Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

拓璞 TOPNC

上海拓璞数控科技股份有限公司
Shanghai Top Numerical Control Technology Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 7688)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of Shanghai Top Numerical Control Technology Co., Ltd. (the "**Company**", and its subsidiaries, the "**Group**" or "**our Group**") is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 June 2026 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2025.

In this announcement, "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the prospectus of the Company dated 12 May 2026 (the "**Prospectus**").

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**166,420**	444,701
Gross profit	**77,530**	190,902
(Loss)/profit for the period	**(59,845)**	94,154
(Loss)/profit for the period attributable to owners of the parent	**(57,870)**	95,105
(Loss)/earnings per share – basic and diluted *(RMB)*	**(0.16)**	0.28
Adjusted net (loss)/profit (non-IFRS measure)[*(Note)*]	**(33,571)**	109,373

Note: adjusted net (loss)/profit (non-IFRS measure) adjusted for share-based payments expenses and listing expenses.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	**2026** *RMB'000* **(Unaudited)**	2025 *RMB'000* (Unaudited)
REVENUE	5	**166,420**	444,701
Cost of sales		**(88,890)**	(253,799)
Gross profit		**77,530**	190,902
Other income and gains		**12,416**	2,300
Selling and marketing expenses		**(22,956)**	(16,031)
Administrative expenses		**(50,017)**	(36,278)
Research and development expenses		**(57,983)**	(36,496)
Fair value losses on investments measured at fair value through profit or loss, net		**–**	–
Impairment losses on financial and other assets, net		**(5,023)**	(4,337)
Other expenses		**(7,840)**	(740)
Finance costs	7	**(5,498)**	(3,866)
Share of losses of an associate		**(474)**	(1,300)
(LOSS)/PROFIT BEFORE TAX	6	**(59,845)**	94,154
Income tax expense	8	**–**	–
(LOSS)/PROFIT FOR THE PERIOD		**(59,845)**	94,154
(Loss)/profit attributable to:			
Owners of the parent		**(57,870)**	95,105
Non-controlling interests		**(1,975)**	(951)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted *(RMB)*	10	**(0.16)**	0.28

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	**(59,845)**	94,154
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**1,021**	(1,645)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**1,021**	(1,645)
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	**(58,824)**	92,509
Attributable to:		
Owners of the parent	**(56,849)**	93,460
Non-controlling interests	**(1,975)**	(951)
	(58,824)	92,509

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**175,708**	120,663
Right-of-use assets		**88,923**	94,684
Other intangible assets		**24,457**	26,965
Investments in an associate		**7,921**	7,303
Contract assets	13	**3,379**	2,168
Prepayments, other receivables and other assets		**7,782**	5,218
Total non-current assets		**308,170**	257,001
CURRENT ASSETS			
Inventories		**282,881**	255,354
Contract assets	13	**23,417**	22,817
Trade and bills receivables	12	**211,602**	206,008
Prepayments, other receivables and other assets		**76,348**	50,761
Investments measured at fair value through profit or loss		**–**	–
Restricted cash		**16,140**	12,273
Cash and cash equivalents		**1,720,431**	208,930
Total current assets		**2,330,819**	756,143
CURRENT LIABILITIES			
Trade and bills payables	14	**177,555**	111,905
Other payables and accruals		**62,195**	67,520
Contract liabilities		**201,701**	266,008
Interest-bearing bank and other borrowings	15	**138,607**	184,840
Lease liabilities		**19,647**	19,102
Deferred income		**4,663**	6,028
Provision		**17,030**	20,187
Total current liabilities		**621,398**	675,590
NET CURRENT ASSETS		**1,709,421**	80,553
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,017,591**	337,554

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	**202,361**	109,810
Lease liabilities		**25,323**	32,655
Deferred income		**13,111**	15,315
Total non-current liabilities		**240,795**	157,780
Net assets		**1,776,796**	179,774
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	**41,908**	34,395
Reserves		**1,744,740**	153,256
		1,786,648	187,651
Non-controlling interests		**(9,852)**	(7,877)
Total equity		**1,776,796**	179,774

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shanghai Top Numerical Control Technology Co., Ltd. was established as a limited liability company on 18 May 2007. The registered office of the Company is located at No. 888, Guanghua Road, Minhang District, Shanghai, the People's Republic of China (the "**PRC**"). On 23 November 2016, the Company was converted into a joint stock company with limited liability.

During the period, the Company and its subsidiaries (collectively, the "**Group**") were involved in the following principal activities:

- research and development, production and sale of Computer Numerical Control ("**CNC**") machine tools

- provision of repair and maintenance services for CNC machine tools

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the historical financial information for the years ended 31 December 2023, 2024 and 2025 (the "**Historical Financial Information**") as disclosed in Appendix I to the Prospectus issued by the Company.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Historical Financial Information as disclosed in Appendix I to the Prospectus issued by the Company, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

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

(a) Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(b) Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) *Annual Improvements to IFRS Accounting Standards – Volume 11* set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Almost all the non-current assets of the Group are physically located in the Chinese mainland. The geographical locations of customers are based on the locations in which the customers operate, and almost all of the revenue of the Group was derived from operations in the Chinese mainland during the period.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**166,420**	444,701

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of CNC machine tools	**164,225**	444,429
Repair and maintenance services	**2,195**	272
Total	**166,420**	444,701

Since almost all of the revenue of the Group was derived from operations in the Chinese mainland during the period, revenue from the overseas markets of the Group is assessed as not material.

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Goods or services transferred at a point in time	**166,420**	444,701

6. (LOSS)/PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of goods sold*		**61,393**	249,445
Depreciation of property, plant and equipment		**5,729**	5,374
Depreciation of right-of-use assets		**7,178**	7,303
Amortisation of other intangible assets		**3,078**	2,830
Research and development costs*		**11,860**	6,064
Lease payments not included in the measurement of lease liabilities		**1,307**	1,223
Employee benefit expense (including directors' and chief executive's remuneration):		**85,347**	60,638
Wages and salaries		**63,380**	45,314
Share-based payment	17	**7,728**	2,410
Pension scheme contributions and social welfare		**14,239**	12,914
Impairment of financial and other assets, net		**5,023**	4,337
Write-down of inventories to net realisable value		**7,597**	5,388
Warranty provision		**4,056**	11,117
Gain on disposal of items of property, plant and equipment		**–**	(100)
Fair value losses on investments measured at fair value through profit or loss		**–**	–
Listing expense		**18,546**	12,809

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing and research and development for the period are included in "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets" and "Amortisation of other intangible assets", respectively. The labour costs related to manufacturing and research and development for the period are included in "Employee benefit expense".

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on loans and borrowings	**4,474**	3,084
Interest on lease liabilities	**1,098**	1,404
Total interest expense on financial liabilities not at fair value through profit or loss	**5,572**	4,488
Less: Interest capitalised	**(74)**	(622)
Total	**5,498**	3,866

8. INCOME TAX

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

Chinese mainland

The subsidiaries established in the Chinese mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for those subject to preferential tax set out below:

The Company was granted the qualification of High and New Technology Enterprise ("**HNTE**"). Accordingly, the Company was entitled to a preferential corporate income tax rate of 15% during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**–**	–
Total tax expense for the period	**–**	–

9. DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2026 (30 June 2025: Nil).

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss (30 June 2025: earnings) per share is based on the loss (30 June 2025: profit) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 359,540,250 outstanding during the six months ended 30 June 2026 (30 June 2025: 343,951,790, as adjusted to reflect the share split during the six months ended 30 June 2025).

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
(Loss)/Earnings		
(Loss)/Profit attributable to ordinary equity holders of the parent *(RMB'000)*	**(57,870)**	95,105
Shares		
Weighted average number *('000)* of ordinary shares outstanding during the period	**359,540**	343,952
(Loss)/Earnings per share		
Basic and diluted *(RMB)*	**(0.16)**	0.28

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 and 2025.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets at a cost of RMB81,598,000 (30 June 2025: RMB22,474,000).

No asset was disposed of by the Group during the six months ended 30 June 2026 (30 June 2025: RMB67,000).

During the six months ended 30 June 2026, no impairment loss (30 June 2025: Nil) was recognised.

12. TRADE AND BILLS RECEIVABLES

	30 June 2026 ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade receivables (i)	**223,317**	201,846
Commercial acceptance bills receivable (ii)	**8,365**	9,900
Bank acceptance notes (iii)	**4,118**	13,305
	235,800	225,051
Impairment losses	**(24,198)**	(19,043)
Net carrying amount	**211,602**	206,008

(i) An ageing analysis of the Group's trade receivables, based on the date that the Group has an unconditional right to receive consideration from the customers and net of loss allowance, as at the end of the reporting period is as follows:

	30 June 2026 ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 1 year	**97,183**	147,160
1 to 2 years	**96,773**	34,033
2 to 3 years	**4,903**	491
3 to 4 years	**336**	1,198
Total	**199,195**	182,882

(ii) An ageing analysis of the Group's commercial acceptance bills receivable, based on the date of receipt of the bills and net of loss allowance, as at the end of the reporting period is as follows:

	30 June 2026 ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 1 year	**8,289**	9,821

The Group's bills receivable aged within six months and were not past due.

(iii) Bank acceptance bills receivable are considered to have very low credit risk and the loss allowance is assessed to be minimal.

13. CONTRACT ASSETS

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract assets arising from:		
Sale of CNC machine tools	**27,439**	25,744
Impairment	**(643)**	(759)
Total	**26,796**	24,985

Contract assets are initially recognised for revenue earned from the sale of CNC machine tools where the receipt of the consideration is conditional on the fulfilment of the warranty service for the sale of equipment. Upon the end of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at the end of the reporting period is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**23,417**	22,817
After 1 year	**3,379**	2,168
Total	**26,796**	24,985

14. TRADE AND BILLS PAYABLES

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**172,776**	103,516
Over 1 year	**4,779**	8,389
Total	**177,555**	111,905

15. INTEREST-BEARING BANK BORROWINGS

	30 June 2026		
	Effective interest rate (%)	**Maturity**	**RMB'000**
Current			
Bank loans – unsecured	LPR-82BP~ LPR-35BP	2026–2027	**111,351**
Current portion of long-term bank loans – unsecured			**22,931**
Current portion of long-term bank loans – secured			**4,325**
Total – current			**138,607**
Non-current			
Bank loans – unsecured	LPR-75BP- LPR-35BP	2027–2029	**87,783**
Bank loans – secured	LPR-75BP~ LPR-65BP	2027–2033	**114,578**
Total – non-current			**202,361**
Total			**340,968**

	31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	LPR-58BP~ LPR-32BP	2026	145,104
Bank loans – secured	1.15–1.30	2026	17,280
Current portion of long-term bank loans – unsecured			20,294
Current portion of long-term bank loans – secured			2,162
Total – current			184,840
Non-current			
Bank loans – unsecured	LPR-70BP~ LPR-35BP	2027–2028	49,929
Bank loans – secured	LPR-75BP~ LPR-65BP	2027–2030	59,881
Total – non-current			109,810
Total			294,650

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Analysed into:		
Bank loans repayable:		
Within one year	**138,607**	184,840
In the second year	**80,783**	50,029
In the third to fifth years, inclusive	**121,578**	59,781
Total	**340,968**	294,650

As at 31 December 2025, the Group's borrowings of RMB17,280,000 were secured by letters of credit.

As of 30 June 2026, the Group's borrowings of RMB60,629,000 (31 December 2025: RMB43,268,000) were secured by the Group's land use rights and property, plant and equipment with aggregate carrying amount of approximately RMB7,949,000 and RMB60,233,000, respectively.

As of 30 June 2026, the Group's borrowings of RMB58,274,000 (31 December 2025: RMB18,775,000) were secured by the Group's land use rights and property, plant and equipment with aggregate carrying amount of approximately RMB45,130,000 and RMB76,056,000, respectively.

Under the terms of the long-term bank loans of RMB29,000,000 with maturity dates of 13 February 2028 and 28 May 2029, the Company is required to comply with financial covenant that the asset-liability ratio shall not exceed 80% and the current ratio shall not be lower than 1.0. The Company was in compliance with the covenant under such credit agreement.

16. SHARE CAPITAL

Shares

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Issued and fully paid:		
Share capital	**41,908**	34,395

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
At 31 December 2025 (audited)	343,951,790	34,395
Issuance of H shares upon listing on the Hong Kong Stock Exchange	75,129,500	7,513
At 30 June 2026 (unaudited)	**419,081,290**	**41,908**

The Group issued 75,129,500 H Shares pursuant to the Global Offering after the completion of the full exercise of the Over-allotment Option.

17. SHARE-BASED PAYMENTS

To provide incentives and rewards to eligible participants who contribute to the Group's operations, the actual controller of the Company, Mr. Wang Yuhan, designed and established an employee shareholding platform for the Company to operate restricted share award schemes (collectively, the "**Schemes**"). Eligible participants of the Schemes, including members of senior management, mid-level managers and other employees of the Group, were determined by the Board and approved by shareholders' meeting. The actual controller of the Company acted as the general partner of the platform and was obliged to repurchase the shares of the eligible participants who had resigned and then reallocate these shares to other eligible participants.

Movements in the number of awarded shares granted and the respective weighted average grant date fair values were as follows:

	30 June 2026 (Unaudited)		31 December 2025 (Audited)	
	Weighted average grant date fair value *RMB*	**Number of shares**	Weighted average grant date fair value *RMB*	Number of shares
At 1 January	**6.11**	**6,814,844**	56.72	662,461
Granted during the period/year	**15.00**	**125,870**	15.00	748,220
Forfeited during the period/year	**–**	**–**	69.53	(103,027)
Effect of share split	**–**	**–**	–	5,507,190
At 30 June/31 December	**6.39**	**6,940,714**	6.11	6,814,844

Share-based payment expenses relating to employees recognised for the period are as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Administrative expenses	**1,511**	466
Research and development expenses	**4,974**	1,676
Selling expenses	**881**	137
Cost of sales	**362**	131
Total	**7,728**	2,410

18. CONTINGENT LIABILITIES

The Company is currently a defendant in a lawsuit seeking RMB2,908,000. The Directors, based on the advice from the Group's legal counsel, believe that the Company has a valid defence against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation. As of 30 June 2026, the Group is not a party to any other material legal or administrative proceedings.

19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Properties, plant and equipment	**18,882**	64,030

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are an enterprise specialising in the R&D, design, production and sales of high-end intelligent manufacturing equipment, comprising primarily customized five-axis CNC machine tools, to the aviation and aerospace sector and the general industrial sector including automotive, energy, medical equipment, shipbuilding, machine tool equipment and die and mould manufacturing. Our current primary product portfolio comprises the following three categories:

(i) Aviation and aerospace intelligent manufacturing equipment

Our aviation and aerospace intelligent manufacturing equipment comprise specialised CNC process equipment and five-axis CNC machine tools specifically engineered for the aviation and aerospace sector. They are particularly suited for manufacturing key aviation and aerospace components, including aircraft skins and structural frames, rocket fuel tanks and riveted cabin sections, and engine components such as turbine discs, casings, combustion chambers and pump valves. Our products deliver machining capabilities including precision milling, friction stir welding, robotic automated drilling and riveting and large-component assembly, which combined the technical advantages of having an extended working range, high spatial positioning accuracy, heavy-load and high-rigidity.

Since the second half of 2025, the commercial launch vehicle and domestic large aircraft sectors have experienced rapid growth. Driven by a synergy of national policy support and incentives, increased investment from the capital market, and expansion across the entire industrial chain, both our demand for equipment and the number of orders signed have reached new heights. In June 2026, we successfully delivered the first 5-meter-class friction stir welding production line to a private Chinese commercial launch vehicle company. In the development of key structural components for commercial launch vehicles, we successfully completed double-sided friction stir welding tests on 50-mm-thick aluminum alloy plates in collaboration with our client, achieving weld strength of over 90% of the base material's strength. At the same time, we validated our independently developed new 430 Nm heavy-duty spindle and intelligent control system. Test results have confirmed that this hybrid manufacturing process is both feasible and reliable. It is projected that when applied to the mass production of fork rings, the unit manufacturing cost will decrease by more than 50% compared to the original process, while production efficiency will double. This will enable our client to manufacture 5-meter-class commercial launch vehicles in large volumes at a low cost. Our aerospace five-axis machines and equipment is helping the private commercial space industry take a comprehensive step forward toward achieving frequent launches of heavy-lift launch vehicles with high payload capacity – on par with the Long March 5 and Long March 10, and matching or even surpassing the SpaceX Falcon series.

As of 30 June 2026, our Group recorded the backlog values for aviation projects and aerospace projects amounting to approximately RMB476.8 million and RMB417.1 million respectively. It was significantly higher than that as of 30 June 2025 (approximately RMB329.5 million, among which, backlog values for aviation projects and aerospace projects amounting to approximately RMB274.7 million and RMB54.8 million respectively).

(ii) Compact general industrial five-axis machine tools

Our compact general industrial five-axis machine tools are versatile five-axis CNC machine tools under three-meter span designed for machining of small-to-medium components in the general industrial sector, which support multiple machining processes including milling, turning, drilling and boring. They are applied across various downstream industries for manufacturing battery housings and motor components for automotives, artificial bones for medical equipment, and propellers for shipbuilding etc. Our compact general industrial five-axis machine tools demonstrate high process adaptability across various materials and geometrics while featuring a user-friendly interface, thereby providing the general industrial sector with accessible channels to industrial-grade precision machining. For the six months ended 30 June 2026, our sales volume of compact general industrial five-axis machine tools were 14 units, representing an increase of 100.0% as compared to the corresponding period of 2025.

(iii) Large-span carbon fiber composite five-axis machine tools

Our large-span carbon fiber composite five-axis machine tools refer to advanced five-axis CNC machine tools featuring gantry structures with span ranging from three meters to a maximum of 15 meters, designed for machining of massive monolithic components in the general industrial sector. Unlike conventional metal-based machine tools, with the use of carbon fiber composites across all moving parts, our large-span carbon fiber composites five-axis machine tools exhibit the technological advantages of lightweight properties, high-dynamic performance, extended operating range, micron-level accuracy and advanced thermal and vibration control capabilities. They are applied across industries for manufacturing integrated vehicle body parts for automotives, hull structures for shipbuilding, and large structural components in energy applications etc., where demands exist for production and processing of massive and high-precision structures. We first sold large-span carbon fiber composite five-axis machine tools in FY2025. According to the CIC Report, we are the world's first and only manufacturer that sold machine tools which fully applied carbon fiber composite materials across all moving parts. Our sales volume of large-span carbon fiber composite five-axis machine tools is four units for the six months ended 30 June 2026. Our average selling price of large-span carbon fiber composite five-axis machine tools was approximately RMB5.0 million per unit, representing an increase of 31.5% as compared to the corresponding period of 2025, meanwhile our gross profit margin turned positive.

The key operational data of our products for the six months ended 30 June 2026 together with that of the corresponding period of 2025 is summarized as follows:

	Unit	For the six months ended 30 June,		Change	
		2026	2025	Amount	%
Sales Volume:					
Aviation and aerospace intelligent manufacturing equipment	units	**5**	30	(25)	(83.3%)
Compact general industrial five-axis machine tools	units	**14**	7	7	100.0%
Large-span carbon fiber composite five-axis machine tools	units	**4**	5	(1)	(20.0%)
Average selling price:					
Aviation and aerospace intelligent manufacturing equipment	RMB'000	**25,432**	13,941	11,491	82.4%
Compact general industrial five-axis machine tools	RMB'000	**1,218**	1,027	191	18.6%
Large-span carbon fiber composite five-axis machine tools	RMB'000	**5,004**	3,804	1,200	31.5%

Project backlog

As of 30 June 2026, our Group recorded the backlog value (excluding value-added tax) amounting to approximately RMB893.9 million among which, backlog values for aviation projects and aerospace projects amounting to approximately RMB476.8 million and RMB417.1 million respectively. It was significantly higher than that as of 30 June 2025 (approximately RMB329.5 million, among which, backlog values for aviation projects and aerospace projects amounting to approximately RMB274.7 million and RMB54.8 million respectively). The increase in the backlog value was mainly attributable to the increasing market demand and accordingly the significant increase of newly secured contracts during the six months ended 30 June 2026.

Aviation and aerospace intelligent manufacturing equipment

For the six months ended 30 June 2026, our sales volume of aviation and aerospace intelligent manufacturing equipment were five units, representing a decrease of 83.3% as compared to the corresponding period of 2025, primarily attributable to the concentrated delivery of 30 units of equipments to our seven customers during the six months ended 30 June 2025, while we delivered 5 units of equipments to our three customers during the six months ended 30 June 2026. Our revenue recognition depends on the timing of product delivery and customers' final acceptance, and hence revenue may not be evenly distributed throughout the year, as a result, the majority of our revenue for the year ended 31 December 2025 was recognised in the six months ended 30 June 2025.

The decline in revenue from sales of aviation and aerospace intelligent manufacturing equipment during the six months ended 30 June 2026 compared to the corresponding period of 2025, was mainly because new orders secured in 2025 were predominantly signed in the second half of the year and such orders were expected to be delivered starting from the second half of 2026 given the long delivery cycle of aviation and aerospace intelligent manufacturing.

As of the date of this announcement, our Zhuanqiao Production Base has not yet commenced operation, the production capacity of Shanghai Production Base has constrained the delivery of our products. Upon the commencement of operation of our Zhuanqiao Production Base, we will further boost our production capacity and improve delivery efficiency.

For the six months ended 30 June 2026, our average selling price of aviation and aerospace intelligent manufacturing equipment was approximately RMB25.4 million per unit, representing an increase of 82.4% as compared to the corresponding period of 2025, mainly due to that the project delivered during the six months ended 30 June 2026 was predominantly commercial-aerospace-related products with high contract value.

Compact general industrial five-axis machine tools

For the six months ended 30 June 2026, our sales volume of compact general industrial five-axis machine tools were 14 units, representing an increase of 100.0% as compared to the corresponding period of 2025, primarily because our products secured greater customer recognition leveraging our market-building efforts in preceding years, and we strengthened our marketing endeavours and cultivated new customer segments.

Our average selling price of compact general industrial five-axis machine tools was approximately RMB1.2 million per unit, representing an increase of 18.6% as compared to the corresponding period of 2025, mainly attributable to our customers showing a preference for procuring high-value, high-precision, dual-spindle products.

Large-span carbon fiber composite five-axis machine tools

Our sales volume of large-span carbon fiber composite five-axis machine tools remained broadly stable at four units and five units for the six months ended 30 June 2026 and 2025, respectively.

Our average selling price of large-span carbon fiber composite five-axis machine tools was approximately RMB5.0 million per unit, representing an increase of 31.5% as compared to the corresponding period of 2025, meanwhile our gross profit margin turned positive, mainly attributable to the increase in selling price in the six months ended 30 June 2026, after we have finished the low pricing strategy for market-promotion when we commenced the sales of large-span carbon fiber composite five-axis machine tools to our customers during the six months ended 30 June 2025.

FUTURE PROSPECTS

Future Development

We will further respond to the call in China's 15th Five-Year Plan to "accelerate the development of strategic emerging industries such as high-end equipment, aerospace, etc." and are committed to promoting the localization of high-end industrial machine tools and accelerating the substitution of imported high-end equipment with domestically produced alternatives in strategic emerging industries. In terms of our product categories, we will maintain its leading position in the domestic market for intelligent manufacturing equipment in the aerospace sector; in the compact general industry five-axis machine tool market, we will actively seek out clients in strategic emerging industries and launch new five-axis machine tool products featuring innovative designs and technologies; in the field of large-span carbon fiber composite five-axis machine tools, we will comprehensively promote the replacement of traditional gantry machine tools with high-speed, high-precision five-axis machine tools; and in the AI-CNC desktop five-axis machine tool sector, we will introduce an entirely new product category tailored for consumer clients and small-to-medium-sized smart factories, thereby transforming the business paradigm of high-end manufacturing. Specifically, these will involve the following areas:

Aviation and aerospace intelligent manufacturing equipment

In the aerospace sector, we are responding to the call in the 15th Five-Year Plan to "advance technological breakthroughs in launch vehicle body light-weighting and reusable launch vehicles, and enhance the capacity for large-scale production of satellites and launch vehicles as well as commercial space launches." With the successful launch and recovery of the Long March 10B and ZhuQue-3 Y2, China's commercial launch vehicle industry is rapidly entering a phase of high-volume, high-frequency launches. Our high-end equipment – including dual-five-axis mirror milling machines, large horizontal five-axis flip-over milling machines, friction stir welding equipment, and automated launch vehicle drilling and riveting systems – will support our customers' mass production of commercial launch vehicles. Of the total value of new orders signed in the first half of 2026, over 85% were for sales to commercial launch vehicle customers. In the future, as private commercial launch vehicle companies develop rapidly and state-owned launch vehicle manufacturers enter the commercial space sector, we anticipate that China's launch vehicle production and launch volumes will experience rapid growth within five years, and the strong demand for our machine tools and high-end equipment will continue.

In the aviation industry, we are responding to the call outlined in the 15th Five-Year Plan to "advance the expansion of C919 production capacity and supply chain development; carry out the research, development, and application of a series of C919 variants, including the high-altitude model, as well as C909 derivatives and new-energy aircraft; and accelerate technical breakthroughs for the C929 aircraft and the validation and application of the CJ-1000A engine." Since 2026, the C919 has successively achieved the maiden flight of its new variant (the high-altitude model) and its inaugural operation on international routes. Commercial Aircraft Corporation of China, Ltd. is accelerating the delivery schedule for the C919, and development of the C929 twin-aisle wide-body passenger aircraft is also proceeding at an accelerated pace. Meanwhile, the CJ-1000A engine, designed for the C919, has entered the flight test phase and is planned to replace the existing LEAP-1C engine. In the future, once the CJ-1000A is certified and enters mass production, the demand for five-axis machine tools to manufacture core components such as impellers, blisks, and engine casings will also increase rapidly. Overall, the mass production of domestically manufactured large civil airliners is driving growing demand for our high-end, domestically produced equipment, including dual-five-axis mirror milling machines, large horizontal five-axis flip-over milling machines, automated aerospace drilling and riveting systems, automated final assembly lines, and small-to-medium-sized five-axis machine tools.

Compact general industrial five-axis machine tools

We are committed to driving the upgrading and transformation of China's manufacturing sector through domestically produced high-end industrial machine tools, particularly in emerging industries such as embodied intelligence, semiconductors, and the low-altitude economy, where the demand for miniaturized, complex, and precision components is growing by the day. Since 2026, our Kunpeng Family of compact, general industrial five-axis machine tools has expanded beyond our existing line of turning-milling composite five-axis machines to include the TP series of horizontal five-axis machines, the TV series of vertical five-axis machines, and the i300 turning-milling composite five-axis machine. These models are designed for the precise and efficient machining of components for humanoid robots (joints, dexterous grippers, gearboxes, etc.), components for the semiconductor supply chain (liquid-cooling connectors, cavity-structured components, etc.), and drone components (small-to-medium-sized impellers, housings, brackets, cover plates, etc.). We anticipate that the volume of end products in these industries will grow rapidly, thereby driving increased demand for high-precision, low-cost upstream production equipment.

Large-span carbon fiber composite five-axis machine tools

Since we launched our Large-span carbon fiber composite five-axis machine tools for general industries in 2025, this product line has received positive market feedback. Among them, the high-speed gantry five-axis machine tool made of carbon fiber composites features moving parts constructed from carbon fiber composite structures, offering significant advantages in weight reduction and dynamic performance. It is well-suited for the machining of aerospace structural components and the high-efficiency, high-cycle machining of new energy die-cast parts, delivering a 30%–50% increase in efficiency compared to conventional steel-structured gantry five-axis machine tools. The high-precision carbon fiber composite gantry five-axis machining center leverages the thermal stability and long-term precision retention properties of carbon fiber composites. It achieves a single-axis repeatability of 0.004 mm and offers approximately a 50% improvement in dynamic performance. Suitable for precision machining applications such as semiconductor chambers and high-precision molds, it offers greater potential for efficiency gains compared to steel-structured gantry five-axis machining centers and demonstrates stronger technical scalability. In the future, we will establish a fully independent carbon fiber supply chain to eliminate our reliance on imported raw materials. At the same time, we will independently develop rotating axes, electric spindles, tool magazines, and other components for this product category to ensure 100% independent control over core components.

AI-CNC desktop five-axis machine tools

It is an inevitable trend that artificial intelligence will significantly improve production efficiency in human society. In the field of machine tools – our area of expertise – the use of AI to assist CNC systems and process programming is expected to greatly lower the barrier to entry for five-axis machine tools, enabling even ordinary people to effortlessly operate them for complex precision machining. This is also the goal of our AI-CNC desktop five-axis machine tool, the Topfab. Topfab features a compact design and is equipped with AI-assisted automatic toolpath generation capabilities, enabling five-axis machine tools to break through the boundaries of traditional industrial manufacturing and extend into consumer-oriented scenarios such as creative design, educational practice, and personalized production. At the same time, we have established an AI ecosystem community for consumers, providing a wealth of ready-to-use material models while supporting users in independently creating and editing models to share with the entire community. Users can sell both their design ideas and the physical objects they produce, enabling every individual and household to become a producer and ultimately realizing a decentralized, distributed model for the manufacturing industry. Furthermore, AI-CNC desktop five-axis machine tools are suitable for the high-volume production of tiny, precision components, while AI-driven compact five-axis machine tools help significantly reduce floor space and labor costs, providing a new paradigm for the production and manufacturing of emerging industries in the future.

FINANCIAL REVIEW

Revenue

Total revenue was approximately RMB166.4 million for the six months ended 30 June 2026, representing a decrease of 62.6% from approximately RMB444.7 million for the six months ended 30 June 2025. The decrease was primarily due to the decrease in revenue from the sales of aviation and aerospace intelligent manufacturing equipment from approximately RMB418.2 million for the six months ended 30 June 2025 to approximately RMB127.2 million for the six months ended 30 June 2026, which was partially offset by the increase in revenue from the sales of compact general industrial five-axis machine tools. As disclosed in the Prospectus, revenue from our backlog as at the Latest Practicable Date of the Prospectus (i.e. 5 May 2026) is expected to be recognised primarily from the second half of 2026 onwards.

The following table sets forth a breakdown of our revenue attributable to our products and services for the periods indicated:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Aviation and aerospace intelligent manufacturing equipment	**127,162**	418,225
Compact general industrial five-axis machine tools	**17,049**	7,185
Large-span carbon fiber composite five-axis machine tools	**20,014**	19,019
Repair and maintenance services	**2,195**	272
Total	**166,420**	444,701

Aviation and aerospace intelligent manufacturing equipment

Our revenue from sales of aviation and aerospace intelligent manufacturing equipment decreased by 69.6% from approximately RMB418.2 million for the six months ended 30 June 2025 to approximately RMB127.2 million for the six months ended 30 June 2026, mainly attributable to the concentrated delivery of 30 units of equipment to our seven customers during the six months ended 30 June 2025, while we delivered 5 units of equipment to our three customers during the six months ended 30 June 2026. Our revenue recognition depends on the timing of product delivery and customers' final acceptance, and hence revenue may not evenly distributed throughout the year, as a result, the majority of our revenue for the year ended 31 December 2025 was recognised in the six months ended 30 June 2025.

Compact general industrial five-axis machine tools

Our revenue from sales of compact general industrial five-axis machine tools increased by 136.1% from approximately RMB7.2 million for the six months ended 30 June 2025 to approximately RMB17.0 million for the six months ended 30 June 2026, primarily driven by our increased marketing efforts, which led to the increase in sales volume from seven units for the six months ended 30 June 2025 to 14 units for the six months ended 30 June 2026, coupled with the increase in average selling price attributable to the shift in product mix.

Large-span carbon fiber composite five-axis machine tools

Our revenue from sales of large-span carbon fiber composite five-axis machine tools increased by 5.3% from approximately RMB19.0 million for the six months ended 30 June 2025 to approximately RMB20.0 million for the six months ended 30 June 2026, primarily attributable to the increase in average selling price. We conducted a low pricing strategy for market promotion as we commenced the sales of large-span carbon fiber composite five-axis machine tools to our customers during the six months ended 30 June 2025, led to the increase in average selling price in the six months ended 30 June 2026 when we increased selling price.

Repair and maintenance services

Our revenue from repair and maintenance services increased by 633.3% from approximately RMB0.3 million for the six months ended 30 June 2025 to approximately RMB2.2 million for the six months ended 30 June 2026, primarily due to the increase in number of customers and average selling price.

Cost of Sales

Our cost of sales decreased by 65.0% from approximately RMB253.8 million for the six months ended 30 June 2025 to approximately RMB88.9 million for the six months ended 30 June 2026, which was in line with the decrease in revenue.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit decreased by 59.4% from approximately RMB190.9 million for the six months ended 30 June 2025 to approximately RMB77.5 million for the six months ended 30 June 2026. Our gross profit margin increased to 46.6% for the six months ended 30 June 2026 from 42.9% for the six months ended 30 June 2025, mainly attributable to the increase in average selling price of our products, as the delivered project during the six months ended 30 June 2026 was predominantly commercial-aerospace-related products which generally command relatively higher gross profit margin.

Other Income and Gains

Our other income and gains increased by 439.1% from approximately RMB2.3 million for the six months ended 30 June 2025 to approximately RMB12.4 million for the six months ended 30 June 2026, primarily due to the increase in government grants and subsidies from approximately RMB0.8 million for the six months ended 30 June 2025 to approximately RMB10.9 million for the six months ended 30 June 2026. We recognized government grants of approximately RMB9.5 million for four projects for the six months ended 30 June 2026 as we fulfilled the conditions of the relevant projects.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 43.8% from approximately RMB16.0 million for the six months ended 30 June 2025 to approximately RMB23.0 million for the six months ended 30 June 2026, primarily due to (i) the increase in advertising and promotion expenses for business expansion, and (ii) the increase in employee benefit expenses as a result of expansion of our sales team.

Administrative Expenses

Our administrative expenses increased by 37.7% from approximately RMB36.3 million for the six months ended 30 June 2025 to approximately RMB50.0 million for the six months ended 30 June 2026. The increase in our administrative expenses is generally attributable to (i) the increase in employee benefit expenses resulting from higher bonus incurred in the six months ended 30 June 2026, and (ii) the increase in listing expenses associated with the Global Offering.

Research and Development Expenses

Our research and development expenses increased by 58.9% from approximately RMB36.5 million for the six months ended 30 June 2025 to approximately RMB58.0 million for the six months ended 30 June 2026, primarily due to (i) the increase in employee benefit expenses as a result of the expansion of our R&D personnel focusing on artificial intelligence-related R&D projects and the increase in share-based payments expenses; (ii) the increase in material costs incurred for our on-going R&D projects.

Finance costs

Our finance costs increased by 41.0%, from approximately RMB3.9 million for the six months ended 30 June 2025 to approximately RMB5.5 million for the six months ended 30 June 2026, primarily due to the increase in the principal amount of interest-bearing bank and other borrowings during the six months ended 30 June 2026, which was partially offset by the decrease in interest on lease liabilities.

Other expenses

Our other expenses increased by 1,014.3% from approximately RMB0.7 million for the six months ended 30 June 2025 to approximately RMB7.8 million for the six months ended 30 June 2026. The increase in our other expenses was primarily due to the increase in foreign exchange loss arising from the depreciation of Hong Kong Dollar as the proceeds from the Global Offering was denominated in Hong Kong Dollar.

(Loss)/Profit for the period

As a result of the foregoing, we incurred a net loss of approximately RMB59.8 million for the six months ended 30 June 2026, while we achieved a net profit of approximately RMB94.2 million for the six months ended 30 June 2025.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with the IFRS Accounting Standards, we also use adjusted net loss/profit (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with, the IFRS Accounting Standards. We believe that such non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items and provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss/profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under the IFRS Accounting Standards.

We define adjusted net loss/profit (non-IFRS measure) as loss/profit for the period adjusted for share-based payments expenses and listing expenses. Share-based payments expenses are non-cash expenses arising from granting restricted share units to the Directors and our employees. Listing expenses are the expenses arising from activities in relation to the Global Offering. The following table sets out a reconciliation from loss/profit for the period to adjusted net loss/profit (non-IFRS measure).

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(59,845)**	94,154
Add:		
– Share-based payments expenses	**7,728**	2,410
– Listing expenses	**18,546**	12,809
Adjusted net (loss)/profit (non-IFRS measure)	**(33,571)**	109,373

Adjusted net loss (non-IFRS measure) for the six months ended 30 June 2026 amounted to approximately RMB33.6 million, representing a decrease as compared to adjusted net profit (non-IFRS measure) amounted to approximately RMB109.4 million for the six months ended 30 June 2025 primarily resulted from the decrease in sales and gross profit of aviation and aerospace intelligent manufacturing equipment as explained above.

Liquidity and Capital Resources

The Group has adopted a prudent liquidity management policy. During the six months ended 30 June 2026, we funded our cash requirements principally through cash generated from our operations together with the net proceeds from the Global Offering (as defined in the Prospectus). As of 30 June 2026, the Group's cash and cash equivalents amounted to approximately RMB1,720.4 million, representing an increase of 723.6% compared to approximately RMB208.9 million as of 31 December 2025.

Interest-bearing bank and other borrowings

Our bank borrowings amounted to approximately RMB341.0 million as of 30 June 2026, representing a 15.7% increase from approximately RMB294.7 million as of 31 December 2025, mainly for the construction of our Shanghai Production Base and Jiaxing Production Base. As of 30 June 2026, RMB118,903,000 of our bank borrowings were secured by our land use rights and property, plant and equipment. The remaining portion of bank borrowings were unsecured.

Gearing Ratio

As at 30 June 2026, the Group's gearing ratio, which is calculated based on total liabilities divided by total equity, was 48.5%, as compared with 463.6% as at 31 December 2025, mainly due to an increase in shareholders' equity as a result of the listing of the H Shares of the Company on the Stock Exchange in May 2026.

Foreign Currency Risk

As the Group's major businesses are in Chinese mainland, the majority of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB except that the proceeds from Global Offerings are denominated in Hong Kong dollars as of 30 June 2026. The Group was not exposed to material foreign currency risk during the Reporting Period.

Significant Investment Held and Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, we did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures. As of 30 June 2026, the Group did not hold any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group).

Future Plans for Material Investments and Capital Assets

As at 30 June 2026, save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and further explained in section headed "Use of Net Proceeds from the Global Offering" below, the Group had no future plan for material investments or capital assets.

Pledge of Assets

As at 30 June 2026, certain property, plant and equipment and land use rights with a net carrying amount of approximately RMB136.3 million and RMB53.1 million, compared with approximately RMB58.4 million and RMB53.6 million as at 31 December 2025, were pledged as security for interest-bearing bank borrowings as disclosed in note 15 to this announcement.

Contingent Liabilities

The Company sold five-axis CNC machine tools to a customer in 2024. Subsequently, the customer disputed the results and standard of inspection of the above products, and initiated a lawsuit against the Company in September 2025. The customer claimed for a refund of the contract price of approximately RMB2.7 million and compensation for its loss and expenses of approximately RMB0.1 million, plus interest of approximately RMB0.1 million.

We are currently a defendant in a lawsuit seeking approximately RMB2.9 million. The Directors, based on the advice from our legal counsel, believe that we have a valid defence against the allegation and, accordingly, we have not provided for any claim arising from the litigation. As of 30 June 2026, we are not a party to any other material legal or administrative proceedings.

Capital Expenditure and Commitments

Our capital commitments are mainly related to our construction in progress. Our capital commitments amounted to approximately RMB18.9 million as at 30 June 2026, compared with approximately RMB64.0 million as at 31 December 2025. Our capital expenditures primarily represented our purchases of property, plant and equipment, other intangible assets. Our capital expenditures amounted to approximately RMB62.9 million for the six months ended 30 June 2026, compared with approximately RMB12.9 million for the six months ended 30 June 2025, mainly attributable to the construction of our Jiaxing Production Base. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions, regulatory environment and other factors we believe to be appropriate.

Employee and Remuneration Policy

As of 30 June 2026, we had a total of 468 employees (as of 30 June 2025: 385 employees). The total employee remuneration expenses for the six months ended 30 June 2026 (including Directors', chief executive's and supervisors' remuneration) were approximately RMB85.3 million, as compared to approximately RMB60.6 million for the six months ended 30 June 2025.

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing funds. All of the full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. Those who meet or exceed their performance expectation will also be rewarded discretionary bonuses. We also provide comprehensive training programs to our employees to meet their various development needs, including leadership development programs, upskills programs, and on-the-job trainings.

In recognition of the contributions of our employees and to incentivise our employees to further promote our development, Tuoxian Technology was established as our employee share ownership platform in December 2018, through which we have entered into employee share incentive agreements ("**Share Incentive Agreement(s)**") with employees of our Group to award the partnership interest in Tuoxian Technology. The employee shareholding ownership platform is not subject to the provisions of Chapter 17 of the Listing Rules.

Dr. Wang has been the general partner of Tuoxian Technology since the establishment of Tuoxian Technology. Our certain employees were granted awards pursuant to the terms of the respective Share Incentive Agreement(s) and have been registered as the limited partners of Tuoxian Technology upon grants or exercise of their awards. Tuoxian Technology held 6,624,610 H Shares as at 30 June 2026.

The employee share ownership platform did not and will not involve the grant of options or awards by the Company during the Reporting Period and after the Listing. For more details of the employee share ownership platform, please refer to "Statutory and General Information – 5. Other Information – P. Employee Share Ownership Platform" in Appendix IV to the Prospectus.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Board is of the view that the Company has complied with all applicable principles and code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules ("**Corporate Governance Code**") during the period from the Listing Date to 30 June 2026, except for a deviation from the code provision C.2.1 of the Corporate Governance Code that the roles of the Chairman and chief executive of the Company are not separated, and that Dr. Wang Yuhan currently performs both roles of chairman and chief executive for having been appointed as the chairman of the Board and the general manager of the Company. The Board believes that vesting the roles of both the chairman of the Board and general manager in the same person has the benefit of (1) ensuring consistent leadership within the Company, (2) enabling more effective and efficient overall strategic planning for the Company, and (3) facilitating the flow of information between the management and the Board. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairman of the Board and the general manager of the Company at a time when it is appropriate by taking into account the circumstances of the Company as a whole.

Save as disclosed above, the Company is in compliance with all code provisions as set out in Part 2 of the Corporate Governance Code during the period from the Listing Date to 30 June 2026 and up to the date of this announcement.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**") as its own code of conduct regarding securities transactions by the Directors and the relevant employees.

Having made specific enquiries to all Directors, all of them have confirmed that they have complied with the Model Code during the period from the Listing Date to 30 June 2026.

Purchase, Sale or Redemption of the Company's Listed Securities

The Company issued 65,330,000 H shares (before the exercise of the Over-allotment Option) at the Offer Price of HK$26.39 per H Share on the Main Board of the Stock Exchange on 20 May 2026 in the Global Offering. Following the full exercise of the Over-allotment Option, an additional 9,799,500 H Shares were issued at the Offer Price of HK$26.39 per H Share on 17 June 2026. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares (as defined under the Listing Rules)) during the period from the Listing Date to the date of this announcement.

As at the date of this announcement, no treasury shares (as defined under the Listing Rules) were held by the Company.

Use of Net Proceeds from the Global Offering

On 20 May 2026 (the "**Listing Date**"), the Company's H Shares have been successfully listed on the Main Board of the Stock Exchange. The net proceeds received from the Global Offering (taking into account the exercise of the Over-allotment Option and after deducting the underwriting fees and other estimated expenses payable by us in connection with the Global Offering) were approximately HK$1,850.9 million (approximately RMB1,615.2 million).

As of 30 June 2026, the Company has not yet utilized the net proceeds from the Global Offering. As of the date of this announcement, there was no change in the intended use of net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The following table sets forth the planned use of the total net proceeds from the Global Offering and the amount utilized as at 30 June 2026:

	Budget *(RMB million)*	% of net proceeds *%*	Utilized amount of net proceeds during the Reporting Period *(RMB million)*	Unutilized amount of net proceeds as at 30 June 2026 *(RMB million)*	Expected timetable for the use of the unutilized net proceeds
R&D advancement					
– Development of new materials and structural design	133.3	8.3	–	133.3	December 2030
– Development of AI-powered CNC system	599.5	37.1	–	599.5	December 2030
– Development of forward design simulation platform technology	170.6	10.6	–	170.6	December 2029
– Development of intelligent sensing and measurement system	94.4	5.8	–	94.4	December 2029
Expansion of sales and marketing network					
– Establishment of sales channel	36.3	2.2	–	36.3	December 2028
– Marketing and brand promotion	57.4	3.6	–	57.4	December 2028
– Localization of sales and marketing efforts	72.1	4.5	–	72.1	December 2028
Strategic acquisitions and investments	195.2	12.1	–	195.2	December 2028
Repayment of bank borrowings	96.3	6.0	–	96.3	December 2028
General working capital	160.1	9.9	–	160.1	December 2027
Total	**1,615.2**	**100.0**	**–**	**1,615.2**	

Review of Interim Results

From the Listing Date and up to the date of this announcement, the audit committee of the Company (the "**Audit Committee**") consists of two independent non-executive Directors and one non-executive Director, namely Ms. Liu Yueheng, Dr. Yang Jianguo and Mr. Li Qingfeng. Ms. Liu Yueheng who possesses the appropriate professional qualifications, was appointed as the chairperson of the Audit Committee. The Audit Committee is primarily responsible for communication, supervision and checking in relation to the internal and external audits of the Company.

The Audit Committee has reviewed the Group's interim financial information for the six months ended 30 June 2026 with the management of the Company. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company. The Audit Committee considers the interim results to be in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

In addition, the Group's interim financial information for the six months ended 30 June 2026 is unaudited, but has been reviewed by Ernst & Young, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Events after the Reporting Period

There is no subsequent event after the Reporting Period which has a material impact on the Group.

Publication of Interim Results and Interim Report

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.topnc.com.cn). The interim report of the Company for the six months ended 30 June 2026 will be published on the aforesaid websites and dispatched to the Company's shareholders upon request in due course.

By order of the Board
SHANGHAI TOP NUMERICAL CONTROL TECHNOLOGY CO., LTD.
Dr. Wang Yuhan
Chairman and Executive Director

Hong Kong, 28 August 2026

As at the date of this announcement, the executive Directors of the Company are Dr. Wang Yuhan, Mr. Li Yuhao and Mr. Yao Bin; the non-executive Directors of the Company are Mr. Li Qingfeng and Mr. Li Yonghao; and the independent non-executive Directors of the Company are Dr. Yang Jianguo, Dr. Feng Hutian and Ms. Liu Yueheng.