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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)

POSITIVE PROFIT ALERT

This announcement is made by Precision Tsugami (China) Corporation Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") would like to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 September 2020 and the information currently available, the Group is expected to record an increase of approximately 50% in the profit attributable to the owners of the Company for the six months ended 30 September 2020 as compared to that for the six months ended 30 September 2019.

Based on the information currently available, the Board believes that in spite of various macroeconomic uncertainties, including but not limited to those caused by the Sino-US trade dispute and the coronavirus (COVID-19) epidemic, the financial performance of the Group has improved, which was mainly due to the increase in demand for computerised numerical control high precision machine tools (the "**CNC high precision machine tools**") manufactured by the Group as a result of the rebound in previously suppressed market demand, the growth of demand in industries such as 3C*, construction machinery and automation and the increase of orders with short delivery time, as well as the Group's operating efforts. As for the financial performance of the Group in the future, due to uncertain market trends, in particular, the impact of the COVID-19 epidemic and constant sluggish of overseas markets, it remains uncertain whether there will be sustainable performance growth in the future. In addition, the Board believes the performance of the machine tools industry is experiencing cyclical changes, and that the aforesaid financial performance was within the expectation of the Company.

The Company will continue to strive to enhance its production efficiency, reduce costs and broaden the application use of the CNC high precision machine tools and further expand its sales network to increase its sales in China. Despite challenging market conditions ahead, having considered the interests of the Shareholders, the Company strives to maintain a stable dividend policy.

* *3C refers to computers, communications and consumer electronic products*

The Board wishes to remind the Shareholders that the information contained in this announcement is only based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 September 2020, which have not yet been finalized and are subject to the review of the Company and its auditor. The Company will continue to closely monitor the financial performance of the Group and will make announcement as and when necessary in compliance with Listing Rules and applicable laws. Detailed financial information of the Group will be disclosed in the interim results announcement of the Group for the six months ended 30 September 2020, which is currently expected to be released before mid-November 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Precision Tsugami (China) Corporation Limited
Dr. Tang Donglei
Chief Executive Officer and Executive Director

Hong Kong, 16 October 2020

As at the date of this announcement, the executive directors of the Company are Dr. Tang Donglei and Dr. Li Zequn; the non-executive directors of the Company are Mr. Takao Nishijima, Ms. Mami Matsushita and Mr. Seiji Tsuishu; and the independent non-executive directors of the Company are Dr. Eiichi Koda, Dr. Huang Ping and Mr. Tam Kin Bor.