	2,459.7	(4.5%)
Net Gearing <sup>(2)</sup>	<b>30.1%</b>	33.0%	(2.9 ppt)

*Notes:*

(1) Net debt equals to total interest-bearing borrowings plus other financial liability, less pledged deposits, time deposits and cash and cash equivalents.

(2) Net gearing is measured as net debt to equity.

The board (the “Board”) of directors (the “Directors”) of Tiangong International Company Limited (the “Company”) is pleased to announce the unaudited consolidated statement of profit or loss, and consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025, together with the comparative figures for the same period of 2024, and the consolidated statement of financial position of the Group as at 30 June 2025, together with the comparative figures as at 31 December 2024, which have been reviewed by the Company’s auditor, KPMG, and the audit committee of the Company (the “Audit Committee”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2025 (unaudited)*

		<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>Note</i>	<b>RMB’000</b>	<b>RMB’000</b>
Revenue	4	<b>2,342,495</b>	2,521,648
Cost of sales		<b>(1,898,620)</b>	(1,963,178)
<b>Gross profit</b>		<b>443,875</b>	558,470
Other income	5	<b>170,171</b>	48,306
Distribution expenses		<b>(55,783)</b>	(63,686)
Administrative expenses		<b>(91,415)</b>	(83,348)
Research and development expenses		<b>(137,045)</b>	(146,994)
Other expenses	6	<b>(27,917)</b>	(15,946)
<b>Profit from operations</b>		<b>301,886</b>	296,802
Finance income		<b>13,418</b>	15,082
Finance expenses		<b>(77,955)</b>	(91,055)
<b>Net finance costs</b>	7(a)	<b>(64,537)</b>	(75,973)
Share of profits less losses of associates		<b>(1,767)</b>	1,758
Share of profits less losses of joint ventures		<b>2,250</b>	(405)
<b>Profit before income tax</b>	7	<b>237,832</b>	222,182
Income tax	8	<b>(19,213)</b>	(11,943)
<b>Profit for the period</b>		<b>218,619</b>	210,239
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>203,583</b>	184,371
Non-controlling interests		<b>15,036</b>	25,868
<b>Profit for the period</b>		<b>218,619</b>	210,239
<b>Earnings per share (RMB)</b>			
Basic and diluted	9	<b>0.075</b>	0.067

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

*For the six months ended 30 June 2025 (unaudited)*

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<b>218,619</b>	<b>210,239</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)	<b>116</b>	<b>5,817</b>
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities with functional currencies other than RMB (inclusive of nil tax)	<u><b>(29,671)</b></u>	<u><b>(8,122)</b></u>
<b>Other comprehensive income for the period</b>	<u><b>(29,555)</b></u>	<u><b>(2,305)</b></u>
<b>Total comprehensive income for the period</b>	<u><b>189,064</b></u>	<u><b>207,934</b></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>174,376</b>	<b>182,013</b>
Non-controlling interests	<u><b>14,688</b></u>	<u><b>25,921</b></u>
<b>Total comprehensive income for the period</b>	<u><b>189,064</b></u>	<u><b>207,934</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 (unaudited)

		At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		4,297,420	4,392,861
Lease prepayments		239,872	242,711
Intangible assets		53,670	56,224
Goodwill		144,600	144,600
Interest in associates		102,743	103,781
Interest in joint ventures		27,807	25,141
Other financial assets		262,869	265,070
Deferred tax assets		105,980	117,871
		<u>5,234,961</u>	<u>5,348,259</u>
<b>Current assets</b>			
Financial assets measured at fair value through profit or loss (FVPL)		64,554	61,025
Inventories		2,581,172	2,524,870
Trade and other receivables	10	3,900,869	3,543,048
Pledged deposits		115,980	134,494
Time deposits		593,584	605,231
Cash and cash equivalents		1,282,028	1,068,922
		<u>8,538,187</u>	<u>7,937,590</u>
<b>Current liabilities</b>			
Trade and other payables	11	1,533,160	1,452,755
Interest-bearing borrowings		1,855,966	1,827,473
Other financial liability	12	885,169	983,676
Current taxation		20,179	35,042
		<u>4,294,474</u>	<u>4,298,946</u>
<b>Net current assets</b>		<u>4,243,713</u>	<u>3,638,644</u>
<b>Total assets less current liabilities</b>		<u>9,478,674</u>	<u>8,986,903</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2025 (unaudited) (Continued)*

		At 30 June 2025 (unaudited) <i>RMB'000</i>	At 31 December 2024 (audited) <i>RMB'000</i>
	<i>Note</i>		
<b>Non-current liabilities</b>			
Interest-bearing borrowings		1,599,073	1,457,193
Deferred income		26,117	30,098
Deferred tax liabilities		44,989	46,874
		<u>1,670,179</u>	<u>1,534,165</u>
<b>Net assets</b>		<u><u>7,808,495</u></u>	<u><u>7,452,738</u></u>
<b>Capital and reserves</b>			
Share capital	13	48,164	48,164
Reserves		<u>7,222,077</u>	<u>7,044,913</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>7,270,241</b>	7,093,077
<b>Non-controlling interests</b>		<u>538,254</u>	<u>359,661</u>
<b>Total equity</b>		<u><u>7,808,495</u></u>	<u><u>7,452,738</u></u>

## **1. REPORTING ENTITY**

The Company was incorporated in the Cayman Islands on 14 August 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

The interim financial report of the Company as at and for the six months ended 30 June 2025 comprises the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in associates and jointly controlled entities.

## **2. BASIS OF PREPARATION**

The unaudited interim financial information set out in this announcement does not constitute the unaudited interim financial report of the Company and the Group but is extracted from that unaudited interim financial report.

The interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 25 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included in the interim report.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

### 3. CHANGES IN ACCOUNTING POLICIES

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

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

### 4. REVENUE AND SEGMENT REPORTING

#### (a) Revenue

Revenue represents mainly the sales value of high alloy steel (including die steel (“DS”) and high speed steel (“HSS”)), cutting tools, titanium alloy and others after eliminating intercompany transactions. Further details regarding the Group’s revenue are disclosed in Note 4(b).

Disaggregation of revenue from contracts with customers by product divisions is as follows:

	Six months ended 30 June	
	2025 RMB’000	2024 RMB’000
DS	1,154,590	1,181,417
HSS	394,434	436,145
Cutting tools	397,365	463,607
Titanium alloy	348,786	384,832
Others	47,320	55,647
	<u>2,342,495</u>	<u>2,521,648</u>

The Group’s revenue from contracts with customers was recognised at a point in time. Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 4(b)(iii).

**(b) Segment reporting**

The Group has the following reportable segments, as described below, which are the Group's product divisions. For each of the product divisions, the Chairman (the chief operating decision maker) reviews internal management reports on at least a monthly basis. No operating segments have been aggregated to form the following reportable segments. The following describes the operations in each of the Group's reportable segments:

- |                  |   |
|------------------|---|
| — DS             | The DS segment manufactures and sells materials that are used in the die set manufacturing industry.    |
| — HSS            | The HSS segment manufactures and sells materials that are used in the tools manufacturing industry.     |
| — Cutting tools  | The cutting tools segment manufactures and sells HSS and carbide cutting tools to the tooling industry. |
| — Titanium alloy | The titanium alloy segment manufactures and sells titanium alloys to the titanium industry.             |
| — Others         | Others segment assembles and sells power tools kits.  |

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

For the purposes of assessing segment performance and allocating resources between segments, the Chairman (the chief operating decision maker) monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets with the exception of interest in associates, interest in joint ventures, other financial assets, deferred tax assets, financial assets measured at fair value through profit or loss (FVPL), pledged deposits, time deposits, cash and cash equivalents and other head office and corporate assets. Segment liabilities include trade and other payables and deferred income attributable to the manufacturing and sales activities of the individual segments with the exception of interest-bearing borrowings, other financial liability, current taxation, deferred tax liabilities and other head office and corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBIT", i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as net finance costs. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and joint ventures and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter-segment revenue) generated by the segments in their operations. Inter-segment revenue is priced with reference to prices charged to external parties for similar orders.



Information regarding the Group's reportable segments as provided to the Chairman (the chief operating decision maker) for the purposes of resource allocation and assessment of segment performance for the periods are set out below.

	Six months ended 30 June 2025					
	DS RMB'000	HSS RMB'000	Cutting tools RMB'000	Titanium alloy RMB'000	Others RMB'000	Total RMB'000
Revenue from external customers	1,154,590	394,434	397,365	348,786	47,320	2,342,495
Inter-segment revenue	40	135,751	2,516	–	–	138,307
Reportable segment revenue	<u>1,154,630</u>	<u>530,185</u>	<u>399,881</u>	<u>348,786</u>	<u>47,320</u>	<u>2,480,802</u>
Reportable segment profit (adjusted EBIT)	<u>36,939</u>	<u>37,981</u>	<u>81,662</u>	<u>68,539</u>	<u>2,599</u>	<u>227,720</u>
	As at 30 June 2025					
	DS RMB'000	HSS RMB'000	Cutting tools RMB'000	Titanium alloy RMB'000	Others RMB'000	Total RMB'000
Reportable segment assets	<u>5,677,916</u>	<u>2,632,970</u>	<u>1,905,324</u>	<u>831,550</u>	<u>139,292</u>	<u>11,187,052</u>
Reportable segment liabilities	<u>669,731</u>	<u>316,143</u>	<u>195,556</u>	<u>241,121</u>	<u>52,067</u>	<u>1,474,618</u>
	Six months ended 30 June 2024					
	DS RMB'000	HSS RMB'000	Cutting tools RMB'000	Titanium alloy RMB'000	Others RMB'000	Total RMB'000
Revenue from external customers	1,181,417	436,145	463,607	384,832	55,647	2,521,648
Inter-segment revenue	–	179,145	2,634	–	–	181,779
Reportable segment revenue	<u>1,181,417</u>	<u>615,290</u>	<u>466,241</u>	<u>384,832</u>	<u>55,647</u>	<u>2,703,427</u>
Reportable segment profit (adjusted EBIT)	<u>30,942</u>	<u>42,137</u>	<u>122,994</u>	<u>119,896</u>	<u>10,590</u>	<u>326,559</u>
	As at 31 December 2024					
	DS RMB'000	HSS RMB'000	Cutting tools RMB'000	Titanium alloy RMB'000	Others RMB'000	Total RMB'000
Reportable segment assets	<u>5,505,231</u>	<u>2,618,865</u>	<u>1,858,533</u>	<u>758,493</u>	<u>132,183</u>	<u>10,873,305</u>
Reportable segment liabilities	<u>668,962</u>	<u>293,185</u>	<u>347,623</u>	<u>108,527</u>	<u>41,241</u>	<u>1,459,538</u>

(ii) *Reconciliations of reportable segment revenue, profit or loss, assets and liabilities*

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>		
Reportable segment revenue	<b>2,480,802</b>	2,703,427
Elimination of inter-segment revenue	<b>(138,307)</b>	(181,779)
Consolidated revenue	<b>2,342,495</b>	2,521,648
	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit</b>		
Reportable segment profit	<b>227,720</b>	326,559
Net finance costs	<b>(64,537)</b>	(75,973)
Share of profits less losses of associates	<b>(1,767)</b>	1,758
Share of profits less losses of joint ventures	<b>2,250</b>	(405)
Other unallocated head office and corporate profits/(losses)	<b>74,166</b>	(29,757)
Consolidated profit before income tax	<b>237,832</b>	222,182
	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Assets</b>		
Reportable segment assets	<b>11,187,052</b>	10,873,305
Interest in associates	<b>102,743</b>	103,781
Interest in joint ventures	<b>27,807</b>	25,141
Other financial assets	<b>262,869</b>	265,070
Deferred tax assets	<b>105,980</b>	117,871
Financial assets measured at fair value through profit or loss (FVPL)	<b>64,554</b>	61,025
Pledged deposits	<b>115,980</b>	134,494
Time deposits	<b>593,584</b>	605,231
Cash and cash equivalents	<b>1,282,028</b>	1,068,922
Other unallocated head office and corporate assets	<b>30,551</b>	31,009
Consolidated total assets	<b>13,773,148</b>	13,285,849

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>Liabilities</b>		
Reportable segment liabilities	1,474,618	1,459,538
Interest-bearing borrowings	3,455,039	3,284,666
Current taxation	20,179	35,042
Deferred tax liabilities	44,989	46,874
Other financial liability	885,169	983,676
Other unallocated head office and corporate liabilities	84,659	23,315
	<hr/>	<hr/>
Consolidated total liabilities	<u>5,964,653</u>	<u>5,833,111</u>

**(iii) Geographical information**

The Group's business is managed on a worldwide basis and divided into four principal economic regions, the People's Republic of China, and for the purposes of this announcement only and except where the context requires otherwise, excluding Hong Kong, Macao Special Administrative Region and Taiwan (the "PRC"), North America, Europe and Asia (other than the PRC).

In presenting geographical information, segment revenue is based on the geographical location of customers.

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
<b>Revenue</b>		
The PRC	1,332,163	1,329,097
North America	257,786	461,499
Europe	379,905	430,755
Asia (other than the PRC)	361,306	286,312
Others	11,335	13,985
	<hr/>	<hr/>
Total	<u>2,342,495</u>	<u>2,521,648</u>

## 5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Government grants	16,543	6,837
Sales of scrap materials and provision of manufacturing service	4,640	4,237
Bonus deduction of Value Added Tax	12,841	25,322
Net foreign exchange gains	129,747	–
Dividends income	2,730	9,412
Net unrealised fair value changes of other financial assets	1,063	–
Net gains on disposal of property, plant and equipment	139	462
Others	2,468	2,036
	<hr/>	<hr/>
Total	170,171	48,306
	<hr/>	<hr/>

The subsidiaries of the Group located in the PRC, including Jiangsu Tiangong Tools New Materials Company Limited (“TG Tools”), Jiangsu Tiangong Aihe Technology Company Limited (“TG Aihe”), Jiangsu Tiangong Technology Company Limited (“TG Tech”), Jiangsu Tiangong Precision Tools Company Limited (“Precision Tools”), Jiangsu Tiangong Carbide Technology Company Limited (“Carbide Technology”), Jiangsu Weijian Tools Technology Company Limited (“Weijian Tools”) and Jurong Tiangong New Materials Technology Company Limited (“TG New Materials”), collectively received unconditional grants amounting to RMB12,562,000 (six months ended 30 June 2024: RMB2,857,000) from the local government. The Group also recognised amortisation of government grants related to assets of RMB3,981,000 (six months ended 30 June 2024: RMB3,980,000) during the six months ended 30 June 2025.

## 6. OTHER EXPENSES

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Provision for loss allowance on trade and other receivables	21,798	9,122
Charitable donations	2,909	2,400
Net unrealised fair value changes of other financial assets	–	3,141
Net realised and unrealised losses on trading securities	1,836	62
Losses from disposal of interests in subsidiaries	–	185
Others	1,374	1,036
	<hr/>	<hr/>
	27,917	15,946
	<hr/>	<hr/>

## 7. PROFIT BEFORE INCOME TAX

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

### (a) Net finance costs

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	<u>(13,418)</u>	<u>(15,082)</u>
Finance income	<u>(13,418)</u>	<u>(15,082)</u>
Interest on bank loans	61,855	62,755
Interest arising on other financial liability	<u>16,100</u>	<u>28,300</u>
Finance expenses	<u>77,955</u>	<u>91,055</u>
Net finance costs	<u>64,537</u>	<u>75,973</u>

### (b) Other items

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories*	1,898,620	1,963,178
Amortisation of intangible assets	4,393	3,960
Depreciation of property, plant and equipment	195,610	193,198
Amortisation of lease prepayments (right-of-use assets)	2,839	2,927
(Reversal)/provision for write-down of inventories	(11,331)	6,897

\* Cost of inventories includes amounts relating to depreciation expenses and reversal/provision for write-down of inventories, amounts of which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

## 8. INCOME TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
<b>Current tax</b>		
Provision for PRC Income Tax	17,958	30,629
Provision for Hong Kong Profits Tax	516	3,234
Provision for Thailand Corporate Income Tax	533	704
	<u>19,007</u>	<u>34,567</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>206</u>	<u>(22,624)</u>
	<u><u>19,213</u></u>	<u><u>11,943</u></u>

- (a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company is not subject to any income tax in the Cayman Islands or British Virgin Islands.
- (b) The provision for PRC Income Tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

TG Tools, TG Aihe, Jiangsu Tiangong Precision Tools Company Limited (“Precision Tools”), TG Tech and Weijian Tools are subject to a preferential income tax rate of 15% (six months ended 30 June 2024: 15%) for the six months ended 30 June 2025 available to enterprises which qualify as a High and New Technology Enterprise.

As at 16 December 2024, Jiangsu Tiangong Carbide Technology Company Limited (“Carbide Technology”) is qualified as a High and New Technology Enterprise and is subject to a preferential income tax rate of 15% for the six months ended 30 June 2025 (six months ended 30 June 2024: 25%).

The statutory corporate income tax rate applicable to the Company’s other operating subsidiaries in the PRC is 25% for the six months ended 30 June 2025 (six months ended 30 June 2024: 25%).

The income tax law of the PRC and its relevant regulations also impose withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

- (c) Pursuant to the income tax rules and regulations of Hong Kong, the Company’s subsidiaries in Hong Kong are liable to Hong Kong Profits Tax at a rate of 16.5% for the six months ended 30 June 2025 (six months ended 30 June 2024: 16.5%).

- (d) According to the policy of Industrial Promotion Act of Thailand, Tiangong Precision Tools (Thailand) Company Limited (“TGPT”), a subsidiary of the Company located in Thailand, is entitled to a preferential income tax rate of 0% for six years from May 2021, and 20% from May 2027 and thereafter.

Pursuant to the income tax rules and regulations of Thailand, Tiangong Special Steel Company Limited (“TGSS”) and Tiangong New Material (Thailand) Co., Ltd. (“TGNM”), the subsidiaries of the Company in Thailand are liable to Thailand Corporate Income Tax at a rate of 20% for the six months ended 30 June 2025 (six months ended 30 June 2024: 20%).

## 9. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB203,583,000 (six months ended 30 June 2024: RMB184,371,000) and the weighted average of 2,725,000,000 ordinary shares in issue during the interim period (six months ended 30 June 2024: 2,760,750,961).

### (b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2025 and 2024 are the same as the basic earnings per share as there are no dilutive potential ordinary shares during the periods.

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade receivables	2,524,007	2,226,434
Bills receivable	824,594	732,940
Less: loss allowance	(166,702)	(143,288)
Net trade and bills receivable	3,181,899	2,816,086
Prepayments	164,534	159,747
Non-trade receivables	535,978	477,599
Less: loss allowance	(8,944)	(9,498)
Current taxation	27,402	99,114
Net prepayments and non-trade receivables	718,970	726,962
	3,900,869	3,543,048

As at 30 June 2025, certain intercompany trade receivables of RMB149,391,000 (31 December 2024: RMB137,751,000) have been pledged to a bank as security for the Group's bank loans.

At the end of the reporting period, the ageing analysis of trade and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	<b>At 30 June 2025 RMB'000</b>	<b>At 31 December 2024 RMB'000</b>
Within 1 year	<b>2,826,480</b>	2,546,878
1 to 2 years	<b>324,963</b>	252,646
Over 2 years	<b>30,456</b>	16,562
	<b><u>3,181,899</u></b>	<b><u>2,816,086</u></b>

Trade and bills receivables are due from 90 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

# 11. TRADE AND OTHER PAYABLES

	<b>At 30 June 2025 RMB'000</b>	<b>At 31 December 2024 RMB'000</b>
Trade and bills payable	<b>1,246,103</b>	1,189,125
Contract liabilities	<b>12,776</b>	14,445
Dividends payable	<b>71,668</b>	—
Other payables and accrued expenses	<b>202,613</b>	249,185
	<b><u>1,533,160</u></b>	<b><u>1,452,755</u></b>

At the end of the reporting period, the ageing analysis of trade and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>At 30 June 2025 RMB'000</b>	<b>At 31 December 2024 RMB'000</b>
Within 1 year	<b>1,217,675</b>	1,160,725
1 to 2 years	<b>13,823</b>	16,470
Over 2 years	<b>14,605</b>	11,930
	<b><u>1,246,103</u></b>	<b><u>1,189,125</u></b>



## 12. OTHER FINANCIAL LIABILITY

The analysis of the carrying amount of other financial liability is as follows:

	<b>At 30 June 2025 RMB'000</b>	<b>At 31 December 2024 RMB'000</b>
Contingent redeemable capital contributions in a subsidiary	<b>885,169</b>	983,676

On 28 December 2020, certain third party investors (the “Investors”), the Company, TG Tools, Jiangsu Tiangong New Materials Company Limited, China Tiangong (Hong Kong) Company Limited, Precision Tools, TG Aihe, Weijian Tools, TG New Materials and TG Development entered into an investment agreement, pursuant to which the Investors would invest RMB1,415,000,000 to acquire 16.65% of the equity interest in TG Tools (collectively referred to as “the Investment in TG Tools”). The Investors are entitled to the same voting rights and dividend rights as other equity holders of TG Tools, whereas certain special rights in TG Tools including redemption, anti-dilution and preferential liquidation rights are granted to the Investors. The Group received capital contributions of RMB1,415,000,000 from the Investors.

At the date of issuance of the Investment in TG Tools, the Investment in TG Tools is initially recognised at fair value and is carried at amortised cost for subsequent periods. Interest on the Investment in TG Tools is calculated using the simple interest method and recognised in the consolidated statement of profit or loss.

During the period ended 30 June 2025, three of the Investors exercised redemption right to redeem their capital contributions and related interests totaling RMB114,607,000. As at 30 June 2025, 90.06% (2024: 89.00%) of the equity interest in TG Tools was held by the Company.

### 13. CAPITAL, RESERVES AND DIVIDENDS

#### Dividends

- (i) Dividends payable to equity shareholders of the Company in respect of the interim period:

	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
Dividend declared after the end of the reporting period of RMB0.0262 per ordinary share (six months ended 30 June 2024: RMB0.0203 per share)	<u><b>71,395</b></u>	<u>55,311</u>

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

- (ii) Dividends payable to equity shareholders attributable to the previous financial year, approved but not paid during the interim period:

	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
Dividends in respect of the previous financial year, approved but not paid during the interim period, of RMB0.0263 per share (six months ended 30 June 2024: RMB0.0400 per share)	<u><b>71,668</b></u>	<u>109,073</u>

#### Purchase of own shares

For details, please refer to the section headed “Purchase, Sales or Redemption of Securities” to this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

	For the six months ended 30 June					
	2025		2024		Change	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Die steel (“DS”)	<b>1,154,590</b>	<b>49.3</b>	1,181,417	46.9	(26,827)	(2.3)
High speed steel (“HSS”)	<b>394,434</b>	<b>16.8</b>	436,145	17.3	(41,711)	(9.6)
Cutting tools	<b>397,365</b>	<b>17.0</b>	463,607	18.4	(66,242)	(14.3)
Titanium alloy	<b>348,786</b>	<b>14.9</b>	384,832	15.2	(36,046)	(9.4)
Others	<b>47,320</b>	<b>2.0</b>	55,647	2.2	(8,327)	(15.0)
	<b><u>2,342,495</u></b>	<b><u>100.0</u></b>	<b><u>2,521,648</u></b>	<b><u>100.0</u></b>	<b><u>(179,153)</u></b>	<b><u>(7.1)</u></b>

**DS – accounted for approximately 49.3% of the Group’s revenue in 1H2025**

	For the six months ended 30 June					
	2025		2024		Change	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Domestic	<b>565,627</b>	<b>49.0</b>	540,024	45.7	25,603	4.7
Export	<b>588,963</b>	<b>51.0</b>	641,393	54.3	(52,430)	(8.2)
	<b><u>1,154,590</u></b>	<b><u>100.0</u></b>	<b><u>1,181,417</u></b>	<b><u>100.0</u></b>	<b><u>(26,827)</u></b>	<b><u>(2.3)</u></b>

DS is manufactured using rare metals including molybdenum, chromium and vanadium, etc, a type of high alloy special steel. DS is mainly used in processing mould, the mother of modern industry. Many different manufacturing industries require moulds, including the automotive, home appliances, electronics, medical devices, aerospace and consumer goods industries.

During the period, the procurement unit price of the main raw materials for DS increased in general. The transmission of procurement costs was smooth since the domestic industry prosperity recovered slightly. As a result, there was an increase in average selling price. This was the main reason for the increase in the domestic revenue of DS segment by 4.7% to RMB565,627,000 (1H2024: RMB540,024,000) compared to the same period last year.

Regarding the export business, the continued downturn in the European market led to intensified competition in the industry. For the North American market, affected by the uncertainty of tariffs, customers generally adopted a wait-and-see attitude by reducing orders. Export revenue of DS segment decreased by 8.2% to RMB588,963,000 (1H2024: RMB641,393,000) compared to the same period last year.

In the first half of 2025, the Group's overall turnover of DS segment decreased by 2.3% to RMB1,154,590,000 (1H2024: RMB1,181,417,000 ).

### **HSS – accounted for approximately 16.8% of the Group's revenue in 1H2025**

	For the six months ended 30 June					
	2025		2024		Change	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Domestic	<b>259,800</b>	<b>65.9</b>	227,657	52.2	32,143	14.1
Export	<b>134,634</b>	<b>34.1</b>	208,488	47.8	(73,854)	(35.4)
	<b><u>394,434</u></b>	<b><u>100.0</u></b>	<u>436,145</u>	<u>100.0</u>	<u>(41,711)</u>	<u>(9.6)</u>

HSS, manufactured using rare metals including tungsten, molybdenum, chromium, vanadium and cobalt, etc., is characterised by greater hardness, heat resistance and durability. These attributes make HSS suited to such applications as cutting tools and in the manufacturing of milling, broaching, sawing, gear cutting tools and dies, with wide usage in specific industrial applications including automotive, machinery manufacturing, aviation and electronics industries.

For the domestic market, the main reason of the increase in domestic revenue from HSS was the increase in average selling price of HSS. Similar to DS, the procurement unit price of the main raw materials increased in general. In particular, the procurement unit price of tungsten, which was more specific to the manufacturing of HSS, increased more significantly than other raw materials. Together with the slight recovery in domestic demand, the domestic revenue of HSS segment increased by 14.1% to RMB259,800,000 (1H2024: RMB227,657,000).

For export business, sales volume decreased due to the impact of US tariffs policy. Export revenue of HSS segment decreased by 35.4% to RMB134,634,000 (1H2024: RMB208,488,000).

Overall turnover of HSS segment decreased by 9.6% to RMB394,434,000 (1H2024: RMB436,145,000).

**Cutting tools – accounted for approximately 17.0% of the Group’s revenue in 1H2025**

	For the six months ended 30 June					
	2025		2024		Change	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Domestic	<b>159,524</b>	<b>40.1</b>	168,631	36.4	(9,107)	(5.4)
Export	<b>237,841</b>	<b>59.9</b>	294,976	63.6	(57,135)	(19.4)
	<b><u>397,365</u></b>	<b><u>100.0</u></b>	<b><u>463,607</u></b>	<b><u>100.0</u></b>	<b><u>(66,242)</u></b>	<b><u>(14.3)</u></b>

Cutting tools segment included HSS and carbide cutting tools. HSS cutting tools products can be categorised into four major types — twist drill bits, screw taps, end mills and turning tools. All of these are used in industrial manufacturing. The two main types of HSS cutting tools manufactured by the Group are twist drill bits and screw taps. The Group’s vertical integration extending from upstream HSS production to downstream HSS cutting tools production brought us a significant cost advantage over the Group’s peers. High-end carbide tools manufactured by the Group mainly included bars, blades and integral tools.

The domestic cutting tools segment underwent active structural adjustments in the first half of 2025. The Group proactively conducted a systematic review and optimisation of its sales network and dealer system, focusing on long-term partners. While this resulted in a temporary adjustment, leading to a slight 5.4% decrease in domestic cutting tools segment revenue to RMB159,524,000 (1H2024: RMB168,631,000), the optimised sales system significantly enhanced its professional capabilities and resource allocation, and a positive trend is expected to gradually emerge from the second half of the year.

Against the backdrop of the escalation of US tariffs, Chinese cutting tool companies were facing increasing challenges, including rising costs, supply chain restructuring, and market access restrictions, as well as uncertainty. These led to a wait-and-see approach among the US customers. Consequently, the export revenue of cutting tool segment decreased by 19.4% to RMB237,841,000 (1H2024: RMB294,976,000) compared to the same period last year.

In the first half of 2025, the revenue of the Group's cutting tools segment decreased by 14.3% to RMB397,365,000 (1H2024: RMB463,607,000).

**Titanium alloy – accounted for approximately 14.9% of the Group's revenue in 1H2025**

	For the six months ended 30 June					
	2025		2024		Change	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Domestic	<b>347,213</b>	<b>99.5</b>	379,375	98.6	(32,162)	(8.5)
Export	<b>1,573</b>	<b>0.5</b>	5,457	1.4	(3,884)	(71.2)
	<b><u>348,786</u></b>	<b><u>100.0</u></b>	<b><u>384,832</u></b>	<b><u>100.0</u></b>	<b><u>(36,046)</u></b>	<b><u>(9.4)</u></b>

The corrosion resistance nature of titanium alloy and can be used for lightweighting, promoted the extensive applications of titanium alloy in various industries, including aerospace, consumer electronics, chemical pipeline equipment, nuclear, ocean industries, medical and daily necessities.

The decrease in domestic revenue from the titanium alloy segment was primarily due to the Group's decrease in sales volume in the consumer electronics sector. With the end customer reducing the number of models using titanium alloy as the frame for its next generation of mobile phone, the orders for titanium alloy wire decreased. The Group accordingly shifted the sales mix to titanium plate and titanium tube products. The total sales volume of titanium alloy segment increased with this change in sales mix. However, the average selling price decreased as titanium plate were processed with lower added value than titanium alloy wire. On the whole, domestic revenue of titanium alloy segment decreased by 8.5% to RMB347,213,000 (1H2024: RMB379,375,000) compared to the same period last year.

For the export, the Group continued focusing on developing the market in 3D printing and additive manufacturing applications. The Group is optimistic about the export demand for these applications.

## Others – accounted for approximately 2.0% of the Group’s revenue in 1H2025

The other segment was the assembly and export sales business derived from the electric tools products of existing cutting tools customers, so as to extend downstream and provide more diversified products and services. By purchasing raw materials like hardware, plastic and electronic components from suppliers, after assembling and packaging, the products were finally sold to overseas customers. The power tools currently sold include electric drill sets, electric batch sets, electric toothbrush sets, hardware sets, small fans and safety lights, etc. The entire segment is an export operation.

	For the six months ended 30 June					
	2025		2024		Change	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Export	<u>47,320</u>	<u>100.0</u>	<u>55,647</u>	<u>100.0</u>	<u>(8,327)</u>	<u>(15.0)</u>

The uncertainty in US tariffs led to a downturn in the export of power tools and power tools sets to the US during the current period. The Group’s downstream customers tended to take a wait-and-see approach towards the effect of US tariffs causing a reduction in number of orders during the current period. This led to a decrease in the revenue in the “other” segment by 15.0% to RMB47,320,000 (1H2024: RMB55,647,000) compared with the same period last year.

## FINANCIAL REVIEW

Net profit attributable to equity shareholders of the Company increased by 10.4% from RMB184,371,000 in the first half of 2024 to RMB203,583,000 in the first half of 2025. Detailed review of the individual components were as follows:

### Revenue

Despite the gradual recovery in domestic demand and market conditions for DS and HSS, the Group’s overall revenue was still on a downward trend due to various factors. On the one hand, affected by the uncertainty of US tariff policy, exports of each individual segments declined. Customers had a strong wait-and-see mood and the number of orders decreased. On the other hand, the demand for titanium wire in the consumer electronics industry temporarily declined, mainly due to the reduction of the use of titanium alloy frames for new generation mobile phones by end customers. Although the Group rebalanced its product mix in titanium alloy segment by shifting to titanium plate and titanium tube, the revenue of titanium alloy segment still decreased due to the low added value of titanium plate and titanium tube processing. All things considered, revenue of the Group for the first half of 2025 totalled RMB2,342,495,000, which showed a decrease of 7.1% when compared with RMB2,521,648,000 in the first half of 2024. For an analysis of individual segments, please refer to the “Business Review” section.

## Cost of sales

The Group's cost of sales decreased from RMB1,963,178,000 for the first half of 2024 to RMB1,898,620,000 for the first half of 2025, representing a decrease of 3.3%. The decrease was mainly attributable to the decrease in sales volume during the period.

## Gross margin

For the first half of 2025, gross margin was 18.9% (1H2024: 22.1%). Set out below is the gross margin for the five segments of the Group for the first half of 2024 and 2025:

	For the six months ended	
	30 June 2025	2024
DS	13.8%	13.3%
HSS	15.6%	14.1%
Cutting tools	28.5%	33.1%
Titanium alloy	24.2%	39.0%
Others	7.7%	19.2%

### *DS*

The gross margin of DS increased from 13.3% in 1H2024 to 13.8% in 1H2025. The main reason was the domestic industry prosperity recovery allowed a smooth transmission of procurement costs to the customers. The increased cost of raw materials plus a smooth transmission of procurement costs enhanced an increase in gross profit margin.

### *HSS*

Similar situation as DS was noted in the HSS business, the overall gross margin of HSS increased from 14.1% in 1H2024 to 15.6% in 1H2025.



### ***Cutting tools***

Gross margin of cutting tools decreased from 33.1% in 1H2024 to 28.5% in 1H2025. The main reason was that the price increase of raw materials for cutting tools was not fully passed on to downstream, which compressed the gross profit to a certain extent.

### ***Titanium alloy***

Gross margin of titanium alloy decreased from 39.0% in 1H2024 to 24.2% in 1H2025. This is mainly due to the decline in demand from the consumer electronics industry during the current period. The sales volume of titanium alloy wires in the high-gross-profit consumer electronics industry decreased, while the sales volume of low-gross-profit pipes and plates increased. The change in sales mix led to the decrease in the gross profit margin of titanium alloys compared with the previous period.

### ***Others***

Gross margin of others segment decreased from 19.2% in 1H2024 to 7.7% in 1H2025. It was mainly due to the weak demand in products of the others segment, which resulted in insufficient allocation of fixed costs.

### **Other income**

The Group's other income increased from RMB48,306,000 in the first half of 2024 to RMB170,171,000 in the first half of 2025. It was mainly due to the significant appreciation of EUR against RMB, causing an exchange gain on the trade receivables denominated in EUR throughout the period.

### **Distribution expenses**

The Group's distribution expenses were RMB55,783,000 (1H2024: RMB63,686,000), representing a decrease of 12.4%. This was mainly due to the impact of uncertainty in US tariffs, which led to a decrease in export sales. In addition, due to the decrease in the global trade volume with the US, the unit shipping costs also decreased.

### **Administrative expenses**

For the first half of 2025, the Group's administrative expenses was RMB91,415,000 (1H2024: RMB83,348,000) representing an increase of 9.7%. The increase was mainly attributable to consultancy fee paid for consultancy services regarding green factory declaration and trademark and intellectual property right protection. For the first half of 2025, administrative expenses as a percentage of revenue was 3.9% (1H2024: 3.3%).

## **Research and development expenses**

Major component of the research and development expenses was the material consumed in the research and development projects. Most of the research and development projects in the first half of 2024 were in the early stages, requiring significant investment. During this period, some projects have entered the later stages, requiring less material input. As a result, the research and development expenses decreased from RMB146,994,000 in the first half of 2024 to RMB137,045,000 in the first half of 2025.

## **Net finance costs**

During the second half of 2024 and the current period, certain portions of contingent redeemable equity interest of TG Tools held by third party investors were redeemed by the Group. The finance cost relating to these contingent redeemable equity interest of TG Tools was saved and reduced during the period. The Group's net finance costs decreased from RMB75,973,000 in the first half of 2024 to RMB64,537,000 in the first half of 2025,

## **Income tax expense**

The Group's income tax expense increased from RMB11,943,000 in the first half of 2024 to RMB19,213,000 in the first half of 2025. The increase was mainly due to (i) the unrecognised deferred tax asset on tax losses of some subsidiaries, which were in startup stage and had no sufficient taxable income readiness to offset the losses; and (ii) the increase in the Group's profit before taxation.

## **Profit for the period**

As a result of the factors set out above, the Group's profit increased by 4% to RMB218,619,000 for the first half of 2025 from RMB210,239,000 for the first half of 2024. The Group's net profit margin for the first half of 2025 was 9.3% (1H2024: 8.3%).

## **Profit attributable to equity shareholders of the Company**

For the first half of 2025, profit attributable to equity shareholders of the Company was RMB203,583,000 (1H2024: RMB184,371,000), representing an increase of 10.4%.

## **Other financial assets**

Other financial assets held by the Group included equity interests in Bank of Jiangsu Co., Ltd., 雲南菲爾特環保科技股份有限公司 (Yunnan Filter Environment Protection S.&T. Co., Ltd.\*), Nanjing Xiaomuma Technology Co., Ltd., JM Digital Steel Inc., 寧波梅山保税港區啟安股權投資合夥企業(有限合夥) (Ningbo Meishan Free Trade Port Qian Equity Investment Partnership (Limited Partnership)\*), 中金佳泰叁期(深圳)私募股權投資基金合夥企業(有限合夥) (CICC Jiatai Private Equity Fund III (Shenzhen) Partnership (Limited Partnership)\*), Ji'nan Financial Fosun Weishi Equity Investment Fund Partnership (Limited Partnership), 丹陽博雲恒大天工產業投資中心(有限合夥) (Danyang Boyun Hengda Tiangong Industrial Investment Center (Limited Partnership)\*) and 蘇州毅鳴新材料創業投資合夥企業(有限合夥) (Suzhou Yiming New Materials Venture Capital Partnership (Limited Partnership)\*). All of these investments were stated at their fair value. The movement represented the net increase in fair market value of these financial assets.

## **Trade and bills receivable**

Net trade and bills receivable increased from RMB2,816,086,000 as at 31 December 2024 to RMB3,181,899,000 as at 30 June 2025. Loss allowance of RMB166,702,000 (2024: RMB143,288,000) accounted for 5.0% (2024: 4.8%) of the trade and bills receivable.

## **Industry Review**

During the period, with the Russia-Ukraine war still ongoing and conflicts in both regions continuing, global geopolitical instability persisted, exerting destabilizing effects on global economic development and trade relations. Concurrently, the US imposed substantial tariffs on China and other countries worldwide to varying degrees, comprehensively impacting global trade relations and posing a major challenge to the economic resilience of various nations. The stringent tariffs imposed by the US on China particularly strained Sino-US trade relations, substantially increasing the trade costs for China's exports. The Sino-US trade war also contributed to continued volatility in the RMB exchange rate, subjecting the currency to periodic pressure and presenting China's export trade with more complex challenges.

However, despite the unfavorable external economic and political turmoil, China successfully demonstrated its maximum economic resilience and stress-bearing capacity. China has been committed to implementing various macroeconomic measures to emphasise stability in employment, businesses, markets, and expectations, while strengthening the quality productive forces and innovative R&D capabilities of multiple key industry sectors, thereby successfully maintaining the stable development of China's economy. According to data released by the National Bureau of Statistics of China on 15 July 2025, China's GDP growth rate for the first half of 2025 was 5.3%, representing an increase of 0.3 percentage points as compared to the same period last year. Among the "three drivers" of the economy (final consumption expenditure, gross capital formation, and net exports of goods and services), the contribution rates of final consumption expenditure and gross capital formation both increased compared to that of net exports of goods and services, reflecting that domestic consumption is the primary driver of GDP growth.

During the period under review, China's overall R&D expenditure as a percentage of GDP rose to approximately 2.7%, on par with OECD member countries and exceeding the EU average. According to the National Bureau of Statistics, during the first half of 2025, the number of valid invention patent applications in China grew by 13.2% to nearly 5.01 million, while the added value of high-tech manufacturing industries above designated size grew by 9.7% year-on-year. Among them, the added value of (i) the automobile manufacturing, railway, shipbuilding, aerospace and other transportation equipment manufacturing, (ii) electrical machinery and (iii) equipment manufacturing industries increased by double-digit rates of 11.4%, 10.1% and 11.4%, respectively, providing important support for the growth of profits in these industries and driving domestic economic growth.

From the rise of DeepSeek's large-scale artificial intelligence (AI) models to the rapid development of China's robotics manufacturing and applications, these developments demonstrated China's significant breakthroughs in disruptive technologies. This progress provided the Group, as a leading Chinese manufacturer of high-end materials like specialty steel and titanium alloys, extensive market opportunities and development space to grasp the burgeoning growth of new quality and new productive forces amidst a challenging operating environment.

### ***Tool Steel: Humanoid Robotics Development Will Drive Demand Growth for High Value-Added HSS***

China's humanoid robotics development has entered a phase of significant accumulation and breakthrough, driving results transformation. The domestic robotics market size is expected to reach RMB10 trillion after 2045, and the rising trend toward localised production of key components for humanoid robotics will further stimulate structural demand growth for related materials.

This was primarily driven by the specialised requirements of core structures of humanoid robotics for steel in terms of lightweight design and strength, including components such as the skeleton, joints, and drive system, driving increased R&D into high value-added steel product matrices. Although their total volume share might be modest, niche markets for high value-added steels will become crucial growth points for high-end materials enterprises. Moreover, targeting specialised high value-added steels, the Group, using its unique powder metallurgy smelting technology, has independently developed a key product — high-nitrogen alloy material TPMDC02A, which is used in the production of planetary roller screws, one of the highest-value components in humanoid robotics. This breakthrough has made a significant contribution to China's efforts to develop high-quality productive forces and its localization process of high-nitrogen, high-strength and corrosion-resistant alloys.

The Group's powder high-speed steels TPM330 and TPMD31, with outstanding strength and wear resistance, can be applied to high-precision transmission components like lead screws and tools, demonstrating considerable market potential. Due to its superior corrosion resistance and high strength, high-nitrogen stainless steel is a critical material for multiple industries experiencing growing demand.

In the first half of 2025, driven by robust demand from key industries such as new energy vehicles and consumer electronics, China's high-end tool steel market experienced a growth. High-end products such as powder metallurgy tool steel, owing to their superior comprehensive mechanical properties, achieved an increase in market penetration in high-end applications, demonstrating significant market demand growth.

### ***Titanium Alloy: High-End Products Benefiting from the Global Transformation toward High-End Manufacturing across Multiple Industries***

The Group also foresees that high-end titanium wire will benefit from the transformation of multiple industries from low-end to high-end and the increase in downstream demand. The growth of the high-end titanium wire market in 2025 is primarily driven by rising demand from high-end manufacturing sectors like aerospace, expanding penetration in the consumer electronics sector, industrial technology upgrades, and resource security and policy support. Specifically, the global high-end titanium wire market is expected to reach approximately USD1.2 billion in 2025. According to industry reports, the entire titanium alloy market, including various wire forms, is projected to reach approximately USD5.4 billion in 2025, with a compound annual growth rate (CAGR) of 6.8%.

The main drivers for the high-end titanium wire market in 2025 stem from sustained increase in downstream demand, particularly the expanding applications in aerospace, medical, automotive, and computer, communication and consumer electronics (3C). The aerospace sector is seeing steady growth in demand for high-end titanium materials. With the production of domestically manufactured military aircraft and large commercial aircraft, there is significant potential for growth in titanium wire demand. In the consumer electronics sector, the use of titanium alloys in high-end smartphones is gradually increasing, driving explosive growth in market demand. Additionally, the titanium materials industry is moving toward high-end development, with the industry transitioning from low-end to high-end segments. Product processing technologies are continuously improving, and costs are gradually decreasing. Companies are meeting the quality and production capacity demands of the high-end market through technological innovation, process upgrades, and capacity expansion. Industrial chain restructuring and resource advantages have strengthened the supply of high-quality upstream sponge titanium resources, increasing industry concentration and ensuring the quality of high-end products with high-quality raw materials.

Simultaneously, the high concentration within the titanium processing industry is conducive to enhancing product added value. The Group has recently completed the second phase of its EB furnace project for increasing the utilization of recycled titanium alloy in March 2025, and successfully completed its hot test on casting high-quality titanium ingots, further strengthening the Group's competitive edge in capturing global opportunities in the high-end titanium and titanium alloy sectors. It also ensured a stable supply of titanium alloy materials for consumer electronics.

## Major Business Developments

During the period under review, the shares of TG Tech, a subsidiary of the Company, were successfully listed on the Beijing Stock Exchange (BSE) on 13 May 2025, becoming the first Hong Kong-listed red chip company to spin off its subsidiary into A-shares on the BSE. Strategic investors have committed to a long-term lock-up period, reflecting the capital market's confidence in TG Tech high-end materials and penetration into the consumer electronics sector. This marks a significant step forward in the Group's capital operations.

TG Tech's initial public offering price was RMB3.94 per share. On its first trading day, the closing price surged by 411.93% to RMB20.17, with a market capitalization exceeding RMB13 billion, setting a record for the largest first-day price increase for a new listing on the BSE in 2025. As a "Little Giant" enterprise with "specialised, refined and distinctive operations and outstanding innovation", TG Tech has introduced 12 strategic investors, including CITIC Securities, Guotai Junan and CICC, in this listing, with an allocation ratio of 30%. This marks the first deal under the new strategic investment rules on the BSE, reflecting the market's high recognition of TG Tech high-end titanium alloy business and future growth prospects. The proceeds from this offering will be used to expand production lines for high-end titanium alloy rods and wires, supporting TG Tech further expansion into high-end application areas such as aerospace, 3D printing, and healthcare, and laying a solid foundation for the overall value enhancement and long-term development of the Group.

In terms of business development, during the period under review, the Group delivered orders for several landmark projects and achieved breakthrough collaborations in its core high-end manufacturing sectors, laying a more solid foundation for the Group's future growth. On 17 March 2025, TG Tech officially delivered its first order of titanium alloy wire materials for aerospace-grade fasteners, marking a new milestone in the Company's R&D and market capabilities in high-end titanium alloy materials and achieving a major breakthrough in the aerospace materials sector. The titanium alloy wire delivered this time underwent multiple rounds of technical breakthroughs and process optimizations, ultimately passing strict certification and comprehensive performance tests to meet aerospace standards and receive customer validation, successfully entering the formal supply phase. This achievement not only demonstrates TG Tech's independent innovation capabilities in aerospace-grade material technology but also responds to the national government's high attention and support for the commercial aerospace industry. Commercial aerospace is one of China's key development areas. This delivery serves as a driving force for the continued promotion of localised production of high-end materials in the future.



Meanwhile, in order to deeply integrate the core strengths of the Group and Hengerda New Materials (Fujian) Co., Ltd in metal material R&D, preparation processes, metal cutting tools and high-end specialised equipment manufacturing, the two parties plan to jointly establish a dedicated investment task force. This collaboration will focus on synergistic investments along the upstream and downstream industrial chains, particularly in advanced manufacturing sectors encouraged by the nation, such as new energy vehicles, robotics, semiconductors, and electronic information, to jointly enhance the market competitiveness and industry influence of their products in these fields. The cooperation scope encompasses cutting-edge technology breakthroughs and project incubation industrialization, M&A and restructuring of high-quality industry targets both domestically and internationally, vertical integration investments within the industrial chain, and other diversified fields. The aim is to achieve industrial synergy innovation and value maximization through resource sharing and complementary advantages.

## **Major Innovations and Green Technology Achievements**

### *Practice green production*

In March 2025, the second phase of EB furnace project completed by the Group for increasing the utilization of recycled titanium alloy, successfully completed its hot test on casting high-quality titanium ingots. This breakthrough further consolidates the Group's technological advantage in the high-end titanium and titanium alloy sector. Since the commissioning of the first EB furnace at the beginning of 2024, the Group has continuously optimised the smelting process, overcome challenges, and successfully smelted several high-end titanium alloy grades. In addition, the Group's innovations in return material processing and recycling technology have effectively improved resource utilization, reduced production costs, and met the stringent environmental and ESG standards required by domestic and international customers. This technological breakthrough not only strengthened the Group's competitiveness in the global high-end titanium alloy market but also promoted the expansion of the Group's products in the consumer electronics, aerospace fasteners, and medical devices sectors.

During the period under review, the Group's scientific research and technology won numerous awards. In February 2025, TG Tech and TG Tools, subsidiaries of the Company, were successfully selected for the Jiangsu Province 2024 "Green Factory" list.

In April 2025, TG Tools, a subsidiary of the Company, obtained the Carbon Management System Implementation Demonstration Unit issued by Shanghai Environment and Energy Exchange Company Limited.



These honors highlights the Group’s outstanding performance in green manufacturing, energy conservation and emission reduction, as well as sustainable development.

*Product innovation, leading national key projects*

During the period, the Group collaborated with Tsinghua University, Contemporary Amperex Technology Co. Limited, and eight other renowned entities to jointly initiate the national key research and development project — “Research and Application of Key Technologies in Powder Metallurgy and Additive Manufacturing for New Die Casting Mold Steel”. The implementation of this project will accelerate China’s technological breakthroughs in the field of DS manufacturing and promote the industrial application of high-end die-casting mold materials. As the leading entity in DS manufacturing with powder metallurgy technology, the Group has not only enhanced its research capabilities in the field of advanced materials but also secured an important position in the layout of national strategic emerging industries.

During the period under review, the Group achieved numerous innovative achievements in its high-end product lines, continued to lead industry development, and gained high recognition from customers and the industry in a number of high-growth industry sectors. Beginning in 2025, the Group independently developed high-end materials to ensure development and breakthroughs in the high-end equipment manufacturing and robotics industries. The application of humanoid robots in China progressed through its nascent exploratory phase and entered the early stages of industrialization and small-scale commercial applications, poised to reach a trillion-yuan market size in the future.

Among them, the Group’s independently developed high-nitrogen alloy material, TPMDC02A, successfully passed technical verification and was first delivered for use in the manufacture of planetary roller screws. TPMDC02A utilised proprietary domestic smelting technology, successfully addressing key technical challenges such as nitrogen content control and material purity, effectively breaking the reliance on imported high-nitrogen alloy materials. In addition to planetary roller screws, this material was also used for verification testing by companies in the medical device, high-end tooling, and marine engineering sectors.

The Group's TGE23 product series met the urgent demand for high-performance, large-scale die-cast components in cutting-edge industries such as new energy vehicles and communications. This overcame the long-standing technical challenge in China of large-scale modules being unable to meet the demands of integrated die-casting due to structural segregation. In January 2025, the TGE23 series products produced by the Group successfully passed the certification of the North American Die Casting Association (NADCA), becoming the first enterprise in China to receive this honor. This recognition demonstrates that the Group has established itself as a world leader in materials for large-scale integrated die-casting molds. The certification is highly authoritative, with only a limited number of companies worldwide having obtained it. The Group has successfully broken through with its excellent product quality and technological strength, providing strong endorsement for further expansion into the North American and international markets.

#### *Brand and industry influence continues to increase*

At the end of March 2025, the Group actively participated in TCT ASIA 2025, China International Hardware Fair, Shanghai Powder Metallurgy Industry Forum, and Suzhou Commercial Heat Treatment & 3D Printing User Conference, comprehensively showcasing technological innovations in powder metallurgy and cutting tools. The Company highlighted its powder metallurgy tool steel and full range of cutting tools, attracting attention from high-end industries such as aerospace, new energy vehicles, and 3D printing. Dr. Yu Yang, Chief Scientist of the Group, delivered multiple professional presentations and received honors, demonstrating the technical leadership. These exhibitions enhanced our brand's influence and highlighted the Group's strategic vision of driving the development of manufacturing through technological innovation.

On 21 April 2025, Jiangsu Tiangong Precision Tools Company Limited, a subsidiary of the Company, was once again awarded the FASTCO 2024 "Best Supplier Award" globally, marking the third consecutive year of receiving this honor. Looking ahead, the Group will continue to enhance product performance and quality to create greater value for customers.

#### **Future Outlook**

Looking ahead, through years of tireless effort and dedication, the Group has established itself as a leading high-end materials company in the international market, both in technology and scientific research. The Group's future goal is to focus on the global high-end supply chain — "Let Tiangong's powder metallurgy high-end materials inject strong impetus into the development of cutting-edge technology."

According to the National Bureau of Statistics, China's latest Manufacturing Purchasing Managers' Index (PMI) released in July 2025 was 49.7%, remaining below the threshold of 50%, indicating that the DS market is expected to continue its slight fluctuation trend in the coming months. However, potential large-scale policy stimulus or the release of demand for die-casting molds for new energy vehicle could drive improvements in the high-end market. In terms of exports, export pressures are increasing due to carbon tariffs in regions such as the EU and international instability.

In the titanium alloy industry, in the second half of 2025, driven by growing demand from sectors such as aerospace, new energy, and deep-sea exploration, China's titanium alloy industry is expected to maintain an increasing trend of both volume and price, with continued breakthroughs in niche high-end markets. Industry concentration and international competitiveness are expected to further strengthen. Leading companies are accelerating their expansion and technological innovation efforts, which is expected to drive the entire industry into a phase of high-quality development.

Since 2025, the Group leveraged its advantages in powder metallurgy technology to address China's reliance on imported materials for high-end equipment and cutting-edge technologies. The Group began independent R&D of high-end materials to seize opportunities for significant development and breakthrough achievements in the fields of high-end equipment manufacturing and robotics.

In the future, the Group will continue to increase R&D investment to advance the localization and industrialization process of high-nitrogen alloy materials. At the same time, the Group will continue to increase its investment in the R&D and production of titanium and titanium alloy materials in the future, to provide robust material support for China's aerospace industry and assist the industry in reaching new heights.

## **OUR MISSION**

The Group has always strived for innovation and advancements in competitiveness to consolidate its leading market position.

We re-affirm our mission to maximise shareholder value, uphold high corporate governance standards and lead the industry to move forward.

## **FORWARD LOOKING STATEMENTS**

This management discussion and analysis contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance, or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers, including shareholders and potential investors, should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2025, the Group's current assets mainly included cash and cash equivalents of RMB1,282,028,000, inventories of RMB2,581,172,000, trade and other receivables of RMB3,900,869,000, time deposits of RMB593,584,000 and pledged deposits of RMB115,980,000. As at 30 June 2025, the Group had cash and cash equivalent of RMB1,282,028,000, of which 1,109,142,000 was held in RMB, 88,723,000 was held in EUR, 8,013,000 was held in HKD and 76,150,000 was held in USD. The Group's current assets were RMB8,538,187,000 compared to RMB7,937,590,000 as at 31 December 2024, representing an increase of 7.6%.

As at 30 June 2025, interest-bearing borrowings of the Group were RMB3,455,039,000 (31 December 2024: RMB3,284,666,000), RMB1,855,966,000 (31 December 2024: RMB1,827,473,000) of which were repayable within one year and RMB1,599,073,000 (31 December 2024: RMB1,457,193,000) of which were repayable over one year. The Group's net gearing ratio (calculated based on the total outstanding interest-bearing borrowings plus other financial liability, less pledged deposits, time deposits and cash and cash equivalents and divided by the total equity) was 30.1% (31 December 2024: 33.0%).

As at 30 June 2025, interest-bearing borrowings of RMB3,080,460,000 (31 December 2024: RMB2,794,255,000) were denominated in RMB, EUR31,587,000 (31 December 2024: EUR50,435,000) were denominated in EUR and HKD119,709,000 (31 December 2024: HKD119,709,000) were denominated in HKD. The majority of the borrowings of the Group were subject to interest payable at rates ranging from 2.24% to 6.14% (31 December 2024: 2.60% to 6.14%) per annum. Net cash generated from operating activities during the period was RMB22,340,000 (1H2024: net cash generated from operating activities RMB150,299,000).

## **CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS**

For the first half of 2025, the Group's net decrease in property, plant and equipment amounted to RMB95,441,000 (1H2024: net decrease of RMB103,877,000). The net decrease was mainly caused by the depreciation for the period. As at 30 June 2025, capital commitments were RMB779,163,000 (31 December 2024: RMB734,949,000), of which RMB171,715,000 (31 December 2024: RMB129,633,000) was contracted for and RMB607,448,000 (31 December 2024: RMB605,316,000) was authorised but not contracted for. The majority of capital commitments related to expansion of capacity for titanium alloy segment and upgrade of post-processing production lines.

## **RISK AND PREVENTION**

### **Operating Exposure**

In the first half of 2025, China's foreign trade maintained a modest pace of recovery despite intensifying global protectionism. According to customs data, the nation's total goods imports and exports reached RMB21.79 trillion, up 2.9% year-on-year underscoring resilience in external demand even as international frictions weighed on sentiment.

Nonetheless, trade with certain key partners, particularly the US, exhibited a downward trend, underscoring the uneven impact of global protectionism. The China — US economic relationship has become more strained, with tariff measures and strategic rivalry creating direct and indirect risks for enterprises engaged in cross-border trade. US Census Bureau figures show that in January to June 2025, US imports from China fell to US\$167.48 billion (down 15.6% year-on-year), while US exports to China dropped to US\$56.01 billion (-21.2% year-on-year), reflecting weaker two-way flows as tariff burdens and policy tension reshape supply chains.

Following its four-year statutory review, the US announced significant tariff increases on a range of strategic sectors closely tied to our downstream customers, alongside a more restrictive trade policy stance. These measures cover industries such as automotive, electronics, clean energy, and basic materials. Although an exclusion process was established for certain types of machinery and production equipment, the overall policy environment remains protectionist. When combined with earlier US trade actions on metals and other critical inputs, these measures have elevated procurement costs for American buyers and added uncertainty to demand for Chinese exports, thereby increasing the operational risks faced by the Group.

The broader China — US conflict is no longer limited to trade policy, but also extends into technology controls, investment restrictions, and industrial policy rivalry. These heighten operational uncertainty for advanced material suppliers like our Group, given our exposure to aerospace, automotive (including NEVs), electronics and tooling industries, sectors at the center of bilateral competition. The tariffs pass-through into import prices has led to significant declines in US imports from China, validating the structural risk that further escalation may suppress volumes and margins along affected value chains.

In response, the Group is actively reinforcing its risk mitigation strategies. The Group is diversifying its geographic markets to reduce dependence on any single economy and is pursuing growth opportunities in regions with more predictable policy frameworks. Through the ongoing “Digital Tiangong” program, the Group continues to enhance process efficiency, stabilise labour productivity, and deploy intelligent logistics to contain production costs even as order flows become more volatile. At the same time, the Group is strengthening cooperation with suppliers to manage rare-metal price risks.

Beyond cost control, the Group remains committed to innovation and green manufacturing. By investing in low-emission processes aligned with China’s dual-carbon goals, and by upgrading its product mix toward strategic, high-end applications with substitution potential against imports, the Group seeks to maintain competitiveness, ensure compliance with international sustainability expectations, and sustain steady growth despite intensifying China — US conflict and trade tension.

### **Foreign Exchange Exposure**

The Group’s revenue was denominated in RMB, USD and EUR, with RMB accounting for 56.9% (1H2024: 52.7%). 43.1% (1H2024: 47.3%) of the total sales and operating profit was subject to exchange rate fluctuations. The Group did not enter into any financial instruments to hedge against foreign exchange risk. The Group has put into place measures such as monthly reviews of product pricing in light of foreign exchange fluctuation and incentivising overseas customers to settle balances on a timely basis to minimise any significant financial impact from exchange rate exposure.

### **PLEDGE OF ASSETS**

As at 30 June 2025, the Group pledged certain bank deposits amounting to approximately RMB115,980,000 (31 December 2024: RMB134,494,000) and certain intercompany trade receivables amounting to RMB149,391,000 (31 December 2024: RMB137,751,000). Details are set out in the notes to the interim financial statements.

## **EMPLOYEE’S REMUNERATION AND TRAINING**

As at 30 June 2025, the Group employed 3,644 employees (31 December 2024: 3,565). The Group provided employees with remuneration packages comparable to the market rates and employees are further rewarded based on their performance according to the framework of the Group’s salary, incentives and bonus scheme. In order to enhance the Group’s productivity and further improve the quality of the Group’s human resources, the Group provides compulsory continuous education and training for all of its staff on a regular basis.

## **CONTINGENT LIABILITIES**

Both the Group and the Company had no material contingent liabilities as at 30 June 2025 (31 December 2024: No material contingent liabilities).

## **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

On 25 August 2025, the Board has declared an interim dividend of RMB0.0262 per share for the six months ended 30 June 2025 (six months ended 30 June 2024: 0.0203) to shareholders of the Company whose names appear on the register of members of the Company on 15 September 2025. The register of members will be closed from 16 September 2025 to 19 September 2025, both days inclusive. For the payment of dividend in HKD, the average mid-exchange rate of RMB to HKD as quoted by the People’s Bank of China for the five business days prior to the date of this announcement (which was HKD100: RMB91.2742) was adopted by the board of directors of the Company. Accordingly, the interim dividend for each Share with par value of USD0.0025 would be HKD0.0287 and the interim dividend is expected to be paid on or before 23 October 2025. In order to qualify for the interim dividend, shareholders of the Company should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration by no later than 4:30 p.m. on 15 September 2025.



## SHARE SCHEME

The current share option scheme of the Company was approved by the Company in the Annual General Meeting held on 26 May 2017.

The purpose of the share option scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole. The share option scheme will provide the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants. The major terms of the share option scheme are as follows:

1. The Directors may, at their discretion, invite any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any advisers, consultants, distributors, contractors, contract manufacturers, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group (the “Participants”) to participate in the share option scheme.
2. The maximum number of shares over which options may be granted under the share option scheme must not exceed 222,008,000 shares of nominal value USD0.0025 each in the capital of the Company. As at the date of this report, options in respect of 162,009,000 shares may be granted, representing approximately 5.8% of the issued share capital of the Company as at the date of this report.
3. The total number of shares of the Company issued and to be issued upon exercise of the options granted to each Participant (including both exercised, cancelled and outstanding options) under the share option scheme in any 12 month period must not exceed 1% of the shares in issue. Any further grant of options which would result in the number of shares issued as aforesaid exceeding the said 1% limit must be subject to prior shareholders’ approval with the relevant Participant and his associates abstaining from voting.
4. The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant date of grant (being the date on which the Board resolves to make an offer of option to the relevant grantee).
5. At the time of grant of the options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised. The share option scheme does not contain any such minimum period.



6. The amount payable on acceptance of an option is HKD1.00. An offer of option shall remain open for acceptance by the relevant Participant for a period of 10 business days from the date that the offer of option is given to the relevant Participant.
7. The subscription price for the shares, the subject of the options, shall be no less than the higher of (i) the closing price of the shares as stated in the daily quotations sheet issued by The Stock Exchange of Hong Kong Limited on the date of grant; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant. The subscription price will be established by the Board at the time the option is offered to the Participants.
8. The share option scheme shall be valid and effective till 24 May 2027.

For further details of the share option scheme, please refer to the section headed “Share Scheme” of the Company’s 2024 annual report.

No share options were granted under the current share option scheme in the six months ended 30 June 2025 and there were no outstanding share options as at 30 June 2025.

During the six months ended 30 June 2025, the Company did not have any share award scheme in place.

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities and the Company does not have any treasury shares, whether registered in its own name or deposited with Central Clearing and Settlement System.

## **CORPORATE GOVERNANCE**

During the six months ended 30 June 2025, the Company has, so far where applicable, complied with the code provisions set out in the Corporate Governance Code (“CG Code”) contained in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## EVENTS AFTER REPORTING PERIOD

On 22 August 2025, TG Tech, a subsidiary of the Company, entered into an agreement with third-party investors to establish a joint venture, 江蘇天工鈦晶新材料有限公司 (Jiangsu Tiangong Tigrant New Materials Co., Ltd.\*) (“TG Tigrant”) with a registered share capital of RMB100,000,000, of which the TG Tech subscribed the registered share capital of RMB60,000,000, representing 60% shareholding in the TG Tigrant. The principal activities of TG Tigrant are research and development, manufacturing and sales of products including titanium alloy powder, copper alloy powder and high-temperature alloy powder.

## AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The Audit Committee held a meeting on 22 August 2025 to consider and review the interim report and interim financial statements of the Group and to give their opinion and recommendation to the Board. The Audit Committee considers that the 2025 interim report and interim financial statements of the Group have complied with the applicable accounting standards and the Group has made appropriate disclosure thereof.

## APPRECIATION

The Board would like to take this opportunity to express gratitude to our shareholders, customers, the management and employees for their unreserved support to the Group.

By Order of the Board  
**Tiangong International Company Limited**  
**Zhu Xiaokun**  
*Chairman*

Hong Kong, 25 August 2025

*As at the date of this announcement, the directors of the Company are:*

*Executive Directors: ZHU Xiaokun, ZHU Zefeng, WU Suojun and JIANG Guangqing*

*Independent non-executive Directors: LEE Cheuk Yin, Dannis, WANG Xuesong and QIN Ke*

\* For identification purposes only