Tiangong International Company Limited

天工國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 826)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

RMB' million (unless otherwise specified)

	Year ended 31 December 2025	Year ended 31 December 2024	Change
Revenue	**4,718.8**	4,832.0	(2.3)%
Gross profit	**951.9**	983.5	(3.2)%
Net profit attributable to equity shareholders of the Company	**400.2**	358.8	11.5%
Basic earnings per share *(RMB)*	**0.147**	0.131	12.2%
Gross profit margin	**20.2%**	20.4%	(0.2ppt)
Margin of profit attributable to equity shareholders of the Company	**8.5%**	7.4%	1.1%
Net Assets	**7,966.9**	7,452.7	6.9%
Net Debt(1)	**2,539.7**	2,459.7	3.3%
Net Gearing(2)	**31.9%**	33.0%	(1.1ppt)

Notes:

(1) Net debt equal to total bank borrowings plus other financial liability less pledged deposits, time deposits and cash and cash equivalents.

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

The board of directors (the "**Board**") of Tiangong International Company Limited (the "**Company**") is pleased to announce the audited consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2025 and the consolidated statement of financial position of the Group as at 31 December 2025, together with the comparative figures for the same period of 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Note	**2025** ***RMB'000***	2024 *RMB'000*
Revenue	*4*	**4,718,830**	4,832,036
Cost of sales		**(3,766,941)**	(3,848,493)
Gross profit		**951,889**	983,543
Other income	*5*	**230,271**	176,215
Distribution expenses		**(105,180)**	(144,072)
Administrative expenses		**(169,058)**	(172,675)
Research and development expenses		**(287,581)**	(301,548)
Other expenses	*6*	**(32,648)**	1,055
Profit from operations		**587,693**	542,518
Finance income		**24,106**	33,530
Finance expenses		**(160,695)**	(171,651)
Net finance costs	*7(a)*	**(136,589)**	(138,121)
Share of profits less losses of associates		**15,678**	4,857
Share of profits less losses of joint ventures		**2,180**	(1,117)
Profit before taxation	*7*	**468,962**	408,137
Income tax	*8*	**(31,230)**	(7,974)
Profit for the year		**437,732**	400,163
Attributable to:			
Equity shareholders of the Company		**400,228**	358,757
Non-controlling interests		**37,504**	41,406
Profit for the year		**437,732**	400,163
Earnings per share *(RMB)*	*9*		
Basic		**0.147**	0.131
Diluted		**0.147**	0.131

Note: Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 13(a).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	RMB'000	*RMB'000*
Profit for the year	**437,732**	400,163
Other comprehensive income for the year (after tax adjustment)		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("**FVOCI**") — net movement in fair value reserve (non-recycling)	**(608)**	19,782
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of: — financial statements of entities with functional currencies other than Renminbi ("**RMB**")	**2,475**	(107,458)
Other comprehensive income for the year	**1,867**	(87,676)
Total comprehensive income for the year	**439,599**	312,487
Attributable to:		
Equity shareholders of the Company	**402,283**	271,536
Non-controlling interests	**37,316**	40,951
Total comprehensive income for the year	**439,599**	312,487

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	**2025**	2024
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**4,328,594**	4,392,861
Lease prepayments		**239,833**	242,711
Intangible assets		**50,358**	56,224
Goodwill		**144,600**	144,600
Interest in associates		**197,705**	103,781
Interest in joint ventures		**25,551**	25,141
Other financial assets		**276,203**	265,070
Deferred tax assets		**117,989**	117,871
		5,380,833	5,348,259
Current assets			
Financial assets measured at fair value through profit or loss ("**FVPL**")		**8,961**	61,025
Inventories		**2,581,705**	2,524,870
Trade and other receivables	*10*	**4,037,664**	3,543,048
Pledged deposits		**114,954**	134,494
Time deposits		**603,324**	605,231
Cash and cash equivalents		**1,069,583**	1,068,922
		8,416,191	7,937,590
Current liabilities			
Trade and other payables	*11*	**1,402,457**	1,452,755
Interest-bearing borrowings		**2,490,507**	1,827,473
Other financial liability	*12*	**893,571**	983,676
Current taxation		**32,899**	35,042
		4,819,434	4,298,946
Net current assets		**3,596,757**	3,638,644
Total assets less current liabilities		**8,977,590**	8,986,903

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025

	2025	2024
	RMB'000	*RMB'000*
Non-current liabilities		
Interest-bearing borrowings	**943,525**	1,457,193
Deferred income	**22,137**	30,098
Deferred tax liabilities	**45,069**	46,874
	1,010,731	1,534,165
Net assets	**7,966,859**	7,452,738
Capital and reserves		
Share capital	**48,164**	48,164
Reserves	**7,378,589**	7,044,913
Total equity attributable to equity shareholders of the Company	**7,426,753**	7,093,077
Non-controlling interests	**540,106**	359,661
Total equity	**7,966,859**	7,452,738

NOTES

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 Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 26 July 2007. The Company and its subsidiaries are collectively referred to as the "**Group**".

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable IFRS Accounting Standards ("**IFRSs**"), International Accounting Standards ("**IASs**") and Interpretations, which collective term includes all applicable individual International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in the financial statements.

The financial information relating to the year ended 31 December 2025 that is included in this preliminary annual results announcement does not constitute the Group's consolidated financial statements for the year ended 31 December 2025 but is derived from those financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements 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

The principal activities of the Group are the manufacturing and sales 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 principal activities are disclosed in Note 4(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by products divisions or business lines is as follows:

	2025	2024
	RMB'000	*RMB'000*
DS	**2,291,959**	2,273,870
HSS	**791,944**	821,478
Cutting tools	**923,529**	879,342
Titanium alloy	**625,987**	756,370
Others	**85,411**	100,976
	4,718,830	4,832,036

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

The Group's customer base is diversified and includes nil customer (2024: one customer) with whom transactions have exceeded 10% of the Group's revenue.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Chairman (the chief operating decision maker) for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following 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 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 revenue 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 intersegment revenue) generated by the segments in their operations. Intersegment 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 years ended 31 December 2025 and 2024 is set out below.

	2025					
	DS	**HSS**	**Cutting tools**	**Titanium alloy**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from external customers	**2,291,959**	**791,944**	**923,529**	**625,987**	**85,411**	**4,718,830**
Intersegment revenue	**150**	**318,462**	**5,240**	**–**	**–**	**323,852**
Reportable segment revenue	**2,292,109**	**1,110,406**	**928,769**	**625,987**	**85,411**	**5,042,682**
Reportable segment profit (adjusted EBIT)	**92,660**	**104,326**	**201,217**	**151,891**	**2,920**	**553,014**
Reportable segment assets	**5,767,226**	**2,680,346**	**2,046,078**	**701,762**	**156,257**	**11,351,669**
Reportable segment liabilities	**663,573**	**304,726**	**200,278**	**202,117**	**22,332**	**1,393,026**

	2024					
	DS	HSS	Cutting tools	Titanium alloy	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	2,273,870	821,478	879,342	756,370	100,976	4,832,036
Intersegment revenue	8	303,698	5,494	–	–	309,200
Reportable segment revenue	2,273,878	1,125,176	884,836	756,370	100,976	5,141,236
Reportable segment profit (adjusted EBIT)	24,867	81,817	200,841	200,808	14,911	523,244
Reportable segment assets	5,505,231	2,618,865	1,858,533	758,493	132,183	10,873,305
Reportable segment liabilities	668,962	293,185	347,623	108,527	41,241	1,459,538

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

	2025	2024
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**5,042,682**	5,141,236
Elimination of intersegment revenue	**(323,852)**	(309,200)
Consolidated revenue *(Note 4(a))*	**4,718,830**	4,832,036

	2025	2024
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**553,014**	523,244
Net finance costs	**(136,589)**	(138,121)
Share of profits less losses of associates	**15,678**	4,857
Share of profits less losses of joint ventures	**2,180**	(1,117)
Unallocated head office and corporate profits	**34,679**	19,274
Consolidated profit before taxation	**468,962**	408,137

	2025	2024
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**11,351,669**	10,873,305
Interest in associates	**197,705**	103,781
Interest in joint ventures	**25,551**	25,141
Other financial assets	**276,203**	265,070
Deferred tax assets	**117,989**	117,871
Financial assets measured at FVPL	**8,961**	61,025
Pledged deposits	**114,954**	134,494
Time deposits	**603,324**	605,231
Cash and cash equivalents	**1,069,583**	1,068,922
Unallocated head office and corporate assets	**31,085**	31,009
Consolidated total assets	**13,797,024**	13,285,849

	2025	2024
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**1,393,026**	1,459,538
Interest-bearing borrowings	**3,434,032**	3,284,666
Other financial liability	**893,571**	983,676
Current taxation	**32,899**	35,042
Deferred tax liabilities	**45,069**	46,874
Unallocated head office and corporate liabilities	**31,568**	23,315
Consolidated total liabilities	**5,830,165**	5,833,111

(iii) Geographical information

The Group's business is managed on a worldwide basis, but participates in four principal economic geographies, the People's Republic of China, and for the purpose 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).

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

Substantially all of the Group's assets and liabilities are located in the PRC and accordingly, no geographical analysis of segment assets and liabilities is provided.

	Revenues from external customers	
	2025	2024
	RMB'000	*RMB'000*
Revenue		
The PRC	**2,640,928**	2,511,112
North America	**560,678**	719,275
Europe	**897,947**	1,004,074
Asia (other than the PRC)	**595,544**	561,394
Others	**23,733**	36,181
	4,718,830	4,832,036

5 OTHER INCOME

	Note	**2025**	2024
		RMB'000	*RMB'000*
Government grants	*(i)*	**94,034**	54,695
Dividend income	*(ii)*	**8,185**	12,476
Unrealised fair value changes of other financial assets		**322**	(4,769)
Net gains/(losses) on trading securities		**2,618**	(5,380)
Net foreign exchange gains		**92,289**	113,136
Net gains/(losses) on disposal of property, plant and equipment		**612**	(843)
Net gains on disposal of interest in subsidiaries		**20,251**	–
Others		**11,960**	6,900
		230,271	176,215

(i) The subsidiaries of the Company, located in the PRC collectively were entitled to unconditional grants amounting to RMB86,073,000 (2024: RMB46,440,000) from the local government. The Group also recognised amortisation of government grants related to assets of RMB7,961,000 (2024: RMB8,255,000) during the year ended 31 December 2025.

(ii) The Group received dividends totalling RMB8,185,000 (2024: RMB12,476,000) from listed equity investments, unlisted units in investment funds and trading securities.

6 OTHER EXPENSES

	2025	2024
	RMB'000	*RMB'000*
Provision for/(reversal of) loss allowance on trade and other receivables	**27,265**	(4,652)
Charitable donations	**3,489**	2,400
Others	**1,894**	1,197
	32,648	(1,055)

7 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	2025	2024
	RMB'000	*RMB'000*
Interest income	**(24,106)**	(33,530)
Finance income	**(24,106)**	(33,530)
Interest on bank loans	**129,397**	120,345
Interest expenses arising on other financial liability	**31,298**	51,306
Finance expenses	**160,695**	171,651
Net finance costs	**136,589**	138,121

(b) Staff costs

	2025	2024
	RMB'000	*RMB'000*
Contributions to defined contribution retirement plans	**33,078**	33,760
Salaries, wages and other benefits	**373,073**	387,845
	406,151	421,605

The Group participates in defined contribution pension funds managed by the PRC local government authorities. According to the respective pension fund regulations, the Group is required to pay annual contributions determined by the respective authorities in the PRC. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds. The Group has no obligation for payment of retirement and other post-retirement benefits of employees other than the contributions described above.

(c) Other items

	2025	2024
	RMB'000	*RMB'000*
Amortisation of intangible assets	**8,436**	7,684
Depreciation charge		
— owned property, plant and equipment	**386,693**	386,994
— lease prepayments (right-of-use assets)	**6,380**	6,158
	393,073	393,152
Auditor's remuneration		
— audit services	**4,400**	3,730
— other audit related services	**3,780**	3,065
	8,180	6,795
Reversal of write-down of inventories	**(12,003)**	(12,071)
Cost of inventories*	**3,766,941**	3,848,493

* Cost of inventories includes amounts relating to staff costs and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025	2024
	RMB'000	*RMB'000*
Current tax		
Provision for PRC Corporate Income Tax	**39,282**	55,352
Provision for Hong Kong Profits Tax	**2,827**	4,526
Provision for Thailand Corporate Income Tax	**813**	553
	42,922	60,431
Deferred tax		
Origination and reversal of temporary differences	**(11,692)**	(52,457)
	31,230	7,974

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or British Virgin Islands.

(ii) The provision for PRC Corporate 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.

Jiangsu Tiangong Tools New Materials Company Limited ("**TG Tools**"), Jiangsu Tiangong Aihe Technology Company Limited ("**TG Aihe**"), Jiangsu Weijian Tools Technology Company Limited ("**Weijian Tools**"), Jiangsu Tiangong Technology Company Limited ("**TG Tech**") and Jiangsu Tiangong Precision Tools Company Limited ("**Precision Tools**") and Jiangsu Tiangong Carbide Technology Company Limited ("**Carbide Technology**") are subject to a preferential income tax rate of 15% in 2025 available to enterprises which qualify as a High and New Technology Enterprise (2024: 15%).

The statutory corporate income tax rate applicable to the Group's other operating subsidiaries in the PRC is 25% (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.

(iii) Pursuant to the income tax rules and regulations of Hong Kong, the Group's subsidiaries in Hong Kong are liable to Hong Kong Profits Tax at a rate of 16.5% (2024: 16.5%) for the year ended 31 December 2025.

(iv) According to the policy of Industrial Promotion Act of Thailand, Tiangong Precision Tools (Thailand) Company Limited ("**TGPT**"), a subsidiary of the Group 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 ("**New Material (Thailand)**"), are liable to Thailand Corporate Income Tax at a rate of 20% (2024: 20%) for the year ended 31 December 2025.

(v) Pursuant to the income tax rules and regulations of Indonesia, PT Tiangong Precision Tools Manufacturing Indonesia ("**Indonesia Precision**") is liable to Indonesia Corporate Income Tax at a rate of 22% for the year ended 31 December 2025.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025	2024
	RMB'000	*RMB'000*
Profit before taxation	**468,962**	408,137
Notional tax on profit before taxation, calculated using the PRC statutory tax rate of 25% (2024: 25%)	**117,241**	102,034
Effect of preferential tax rates	**(25,231)**	(3,558)
Effect of different tax rates	**119**	(25,993)
Tax effect of non-deductible expenses	**14,156**	12,703
Tax effect of non-taxable income	**(4,524)**	(7,747)
Tax effect of tax losses not recognised	**4,290**	1,592
Tax effect of derecognition of previously recognised tax losses	**853**	100
Tax effect of bonus deduction for research and development expenses	**(71,658)**	(75,011)
(Over)/under-provision in respect of prior year	**(4,016)**	1,527
Effect on deferred tax balances at 1 January resulting from a change in tax rate	**–**	2,327
Actual tax expense	**31,230**	7,974

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 RMB400,228,000 (2024: RMB358,757,000) and the weighted average of 2,725,000,000 ordinary shares (2024: 2,743,226,197 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2025	2024
Issued ordinary shares at 1 January	**2,725,000,000**	2,775,000,000
Effect of repurchase of own shares	**–**	(31,773,803)
Weighted average number of ordinary shares at 31 December	**2,725,000,000**	2,743,226,197

(b) Diluted earnings per share

The diluted earnings per share for 2025 and 2024 are the same as the basic earnings per share as there are no dilutive potential ordinary shares during the years.

10 TRADE AND OTHER RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables	**2,650,485**	2,226,434
Bills receivable	**728,244**	732,940
Less: loss allowance	**(171,756)**	(143,288)
Net trade and bills receivable	**3,206,973**	2,816,086
Prepayments	**163,320**	159,747
Other receivables	**650,276**	477,599
Less: loss allowance	**(10,729)**	(9,498)
Taxation recoverable	**27,824**	99,114
Net prepayments and other receivables	**830,691**	726,962
	4,037,664	3,543,048

Certain bills receivable held by the Group are achieved by both collecting contractual cash flows and sales, which are measured at fair value through other comprehensive income.

Trade receivables of RMB142,634,000 (2024: RMB137,751,000) have been pledged to a bank as security for the Group's bank loans.

(a) Ageing analysis

As of 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:

	2025	2024
	RMB'000	*RMB'000*
Within 1 year	**2,859,485**	2,546,878
1 to 2 years	**326,450**	252,646
Over 2 years	**21,038**	16,562
	3,206,973	2,816,086

Trade receivables are due from 90 to 180 days from the date of billing.

(b) Loss allowance of trade receivables

The Group measures loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("**ECLs**"), which is calculated using a provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2025		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	***RMB'000***	***RMB'000***
Current (not past due)	**5.0%**	**1,214,018**	**60,709**
1–9 months past due	**5.0%**	**1,029,388**	**51,456**
9–21 months past due	**10.0%**	**362,711**	**36,261**
More than 21 months past due	**52.6%**	**44,368**	**23,330**
		2,650,485	**171,756**

	2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Current (not past due)	5.0%	1,078,721	53,857
1–9 months past due	5.0%	830,676	41,602
9–21 months past due	10.0%	280,608	27,962
More than 21 months past due	54.5%	36,429	19,867
		2,226,434	143,288

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025	2024
	RMB'000	*RMB'000*
Balance at 1 January	**143,288**	149,555
Loss allowance recognised/(reversed) during the year	**28,782**	(6,895)
Exchange adjustment	**(314)**	628
Balance at 31 December	**171,756**	143,288

11 TRADE AND OTHER PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade and bills payable	**1,154,354**	1,189,125
Contract liabilities	**10,851**	14,445
Other payables and accrued expenses	**237,252**	249,185
	1,402,457	1,452,755

All trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of 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:

	2025	2024
	RMB'000	*RMB'000*
Within 1 year	**1,131,423**	1,160,725
1 to 2 years	**15,024**	16,470
Over 2 years	**7,907**	11,930
	1,154,354	1,189,125

12 OTHER FINANCIAL LIABILITY

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

	2025	2024
	RMB'000	*RMB'000*
Contingent redeemable capital contributions in a subsidiary	**893,571**	983,676

On 28 December 2020, the Company, TG Tools, Jurong Tiangong New Materials Technology Company Limited, China Tiangong (Hong Kong) Company Limited, Precision Tools, TG Aihe, Weijian Tools, Jiangsu Tiangong New Materials Company Limited, TG Development and certain third party investors (the "**Investors**") entered into an investment agreement, pursuant to which the Investors will 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 including redemption, anti-dilution and preferential liquidation rights are granted to the Investors. As at 31 December 2021, the Group received all the 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 was 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 effective interest method and recognised in the consolidated statement of profit or loss.

During the year ended 31 December 2025, the Group redeemed the Investment in TG Tools from some Investors at a total consideration of RMB121,403,000. As at 31 December 2025, 90.06% of the equity interest in TG Tools was held by the Group.

13 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company in respect of the year

	2025	2024
	RMB'000	*RMB'000*
Dividend proposed after the end of the reporting period of RMB0.0253 per ordinary share (2024: RMB0.0263 per ordinary share)	**68,826**	71,751

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

(b) Dividends declared to equity shareholders of the Company in respect of the interim period

	2025	2024
	RMB'000	*RMB'000*
Declared interim dividend of RMB0.0262 per ordinary share (six months ended 30 June 2024: RMB0.0203)	**71,395**	55,311

(c) Dividends payable to equity shareholders of the Company in respect of the previous financial year, approved and paid during the year

	2025	2024
	RMB'000	*RMB'000*
Dividend in respect of the previous financial year, approved and paid during the year of RMB0.0263 per ordinary share (2024: RMB0.0400 per ordinary share)	**71,668**	109,074

(d) Dividends payable to equity shareholders of the Company in respect of the interim period, approved and paid during the year

	2025	2024
	RMB'000	*RMB'000*
Interim dividend of RMB0.0262 per ordinary share (six months ended 30 June 2024: RMB0.0203)	**71,395**	55,110

In respect of the final dividend for the year ended 31 December 2024, there is a difference of RMB83,000 between the final dividend disclosed in the 2024 annual financial statements and amounts approved and paid during the year, which is mainly due to the RMB/HKD exchange rate difference between the fixed middle average exchange rate on the date of the 2024 annual result announcement and the actual exchange rate applied on the date of payment.

BUSINESS REVIEW

	For the year ended 31 December					
	2025		2024		Change	
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
DS	**2,291,959**	**48.6**	2,273,870	47.1	18,089	0.8
HSS	**791,944**	**16.8**	821,478	17.0	(29,534)	(3.6)
Cutting tools	**923,529**	**19.6**	879,342	18.2	44,187	5.0
Titanium alloy	**625,987**	**13.3**	756,370	15.6	(130,383)	(17.2)
Others	**85,411**	**1.7**	100,976	2.1	(15,565)	(15.4)
	4,718,830	**100.0**	4,832,036	100.0	(113,206)	(2.3)

DS — accounted for 48.6% of the Group's revenue in FY 2025

	For the year ended 31 December					
	2025		2024		Change	
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
DS						
Domestic	**1,041,180**	**45.4**	1,008,398	44.3	32,782	3.3
Export	**1,250,779**	**54.6**	1,265,472	55.7	(14,693)	(1.2)
	2,291,959	**100.0**	2,273,870	100.0	18,089	0.8

DS is a type of high alloy special steel manufactured using rare metals including molybdenum, chromium and vanadium. DS is mainly used in die and mould casting as well as machining processing. Many different manufacturing industries require moulds, including automotive, home appliances and electronic industries.

The positive development of domestic downstream manufacturing industries (such as the new energy vehicle industry) supported domestic demand for DS, particularly for parts, component models and integrated large die-casting, etc.. Overall domestic sales volume remained flat. The average selling price increased by 4% compared with the previous year, mainly due to the generally positive outlook of the domestic manufacturing sector, which helped to pass on procurement costs. At the same time, through years of operation, the Group has established a certain supply loyalty with our customers, giving us some pricing power.

Regarding exports, the European market was sluggish, and competition from overseas rivals was fierce. Coupled with the impact of tariffs in the North American market, purchasing attitudes were generally cautious, resulting in fewer orders. Overseas sales volume of DS decreased by 5% compared to the previous year. On the other hand, as the Group placed greater emphasis on higher-end products to maximize profitability and avoid ruthless competition, the average selling price increased 4%.

Overall, sales revenue of the DS segment increased by 0.8% to RMB2,291,959,000 (2024: RMB2,273,870,000).

HSS — accounted for 16.8% of the Group's revenue in FY 2025

	For the year ended 31 December					
	2025		2024		Change	
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
HSS						
Domestic	**578,316**	**73.0**	422,033	51.4	156,283	37.0
Export	**213,628**	**27.0**	399,445	48.6	(185,817)	(46.5)
	791,944	**100.0**	821,478	100.0	(29,534)	(3.6)

HSS, manufactured using rare metals including tungsten, molybdenum, chromium, vanadium and cobalt, is characterised by greater hardness, heat resistance and durability. These attributes make HSS suitable to such applications as cutting tools and in the manufacture of high-temperature bearings, high-temperature springs, internal-combustion engines and rolls, with wide usage in specific industrial applications such as automotive, machinery manufacturing, aviation, and electronics industries.

The increased demand for high-precision, high-efficiency cutting tools from manufacturing sector, coupled with improved domestic industrial conditions, boosted the procurement demand for raw material, HSS, among domestic cutting tools manufacturers. This promoted the development of the domestic HSS market, leading to rapid growth in domestic HSS sales, with sales volume having increased in 2025 by 12% year-on-year. As a result of (i) the overall increase in procurement costs of alloy material (raw materials of HSS) which was smoothly passed on to downstream industries, and (ii) coupled with the gradual increase in the revenue contribution of powder metallurgy products; the sales proportion of high-end HSS products increased. The price of domestic HSS products increased, with average selling price increased by 23% year-on-year.

Regarding exports, the volume of HSS sold to North America decreased significantly this year mainly due to the impact of US tariff policies, resulting in a 50% year-on-year decrease in the total export volume of HSS. In terms of average selling price, the Group continued to adopt a high-quality, high-price marketing strategy, and powder metallurgy products with higher added value also began to contribute more, with the average selling price increasing by 7%.

Overall, sales revenue of the HSS segment decreased by 3.6% to RMB791,944,000 (2024: RMB821,478,000).

Cutting tools — accounted for 19.6% of the Group's revenue in FY 2025

	For the year ended 31 December					
	2025		2024		Change	
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
Cutting tools						
Domestic	**399,665**	**43.3**	333,274	37.9	66,391	19.9
Export	**523,864**	**56.7**	546,068	62.1	(22,204)	(4.1)
	923,529	**100.0**	879,342	100.0	44,187	5.0

Cutting tools segment includes HSS and carbide cutting tools. HSS cutting tools products are mainly twist drill bits and screw taps. All of these are used for industrial manufacturing and civil purposes. The Group's vertical integration extending from upstream HSS production to downstream HSS cutting tools production brought us a significant cost advantage over our peers. High-end carbide tools manufactured by the Group mainly comprised of carbide inserts and solid tools.

The domestic market for cutting tools is closely related to the machine tool industry. Based on the needs of manufacturing development, our Group produces multi-functional composite cutting tools, high-speed and high-efficiency cutting tools, and other impact-resistant, high-strength metal cutting tools, which are widely used in the automotive, machinery manufacturing, aerospace, and electronics industries. During the year, resulting from the gradual recovery of domestic economy and the rebound of downstream demand, the domestic sales volume of cutting tools increased slightly by 6.8% year-on-year while the average selling price of domestically sold cutting tools increased by 12.4% compared to the previous year. This was mainly due to the increased sales contribution of the high-priced carbide cutting tools as market conditions improved, which in turn boosted sales volume and increased average selling price. As a result, the revenue from sales of domestic cutting tools sales revenue increased by 19.9% to RMB399,665,000 in 2025.

In terms of export business, the Group's exported cutting tools were mainly for the DIY application market. Because of the imposition of worldwide tariffs by the United States this year, some customers were more conservative in their pricing due to the tariffs fluctuations, resulting in a decrease of 4.2% in average selling price, although sales volume remained about the same as last year. In summary, cutting tools export sales revenue decreased by RMB22,204,000 in 2025.

Overall, sales revenue of the cutting tools segment increased by 5.0% to RMB923,529,000 (2024: RMB879,342,000).

Titanium alloy — accounted for 13.3% of the Group's revenue in FY 2025

	For the year ended 31 December					
	2025		2024		Change	
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
Titanium alloy						
Domestic	**621,767**	**99.3**	747,406	98.8	(125,639)	(16.8)
Export	**4,220**	**0.7**	8,964	1.2	(4,744)	(52.9)
	625,987	**100.0**	756,370	100.0	(130,383)	(17.2)

The low density, high strength, high heat resistance and good corrosion resistance nature of titanium alloy promoted the extensive applications of titanium alloy in various industries, including chemical energy, consumer electronics, aerospace, marine engineering, biological sciences and other industries.

Sales volume of the titanium alloy segment increased by 14% compared to the previous year, while the average selling price decreased by 27%. This was mainly due to a decline in sales in the consumer electronics sector. The new series of mobile phone products of a key end customer replaced the use of titanium alloy with, and primarily uses, aluminum alloy in most of the current models, while retaining the use of titanium alloy in only one current model, leading to a decrease in orders for high-priced titanium alloy wire in the consumer electronics sector. The Group has accordingly adjusted its sales mix towards high volume titanium plates and tubes. However, the downstream applications of titanium plates and tubes are mainly in the chemical and energy industries, with relatively low added value. Therefore, although sales volume has increased, the average selling price has declined. In all, titanium alloy segment domestic revenue decreased by 16.8% to RMB621,767,000 in 2025.

In terms of exports, the Group continued to focus on developing the market for 3D printing and additive manufacturing applications. The Group is optimistic about the export demand for these applications.

Others — accounted for 1.7% of the Group's revenue in FY 2025

	For the year ended 31 December					
	2025		2024		Change	
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
Export	**85,411**	**100.0**	100,976	100.0	(15,565)	(15.4)

In the others segment, the Group mainly procures raw materials like hardware, plastic and electronic components from suppliers, which will then be assembled and packed into power tool kits by ourselves or commissioned packagers for sale 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.

The demand in this segment were mainly driven by entry-level hardware and power tool sets from brand customers for exporting to the United States. The instability of the US tariff policies led to poor export performance, resulting in an overall decline in power tool sales.

In all, the total revenue from others segment decreased by 15.4% to RMB85,411,000 (2024: RMB100,976,000).

FINANCIAL REVIEW

Net profit attributable to equity shareholders of the Company increased by 11.6% from RMB358,757,000 in 2024 to RMB400,228,000 in 2025.

Revenue

Recovery in domestic demand and market conditions were strong in general, causing increase in domestic revenue for DS, HSS and cutting tools segments. For titanium segments, 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 sales mix towards titanium plate and titanium tube, the revenue of the titanium segment still decreased due to the low added value of titanium plate and titanium tube products.

On the export side, affected by the uncertainty of US tariff policy and slow recovery of European markets, purchasing intentions were generally low and competition was fierce. Export revenue decreased in general for all segments.

All things considered, revenue of the Group for 2025 totalled RMB4,718,830,000 representing a decrease of 2.3% when compared with RMB4,832,036,000 in 2024. For an analysis of individual segments, please refer to the "Business Review" section.

Cost of sales

The Group's cost of sales was RMB3,766,941,000 in 2025 representing a decrease of 2.1% as compared with RMB3,848,493,000 in 2024, primarily due to the decrease in revenue.

Gross margin

In 2025, the overall gross margin was 20.2% (2024: 20.4%). Set out below are the gross margin of the five segments of the Group in 2025 and 2024:

	2025	2024
DS	**14.5%**	12.1%
HSS	**16.7%**	15.2%
Cutting tools	**28.3%**	30.3%
Titanium alloy	**26.8%**	33.5%
Others	**3.9%**	15.5%

DS

The gross margin increased to 14.5% in 2025 (2024: 12.1%), mainly due to the recovery of domestic manufacturing sector, allowing a smooth transmission of procurement costs and additional gross profit to the customers.

HSS

Similar to DS, domestic demand driven by the recovery of manufacturing sector allowed the Group to smoothly pass on the procurement costs and additional gross profit to its customers. Regarding the export market, gross profit margin also benefited from improved cost transmission. The overall gross margin increased to 16.7% in 2025 (2024: 15.2%).

Cutting tools

The gross margin of cutting tools decreased from 30.3% in 2024 to 28.3% in 2025. Exports have always accounted for a significant portion of the Group's cutting tools segment. In 2025, due to the impact of the United States imposing worldwide tariffs, the gross profit margin of cutting tools products was compressed to some extent.

Titanium alloy

The gross margin of titanium alloy decreased from 33.5% in 2024 to 26.8% in 2025. This was primarily due to the decline in demand from the consumer electronics industry during the year. Sales volume of high-gross-margin titanium alloy wires decreased, whereas sales volume of low-gross-margin plates and tubes increased. This shift in product mix contributed to the decrease in the overall gross profit margin of titanium alloys compared to the previous year.

Others

The decline in export volume prevented the business from allocating enough volume to cover fixed costs, resulting in a material decrease in the gross margin of others segment from 15.5% in 2024 to 3.9% in 2025.

Other income

The Group's other income increased from RMB176,215,000 in 2024 to RMB230,271,000 in 2025. It was mainly due to (1) significant appreciation of EUR against RMB, causing an exchange gain on the trade receivables denominated in EUR; (2) government subsidy for qualified research and development projects increased in 2025.

Distribution expenses

Distribution expenses in 2025 were RMB105,180,000 (2024: RMB144,072,000). The decrease in distribution expenses was mainly due to the decrease in export sales caused by the uncertainty in US tariffs policy. In addition, since the Red Sea Crisis was resolved, the average unit shipping cost was lower in 2025 compared to 2024.

Administrative expenses

Administrative expenses decreased from RMB172,675,000 in 2024 to RMB169,058,000 in 2025. The main reason for the decrease was the reduction of administration staffs, which saved some costs. In 2025, administrative expenses amounted to approximately 3.6% of revenue (2024: 3.6%).

Research and development expenses

The major component of research and development expenses in the industry is usually the cost of materials consumed in research and development projects. Materials are usually consumed in early stages of a project. Compared to 2024 in which there were more research and development projects in early stages, projects of the Group in 2025 were at testing and completion stages, requiring less material input. As a result, the research and development expenses decreased from RMB301,548,000 in 2024 to RMB287,581,000 in 2025.

Other expenses

The increase in other expenses was mainly due to the increase in impairment provision of the trade receivables. The Group provided general provision according to the credit loss policy, according to aging (including not past due). The total provision increased as the balance of trade receivables increased. Other expenses changed from credited amount of RMB1,055,000 in 2024 to debited amount of RMB32,648,000 in 2025.

Net finance costs

Certain portions of contingent redeemable equity interest of TG Tools held by third party investors were redeemed by the Group in early April 2025. The finance cost relating to the remaining contingent redeemable equity interest of TG Tools was saved and reduced in 2025 compared to 2024 as a result of less interest payable to the fewer number of remaining investors. On the other hand, the continued decline in average deposit interest rates led to a decrease in interest income on bank balance. Combining the above effects, the Group's net finance costs decreased from RMB138,121,000 in 2024 to RMB136,589,000 in 2025.

Income tax

As set out in Note 8 to the financial information above, the Group's income tax expense increased from RMB7,974,000 in 2024 to RMB31,230,000 in 2025.

Profit for the year attributable to equity shareholders of the Company

As a result of the factors set out above, the Group's share of profit increased by 11.6% from RMB358,757,000 in 2024 to RMB400,228,000 in 2025. The margin of profit attributable to equity shareholders of the Company increased from 7.4% in 2024 to 8.5% in 2025.

Total comprehensive income for the year attributable to equity shareholders of the Company

In 2025, total comprehensive income for the year attributable to equity shareholders of the Company was RMB402,283,000 (2024: RMB271,536,000) after taking into account foreign currency translation differences and fair value adjustments on equity investments.

During the year, the Group credited to other comprehensive income a foreign currency translation difference of RMB2,475,000 (2024: debited RMB107,458,000) related to translation of financial statements of overseas subsidiaries and overseas equity accounted investees.

The Group also recognised a fair value loss in the consolidated statement of profit or loss and other comprehensive income of RMB608,000 (2024: gain of RMB19,782,000) on its equity investments during the year.

Other financial assets

Other financial assets held by the Group mainly 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), 嘉興丹墀合瑞股權投資合夥企業(有限合夥) (Jiaxing Danchi Herui Equity Investment Partnership Enterprise (Limited Partnership)*), 安慶毅泓創業投資合夥企業(有限合夥) (Anqing Yihong Entrepreneurship Investment Partnership Enterprise (Limited Partnership)*), Shanghai GZclad Laser Technologies Co., Ltd. ("**Shanghai GZclad**"), 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 Enterprise (Limited Partnership)*). All of these investments were stated at their fair value as at 31 December 2025. Other than the fair value loss, net of tax, of RMB608,000 (2024: gain of RMB19,782,000) recorded in the other comprehensive income in 2025, the fair value gain of RMB322,000 was recorded in other income (2024: loss of RMB4,769,000) for financial assets measured at fair value through profit or loss during the year.

Trade and bills receivable

Trade and bills receivable increased from RMB2,816,086,000 in 2024 to RMB3,206,973,000 in 2025. The increase in trade receivables was primarily due to the Group providing temporary payment terms to certain strategically valuable, high-potential clients in response to the unfavorable European market conditions. This measure aimed to alleviate short-term liquidity pressures caused by the local market downturn in exchange for strategic cooperation opportunities with downstream industries in Europe. The Group will closely monitor the operating conditions of these clients and dynamically adjust subsequent payment terms accordingly.

Loss allowance of RMB171,756,000 (2024: RMB143,288,000) accounted for 5.1% (2024: 4.8%) of the trade and bills receivable.

MACROECONOMIC ENVIRONMENT

In 2025, renewed escalation of global tariff disputes, heightened geopolitical tensions, persistent trade policy uncertainties, and persistently elevated financial market volatility collectively exerted pressure on the global economy. Despite these challenges, the global economy demonstrated resilience. Expansionary macroeconomic policies, positive market expectations for new technologies, and investment growth driven by artificial intelligence and robotics collectively supported global demand.

Amid multiple geopolitical conflicts and profound adjustments to the international economic and trade rules system, global industrial chains and supply chains accelerated their restructuring. Under the influence of solid progress in reform and opening-up in key areas and critical sectors, along with significant achievements in risk prevention, social stability was maintained. China's economy achieved steady progress, with its growth rate remaining among the highest among major global economies.

According to data released by the National Bureau of Statistics of China on 19 January 2026, China's GDP growth rate for 2025 was 5.0%, unchanged from 2024. New achievements were made in pursuing high-quality development, but the impact of external environmental changes deepened, and the economy still faces numerous challenges.

During the year under review, the value-added of equipment manufacturing industries above designated size, including automotive, electronics and aerospace sectors, increased by 9.2% compared to the previous year. Among these, the value-added of two sectors, namely (i) the automotive manufacturing industry and (ii) the railway, shipbuilding, aerospace and other transportation equipment manufacturing industry, grew by double-digit rates of 11.5% and 14%, respectively. This provided crucial support for profit growth in these industries, injecting momentum into domestic economic expansion. National R&D expenditure reached 2.8% of GDP that year, an increase of 0.11 percentage points from the previous year, surpassing the average level of the OECD countries. According to data from the China National Intellectual Property Administration, as of the end of December 2025, China's strategic emerging industries held over 1.534 million valid invention patents, while the value-added of patent-intensive industries accounted for over 13% of GDP.

China's overall development trajectory is characterized by "marching toward innovation." Compared globally, China's economic growth rate continues to lead among major economies worldwide. From the accelerated development of artificial intelligence to breakthroughs in robot manufacturing and application, and the explicit designation of aerospace as a strategic emerging industry in the "15th Five-Year" proposal, China's innovation-driven development strategy has yielded remarkable results. As a leading Chinese manufacturer of high-end materials like specialty steel and titanium alloys, the Group will actively seize the vast market opportunities and development space brought by emerging industries in a challenging operating environment.

INDUSTRY REVIEW

Technological Upgrades of Tool Steel Drive Competitiveness

In 2025, special steel served as a vital foundational material for cultivating new productive forces. Through intensified technological innovation, product portfolio adjustments, and proactive expansion into international markets, it maintained steady growth while demonstrating heightened application value across multiple sectors. In 2025, the output of high-quality special steel and crude steel was projected to reach 79.74 million tonnes, representing a year-on-year increase of 1.3%. The output of crude steel for tool steel was expected to reach 870,000 tonnes, representing an increase of 2.4%. The industry continued to show improving prosperity and strong resilience.

With the rapid development of high-end manufacturing sectors such as automotive, machinery manufacturing and energy, demand for high-performance tool steel has significantly increased. Reviewing demand by sector, the automotive industry accounted for 35%, where lightweighting requirements were driving expanded use of aluminum alloy die-casting DS, with related demand reached RMB42 billion in 2025. Home appliances and electronics accounted for 28%, with miniaturization of consumer electronics boosting demand for precision DS.

China's mold industry has achieved breakthroughs in technological upgrading and in the application of intelligent and digital technologies, with growing market demand, particularly in high-precision and customized sectors. Domestic high-end tool steel technology continued advancing, achieving a 45% substitution rate for key materials, significantly enhancing competitiveness.

In overseas markets, Europe and North America remained major destinations for China's steel exports, where demand was primarily driven by high-end customised products and stock replacement, accounting for approximately 25% and 20% of global demand respectively. Despite challenges arising from supply — demand imbalances and pricing pressures, Chinese enterprises, leveraging cost advantages and technological improvements, still maintained a certain level of competitiveness in the international market.

HSS Achieved Key Technological Breakthroughs and Import Reliance Gradually Declined

In 2025, driven by robust demand from key sectors such as new energy vehicles, consumer electronics and high-end equipment manufacturing, China's high-end HSS market demonstrated steady overall growth. Industry data indicates that the market scale for high-end steel (including HSS, DS and other specialty steels) continued to expand. In 2025, demand in related segments showed a marked recovery, with manufacturing steel consumption increasing to 51% of total steel consumption, surpassing structural steel for the first time and becoming the core driver of structural upgrading in the steel industry.

Among these, high-end products such as powder metallurgy tool steel have seen continuously increasing market penetration in high-end application fields like aerospace, automotive molds and precision machinery. This growth stems from their fine-grained microstructure, excellent red hardness, wear resistance and fatigue resistance. Compared to traditional forged/cast tool steels, powder metallurgy products offer distinct advantages in service life, machining precision and consistency. Their demand growth is particularly robust, positioning them as a crucial material foundation driving China's high-end manufacturing sector toward intelligent and lightweight upgrades.

Leveraging significant technological advancements and distinct production cost advantages, China's powder metallurgy HSS products have continuously enhanced their international competitiveness. Concurrently, the widespread adoption of intelligent manufacturing and digital management has further elevated product quality and production efficiency, making China's powder metallurgy HSS increasingly attractive in the global market. During the year under review, China achieved independent breakthroughs in key technologies like powder metallurgy HSS, with performance approaching international standards. These products were widely used in aerospace, automotive manufacturing and precision machinery, leading to a continuous decline in import dependency.

Although China maintained an overall trade surplus in powder metallurgy HSS, certain high-end products still relied on imports. As enterprises actively introduced advanced technologies and equipment and accelerated independent R&D, domestic production capacity and technological standards in powder metallurgy HSS will be further improved, leading to a gradual reduction in import dependence.

The Group's independently developed and produced powder metallurgy HSS, TPM330 and TPMD31, exhibit outstanding strength, wear resistance, and comprehensive mechanical properties. They are particularly suitable for high-precision transmission structures and high-end tooling applications, possessing significant market potential and substitution opportunities. These materials are poised to become key strategic materials across various manufacturing industries.

Cutting Tools: Manufacturing Sector Continues Recovery, with Accelerated Domestic Substitution of High-End Products

Driven by policy guidance and sustained equipment upgrade investments, the high-tech manufacturing PMI of the fourth quarter rose steadily from 50.5 in October 2025 to 52.5 in December 2025, indicating a gradual recovery and steady improvement in the high-tech manufacturing sector during the fourth quarter. This trend has significantly benefited the machine tool industry. Production of metal-cutting machine tools grew by 9.7% compared to the full year of 2024, directly boosting the machine tool sector and further driving demand in the cutting tool market. High-performance cutting tools increasingly play a pivotal role in enhancing machining precision, while specialized cutting tools support efficient processing. Together, they underpin the overall expansion of the cutting tool market. Within the industry, the application proportion of high-end cutting tools continues to rise, reflecting the manufacturing sector's demand for precision and intelligent transformation.

With the steady advancement of domestic technological capabilities, the process of domestic substitution for high-end cutting tools has accelerated further, continuously reducing reliance on imports. This progress stems from sustained investments by local enterprises in material innovation, coating technologies and manufacturing precision. These efforts have enhanced the competitiveness of domestic products in terms of durability, machining efficiency and stability, while also delivering cost-effectiveness advantages. As competition in the low-end tool market intensifies, companies must strengthen product differentiation, enhance technological content and extend tool life to maintain market share and pursue sustainable profitability amid competition.

Beyond domestic market upgrades, although the global DIY retail market has seen some recovery, the competitiveness of domestic cutting tools in the North American market was temporarily affected following the introduction of tariff policies in April this year. North American customers have adopted a wait-and-see attitude in the short term, though export demand is expected to further rebound in the future.

In 2025, the cutting tool industry achieved high-quality, steady growth amid the domestic manufacturing recovery and accelerated domestic substitution. Trends toward high-end, intelligent, and green manufacturing became more pronounced, laying a solid foundation for sustained industry stability in 2026. The overall market is expected to become more positive once tariff tensions ease and exports recover.

Titanium Alloys: High-End Products Benefit from Global High-Tech Industry Upgrades

Overall, the titanium alloy industry remains in a phase of structural adjustment and upgrading. Demand for high-end titanium materials remains robust in aerospace, medical and precision manufacturing sectors, with prices holding firm, while mid-to-low-end products face price pressures and low capacity utilization due to supply-demand imbalances and import competition.

The Group anticipates that high-end titanium wire materials will benefit from multiple industries transitioning from low-end to high-end applications and increased downstream demand. Specifically, industry reports indicate that the entire titanium alloy market, encompassing various wire forms, is projected to reach approximately US$6.57 billion by 2026 and US$11.60 billion by 2035, with a compound annual growth rate of 6.52%. The growth of the high-end titanium wire market in 2026 is expected to benefit from multiple drivers, including increased demand from high-end manufacturing sectors such as aerospace, healthcare and 3D printing, expanded penetration in the consumer electronics sector, industrial technology upgrades, and resource security and policy support.

The Group stands to benefit from the increasing adoption of titanium alloys as frame materials in premium smartphones, driving market demand growth. This trend is particularly pronounced in foldable phone hinges and high-end models, where lightweight, high-strength titanium alloys are increasingly favored. Titanium alloy frames offer significantly superior bending resistance compared to aluminum alloys while achieving weight reduction, thereby better protecting screens and internal components. Furthermore, as consumer electronics incorporating titanium alloy materials scale up production, the Group's business is poised for accelerated growth.

As the consumer electronics industry increasingly demands lightweight, high-strength and complex structural components, metal 3D printing is accelerating its transition from validation to mass production, significantly expanding the application boundaries of titanium alloys. Demand for titanium alloy 3D printing materials will experience further explosive growth between 2026 and 2027. Titanium material applications will emerge as a new trend in consumer products. 3D printing technology addresses the challenges of machining titanium alloys via traditional CNC processes and the high tool wear associated with them. It enables dual optimization of cost and yield rates in products such as aerospace fasteners, eyeglass temples, smartphone hinges, and high-end bicycle components. The penetration rate of titanium-based 3D-printed products in the consumer market is expected to increase substantially in the future. In 2025, customers achieved new milestones in 3D printing certifications, and the Group successfully delivered its first batch of 3D-printed titanium alloy wire for aerospace applications.

Entering 2026, the Group will cater to diverse customer needs with both titanium alloy wire and powder products. As subsequent production capacity gradually increases and product certifications advance, the Group is poised to continuously elevate the revenue contribution of high value-added products in strategic emerging sectors such as aerospace, medical, high-end equipment and green energy, thereby further optimizing its product and profit structures.

SIGNIFICANT EVENTS OF THE GROUP

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 for listing 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. 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. In March 2025, TG Tech officially delivered its first order of titanium alloy wire materials for aerospace-grade fasteners, marking a new milestone in the Group's R&D and market capabilities in highend 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 demonstrates TG Tech's independent innovation capabilities in aerospace-grade material technology. 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.

In May 2025, the Group engaged in cooperative discussions with the Aerospace Precision Engineering Research Institute and successfully signed the "Joint Development Agreement for TC4 Titanium Alloy Coiled Wire Materials for Civil Aircraft and UAV Fasteners". This secured orders for civil aircraft and UAV fasteners that fully meet the aerospace standard AMS4931 requirements, breaking reliance on imports. With the steady rise in demand for high-end titanium materials in the aerospace sector and the commencement of production for commercial airliners, the growth potential for titanium wire demand is substantial. Among these, the Group has successfully delivered its first batch of titanium alloy wire for application in aerospace.

In August 2025, the Group gained access to plasma atomization technology and related equipment applicable to metals such as titanium, high-temperature alloys and copper alloys through its equity interests in Jiangsu Tiangong Tigiant New Materials Co., Ltd.* (江蘇天工鈦晶新材料有限公司). This further solidified the Group's competitive edge in seizing opportunities within the global high-end titanium and titanium alloy sector while ensuring stable supply of titanium alloy materials for consumer electronics.

In the medical sector, the Group completed ISO13485 medical device quality system certification. Medical-grade titanium alloys such as TC4ELI and Ti6Al7Nb entered the supply chains of multiple leading medical device manufacturers. Production capacity for H8-grade precision medical rods and wires steadily increased, providing robust support for the high-quality development of the healthcare industry.

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 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.

In September 2025 and March 2026, Jiangsu Tiangong Investment Management Company Limited, an indirect wholly-owned subsidiary, subscribed for approximately 10.53% equity interest in Shanghai GZclad for a total price of RMB6 million, entering the laser cladding and additive manufacturing sector. Shanghai GZclad specializes in intelligent laser solutions for mold repair and ultra-wear-resistant coatings, supporting the Group's expansion into the high-end mold service market.

In October 2025, the central laboratory of TG Aihe was officially accredited by the China National Accreditation Service for Conformity Assessment (CNAS) with registration number CNAS L24384. This accreditation demonstrates that its laboratory management system, technical capabilities and testing standards have fully met national and international benchmarks. The laboratory's test results are recognized in over 80 member countries and regions of the International Laboratory Accreditation Cooperation (ILAC) mutual recognition arrangement, facilitating the Group's access to international markets and reducing technical trade barriers.

In November 2025, TG Tools successfully obtained two certifications from the Korea Testing & Research Institute (KTR), namely "JIS G 4404 Alloy Tool Steel" and "JIS G 4403 High-Speed Tool Steel", demonstrating that its tool steel products have fully aligned with the globally recognized high-end Japanese Industrial Standards across the entire production process.

During the year, leveraging over forty years of metallurgical expertise, the Group comprehensively deployed core products in the field of integrated die-casting with "near-net shape forming with built-in cooling channels", achieving mass production and application. Notable breakthroughs were achieved in four key components, namely sprue bushings, plunger tips, shot sleeves and dispersion cones. Integrated die-casting represents a disruptive manufacturing process for the global new energy vehicle and intelligent equipment industries. Major international and domestic players are actively expanding their presence in this area, which holds immense market potential.

On 3 February 2026, the Group achieved a significant milestone in the high-end automotive steel sector: Atlas Special Steels Unipessoal Lda ("**Atlas**"), a distributor of the Group, received a supplier assessment notification from Volkswagen's Portuguese plant based on products supplied by the Group. Leveraging the Group's products, Atlas achieved an outstanding score of 96.82 points and was rated as a 2025 A-grade supplier by Volkswagen. The assessment covered multiple core indicators including technology, quality, delivery and commercial aspects. The Group's products demonstrated outstanding performance in technical compatibility, quality stability and supply reliability, fully reflecting the Group's product strength in the high-end manufacturing sector and international customer recognition. This achievement will further consolidate the Group's brand image and competitive advantage in the global high-end special steel market.

MAJOR INNOVATIONS AND GREEN TECHNOLOGY ACHIEVEMENTS

Practice green production

In March 2025, the No. 2 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 No. 1 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 February 2026, the No. 3 EB furnace successfully commenced trial production. This milestone not only further solidified the Group's first-mover advantage in electron beam cold-bed melting technology but also provided robust support for the medium-to-long-term growth of its high-end titanium and titanium alloy business. 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 obtained the Carbon Management System Implementation Demonstration Unit issued by Shanghai Environment and Energy Exchange Company Limited.

In February 2026, TG Tools was successfully selected for the "Green Factory, Green Industrial Park (2025)" list of the Ministry of Industry and Information Technology.

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

In the first half of 2025, the Group collaborated with eight renowned institutions, including Tsinghua University and Contemporary Amperex Technology Co. Limited, 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.

Looking back at 2025, the Group achieved multiple innovations in the high-end product sector. Particularly as China's humanoid robotics industry entered the golden development phase preceding industrialization, the Group proactively invested in independent R&D and launched high-end materials specifically engineered for the robotics sector. This initiative not only secured the Group's competitive edge in a market poised to reach trillion-dollar scale but also laid a solid foundation for empowering downstream industrial chains and advancing critical component development. It has garnered widespread recognition across multiple high-growth sectors.

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.

In August 2025, through its equity interest in Jiangsu Tiangong Tigiant New Materials Co., Ltd.* (江蘇天工鈦晶新材料有限公司), the Group successfully introduced and mastered plasma atomization technology. This technology utilizes a high-temperature plasma jet exceeding 10,000 degrees Celsius to melt metal wire, primarily used for producing ultra-high-purity spherical titanium alloy powder. It finds extensive applications in cutting-edge fields such as 3D printing (additive manufacturing), aerospace, and medical devices, where atomization is particularly challenging. Plasma atomization powder technology resolves the issue of poor microstructure uniformity in traditional powder metallurgy processes caused by the difficulty in processing certain high-melting-point metals. The powder produced by plasma atomization exhibits exceptional sphericity and a finer, more controllable particle size (as low as 1–20μm), offering superior flowability. This meets the demanding performance requirements for aerospace-grade and micro-precision components. This technology is applicable to various metals that are difficult to atomize, such as titanium, high-temperature alloys, and copper alloys, enabling the Group to offer more high-value precious metal powder products in the future. With the iterative development of new processes such as additive manufacturing, market demand for high-performance metal powders is becoming increasingly diversified. Leveraging its output of powders with exceptional sphericity and ultra-high purity, plasma atomization technology significantly enhances the forming precision and density of end products in additive manufacturing, making the production of complex precision components more efficient. It has become a key driver of innovation in the aerospace and high-end medical sectors. As one of the few domestic enterprises to have mastered plasma atomization technology, the Group is well-positioned to further demonstrate its strong technological capabilities in emerging fields such as laser cladding, 3D printing and metal injection molding, where metal powder applications are increasingly expanding.

In 2025, the Group achieved a major breakthrough in new structural materials for nuclear fusion. It successfully produced 600kg-grade TPM304B7 plates using powder metallurgy technology, which passed rigorous reliability and stability assessments conducted internally, by the Institute of Energy, Hefei Comprehensive National Science Center, and by third-party evaluators. This milestone demonstrates that the Group has established end-to-end customized R&D and production capabilities encompassing raw material selection, powder metallurgy forming, and performance testing, positioning it to supply core structural materials with superior performance and higher reliability for next-generation fusion devices. Looking ahead, the Group will continue to leverage the joint laboratory platform to accelerate the development of next-generation materials, including novel neutron shielding steel with a boron equivalent exceeding 3.2wt%.

FUTURE OUTLOOK

Looking ahead, having successfully positioned itself among the world's leading enterprises in high-end materials through years of dedicated effort, the Group is turning challenges into opportunities. In the face of a complex and volatile environment, the Group will further strengthen domestic circulation and differentiated competition, precisely seizing the opportunities arising from import substitution and green transformation. The Group will continue to focus on global high-end industrial chains, upholding its mission to "empower cutting-edge technologies with advanced powder metallurgy materials" and continuously drive material innovation in critical sectors such as aerospace, nuclear fusion and new energy, achieving steady development through strong comprehensive strength.

The Group will continue to deepen its dual-wheel strategy of "core business + emerging sectors."

Core Businesses

Tools steel

Looking ahead to 2026, China's steel industry will maintain a stable yet progressive development trajectory amid deepening structural adjustments and accelerated cultivation of new productive forces. According to forecasts by the Chinese Metallurgical Industry Planning and Research Institute, national steel demand is projected to reach approximately 800 million tonnes in 2026, representing a slight year-on-year decline of about 1.0%. However, steel demand in manufacturing sectors such as automotive, shipbuilding, home appliances and mechanical equipment will continue to demonstrate growth momentum. Among which, driven by the ongoing implementation of the national "Two New" policies and the further increase in new energy vehicle penetration, the automotive industry is projected to consume approximately 66.7 million tonnes of steel in 2026, representing a year-on-year increase of about 4.4%. Demand for high-strength, high-performance mold steel used in new energy vehicles is expected to show particularly significant growth.

As vehicle lightweighting and green manufacturing concepts gain traction, integrated die-casting technology is accelerating its penetration into medium-to-large structural components. China's integrated die-casting market is projected to expand further in 2026, imposing higher requirements on mold steel in terms of heat resistance, toughness and dimensional stability. This will drive continuous upgrades in high-end mold steel products and accelerate import substitution. The Group will continue to deepen strategic collaborations with OEMs and Tier 1 suppliers, actively participate in R&D and application validation of integrated die-casting mold materials, and seize structural opportunities arising from industry upgrades.

On the other hand, the application scope of powdered HSS continues to broaden. Driven by demands for precision manufacturing, smart manufacturing and domestic production of high-end equipment, powder metallurgy technology is evolving toward higher homogeneity and performance. Its penetration rate is steadily increasing in sectors such as precision cutting tools, molds, aerospace and new energy equipment. The Group will further increase R&D investment in powdered HSS products, refine its product portfolio, enhance product consistency and machining stability, and consolidate its technological leadership.

Cutting tools

In 2025, propelled by policy support and investment, China's manufacturing sector pressed forward against headwinds, embracing innovation and excellence. According to the National Bureau of Statistics, China's latest high-tech manufacturing PMI for February 2026 reached 51.5%, entering the expansionary range, indicating robust performance in downstream high-end manufacturing. Stable demand growth in high-end sectors downstream of machine tools, such as new energy vehicles, robotics and aerospace, has significantly benefited machine tool manufacturers. Domestic key machine tool products have approached or reached internationally advanced technical standards. Exports of host machine tools have transitioned from conventional machines to mid-range CNC machines and high-end five-axis machining centers. The market share of domestic mid-to-high-end products has increased, with prospects for further boosting revenue and profit margins.

According to the China Machine Tool & Tool Builders' Association, the operating revenue of China's machine tool industry grew from RMB1,040.7 billion in 2024 to RMB1,057.1 billion in 2025, representing an increase of 1.6%. Additionally, based on statistics from the General Administration of Customs, China's machine tool exports reached US$12.91 billion in 2025, representing a year-on-year increase of 14.60%, further driving demand in the cutting tool market. Relatively speaking, export prospects still face trade frictions and pressures stemming from geopolitical factors. Confronting both structural opportunities and export challenges within the industry, the Group steadfastly advances its competitive strategy of transforming the cutting tool business toward "high value-added, high technological barriers". We will continue investing

in R&D within the precision cutting tools sector, accelerating product iteration and upgrades for cutting-edge applications. Leveraging our superior foundational material technologies and stable customized delivery capabilities, the Group will further strengthen its competitive edge in high-end domestic substitution. This approach enables us to withstand external geopolitical risks while steadily expanding our core share within global high-end manufacturing supply chains.

Titanium alloy

According to the aforementioned market analysis , the global titanium alloy market size is projected to reach US$6.57 billion in 2026, representing approximately 6.48% growth from US$6.17 billion in 2025. Technological innovation and process optimization will further expand the boundaries of the titanium alloy market, while high-end demand will drive enterprises to increase R&D investment, enhancing product performance and reliability. In key sectors such as aerospace, medical devices, consumer electronics and automotive industry, titanium alloy applications are accelerating. For instance, in aerospace, titanium alloys are extensively used in engine blades, airframe structures and rocket components to reduce weight and enhance energy efficiency. In healthcare, their exceptional biocompatibility enables applications in joint replacements, dental implants, and cardiac stents, enhancing the safety and durability of equipment. The consumer electronics industry has integrated titanium alloys into smartphones, laptops and wearable devices to enhance durability and portability. In the automotive sector, titanium alloys are commonly used in exhaust systems, lightweight bodies and battery casings for high-performance vehicles and electric vehicles, optimizing overall performance and reducing energy consumption. The market volume was projected to reach 166,440 tonnes in 2026, representing approximately 5.2% growth from 158,230 tonnes in 2025. To align with this trend, the Group has continuously advanced product and technological upgrades, establishing a differentiated competitive strategy focused on high value-added segments. Leveraging its first-mover advantage in securing multiple internationally recognized industry certifications, the Group has not only solidified its foundation in traditional high-end applications but also achieved significant breakthroughs in the consumer electronics sector. With the rapid increase in titanium alloy penetration within smartphones and wearable devices, we are leveraging upgraded production capacity and superior quality control to position the consumer electronics segment as the core engine driving robust growth in the Group's titanium alloy business.

Emerging Sectors

Commercialization of Humanoid Robotics Drives Demand for High Value-Added High Nitrogen Steel

China's humanoid robotics industry is entering a pivotal phase of accelerated technological maturation, rapid commercialization and tangible market deployment. After years of technical accumulation and supply chain refinement, China has transitioned from early-stage proof-of-concept and prototyping to a phase of scaled production, deep application integration and ecosystem development. This trend was further validated in 2025. According to the " Humanoid Robotic Industry Development White Paper (2025)" (《人形機器人產業發展白皮書(2025)》) released by the China Academy of Information and Communications Technology (CAICT), the global humanoid robot market size reached RMB17.0 billion in 2025, with China contributing RMB8.5 billion, accounting for more than half of the global total. Annual shipments amounted to 12,000 units, surging by 420% year-on-year. In its "Humanoid Robotic Industry Development Research Report (2024)" (《人形機器人產業發展研究報告(2024)》), CAICT also maintained an optimistic outlook on long-term penetration rates and industry scale, indicating that the number of humanoid robotics in use may exceed 100 million units after 2045, extensively penetrating multiple sectors including manufacturing, logistics, healthcare, elderly care and domestic services. The overall market size is projected to surge to approximately RMB10 trillion, becoming a new engine supporting high-quality economic development. According to International Data Corporation (IDC) forecasts in March 2026, the global intelligent robotic hardware market size will approach US$30 billion, with China leading the growth of the global humanoid robotic market and becoming the core dominant force driving market acceleration. By then, China's humanoid robotic market size will exceed US$11 billion, while Chinese service and consumer robotic manufacturers will account for over 85% of global shipments, with related markets continuing to experience nearly 120% high-speed growth. The strong industrial momentum will extend across the upstream and downstream segments of robotic manufacturing, driving cyclical growth in demand for related materials. In addition, the expanding market arising from the growing trend of domestic production of key humanoid robotic components will also spur structural growth in demand for related materials.

China's humanoid robotic core structures impose extremely high demands on steel performance, particularly in balancing lightweight design with high strength. Critical components like skeletons, joints and drive systems must simultaneously exhibit excellent rigidity, fatigue resistance, wear resistance and corrosion resistance. This directly drives the R&D and application of high value-added specialty steels. Although high-performance steels account for a relatively limited share of total steel usage in humanoid robotics, their high-margin characteristics in niche markets position them as a crucial structural growth engine for high-end materials enterprises.

The Group has proactively expanded into the field of specialized materials for planetary roller screws, a critical transmission component in humanoid robotics, and in collaboration with premium domestic partners, has successfully overcome long-standing technological barriers previously monopolized by foreign entities. Through independently developed and proprietary smelting processes, the Group has effectively resolved key technical challenges such as precise control of nitrogen content and material purity, thereby completely eliminating its reliance on imported high-nitrogen alloy materials and successfully launching its flagship product TPMDC02A, being a high-nitrogen alloy material. This will increase the proportion of high value-added products, thereby providing positive support for the overall gross profit margin. As the penetration rate of high-performance materials in high-end application areas increases, this product is expected to enhance the Group's competitiveness and profitability.

High-nitrogen stainless steel, with its ultra-high strength, high toughness, excellent corrosion resistance, high wear resistance, and outstanding fatigue resistance, is particularly suited for applications in the most value-critical segments of humanoid robotics. This includes the manufacturing of core components such as the screw shaft, nut or rollers for planetary roller screws. This significant technological breakthrough not only substantially enhances China's self-reliance and control over the supply chain for high-performance transmission components but also provides robust material support for advancing the high-quality development of the humanoid robotic industry and accelerating the localization of premium alloy materials. It propels Chinese manufacturing toward ascending the global high-end value chain. Industry reports indicate that planetary roller screws account for approximately 15-20% of the total cost of humanoid robotics, demonstrating substantial market potential.

Nuclear Fusion "Ultimate Energy" Technology Drives Demand for New Materials and Fine Powder Metallurgy

In 2025, the rapid development of artificial intelligence and big data industries created long-term power supply gaps. Additionally, the application of high-temperature superconductivity and artificial intelligence technologies in nuclear fusion substantially reduced construction costs for fusion devices. The industrialization of controlled nuclear fusion projects gained significant momentum. Driven by both anticipated demand surges and technological breakthroughs on the supply side, upstream material suppliers and midstream equipment manufacturers within the controlled nuclear fusion industry chain experienced a definitive surge in orders.

Nuclear fusion is hailed as the "ultimate energy source." Its principle involves replicating the nuclear fusion reactions occurring within the sun, where light elements fuse into heavier ones, releasing immense energy in the process. Fusion fuel sources, such as deuterium, are virtually inexhaustible and pose lower radioactive risks, making it safer than traditional nuclear fission (e.g., nuclear power plants). The cladding of a fusion reactor must withstand a complex extreme environment involving high-energy neutron irradiation, extreme temperatures, intense heat flux, and powerful magnetic fields. This demands exceptionally high material performance to prevent any leakage of radioactive substances. Cladding structural materials are primarily used to form and support this critical component. In nuclear fusion reactions, plasma must be heated to over 100 million degrees Celsius within the vessel, imposing stringent demands on cladding structural materials. These materials must exhibit excellent resistance to radiation-induced swelling, high-temperature strength, thermal conductivity, and inherently low activation characteristics. Consequently, cladding materials represent one of the core bottlenecks determining the commercial viability of nuclear fusion energy.

The Group utilizes powder metallurgy technology to produce nuclear fusion materials, including high-boron steel (304B7) and advanced low-activation steel (RAFM steel) for nuclear power applications. Core application areas include shielding layers and vacuum chamber interlayers. In respect of high-boron steel (304B7), the Group has successfully produced 600kg-grade TPM304B7 plates using powder metallurgy technology, which passed rigorous reliability and stability assessments conducted internally, by the Institute of Energy, Hefei Comprehensive National Science Center, and by third-party evaluators. This marks a substantial step forward in the Group's R&D of critical nuclear fusion materials.

Concurrently, the Group jointly accelerated R&D process of advanced low-activation steel (RAFM steel), a key structural material for nuclear fusion, achieving laboratory-stage breakthroughs in residual element control and high-temperature radiation resistance. The material maintains stable performance in harsh environments exceeding 550°C, with engineering applications anticipated by 2027. With the growing global demand for sustainable energy and the ongoing advancement of nuclear fusion commercialization, the Group is poised to become a key material supplier in this field, benefiting from the anticipated surge in nuclear fusion demand.

Emerging sectors will focus on the following three key development directions:

(1) in the robotics materials sector, we are advancing the upgrade of TPMDC02A high-nitrogen alloy materials from scaled supply to routine mass production, aiming to achieve annual large-scale deliveries;

(2) in the nuclear fusion materials sector, we are accelerating capacity expansion for 304B7 high-boron stainless steel, aiming to advance commercial-scale production and enter the supply chain for China's mainstream fusion experimental facilities. We strive to complete engineering validation for RAFM steel to support the construction of the CFETR experimental reactor; and

(3) in the plasma atomization technology application sector, we are expanding the production of titanium alloys, copper alloys and high-temperature alloy powders while developing additional metal powders. We extend 3D printing applications into high-end sectors such as aerospace and medical implants;

At the same time, the Group will persistently address raw material price volatility and trade policy uncertainties by strengthening risk resilience through supply chain diversification, technological cost reduction and product portfolio upgrades. We will leverage technological innovation to establish a global footprint.

Operation Strategy of the Group

The Group has been leading the industry with its professional equipment, technology and management advantages. Over the years, the Group focused on research and development as well as cost control. It is committed to transforming its long-standing achievements and experience into innovative applications in the industry. This effort aims to empower the industry's development and upgrade, while also striving to meet the domestic market demand and gain international market share. Precise strategy, efficient execution ability and world-leading technology are the three cores of the Group.

Proactively Seizing New Opportunities in Domestic Demand

In response to China's ongoing strategy to expand domestic demand and achieve high-quality development in 2025, the Group aligns with national policy directives and industrial upgrading trends, further refines our high-end materials technology portfolio and deepens our presence in core application sectors such as new energy vehicles, consumer electronics and aerospace. To align with the development trends of lightweighting, integrated die casting and green intelligent manufacturing in the new energy vehicle sector, the Group has continuously increased R&D investment. It has successfully launched a new generation of high-performance mold steel materials featuring enhanced thermal fatigue resistance and wear resistance, significantly improving mold stability and service life. This supports vehicle manufacturers in boosting production line efficiency and product quality.

In the powder metallurgy and precision smart manufacturing sectors, the Group actively participates in the smart manufacturing ecosystem. The national key R&D project "Key Technologies for Powder Metallurgy and Additive Manufacturing of New Die-Casting Mold Steel (新型壓鑄模具用鋼粉末冶金與增材製造關鍵技術)" led by the Group has achieved phased results, overcoming multiple core technical bottlenecks and further solidifying its global leadership in high-end mold materials. Additionally, the precision tools business accelerated its upgrade with the official launch of the Group's Precision Tools Research Institute. Gathering top-tier expert teams from Sweden, South Korea and China, the institute successfully introduced multiple domestically produced ultra-precision cutting tools featuring enhanced durability and machining accuracy. This significantly increased the market share of domestic tools, providing cost-effective solutions for high-end manufacturing sectors such as aerospace and consumer electronics, and comprehensively supporting China's manufacturing initiatives.

Simultaneously, the Group's No. 2 EB furnace project has commenced full-scale production, further enhancing refining and processing capabilities for high-purity titanium and premium titanium alloys, meeting the growing market demand for advanced materials in emerging industries including consumer electronics, aerospace and high-end medical equipment.

Moving forward, the Group will continue to drive development through innovation, optimize product portfolios and manufacturing processes, consolidate its core competitive advantages in high-end materials, and contribute to industry transformation, upgrading and high-quality growth in domestic demand.

Expansion of Export Business

The Group has a profound insight into the development trend of the industry and unswervingly promotes the transformation of our products into the field of deep processing. Through this strategic structural alignment, product portfolio of the Group has been optimized, striving to be a leader of the high-end markets. The Group aims at developing and supplying more refined, high value-added products catering to the increasing global demand.

Guided by its globalization strategy, the Group has established a diversified overseas sales network. The total annual production capacity of the plants in Rojana Rayong Pluak Daeng Industrial Park, Rayong, Thailand amounted to approximately 100 million pieces, and is currently expanding to 140 million pieces. This project not only strengthens the production capacity of the Group but also actively responds to the demand in overseas markets. It also demonstrates the Group's keen insight into global market trends. The Group will leverage the supply chain flexibility of its Thailand production base to significantly reduce logistics costs and delivery cycles, enhancing competitiveness for clients in Europe, America and the Asia-Pacific region.

Marketing Strategy

Facing supply chain restructuring in high-end manufacturing and clients' surging demand for integrated solutions, the Group is accelerating its transformation from a traditional materials supplier to a comprehensive materials service provider. It is embedding itself in sectors such as the consumer electronics industry chain, aerospace and new energy vehicles. The Group provides technical support to downstream customers, enhances product performance, reduces finished product defect rates, strengthens customer service systems, and deepens understanding of customer needs to improve product R&D and after-sales service capabilities. Through high-end customized services, the Group gains deep insights into market demands, enabling it to deliver specialized, tailored products and services.

Brand and Industry Influence Continue to Rise

The Group actively participated in TCT ASIA 2025, the China International Hardware Fair (中國國際五金博覽會), the Shanghai Powder Metallurgy Industry Forum (上海粉末冶金產業論壇) and the Suzhou Commercial Heat Treatment and 3D Printing User Conference (蘇州商業熱處理與3D打印用戶大會) at the end of March 2025, comprehensively showcasing technological innovations in powder metallurgy and cutting tools. The Group highlighted its powder metallurgy tool and die 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, the Group's Chief Scientist, delivered multiple professional presentations and received accolades, underscoring the Group's technological leadership. These exhibitions enhanced the Group's brand influence and highlighted its strategic vision of driving manufacturing development through technological innovation.

In April 2025, the Company's subsidiary, Jiangsu Tiangong Precision Tools Company Limited, was once again honored with the FASTCO 2024 Global "Best Supplier Award," marking its third consecutive year receiving this distinction. Moving forward, the Group will continue to enhance product performance and quality to create greater customer value.

In October 2025, the Company's subsidiary Jiangsu Tiangong Aihe Technology Company Limited received the Powder Metallurgy Innovation Award for its "Integrated Powder Metallurgy Key Components with Built-in Cooling Channels for Large Molds." Dr. Yu Yang, the Group's Chief Scientist, was honored with the "Outstanding Contribution Individual Award". This technology overcomes bottlenecks in high-temperature strength and thermal fatigue crack resistance for die-casting molds, enhancing cooling efficiency and service life. It has been validated by leading new energy vehicle manufacturers. Dr. Yu's keynote presentation on applying new powder metallurgy materials in automotive chassis integrated die-casting molds signifies Tiangong International's powder metallurgy technology has reached internationally leading standards.

In January 2026, the Group actively participated in the 2026 Nuclear Fusion Energy Technology and Industry Conference held in Hefei. The conference focused on original breakthroughs in nuclear fusion technology and industrialization pathways, accelerating the joint construction of an innovation and industrial ecosystem for nuclear fusion energy. As China's first enterprise to achieve large-scale production of powder metallurgy tool steel materials, the Group has successfully integrated into the national nuclear fusion innovation chain. This demonstrates the Group's professional reputation in high-reliability materials for extreme environments. The Group has also become a member unit of the Joint Laboratory (the "**Joint Laboratory**") led by the Institute of Energy, Hefei Comprehensive National Science Center. It is tackling key technological challenges and conducting engineering verification for material bottlenecks faced by magnetic confinement fusion devices, such as intense neutron irradiation, high thermal loads and long-term stability. Key projects include ton-scale manufacturing of large-dimension 304B7 materials, addressing challenges in composition uniformity, structural stability and synergistic strength-toughness; and R&D of novel neutron shielding steel with boron content exceeding 3.2wt%, achieving integrated shielding and load-bearing functions. The Group's participation in the Joint Laboratory represents a significant step for corporate's deeply engaging with national nuclear fusion initiatives and strategically positioning itself for future energy materials. In addition, the Group is expected to deeply participate, through its membership unit in the Joint Laboratory, in the International Thermonuclear Experimental Reactor (ITER) project under construction in France, and support the development and delivery of multiple core procurement packages, including key neutron shielding materials such as 304B7 nuclear-grade high-boron steel, thereby further consolidating the Group's strategic position in the global high-end nuclear power materials supply chain.

OUR MISSION

Facing the complexity and uncertainty of the global macroeconomic environment, including geopolitical risks, shifts in international trade policies and fluctuations in raw material prices, the Group will adhere to prudent business principles. We will continuously optimize supply chain management and cost structures, flexibly adjust overseas market strategies, and actively expand into key regional markets such as Europe, Southeast Asia and the Americas. Through technology-driven innovation, product portfolio optimization and deepening global footprint, the Group is confident in continuously enhancing its core competitiveness amid the industry's transition towards high-end, intelligent and green transformation, thereby creating long-term sustainable value for shareholders.

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 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 31 December 2025, the Group's current assets included cash and cash equivalents of RMB1,069,583,000, inventories of RMB2,581,705,000, trade and other receivables of RMB4,037,664,000, pledged deposits of RMB114,954,000 and time deposits of RMB603,324,000. As at 31 December 2025, the interest-bearing borrowings of the Group were RMB3,434,032,000 (2024: RMB3,284,666,000), RMB2,490,507,000 of which was repayable within one year and RMB943,525,000 of which was repayable after one year. The Group's adjusted net debt-to-equity ratio, which is calculated based on adjusted net debt (defined as total interest-bearing borrowings plus other financial liabilities and unaccrued proposed dividends, less time deposits and cash and cash equivalents) divided by adjusted capital (comprising all components of equity, less unaccrued proposed dividends) as at 31 December 2025, was 35% (2024: 36%).

As at 31 December 2025, borrowings of RMB2,609,984,000 were in RMB, none were in USD, EUR46,313,000 were in EUR and HKD156,687,000 were in HKD. The borrowings of the Group were subject to interest payable at rates ranging from 2.20%–4.85% per annum. Approximately 54.1% (2024: 54.9%) of the interest-bearing borrowings was at fixed interest rates. There is no seasonality in borrowing requirements of the Group.

Cash and cash equivalent of RMB949,000,000 were in RMB, USD11,254,000 were in USD, EUR1,370,000 were in EUR, HKD8,885,000 were in HKD, THB94,445,000 were in THB and IDR1,776,630,000 were in IDR.

During the year, net cash generated from operating activities was RMB294,439,000 (2024: RMB501,762,000). The decrease was mainly attributable to the sales in fourth quarters of 2025 was significantly higher, resulting in an increase in working capital tied up in trade receivables at the end of the year.

CASH CONVERSION CYCLE

The cash conversion cycle, calculated as turnover days over inventory, plus turnover days over trade receivables, minus turnover days of trade payables, attempts to measure the amount of time each net input dollar is tied up in the production and sales process before it is converted into cash through sales to customers. It is important to manufacturers because it measures the efficiency of their capital chain management.

The Group's turnover days of inventory for 2025 was 247 days (2024: 237 days). The increase in inventory turnover days was primarily attributable to the upward trend in the price of tungsten, the Group's key raw material, which elevated the carrying value of inventory. This, combined with a short-term lag in sales outbound velocity, led to a temporary rise in turnover days. The Group will continue to enhance inventory management and adjust procurement schedules as appropriate.

The Group's turnover days of trade receivables for 2025 was 233 days (2024: 216 days) while the turnover days of trade payables for 2025 was 114 days (2024: 116 days). The increase in turnover days of trade receivables was mainly attributable to the Group's provision of temporary credit term support to strategic customers in Europe in response to the market downturn. The Group will continue to monitor the operating status of these customers and adjust credit terms dynamically.

Accordingly, the Group's cash conversion cycle for 2025 was 366 days (2024: 337 days). The management will continue to monitor closely the operations in view of the changing business environment.

Caution: It should be noted that the calculation of the aforesaid indexes may not be consistent with those measurement indexes published by other issuers.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

The Group adopts prudent treasury policies by closely monitoring the Group's liquidity position to ensure that the internal resources and standby banking facilities can meet the funding requirements of its daily operations and any demands for capital in the future development.

For 2025, the Group's net decrease in property, plant and equipment amounted to RMB64,267,000. Major capital expenditures were completed in previous years and net depreciation began to reflect. As at 31 December 2025, capital commitments amounted to RMB535,009,000 (2024: RMB734,949,000), of which RMB207,601,000 (2024: RMB129,633,000) were contracted for and RMB327,407,000 (2024: RMB605,316,000) were authorised but not contracted for. The majority of capital commitments related to expansion of titanium rod, wire and powder production line, and new screw tap production line etc..

FOREIGN EXCHANGE EXPOSURE

The Group's revenues were denominated in RMB, USD, EUR and THB, with RMB accounting for the largest portion of 56%. 44% of total sales and operating profit were subject to exchange rate fluctuations. The Group has put in place measures such as monthly review of product pricing in the light of foreign exchange fluctuations and incentivising overseas customers to settle balances on a more timely basis to minimise the financial impact of exchange rate exposures.

PLEDGE OF ASSETS

As at 31 December 2025, the Group pledged certain bank deposits amounting to RMB114,954,000 (2024: RMB134,494,000) and certain trade receivables amounting to RMB142,634,000 (2024: RMB137,751,000). Both pledged bank deposits and trade receivables are for issuing bank acceptance bills.

EMPLOYEES' REMUNERATION AND TRAINING

As at 31 December 2025, the Group employed 3,496 employees (2024: 3,565 employees). Total staff costs for the year amounted to RMB406,151,000 (2024: RMB421,605,000). It was mainly due to the decrease in the average wage in the production department. A portion of the production workers' wages were related to piece-rate production, and overall output quantity in 2025 was lower than last year, resulting in a corresponding decrease in labor costs. The Group provided employees with remuneration packages comparable to 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 training for all of its staff on a regular basis.

CONTINGENT LIABILITIES

Neither the Group, nor the Company, had any significant contingent liabilities at the end of the reporting period.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Shareholders of the Company whose names appear on the register of members of the Company on 16 June 2026 are eligible to attend and vote at the forthcoming annual general meeting of the Company (the "**Annual General Meeting**") on 16 June 2026. The register of members of the Company will be closed from 11 June 2026 to 16 June 2026 (both days inclusive), during which period no transfer of issued shares of the Company will be registered. In order to qualify for attending and voting at the Annual General Meeting, shareholders 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 10 June 2026.

The Board has resolved on 30 March 2026 to recommend the payment of a final dividend of RMB0.0253 per share for the year ended 31 December 2025 (2024: RMB0.0263) to shareholders of the Company whose names appear on the register of members of the Company on 30 June 2026. The register of members will be closed from 30 June 2026 to 3 July 2026, both days inclusive, and the proposed final dividend is expected to be paid on or before 29 July 2026. The payment of dividends shall be subject to the approval of the shareholders of the Company at the Annual General Meeting expected to be held on 16 June 2026. In order to qualify for the proposed 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 29 June 2026.

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.

No share options were granted under the current share option scheme in the financial year ended 31 December 2025 and there were no outstanding share options as at 31 December 2025.

Subsequently on 20 January 2026, options entitled holders to subscribe for a total of 30,000,000 shares of USD0.0025 each were granted to and accepted by certain Directors and employees of the Company in respect of their services to the Group. One-third of these share options would be vested if the consolidated audited revenue of the Company for the year ended 31 December 2026 represented an increase of 25% or more as compared to that of the year ended 31 December 2025. Another one-third of these share options would be vested if the consolidated audited revenue of the Company for the year ending 31 December 2027 represented an increase of 25% or more as compared to that of the year ended 31 December 2026. The final one-third of these share options would be vested if the consolidated audited revenue of the Company for the year ending 31 December 2028 represented an increase of 25% or more as compared to that of the year ended 31 December 2027. All these options will be vested on 1 April 2029 ("**Vesting Date**"). All these options have an initial exercise price of HKD3.50 per share of USD0.0025 each and an exercise period commencing from the Vesting Date and ending on 31 December 2029. The closing price of the Company's shares at the date of grant was HKD3.43 per share of USD0.0025 each.

The amount payable on acceptance of an option is HKD1.00. An offer of option shall remain open for acceptance by the relevant grantee for a period of 10 business days from the date that the offer of option is given to the relevant grantee.

Save as disclosed above, during the year ended 31 December 2025 and up to the date of this announcement, the Company did not have any other share scheme in place.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities (including sale of treasury shares). As at 31 December 2025, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE

The Company has, so far where applicable, adopted and complied with the principles and code provisions set out Part 2 of Appendix C1 (the Corporate Governance Code) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the year ended 31 December 2025.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The Audit Committee held a meeting on 27 March 2026 to consider and review the 2025 annual report and annual financial statements of the Group and to give their opinion and recommendation to the Board. The Audit Committee considered that the 2025 annual report and annual financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Group has adopted a code of conduct governing securities transactions by Directors in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "**Model Code**"). All of the Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Group's code of conduct governing securities transactions by Directors and employees who may possess or have access to price sensitive information or inside information during the year ended 31 December 2025.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The Company's 2025 annual report will be submitted to the Stock Exchange for uploading onto the Stock Exchange's website (www.hkexnews.hk) as well as the Company's website (www.tggj.cn) in due course.

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, 30 March 2026

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, QIN Ke

* *For identification purpose*