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Precision Tsugami (China) Corporation Limited
津上精密機床(中國)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1651)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2026

The board (the "**Board**") of directors (the "**Directors**") of Precision Tsugami (China) Corporation Limited (the "**Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2026 (the "**Period under Review**") together with the unaudited comparative figures for the corresponding period in 2025. Such results have been reviewed by the external auditor Ernst & Young and the audit committee of the Company.

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

	Notes	For the six months ended 30 September 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
REVENUE	*4*	**3,018,973**	2,496,895
Cost of sales		**(1,926,740)**	(1,633,939)
GROSS PROFIT		**1,092,233**	862,956
Other income and gains		**67,913**	26,085
Selling and distribution expenses		**(106,134)**	(106,954)
Administrative expenses		**(68,445)**	(77,693)
Reversal of impairment loss on financial assets, net		**354**	5,527
Impairment loss on property, plant and equipment		**(2,868)**	–
Other expenses		**(841)**	(4,199)
Finance costs		**(24)**	(2,195)
PROFIT BEFORE TAX		**982,188**	703,527
Income tax expenses	*5*	**(318,448)**	(201,274)
PROFIT FOR THE PERIOD		**663,740**	502,253
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**663,740**	502,253
ATTRIBUTABLE TO:			
Owners of the parent		**663,740**	502,253
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)			
—For profit for the period	*7*	**1.82**	1.36
Diluted (RMB)			
—For profit for the period	*7*	**1.81**	1.35

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2026** ***RMB'000*** **(Unaudited)**	31 March 2026 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**539,740**	519,214
Right-of-use assets		**96,182**	96,896
Intangible assets		**4,272**	4,718
Equity investments designated at fair value through other comprehensive income		**9,500**	4,750
Deferred tax assets		**30,340**	25,504
Total non-current assets		**680,034**	651,082
CURRENT ASSETS			
Inventories		**908,639**	877,280
Trade and notes receivables	*8*	**1,937,167**	1,965,119
Prepayments, other receivables and other assets		**30,281**	9,278
Cash and bank balances		**1,609,264**	1,486,249
Total current assets		**4,485,351**	4,337,926
CURRENT LIABILITIES			
Trade and notes payables	*9*	**321,940**	614,369
Other payables and accruals		**438,649**	394,382
Lease liabilities		**2,097**	1,841
Income tax payable		**158,670**	154,592
Provision		**16,800**	15,922
Total current liabilities		**938,156**	1,181,106
NET CURRENT ASSETS		**3,547,195**	3,156,820
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,227,229**	3,807,902

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 September 2026 ***RMB'000*** **(Unaudited)**	31 March 2026 *RMB'000* (Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	**1,121**	1,187
Deferred tax liabilities	**188,440**	151,655
Deferred income	**18,120**	15,101
Other liabilities	**12,405**	12,405
Total non-current liabilities	**220,086**	180,348
NET ASSETS	**4,007,143**	3,627,554
EQUITY		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Issued capital	**309,408**	315,479
Treasury shares	**(43,027)**	(270,129)
Reserves	**3,740,762**	3,582,204
TOTAL EQUITY	**4,007,143**	3,627,554

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is located at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY 1-1205, Cayman Islands.

The Company is an investment holding company. During the period, the Group was primarily involved in the manufacture and sale of high precision computer numerical control ("**CNC**") machine tools.

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2026 has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2026.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2026, 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 the impact of the amended IFRSs are described below:

(a) Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify that financial assets are derecognized upon the expiration or transfer of the entity's contractual rights to cash flows, while financial liabilities are derecognized on the settlement date. These amendments introduce an accounting policy option to derecognize a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. These amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, these 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. The accounting policies for the derecognition of financial assets and liabilities of the Group for previous years are consistent with these amendments, and the Group does not have any financial assets covered by these amendments. Therefore, these amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in its consolidated financial statements for the year ending 31 March 2027.

(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. These 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. The Group does not have any contracts within the scope of these amendments, and these amendments therefore 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. These amendments include clarifications, simplifications, corrections or changes to improve consistency of the corresponding IFRS Accounting Standards. These amendments did not have any impact on the interim condensed consolidated financial information.

3 OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment, which is the manufacture and sale of high precision CNC machine tools. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment. Therefore, no segment-specific analysis by reporting segment is presented.

4 REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 September	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods	**3,013,816**	2,492,591
Rendering of services	**5,157**	4,304
Total	**3,018,973**	2,496,895

(i) Disaggregated revenue information

	For the six months ended 30 September	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Type of goods or services		
Sale of high precision CNC machine tools	**3,013,816**	2,492,591
Rendering of services	**5,157**	4,304
Total	**3,018,973**	2,496,895
Geographical market		
Chinese mainland	**2,771,670**	2,344,497
Overseas	**247,303**	152,398
Total	**3,018,973**	2,496,895
Timing of revenue recognition		
Goods transferred at a point in time	**3,013,816**	2,492,591
Services rendered at a point in time	**5,157**	4,304
Total	**3,018,973**	2,496,895

5 INCOME TAX EXPENSES

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.

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

Hong Kong profits tax is provided at the rate of 16.5% (six months ended 30 September 2025: 16.5%) on the estimated assessable profits arising in Hong Kong.

The provision for Chinese mainland current income tax is calculated based on the statutory rate of 25% (2025: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 (the "**New Corporate Income Tax Law**").

The income tax expenses in the interim condensed consolidated statement of profit or loss and other comprehensive income are as follows:

	For the six months ended 30 September	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Income tax:		
Current tax–Chinese mainland	**287,802**	169,875
Deferred tax	**30,646**	31,399
Total tax charge for the period	**318,448**	201,274

6 DIVIDENDS

	For the six months ended 30 September	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividends declared for the year ended 31 March 2026: — HK$0.90 per ordinary share (HK$0.50 per ordinary share for the year ended 31 March 2025)	**292,099**	168,601

On 12 November 2026, the Board declared an interim dividend of HK$0.9 per ordinary share for the six months ended 30 September 2026.

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

The calculation of the basic earnings per share amount is based on the profit for the Period under Review attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 363,827,660 (six months ended 30 September 2025: 370,393,495) outstanding during the Period under Review.

The calculation of the diluted earnings per share amount is based on the profit for the Period under Review attributable to ordinary shareholders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Period under Review, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 September	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**663,740**	502,253

	Number of shares	
	30 September 2026	30 September 2025
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	**363,827,660**[#]	370,393,495[#]
* Effect of dilution – weighted average number of ordinary shares:		
Restricted shares	**2,404,726**	1,460,573
Total	**366,232,386**	371,854,068

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

8 TRADE AND NOTES RECEIVABLES

	30 September 2026	31 March 2026
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables*	**156,530**	148,280
Notes receivables	**1,783,259**	1,819,463
	1,939,789	1,967,743
Impairment allowance	**(2,622)**	(2,624)
Net carrying amount	**1,937,167**	1,965,119

* Trade receivables include trade receivables from controlling shareholders and other related parties.

Customers are usually required to make payments in advance before the Group delivers goods to them. The Group's trading terms with certain major customers with good repayment history and high reputations are on credit. The credit period is generally one to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly and actively monitored by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

According to IFRS 9, notes receivables of RMB768,909,000 (31 March 2026: RMB791,401,000) were classified as financial assets at fair value through other comprehensive income, and RMB1,014,350,000 (31 March 2026: RMB1,028,062,000) were classified as financial assets at amortized cost.

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

	30 September 2026	31 March 2026
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**153,904**	144,378
3 months to 6 months	**4**	1,278
Total	**153,908**	145,656

As of 30 September 2026 and 31 March 2026, the ageing of notes receivables of the Group was all within 1 year, and none of the notes receivable was overdue.

9 TRADE AND NOTES PAYABLES

	30 September 2026	31 March 2026
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables*	**321,940**	536,521
Notes payables	**–**	77,848
Total	**321,940**	614,369

* Trade payables include trade payables to related parties.

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

	30 September 2026	31 March 2026
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**321,890**	536,371
Over 3 months	**50**	150
Total	**321,940**	536,521

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

As of 30 September 2026 and 31 March 2026, the ageing of notes payable of the Group was all within 1 year, and none of the notes payable was overdue.

10 EVENT AFTER THE REPORTING PERIOD

On 12 November 2026, the Board declared the payment of an interim dividend of HK$0.9 per share for the six months ended 30 September 2026 to the shareholders of the Company whose names appear on the register of members of the Company on 10 December 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back on the first half of the financial year ended 31 March 2027 ("**FY2027**"), the global macroeconomic environment remained complex, with geopolitical rivalry and adjustments to international trade rules continuing to evolve. While the uncertainty in the external tariff environment had not fully dissipated, the domestic manufacturing industry, supported by the combined effects of transformation and upgrading and the continued implementation of large-scale equipment renewal policies, saw a steady rise in equipment investment appetite. Overall demand sentiment was further consolidated compared with the previous financial year.

Downstream market segments exhibited a structural divergence feature. Following a three-year upcycle, the automotive industry has gradually entered a phase of cyclical adjustment. However, technological iteration in the automotive components sector continued, and leading vehicle manufacturers and Tier 1 suppliers continued to promote the flexible transformation of production lines, which sustained the replacement demand for high-rigidity, cost-effective CNC machines. Meanwhile, the 3C industry benefited from the launch of new product cycles by leading consumer electronics manufacturers, triggering a notable acceleration in equipment tendering. As the AI server liquid cooling sector transitioned from the earlier verification stage to the batch procurement stage, the Group's automatic lathe products fully demonstrated their cost-effectiveness and process compatibility advantages in the processing of precision components such as rapid liquid cooling fittings, emerging as a new growth point for the period. During the Period under Review, the proportion of incremental orders from the 3C industry and emerging segments such as AI liquid cooling increased significantly, effectively offsetting the impact of cyclical fluctuations in the automotive industry.

In terms of market competition, price competition in the domestic CNC machine tool industry remained intense. With a view to actively expanding its share of downstream markets, the Group adopted targeted pricing for some strategic models to enhance customer loyalty. At the same time, the Group continued to deepen its comprehensive improvement initiatives, implemented cost reduction and efficiency improvement measures throughout the entire chain of R&D, procurement, manufacturing and delivery, and achieved desired results, further improving the operational turnover efficiency and laying a solid foundation for the improvement of profit quality.

During the Period under Review, the Group achieved excellent performance in the 3C industry and emerging industries such as AI liquid cooling and humanoid robots. Revenue amounted to RMB3,018,973,000, representing an increase of approximately 20.9% as compared with the same period of last year, and net profit amounted to RMB663,740,000, representing an increase of approximately 32.2% as compared with the same period of last year. While revenue expanded steadily, profit growth significantly outpaced revenue growth, reflecting the continued optimization of the product structure and the effectiveness of cost control. Benefiting from a higher proportion of shipments from high-margin precision models and the continued reduction in manufacturing costs, both the overall gross profit margin and the net profit margin further improved compared with the same period of FY2026; the overall gross profit margin increased by 1.6 percentage points to approximately 36.2% from approximately 34.6% in the same period of the last financial year, and the net profit margin increased by 1.9 percentage points to approximately 22.0% from approximately 20.1% in the same period of the last financial year. Overall operational resilience and profit quality reached new highs compared to historical periods, delivering the best half-year operating performance since the establishment of the Group.

Basic earnings per share during the Period under Review were approximately RMB1.82 (for the last financial year: approximately RMB1.36).

FINANCIAL REVIEW

Revenue

During the six months ended 30 September 2026, the total revenue of the Group amounted to approximately RMB3,018,973,000, representing an increase of approximately RMB522,078,000 or approximately 20.9% as compared with the same period of last year. The increase in the total revenue was primarily due to the continued improvement in China's economy, which fueled rising demand for high-precision machine tools and equipment in the downstream manufacturing industry, particularly in emerging fields such as 3C, AI liquid cooling and humanoid robots. In addition, through the Company's sustained efforts to enhance product performance and drive cost reduction and efficiency improvement, the cost-effectiveness and competitiveness of its products were significantly improved. During the Period under Review, the sales revenue of the Company recorded a significant increase, of which (i) the sales of precision lathes increased by approximately RMB502,342,000 or approximately 24.5%, which had the greatest impact on the Company's revenue; (ii) the sales of precision machining centres increased by approximately 9.3% as compared with the same period of last year; and (iii) the sales from others increased by approximately 8.4% as compared with the same period of last year. Furthermore, as the automobile industry which accounted for more than half of the orders of precision grinding machines has entered a downward cycle since the second half of FY2026, the demand began to decline, causing a slight decrease in both order and shipment volumes as compared with the same period of last year.

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

	For the six months ended 30 September 2026	**Proportion (%)**	For the six months ended 30 September 2025	Proportion (%)	**Period-on-period increase/ (decrease) (%)**
Precision lathes	**2,552,857**	**84.5%**	2,050,515	82.1%	**24.5%**
Precision machining centres	**225,938**	**7.5%**	206,727	8.3%	**9.3%**
Precision grinding machines	**117,288**	**3.9%**	126,281	5.1%	**(7.1)%**
Others*	**122,890**	**4.1%**	113,372	4.5%	**8.4%**
Total	**3,018,973**	**100%**	2,496,895	100%	**20.9%**

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

Gross Profit and Gross Profit Margin

The gross profit during the six months ended 30 September 2026 amounted to approximately RMB1,092,233,000, representing an increase of approximately 26.6% as compared with the same period of last year. The overall gross profit margin increased by approximately 1.6 percentage points to approximately 36.2% as compared with approximately 34.6% for the same period of last year. The increase was mainly attributable to the Group's sustained efforts to enhance product performance and drive cost reduction and efficiency improvement, which not only enhanced the competitiveness of the Company's products, but also significantly improved the Company's profitability. In addition, with the significant increase in production volume, the benefits of economies of scale were also reflected in the Company's profit margin.

Other Income and Gains

Other income and gains of the Group primarily consist of bank interest income, gains on disposal of items of property, plant and equipment, government grants, compensation income, foreign exchange gains and others. During the six months ended 30 September 2026, other income and gains increased by approximately RMB41,828,000 as compared with the same period of last year to approximately RMB67,913,000, primarily due to the increase in government grants such as software tax rebates during the Period under Review.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of staff salaries and benefits, transportation and insurance expenses, warranty expenses, travel expenses, office utility expenses, marketing and advertisement expenses and depreciation costs. During the Period under Review, selling and distribution expenses of the Group amounted to approximately RMB106,134,000, representing a decrease of approximately RMB820,000 or approximately 0.8% as compared with the same period of last year, accounting for approximately 3.5% of the Group's revenue. Such a decrease was mainly due to the decreases in warranty expenses, and marketing and advertising expenses during the Period under Review.

Administrative Expenses

Administrative expenses primarily consist of salaries and benefits for management, administrative and financial personnel, administrative costs, customisation and development expenses, depreciation expenses relating to property, plant and equipment used for administrative purposes, amortisation expenses for the management information systems, and other taxes and levies. During the Period under Review, the administrative expenses of the Group amounted to approximately RMB68,445,000, representing a decrease of approximately RMB9,248,000 or approximately 11.9% as compared with the same period of last year, accounting for approximately 2.3% of the Group's revenue. Such a decrease was mainly due to the decreases in the customisation and development expenses and administrative costs during the Period under Review.

Other Expenses

Other expenses primarily consist of exchange losses, losses on disposal of fixed assets and others. During the Period under Review, other expenses of the Group amounted to approximately RMB841,000, representing a decrease of approximately RMB3,358,000 as compared with the same period of last year, which was mainly due to the decrease in the net exchange losses incurred during the Period under Review.

Finance Costs

During the Period under Review, the finance costs of the Group were approximately RMB24,000 (for the same period of last year: RMB2,195,000), which was due to the decrease in discounting interest expenses as the Group did not conduct the bank bill discounting operations during the Period under Review.

Income Tax Expenses

During the Period under Review, the income tax expenses of the Group increased by approximately 58.2% as compared with the same period of last year to approximately RMB318,448,000, which was mainly due to the increases in revenue and profit before tax.

Profit for the Period

As a result of the aforementioned factors, the Group's profit for the six months ended 30 September 2026 amounted to approximately RMB663,740,000, representing an increase of approximately 32.2% or approximately RMB161,487,000 as compared with the same period of last year.

Liquidity, Financial Resources and Debt Structure

During the Period under Review, the Group continued to maintain a healthy and solid liquidity position by adopting a prudent financial management approach towards its funding and treasury policies. As at 30 September 2026, the total cash and bank balances of the Group amounted to approximately RMB1,609,264,000 (31 March 2026: approximately RMB1,486,249,000). During the Period under Review, the increase in the Company's orders led to higher revenue and profit, and the reduction in trade and notes payables contributed to an increase in net operating cash flow. (The net operating cash inflows of the Company for the six months ended 30 September 2026 were approximately RMB466,246,000, compared to approximately RMB306,873,000 recorded for the same period of last year.)

As at 30 September 2026, the Group's cash and bank balances were mainly held in Renminbi, and part of them were held in Hong Kong dollars and Japanese yen.

As at 30 September 2026, the Group recorded net current assets of approximately RMB3,547,195,000 (31 March 2026: approximately RMB3,156,820,000), and its current ratio, calculated by dividing total current assets by total current liabilities, was approximately 4.8 times (31 March 2026: approximately 3.7 times). The capital expenditures for the six months ended 30 September 2026 amounted to approximately RMB52,142,000, which was mainly used to fund the investment in the construction of the sixth factory and the addition of parts and components processing equipment.

As at 30 September 2026, the Group had no outstanding bank loans and other borrowings (31 March 2026: Nil).

Capital Commitments

As at 30 September 2026, the Group had capital commitments contracted but not provided for amounting to approximately RMB92,021,000 (31 March 2026: approximately RMB8,814,000), which was mainly due to the increase in capital expenditures arising from the construction of new plants at the sixth factory and the addition of machining equipment.

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

In order to expand its production capacity, the Group increased investment in fixed assets by approximately RMB52,142,000 during the Period under Review, including approximately RMB38,150,000 in construction of plants at a new factory, approximately RMB2,637,000 in machinery and equipment, approximately RMB6,208,000 in leasehold improvements, and approximately RMB5,147,000 in other investments.

In order to ensure the Company's future production capacity and meet the demand for CNC machine tools in the PRC market, the Company newly acquired a parcel of land of approximately 34 mu in Pinghu Economic and Technology Development Zone in March 2025 as the sixth factory of the Company. Two new plants are planned for the factory, which are currently under construction, with an investment of approximately RMB150 million. Upon completion, the new factory is expected to increase the annual assembly capacity by approximately 3,000 units of machine tools. In addition, to strengthen its machining capacity for parts and components, the Company also proactively invested in equipment upgrades and technology improvement.

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

Contingent Liabilities

As at 30 September 2026, the Group had no material contingent liabilities.

Currency Risk and Management

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

During the Period under Review, the Group did not enter into any foreign currency forward contracts or use any derivative contracts to hedge against its exposure. The Group manages its currency risk by closely monitoring the movement of the foreign currency exchange rates and may consider hedging against significant foreign currency exposure should the need arise.

Employees and Remuneration Policy

As at 30 September 2026, the Group employed 2,607 employees (31 March 2026: 2,429), of whom 11 (31 March 2026: 13) were seconded employees from our controlling shareholders. The Group's staff costs (including salaries, bonuses, social insurance, commercial insurance and provident funds) amounted to approximately RMB268,210,000 in aggregate (including directors' emoluments) (for the six months ended 30 September 2025: RMB248,377,000), accounting for approximately 8.9% of the total revenue of the Group during the Period under Review.

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

OUTLOOK

Looking ahead to the second half of FY2027, external tariff pressures and geopolitical disruptions are likely to remain a recurring source of volatility. However, from the perspective of China's domestic manufacturing sector, rigid demand for equipment renewal is shifting from policy expectation to tangible execution. As the world's largest manufacturing system with the most complete supporting facilities, China still boasts solid medium- and long-term fundamentals for precision machining equipment.

At the segment level, we expect the automotive parts sector to transition from aggregate volume expansion to structural upgrading. The rapid development of new energy vehicles is reshaping the machining processes and technical routes used in automotive components. Demand for precision machining in applications such as e-drive systems and the post-machining of integrated die-cast chassis components will progressively take over from demand arising from conventional production lines, and the Company is well positioned to capture these requirements, with solid technological reserves and an established customer base across the relevant product lines. In the 3C segment, iterative advances in the processes and materials used in smartphone components, together with the wider adoption of foldable screens and the resulting increase in complex structural parts such as hinges, are directly fuelling demand for high-end CNC machine tools. Meanwhile, the equipment renewal cycle in the 3C segment is also expected to further drive up demand in the second half. As the most visible emerging growth driver, AI liquid cooling is expected to run through FY2027 and continue to contribute into FY2028. The Group's automatic lathes have already established a first-mover advantage in this application on the strength of their process know-how and accumulated delivery experience.

From a longer-term perspective, the ongoing capacity expansion of automated driving domain controllers and AI computing hardware, coupled with the humanoid robot industry's shift from R&D to mass production, will create substantial demand for the machining of small, irregular-shaped precision components requiring high consistency. This aligns closely with the Group's long-standing focus on miniature precision CNC machine tools and constitutes the core thesis for its medium- to long-term growth.

In the first half of FY2027, the Company recorded encouraging operating results. Looking ahead, the Board and the management are confident about the Company's prospects. We will continue to seize the historic opportunities brought by the upgrading of China's manufacturing industry, reward our customers with superior products and services and our investors with solid performance, and strive to build Precision Tsugami into a world-class precision machine tool manufacturer and service provider.

EVENTS AFTER THE END OF THE PERIOD UNDER REVIEW

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

NO MATERIAL CHANGE

Save as disclosed in this announcement, during the six months ended 30 September 2026, there has been no material change in the Group's financial position or business since the publication of the latest annual report of the Company for the year ended 31 March 2026.

INTERIM DIVIDENDS

The Board declared the payment of an interim dividend of HK$0.9 per share for the six months ended 30 September 2026 (2025: HK$0.60) to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 10 December 2026, the payment of which is expected to be made on Tuesday, 12 January 2027.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the period from Monday, 7 December 2026 to Thursday, 10 December 2026 (both days inclusive), during which no transfer of shares will be registered. The record date will be Thursday, 10 December 2026. In order to be eligible for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 4 December 2026.

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

During the Period under Review, the Company repurchased a total of 80,000 shares on the Stock Exchange (the "**Share Repurchase**") for a total consideration of approximately HK$2,920,900 (excluding commission fees, etc.). All repurchased shares were cancelled on 19 May 2026. Accordingly, as at the date of this announcement, all shares repurchased by the Company for cancellation have been fully cancelled, and there are no outstanding shares pending cancellation. Details of the Share Repurchase are as follows:

Month of repurchase	**Number of shares repurchased**	**Price per share**		**Aggregate price** (excluding commission fees, etc.)
		Highest *HK$*	Lowest *HK$*	*HK$*
April 2026	80,000	36.86	36.04	2,920,900
Total	**80,000**			**2,920,900**

The Board believes that the Share Repurchase may, depending on market conditions and funding arrangements at that time, lead to an enhancement of its earnings per share, and will benefit the Company and the Shareholders.

Save as disclosed above, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries during the Period under Review.

PUBLIC FLOAT

Based on information that was publicly available to the Company and to the best knowledge of the Board, as of the date of this announcement, the Company has maintained a public float of not less than 25% as prescribed under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "**CG Code**") under Appendix C1 to the Listing Rules as its own code of corporate governance since the listing of the shares of the Company on 25 September 2017. The Company has complied with the code provisions of the CG Code during the Period under Review, save for the deviation from code provision C.2.1 of the CG Code due to reasonable grounds (as explained below).

Dr. Wang Xiaokun has been serving as both the Chairman and Chief Executive Officer of the Company with effect from 13 November 2025. Pursuant to code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Accordingly, the Company has deviated from the relevant code provision of the CG Code. However, the Board believes that it is in the interests of the Company to vest the roles of both the Chairman and the Chief Executive Officer of the Company in the same person, so as to ensure consistent leadership within the Group and facilitate the prompt execution of the Group's business strategies and boost operating efficiency. The Board also believes that the balance of power and authority under this arrangement will not be impaired, as all major decisions of the Group must be made in consultation with the Board as a whole, together with its relevant committees, which comprise experienced and high-calibre individuals, including several independent non-executive Directors who are in the position to provide independent insights to the Board and monitor the management and operation of the Company. The Board will periodically review and consider the effectiveness of this arrangement by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made due and careful inquiries with all the Directors, the Company confirms that all the Directors have complied with the required standards as set out in the Model Code during the Period under Review.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated interim financial results for the six months ended 30 September 2026, including the accounting principles and standards adopted by the Group and discussed with the management in respect of the auditing, risk management, internal control and financial information. At the request of the Board, the Company's external auditor, Ernst & Young, has carried out a review of the unaudited condensed consolidated interim financial results in accordance with Hong Kong Standard on Review Engagement 2410 issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

By order of the Board
Precision Tsugami (China) Corporation Limited
Dr. Wang Xiaokun
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 12 November 2026

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