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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

The board (the "Board") of directors (the "Directors") of Precision Tsugami (China) Corporation Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2025 (the "Period under Review") together with the unaudited comparative figures for the corresponding period in 2024. Such results have been reviewed by the external auditor Ernst & Young and the audit committee of the Company.

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

		For the six months ended 30 September		
	Notes	2025 <i>RMB'000</i> (Unaudited)	2024 RMB'000 (Unaudited)	
REVENUE Cost of sales	4	2,496,895 (1,633,939)	1,978,056 (1,343,113)	
GROSS PROFIT Other income and gains Selling and distribution expenses Administrative expenses Impairment loss on financial assets, net Other expenses Finance costs		862,956 26,085 (106,954) (77,693) 5,527 (4,199) (2,195)	634,943 36,460 (93,057) (85,633) (70) (750) (402)	
PROFIT BEFORE TAX		703,527	491,491	
Income tax expense	5	(201,274)	(151,455)	
PROFIT FOR THE PERIOD		502,253	340,036	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		502,253	340,036	
ATTRIBUTABLE TO: Owners of the parent		502,253	340,036	
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic (RMB) —For profit for the period	7	1.36	0.90	
Diluted (RMB) —For profit for the period	7	1.35	0.90	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2025 <i>RMB'000</i> (Unaudited)	31 March 2025 <i>RMB'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		539,411	554,497
Right-of-use assets		67,236	67,656
Intangible assets		6,014	6,315
Equity investments designated at fair value through other			
comprehensive income		4,750	4,750
Prepayment		14,730	_
Deferred tax assets		26,998	26,294
Total non-current assets		659,139	659,512
CURRENT ASSETS			
Inventories		987,262	930,344
Trade and notes receivables	8	1,648,587	1,566,691
Prepayments, other receivables and other assets		12,993	16,287
Cash and bank balances		1,081,606	1,081,652
Total current assets		3,730,448	3,594,974
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,768	_
Trade and notes payables	9	493,183	610,517
Other payables and accruals		216,842	213,949
Lease liabilities		1,373	1,338
Tax payable		120,751	137,750
Provision		13,300	10,391
Total current liabilities		847,217	973,945
NET CURRENT ASSETS		2,883,231	2,621,029
TOTAL ASSETS LESS CURRENT LIABILITIES		3,542,370	3,280,541

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 September	31 March
	2025	2025
	RMB'000	RMB'000
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	1,300	1,005
Deferred tax liabilities	148,464	116,361
Deferred income	15,850	16,600
Other liabilities	12,405	12,413
Total non-current liabilities	178,019	146,379
NET ASSETS	3,364,351	3,134,162
EQUITY		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Issued capital	315,479	319,626
Treasury shares	(133,172)	(87,058)
Reserves	3,182,044	2,901,594
TOTAL EQUITY	3,364,351	3,134,162

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is located at 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 period, the Group was primarily involved in the manufacture and sale of computer numerical control ("CNC") high precision machine tools.

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2025 has been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2025.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2025, except for the adoption of the following amended International Financial Reporting Standards ("IFRS") Accounting Standards for the first time for the current period's financial information.

Amendments to IAS 21

Lack of Exchangeability

The nature and the impact of the amended IFRS Accounting Standards are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosure of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

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 segment-specific analysis by reporting segment is presented.

4 REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 September		
	2025		
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Revenue from contracts with customers			
Sale of goods	2,492,591	1,974,920	
Rendering of services	4,304	3,136	
Total	2,496,895	1,978,056	

Disaggregated revenue information for revenue from contracts with customers.

	For the six months ended 30 September		
	2025		
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Type of goods or services			
Sale of high precision CNC machine tools	2,492,591	1,974,920	
Rendering of services	4,304	3,136	
Total	2,496,895	1,978,056	
Geographical market			
Chinese Mainland	2,344,497	1,684,905	
Overseas	152,398	293,151	
Total	2,496,895	1,978,056	
Timing of revenue recognition			
Goods transferred at a point in time	2,492,591	1,974,920	
Services rendered at a point in time	4,304	3,136	
Total	2,496,895	1,978,056	

5 INCOME TAX

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

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

Hong Kong profits tax is provided at the rate of 16.5% (six months ended 30 September 2024: 16.5%) on the estimated assessable profits arising in Hong Kong.

The provision for Chinese Mainland current income tax is calculated based on the statutory rate of 25% (six months ended 30 September 2024: 25%) of the assessable profits of the subsidiaries of the Group in Chinese Mainland as determined in accordance with the Enterprise Income Tax Law of Chinese Mainland.

The income tax expense in the interim condensed consolidated statement of profit or loss is as follows:

	For the six months ended 30 September		
	2025		
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Income tax:			
Current tax	169,875	135,537	
Deferred tax	31,399	15,918	
Total tax charge for the period	201,274	151,455	

6 DIVIDENDS

For the six months ended 30 September 2025 2024 RMB'000 RMB'000 RMB'000 (Unaudited) (Unaudited)

Final dividends declared for the year ended 31 March 2025 - HK\$0.50 per ordinary share (HK\$0.40 per ordinary share for the year ended 31 March 2024) 168,601 138,372

On 13 November 2025, the board of directors declared an interim dividend of HK\$0.60 per ordinary share for the six months ended 30 September 2025.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 370,393,495 (six months ended 30 September 2024: 377,515,269) outstanding during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, 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 of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 September	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company used		
in the basic earnings per share calculation	502,253	340,036
	Number of	`shares
	30 September	30 September
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares outstanding during		
the period used in the basic earnings per share calculation	370,393,495#	377,515,269
Effect of dilution – weighted average number of		
ordinary shares:		
Restricted shares	1,460,573	649,772
Total	371,854,068	378,165,041

[#] The weighted average number of shares included the effect of treasury shares held.

8 TRADE AND NOTES RECEIVABLES

	30 September 2025 <i>RMB'000</i> (Unaudited)	31 March 2025 <i>RMB'000</i> (Audited)
Trade receivables* Notes receivable	115,227 1,535,517 1,650,744	224,032 1,349,782 1,573,814
Impairment allowance	(2,157)	(7,123)
Net carrying amount	1,648,587	1,566,691

^{*} Trade receivables include trade receivables from related parties.

Customers are usually required to make payments in advance of the delivery of goods by the Group. 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 and actively monitored by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

Pursuant to IFRS 9, notes receivable of RMB460,174,000 were classified as financial assets at fair value through other comprehensive income, and RMB1,075,343,000 were classified as financial assets at amortised cost.

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

	30 September 2025 <i>RMB'000</i> (Unaudited)	31 March 2025 <i>RMB'000</i> (Audited)
Within 3 months 3 months to 6 months 6 months to 9 months	113,007 63 	216,374 489 46
Total	113,070	216,909

As of 30 September 2025 and 31 March 2025, the ageing of notes receivable of the Group was all within 1 year and none of the notes receivable was overdue.

9 TRADE AND NOTES PAYABLES

	30 September 2025 <i>RMB'000</i>	31 March 2025 <i>RMB</i> '000
	(Unaudited)	(Audited)
Trade payables* Notes payable	413,205 79,978	531,980 78,537
Total	493,183	610,517

^{*} Trade payables include trade payables to related parties.

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

	30 September 2025 <i>RMB'000</i> (Unaudited)	31 March 2025 <i>RMB'000</i> (Audited)
Within 3 months Over 3 months	413,051 154	531,930 50
Total	413,205	531,980

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

As of 30 September 2025 and 31 March 2025, the ageing of notes payable of the Group was all within 1 year and none of the notes payable was overdue.

10 EVENTS AFTER THE REPORTING PERIOD

On 13 November 2025, the board of directors declared an interim dividend of HK\$0.60 per share for the six months ended 30 September 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back on the first half of the financial year ended 31 March 2026 ("FY2026"), despite the persistently complex and challenging global macroeconomic environment, unresolved geopolitical conflicts, and particularly the uncertainty surrounding the Trump administration's tariff policies in the United States, which cast unpredictability on the prospects of international trade patterns and the restructuring of global supply chains, domestic manufacturing demand showed a positive trend of continued growth on top of the recovery seen in the previous fiscal year.

Especially in the automotive industry, beyond the recovery of basic demand, certain leading automobile manufacturers optimised and integrated resources within their supply chains to gain further competitive advantages in the market. At the same time, relevant machining suppliers were compelled to introduce higher-performance CNC machine tools in response to technological competition. Downstream industries generated demand for production equipment amid part adjustments, which have become the main driver of growth in the Group's results in the second half of the financial year ended 31 March 2025 ("FY2025") and the first half of this financial year. Furthermore, 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, achieving notable results. During the Period under Review, the Group promptly seized opportunities presented by the upward cycle of market demand, achieving strong sales performance in the automotive components sector. During the Period under Review, the sales revenue from the automotive components sector amounted to approximately RMB1,030 million, accounting for approximately 44.0% of total sales, representing a year-on-year increase of approximately 51.7%.

On the other hand, against the backdrop of overall overcapacity in the domestic manufacturing industry, competition within downstream industries has intensified. The prevailing environment continued to drive increasingly stringent cost controls over the procurement of production equipment. Consequently, competition within domestic CNC machine tools industry has intensified. Despite being in an upward cycle of market demand, price competition remained unavoidable. At the same time, guided by its operational objective of actively expanding market share in downstream sectors, the Group proactively lowered prices for certain strategic products. In recent years, the Group has actively promoted cost reduction and efficiency enhancement across all aspects of the Company's operations underpinned by its Kaizen campaign involving all employees, which has yielded fruitful results. These efforts enabled the Group to maintain its competitive advantages in the market while significantly improving its profitability and further enhancing its overall operational quality.

During the Period 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 approximately 26.2% and 47.7% respectively as compared with the last financial year to approximately RMB2,496,895,000 and RMB502,253,000, respectively. Benefiting from the Group's various cost reduction and efficiency improvement efforts, the profitability improved significantly, with the gross profit margin increasing by approximately 2.5 percentage points to approximately 34.6% from approximately 32.1% in the same period of the last financial year. Net profit margin increased by approximately 2.9 percentage points to approximately 20.1% from approximately 17.2% in the last financial year.

Basic earnings per share during the Period under Review was approximately RMB1.36 (for the last financial year: RMB0.90).

FINANCIAL REVIEW

Revenue

During the six months ended 30 September 2025, the total revenue of the Group amounted to approximately RMB2,496,895,000, representing an increase of approximately RMB518,839,000 or approximately 26.2% as compared with the same period of last year. The increase in the total revenue was primarily due to the gradual recovery of China's economy, with an increase in demand for high-precision machine tools and equipment in the manufacturing industry, especially in emerging fields such as new energy vehicles, artificial intelligence and humanoid robots. In addition, through the Company's own efforts and enhancements brought about by the continuous implementation of cost reduction and efficiency improvement, the cost-effectiveness and competitiveness of its products have been significantly improved. During the Period under Review, both the orders and deliveries of the Company recorded an increase, of which, (i) the sales of precision lathes increased by approximately RMB333,127,000 or approximately 19.4%, which had the biggest impact on the Company's revenue; (ii) the sales of precision machining centres increased by 157.0% as compared with the same period of last year; and (iii) the sales of precision grinding machines increased by 47.5% as compared with the same period of last year.

The table below sets out the revenue breakdown by product category for the periods indicated: (RMB'000)

	For the six months ended 30 September 2025	Proportion (%)	For the six months ended 30 September 2024	Proportion (%)	Period- on-period increase (%)
Precision lathes Precision machining centres Precision grinding machines Others*	2,050,515 206,727 126,281 113,372	82.1% 8.3% 5.1% 4.5%	1,717,388 80,429 85,608 94,631	86.8% 4.1% 4.3% 4.8%	19.4% 157.0% 47.5% 19.8%
Total	2,496,895	100%	1,978,056	100%	26.2%

^{*} Others include revenue from sales of precision thread and form rolling machines, parts and components and after-sales services.

Gross Profit and Gross Profit Margin

The gross profit during the six months ended 30 September 2025 amounted to approximately RMB862,956,000, representing an increase of approximately 35.1% as compared with the same period of last year. The overall gross profit margin increased by approximately 2.5 percentage points to approximately 34.6% as compared to approximately 32.1% for the same period of last year. The increase mainly benefited from the enhancements brought about by the Group's continuous implementation of cost reduction and efficiency improvement, which not only enhanced the competitiveness of the Company's products, but also significantly improved the Company's profitability, the effects of which were also reflected in the Company's performance.

Other Income and Gains

Other income and gains of the Group primarily consist of bank interest income, gains on disposal of items of property, plant and equipment, government grants, compensation income, foreign exchange gains and others. During the six months ended 30 September 2025, other income and gains decreased by approximately RMB10,375,000 as compared with the same period of last year to approximately RMB26,085,000, primarily due to the decrease in government grants such as software tax rebates of approximately RMB10,610,000.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of staff salaries and benefits, transportation and insurance expenses, warranty expenses, travel expenses, office utility expenses, marketing and advertisement expenses and depreciation costs. During the Period under Review, selling and distribution expenses of the Group amounted to approximately RMB106,954,000, representing an increase of approximately RMB13,897,000 or approximately 14.9% as compared to the same period of last year, accounting for approximately 4.3% of the Group's revenue. Such an increase was mainly due to the increase in the salaries and benefits of the sales and customer service staff and the increase in the after-sales services and warranty expenses during the Period under Review.

Administrative Expenses

Administrative expenses primarily consist of salaries and benefits for management, administrative and financial personnel, administrative costs, customisation and development expenses, depreciation expenses relating to property, plant and equipment used for administrative purposes, amortisation expenses for the management information systems, and other taxes and levies. During the Period under Review, the administrative expenses of the Group amounted to approximately RMB77,693,000, representing a decrease of approximately RMB7,940,000 or approximately 9.3% as compared to the same period of last year, accounting for approximately 3.1% of the Group's revenue. Such an increase was mainly due to the increase in the customisation and development expenses during the Period under Review.

Other Expenses

Other expenses primarily consist of exchange losses, losses on disposal of fixed assets and others. During the Period under Review, other expenses of the Group amounted to approximately RMB4,199,000, representing an increase of approximately RMB3,449,000 as compared with the same period of last year, which was mainly due to the increase in the net exchange losses incurred during the Period under Review.

Impairment Losses on Financial Assets, Net

During the Period under Review, the net impairment gains on financial assets of the Group amounted to approximately RMB5,527,000, as compared to the net impairment losses of approximately RMB70,000 during the same period of last year, mainly due to the recovery of accounts receivable in the previous financial year and reversal of provision for impairment of accounts and notes receivable in the current period.

Finance Costs

During the Period under Review, the finance costs of the Group were approximately RMB2,195,000 (for the same period of last year: RMB402,000), which was due to the increase in interest arising from the discounting of bank bills of the Group during the Period under Review.

Income Tax Expenses

During the Period under Review, the income tax expenses of the Group increased by approximately 32.9% as compared with the same period of last year to approximately RMB201,274,000, which was mainly due to the increase in revenue and profit before tax.

Profit for the Period

As a result of the aforementioned factors, the Group's profit for the six months ended 30 September 2025 amounted to approximately RMB502,253,000, representing an increase of approximately 47.7% or approximately RMB162,217,000 as compared with the same period of last year.

Liquidity, Financial Resources and Debt Structure

During the Period under Review, the Group continued to maintain a healthy and solid liquidity position by adopting a prudent financial management approach towards its funding and treasury policies. As at 30 September 2025, the total cash and bank balances of the Group amounted to approximately RMB1,081,606,000 (31 March 2025: approximately RMB1,081,652,000). This was mainly due to an increase in inventories of approximately RMB58,643,000, resulting from the corresponding increase in production volume to satisfy the higher number of orders during the Period under Review; the increase in trade and notes receivables of approximately RMB76,370,000 (however, both increases were smaller than those in the same period of last year) as a result of increase in sales during the Period under Review, which resulted in an increase in net operating cash flow. (The net operating cash inflows of the Company for the six months ended 30 September 2025 were approximately RMB306,873,000, compared to approximately RMB9,462,000 recorded for the same period of last year.)

As at 30 September 2025, the Group's cash and bank balances were mainly held in Renminbi, and part of them were held in Hong Kong dollars and Japanese yen ("JPY").

As at 30 September 2025, the Group recorded net current assets of approximately RMB2,883,231,000 (31 March 2025: approximately RMB2,621,029,000), and its current ratio, calculated by dividing total current assets by total current liabilities, was approximately 4.4 times (31 March 2025: approximately 3.7 times). The capital expenditures for the six months ended 30 September 2025 amounted to approximately RMB14,243,000, which was mainly used to fund the investment in leasehold improvements and the introduction of parts and components processing equipment.

As at 30 September 2025, the Group had no outstanding bank loans and other borrowings (31 March 2025: Nil). The RMB1,768,000 under the "Interest-bearing bank and other borrowings" item in the statement of financial position represents discounted bills that continued to be recognised by the Company during the Period under Review, as the Company retained substantially all the associated risks and rewards, including the default risks relating to such discounted bills.

Capital Commitments

As at 30 September 2025, the Group had capital commitments contracted but not provided for amounting to approximately RMB5,270,000 (31 March 2025: approximately RMB10,261,000).

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

In order to expand its production capacity, the Group increased investment in fixed assets by approximately RMB14,243,000 during the Period under Review, including approximately RMB4,892,000 in machinery and equipment, approximately RMB6,152,000 in leasehold improvements, and approximately RMB3,199,000 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 acquired a parcel land of approximately 34 mu in Pinghu Economic Development Zone in May 2025, and plans to construct two plants over the next two years with a planned investment of approximately RMB150 million. The new plant area under planning is expected to increase an annual production capacity by approximately 3,000 units of machine tools.

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

Contingent Liabilities

As at 30 September 2025, the Group had no material contingent liabilities.

Currency Risk and Management

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

During the Period 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.

Employees and Remuneration Policy

As at 30 September 2025, the Group employed 2,458 employees (31 March 2025: 2,399), of whom 11 (31 March 2025: 12) were transferred employees from Tsugami Corporation. The Group's staff costs (including salaries, bonuses, social insurance, commercial insurance and provident funds) amounted to approximately RMB248,377,000 in aggregate (including directors' emoluments) (for the six months ended 30 September 2024: RMB229,666,000), accounting for approximately 9.95% of the total revenue of the Group during the Period under Review.

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

OUTLOOK

In FY2025, the demand for CNC machine tools in the manufacturing industry maintained a continuous growth trend. This trend continued into the Period under Review, particularly with robust demand from January to March driving order growth, which laid a solid foundation for the sales performance during the Period under Review.

After April, due to the tariff war initiated by the Trump administration and the subsequent reciprocal measures taken by both China and the United States over time, many uncertainties have arisen. However, based on the current situation, the short- and medium-term demand for China's manufacturing industry has not been significantly affected.

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 accelerating pace of upgrading in manufacturing technologies and continues to be the most attractive CNC machine tools market globally.

In the first half of FY2026, the Group achieved record-high performance since its establishment. We are confident that the Group will continue to deliver remarkable results in the second half of the year and endeavor to achieve its best annual performance since the establishment of the Group.

From the perspective of downstream sectors, the automotive sector, after experiencing a three-year upward cycle in demand for CNC machine tools, may enter an adjustment phase. Meanwhile, the 3C sector, driven by product updates from top mobile phone manufacturers, may enter a new upward demand cycle. Recently, the AI server liquid cooling sector has begun to enter the stage of bulk procurement of equipment. The Group, with its primary focus on automatic lathes, boasts a significant cost-performance advantage in processing quick liquid cooling connectors, which is expected to become a driver of sales revenue for FY2026 and the upcoming financial year ended 31 March 2027.

In terms of overall trend, it can be observed that in the medium to long term and looking forward, the manufacturing demand for miniature precision parts and components driven by the emergence of new technologies and products or the upgrading and transformation thereof, such as the rapid expansion of autonomous driving, AI applications, and the initial development of humanoid robots, will present an extremely appealing development opportunity for the Group which specializes in miniature precision machine tools.

EVENTS AFTER THE END OF THE PERIOD UNDER REVIEW

After the end of the Period under Review, the Company repurchased 650,000 shares on the Stock Exchange in October 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.

After the end of the Period under Review, for the details of the changes in the Directors and committees of the Company, please refer to the announcement dated 13 November 2025.

Save as disclosed in this announcement, the Board is not aware of any material events relating to the business or financial performance of the Group after the Period under Review and up to the date of this announcement.

NO MATERIAL CHANGE

Save as disclosed in this announcement, during the six months ended 30 September 2025, there has been no material change in the Group's financial position or business since the publication of the latest annual report of the Company for the year ended 31 March 2025.

INTERIM DIVIDENDS

The Board declared the payment of an interim dividend of HK\$0.60 per share for the six months ended 30 September 2025 (2024: HK\$0.45) to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 11 December 2025, the payment of which is expected to be made on Tuesday, 13 January 2026.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the period from Monday, 8 December 2025 to Thursday, 11 December 2025 (both days inclusive), during which no transfer of shares will be registered. The record date will be Thursday, 11 December 2025. In order to be eligible for the interim 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, 5 December 2025.

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

During the Period under Review, the Company repurchased a total of 5,306,000 shares on the Stock Exchange (the "**Share Repurchase**"). Subsequently, the Company continued to repurchase 650,000 shares on the Stock Exchange in October 2025. 2,897,000 shares were cancelled on 16 July 2025. Details of the Share Repurchase are as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate price (excluding commission
		Highest	Lowest	fee, etc.)
		HK\$	HK\$	HK\$
April 2025	2,029,000	21.40	15.18	36,222,760
May 2025	342,000	22.00	20.95	7,317,750
June 2025	310,000	20.65	19.98	6,306,530
July 2025	216,000	21.50	21.20	4,617,700
August 2025	357,000	28.00	26.24	9,784,460
September 2025		33.00	26.62	62,112,260
Total	5,306,000			126,361,460

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 the Shareholders.

Save as disclosed above, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries, nor were there any sale of treasury shares of the Company during the Period under Review.

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 has maintained a public float of not less than 25% as prescribed under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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 Period under Review, save for the deviation from code provision C.2.1 of the CG Code due to reasonable grounds (as explained below).

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 four 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 Period under Review.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated interim financial results for the six months ended 30 September 2025 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 financial information. At the request of the Board, the Company's external auditor, Ernst & Young, has carried out a review of the unaudited condensed consolidated interim financial results in accordance with Hong Kong Standard on Review Engagement 2410 issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim report of the Company will be dispatched to the shareholders of the Company and published on the Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk) and the Company's website (www.tsugami.com.cn) in due course.

By order of the Board
Precision Tsugami (China) Corporation Limited
Dr. Wang Xiaokun

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 13 November 2025

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