
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Precision Tsugami (China) Corporation Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED DECLARATION OF FINAL DIVIDEND,
PROPOSED GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES,
PROPOSED AMENDMENTS TO THE
CONSTITUTIONAL DOCUMENTS,
CLOSURE OF REGISTER OF MEMBERS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at 24/F, Admiralty Centre 1, 18 Harcourt Road, Hong Kong on Tuesday, 16 August 2022 at 10:00 a.m. is set out on pages 29 to 34 of this circular. A form of proxy for use at the AGM is also enclosed with this circular.

Whether or not you are able to attend the AGM, you are requested to complete, sign, and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof, as the case may be (in respect of the AGM, no later than Sunday, 14 August 2022 at 10:00 a.m.) to the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM.

PRECAUTIONARY MEASURES FOR THE AGM

Taking into account the recent developments of the coronavirus disease 2019 (COVID-19), the Company will implement the following prevention and control measures at the AGM to safeguard the health and safety of the Shareholders attending the AGM:

1. Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue.
2. Every Shareholder or proxy is required to wear surgical mask throughout the meeting.
3. Every Shareholder or proxy is required to complete a health declaration form before entering the venue.
4. No entry to the venue is allowed for any person who has shown any symptom of COVID-19 or is subject to quarantine order by the Government of the Hong Kong Special Administrative Region (the "**Hong Kong Government**").
5. Appropriate distancing and spacing in compliance with the guidance from the Hong Kong Government will be observed and as such, the Company reserves the right to limit the number of the attendees at the AGM as may be necessary to avoid over-crowding.
6. No refreshments will be served and no corporate gifts will be distributed.

Shareholders, particularly those who are subject to quarantine in relation to COVID-19, are reminded that they may appoint any person or the chairman of the AGM as a proxy to attend and vote at the AGM, instead of attending and voting in person.

* References to time and dates in this circular are to Hong Kong time and dates.

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the content requires otherwise:

“Annual General Meeting” or “AGM”	an annual general meeting of the Company to be held at 24/F, Admiralty Centre 1, 18 Harcourt Road, Hong Kong on Tuesday, 16 August 2022 at 10:00 a.m., or any adjournment thereof, to consider and, if appropriate, pass the resolutions as set out in the notice of the AGM on pages 29 to 34 of this circular
“Articles of Association”	the articles of association of the Company for the time being in force as amended from time to time
“Board”	the board of Directors of the Company
“Company”	Precision Tsugami (China) Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Constitutional Documents” or “Memorandum and Articles of Association”	the memorandum and articles of association of the Company for the time being in force as amended from time to time
“Director(s)”	the director(s) of the Company
“Final Dividend”	the proposed final dividend of HK\$0.40 per Share for the year ended 31 March 2022 payable to Shareholders whose names appear on the Register of Members on the Record Date
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuance Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and deal with new Shares of not exceeding 20% of the total number of issued shares of the Company as at the date of passing of the resolution approving such mandate

DEFINITIONS

“Latest Practicable Date”	11 July 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Record Date”	23 August 2022, being the record date for determination of entitlement to the Final Dividend
“Register of Members”	the register of members of the Company
“RMB”	Renminbi
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$1.00 each in the issued share capital of the Company
“Share Buy-back Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares on the Stock Exchange of not exceeding 4% of the total number of issued shares of the Company as at the date of passing of the resolution approving such mandate
“Shareholder(s)”	holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong as amended from time to time
“%”	per cent.

LETTER FROM THE BOARD

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)

Executive Directors:

Dr. Tang Donglei (*Chairman and Chief executive officer*)

Dr. Li Zequn

Non-executive Directors:

Mr. Takao Nishijima

Ms. Mami Matsushita

Mr. Motoi Yamada

Independent Non-executive Directors:

Dr. Eiichi Koda

Dr. Huang Ping

Mr. Tam Kin Bor

Registered Office:

PO Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Principal Place of business
in Hong Kong:*

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

Hong Kong, 18 July 2022

To Shareholders,

Dear Sir or Madam,

**PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED DECLARATION OF FINAL DIVIDEND,
PROPOSED GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES,
PROPOSED AMENDMENTS TO THE
CONSTITUTIONAL DOCUMENTS,
CLOSURE OF REGISTER OF MEMBERS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide Shareholders with information regarding certain resolutions to be proposed at the Annual General Meeting to be held on Tuesday, 16 August 2022.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 16.2 of the Articles of Association, Mr. Motoi Yamada, being a non-executive Director, who was appointed on 29 April 2022, shall hold office until the Annual General Meeting.

In accordance with Article 16.18 of the Articles of Association, Mr. Takao Nishijima and Ms. Mami Matsushita, both being the existing non-executive Directors, as well as Mr. Tam Kin Bor, being an independent non-executive Director, shall hold office until the Annual General Meeting.

All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

The nomination committee of the Company (the “**Nomination Committee**”) has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company’s Board Diversity Policy and Director Nomination Policy and the Company’s corporate strategy, and the independence of all independent non-executive Directors. The Nomination Committee has recommended to the Board on re-election of all the retiring Directors including Mr. Tam Kin Bor as the independent non-executive Director who is due to retire at the Annual General Meeting. The Company considers that Mr. Tam Kin Bor is independent in accordance with the independence guidelines set out in the Listing Rules and he will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

Details of the retiring Directors are set out in Appendix I to this circular.

3. PROPOSED DECLARATION OF FINAL DIVIDEND

As stated in the announcement of the Company dated 27 June 2022 in relation to the annual results of the Group for the year ended 31 March 2022, the Board recommended the payment of a final dividend of HK\$0.40 per Share for the year ended 31 March 2022. The Final Dividend is subject to the approval of the Shareholders at the Annual General Meeting. Subject to approval by the Shareholders at the Annual General Meeting, the Shareholders whose names appear on the Register of Members on the Record Date, i.e. Tuesday, 23 August 2022 will be entitled to the Final Dividend, which is expected to be paid to the Shareholders on Friday, 2 September 2022.

LETTER FROM THE BOARD

4. PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES

At the annual general meeting of the Company held on 16 August 2021, the Directors were granted a general mandate to repurchase Shares. The authorisation will expire at the end of the Annual General Meeting. In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Share Buy-back Mandate to the Directors to repurchase Shares on the Stock Exchange of not exceeding 4% of the total number of issued Shares as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the total number of Shares in issue was 380,804,000. Subject to the passing of the relevant resolution, the maximum number of Shares which may be repurchased under the Share Buy-back Mandate will be 15,232,160 Shares (assuming that there will be no change in the number of Shares in issue as at the Latest Practicable Date up to the date of the Annual General Meeting).

The Directors wish to state that they currently have no plan to repurchase any Shares pursuant to the Share Buy-back Mandate.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Buy-back Mandate is set out in Appendix II to this circular.

5. PROPOSED GRANTING OF GENERAL MANDATES TO ISSUE SHARES

In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Issuance Mandate to the Directors to allot, issue and deal with additional Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of the relevant resolution.

As at the Latest Practicable Date, the total number of Shares in issue was 380,804,000. Subject to the passing of the relevant resolution, the maximum number of Shares which may be issued under the Issuance Mandate will be 76,160,800 Shares (assuming that there will be no change in the number of Shares in issue as at the Latest Practicable Date up to the date of the Annual General Meeting).

The Share Buy-back Mandate and the Issuance Mandate would continue in force until (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the date on which the authority set out in the relevant resolution is revoked or varied by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest.

LETTER FROM THE BOARD

6. PROPOSED AMENDMENTS TO THE CONSTITUTIONAL DOCUMENTS

The Listing Rules were amended by, among others, adopting a uniform set of 14 core standards for shareholder protections for issuers regardless of their place of incorporation (the “**Core Standards**”) as set out in Appendix 3 to the Listing Rules with effect from 1 January 2022. The Board proposes to (1) amend the existing Memorandum and Articles of Association in order to conform with the Core Standards and the relevant changes to the applicable laws of the Cayman Islands and the Listing Rules and (2) incorporate certain housekeeping amendments to the Memorandum and Articles of Association.

Details of the proposed amendments to the Memorandum and Articles of Association are set out in Appendix III to this circular.

The legal advisers to the Company have confirmed that the proposed amendments are in compliance with the Listing Rules and are not inconsistent with applicable laws of the Cayman Islands.

7. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 29 to 34 of this circular.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company following the conclusion of the Annual General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.tsugami.com.cn). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

8. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the Register of Members will be closed from Thursday, 11 August 2022 to Tuesday, 16 August 2022 (both dates inclusive), during which period no transfer of Shares will be registered. In order to be eligible for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration before 4:30 p.m. on Wednesday, 10 August 2022.

LETTER FROM THE BOARD

For determining the entitlement to the Final Dividend (subject to Shareholders' approval at the AGM), the Register of Members will be closed from Monday, 22 August 2022 to Tuesday, 23 August 2022 (both dates inclusive), during which period no transfer of Shares will be registered. In order to be eligible for the Final Dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15 August 2022) for registration before 4:30 p.m. on Friday, 19 August 2022.

9. RECOMMENDATION

The Directors consider that the proposed (i) re-election of the retiring Directors; (ii) declaration of Final Dividend; (iii) granting of Share Buy-back Mandate and Issuance Mandate; and (iv) amendments to the Memorandum and Articles of Association are all in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of the AGM.

10. DIRECTORS' RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Your attention is also drawn to the information set out in the appendix to this circular and the notice of the AGM set out in this circular.

By order of the Board

Precision Tsugami (China) Corporation Limited

Dr. Tang Donglei

Chairman, Chief Executive Officer and Executive Director

This appendix sets out details of the Directors who will retire and being eligible, offer themselves for re-election at the Annual General Meeting.

(1) NON-EXECUTIVE DIRECTOR

Mr. Takao Nishijima (“Mr. Nishijima”)

Mr. Nishijima, aged 74, was the non-executive Director and a member of nomination committee. Mr. Nishijima joined the Group since September 2003 and was appointed as a Director on 2 July 2013 and was redesignated as a non-executive Director on 13 May 2015. Mr. Nishijima was the chairman of the Board and nomination committee and ceased to be the chairman of the Board and nomination committee from 1 April 2022. Mr. Nishijima was also the chairman of the board of directors of Precision Tsugami (China) Corporation (“PTC”) and ceased to be the chairman of the board of directors of PTC from 1 April 2022. Mr. Nishijima was the general manager of the sales development division of Tsugami Corporation (株式會社ツガミ) (“**Tsugami Japan**”) (a company listed on the Tokyo Stock Exchange (TYO: 6101)) and the managing director of Tsugami Kohan Co., Ltd. from May 1999 to June 2000. He acted as the director and general manager of the sales development division, control headquarters of Tsugami Japan from June 2000 to April 2003. Mr. Nishijima has served as the representative director, chairman and chief executive director of Tsugami Japan since April 2003, and was redesignated as the supreme advisor of Tsugami Japan since 22 June 2022, and is primarily responsible for advising the overall operation of Tsugami Japan.

Mr. Nishijima graduated with a bachelor degree of economics from the faculty of economics of the University of Tokyo (東京大學) in April 1970.

Mr. Nishijima has entered into a service contract with the Company, with an initial term of three years commencing on 25 September 2017 and shall extend automatically upon expiry, and shall retire by rotation and offer himself for re-election at the Annual General Meeting pursuant to the Articles of Association, or whereby he shall vacate his office pursuant to any other applicable laws from time to time. Mr. Nishijima will not receive any director’s fee for his term of appointment. For the year ended 31 March 2022, the total amount of emoluments paid to Mr. Nishijima was nil.

Save as disclosed above, Mr. Nishijima does not have any relationships with any other Directors, senior management, substantial or controlling shareholder of the Company. Save as disclosed above, he has not held any directorships in other listed public companies during the last three years and he does not hold any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, Mr. Nishijima is interested in 18,000 ordinary shares of Tsugami Japan within the meaning of Part XV of the SFO.

Save for the information set out above, there is no other information required to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules nor are there other matters concerning Mr. Nishijima that need to be brought to the attention of the Shareholders.

(2) NON-EXECUTIVE DIRECTOR

Ms. Mami Matsushita (“Ms. Matsushita”)

Ms. Matsushita, aged 58, was appointed as our non-executive Director and a member of audit committee on 13 May 2015 and 4 September 2017, respectively and ceased to be a member of audit committee from 17 June 2019. She is primarily responsible for advising the overseas business. Ms. Matsushita joined the Group as a supervisor in January 2010 and was appointed as the director of PTC in October 2010, where she was primarily responsible for advising the overall management relating to export or import matters. Ms. Matsushita is also a supervisor of Shinagawa Precision Machinery (Zhejiang) Co., Ltd and a director of Precision Tsugami (Anhui) Corporation and a director of Precision Nakatsu (China) Corporation. Ms. Matsushita is the chief operating officer and head of overseas division of Tsugami Japan (a company listed on the Tokyo Stock Exchange (TYO: 6101)). From April 2010, she served as the president of Tsugami Europe GmbH and a director of Tsugami Korea Co., Ltd., respectively, both of which are subsidiaries of Tsugami Japan. From June 2013, Ms. Matsushita served as a director of Tsugami Universal Pte. Ltd. and Tsugami Precision Engineering India Private Limited, respectively, both of which are subsidiaries of Tsugami Japan. From June 2002 to March 2010, Ms. Matsushita was employed by Tokyo Seimitsu Co., LTD. (株式會社東京精密), the shares of which were listed on the Tokyo Stock Exchange (TYO: 7729).

Ms. Matsushita obtained her bachelor’s degree in arts and master’s degree in arts from Meiji University (明治大學) in Japan in March 1988 and March 1990, respectively.

Ms. Matsushita has entered into a service contract with the Company, with an initial term of three years commencing on 25 September 2017 and shall extend automatically upon expiry, and shall retire by rotation and offer herself for re-election at the Annual General Meeting pursuant to the Articles of Association, or whereby she shall vacate her office pursuant to any other applicable laws from time to time. Ms. Matsushita will receive a director’s fee of RMB240,000 for her term of appointment. For the year ended 31 March 2022, the total amount of emoluments paid to Ms. Matsushita was RMB240,000, comprising salaries, allowance and benefits in kind, which was determined and approved by the Board with reference to her past experience, qualifications, responsibilities and duties to be performed in the Company, the Company’s performance and the prevailing market condition.

Ms. Matsushita does not have any relationships with any other Directors, senior management, substantial or controlling shareholder of the Company. Save as disclosed above, she has not held any directorships in other listed public companies during the last three years and she does not hold any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, Ms. Matsushita is interested in 5,000 ordinary shares of Tsugami Japan within the meaning of Part XV of the SFO.

Save for the information set out above, there is no other information required to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules nor are there other matters concerning Ms. Matsushita that need to be brought to the attention of the Shareholders.

(3) NON-EXECUTIVE DIRECTOR

Mr. Motoi Yamada (“Mr. Yamada”)

Mr. Yamada, aged 59, was appointed as a non-executive Director and a member of audit committee on 29 April 2022. He has joined PTC since April 2022 as a supervisor. He also joined Tsugami Japan (a company listed on the Tokyo Stock Exchange, (TYO: 6101)) in April 2022, and has since served as a senior advisor and the general manager of administration of Tsugami Japan. He was also appointed as the representative director of Tsugami Japan since 22 June 2022. Prior to joining Tsugami Japan, Mr. Yamada held various positions at The Hokuetsu Bank, Ltd., The Daishi Hokuetsu Bank, Ltd., The Daishi JCB Card Co., Ltd. and The Daishi DC Card Co., Ltd. from April 1985 to March 2022.

Mr. Yamada graduated from the Faculty of Law of Chuo University (中央大學) in 1985, majoring in Law.

Mr. Yamada has entered into a service contract with the Company, with an initial term of three years commencing on 29 April 2022 and shall extend automatically upon expiry, and shall retire by rotation and offer himself for re-election at the Annual General Meeting pursuant to the Articles of Association, or whereby he shall vacate his office pursuant to any other applicable laws from time to time. Mr. Yamada will not receive any director’s fee for his term of appointment.

Save as disclosed above, Mr. Yamada does not have any relationships with any other Directors, senior management, substantial or controlling shareholder of the Company. Save as disclosed above, he has not held any directorships in other listed public companies during the last three years and he does not hold any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, Mr. Yamada has no interests in the shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save for the information set out above, there is no other information required to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules nor are there other matters concerning Mr. Yamada that need to be brought to the attention of the Shareholders.

(4) INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Tam Kin Bor (“Mr. Tam”)

Mr. Tam, aged 53, was appointed as the independent non-executive Director of the Company on 12 December 2016. He was appointed as the chairman of audit committee and the chairman of remuneration committee and a member of nomination committee since 4 September 2017, and was redesignated as a member of remuneration committee since 2 February 2018, and was redesignated as the chairman of nomination committee since 1 April 2022. From September 1997 to March 2007, Mr. Tam worked in Ernst and Young Hong Kong and Beijing offices, and last served as a senior manager. From March 2007 to June 2010, Mr. Tam served as vice president for Deutsche Bank’s wholly-owned subsidiary, Cathay Advisory (Beijing) Co., Ltd. Mr. Tam subsequently served as chief financial officer at Debao Property Development Ltd. (德寶房地產開發有限公司), a company listed on the Singapore Stock Exchange (stock code: BTF) and primarily engaged in property development, construction contractor and property. Mr. Tam also served as chief financial officer at Tianfang Hospitality Management Pte. Ltd. (天房酒店基金管理有限公司), where he was responsible for the overall finance and monitoring the financial performance of a real estate investment trust company and preparation of accounts.

Mr. Tam received his bachelor’s degree in accounting from Monash University in Australia in August 1997. He is a member of the Association of Certified Public Accountants in Australia and the Hong Kong Institute of Certified Public Accountants. He passed the test relating to capital markets and financial advisory services organised by the Institute of Banking & Finance Singapore in August 2015.

Mr. Tam has entered into a letter of appointment with the Company, with an initial term of three years commencing on 25 September 2017 and shall extend automatically upon expiry, and shall retire by rotation and offer himself for re-election at the Annual General Meeting pursuant to the Articles of Association, or whereby he shall vacate his office pursuant to any other applicable laws from time to time. Mr. Tam is entitled to a director’s fee of RMB456,000. For the year ended 31 March 2022, the total amount of emoluments paid to Mr. Tam was RMB456,000, which was determined and approved by the Board with reference to his past experience, qualifications, responsibilities and duties to be performed in the Company, the Company’s performance and the prevailing market condition.

Mr. Tam does not have any relationships with any other Directors, senior management, substantial or controlling shareholder of the Company. Save as disclosed above, he has not held any directorships in other listed public companies during the last three years and he does not hold any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, Mr. Tam has no interests in the shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save for the information set out above, there is no other information required to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules nor are there other matters concerning Mr. Tam that need to be brought to the attention of the Shareholders.

This appendix sets out an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Share Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the total number of Shares in issue was 380,804,000.

Subject to the passing of the relevant resolution at the Annual General Meeting in respect of the granting of the Share Buy-back Mandate and assuming there will be no change in the number of Shares in issue as at the Latest Practicable Date up to the date of the Annual General Meeting, the Directors would be authorised under the Share Buy-back Mandate to repurchase, during the period in which the Share Buy-back Mandate remains in force, a total of 15,232,160 Shares, representing 4% of the total number of issued Shares as at the date of passing of the relevant resolution.

The Share Buy-back Mandate will continue to be in force until (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the date on which the authority set out in the relevant resolution is revoked or varied by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest.

2. REASONS FOR SHARE REPURCHASE

The Directors believe that the granting of the Share Buy-back Mandate is in the best interests of the Company and the Shareholders as a whole.

Shares repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Board believes that such a repurchase will benefit the Company and the Shareholders as a whole.

3. FUNDING OF SHARE REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the applicable laws of the Cayman Islands and the Listing Rules.

4. IMPACT OF SHARE REPURCHASE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2022) in the event that the Share Buy-back Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Share Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have been traded on the Stock Exchange during each of the previous 12 months preceding the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2021	11.40	8.66
August 2021	11.66	10.14
September 2021	11.50	10.18
October 2021	12.20	8.91
November 2021	11.78	10.76
December 2021	10.96	9.72
January 2022	11.00	9.59
February 2022	10.66	9.65
March 2022	9.90	7.70
April 2022	9.00	8.40
May 2022	8.95	8.31
June 2022	12.00	8.22
July 2022 (<i>up to the Latest Practicable Date</i>)	9.88	9.03

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

As at the Latest Practicable Date, the Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase Shares pursuant to the Share Buy-back Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Share Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (as defined in the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Tsugami Japan was interested in 270,000,000 Shares, representing approximately 70.90% of the total issued share capital of the Company.

On the basis that (i) there will be no change in the number of Shares in issue (i.e. 380,804,000 Shares) as at the Latest Practicable Date up to the date of the Annual General Meeting; and (ii) the shareholding of Tsugami Japan (i.e. 270,000,000 Shares) remains unchanged immediately after the full exercise of the Share Buy-back Mandate, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the AGM, the shareholding interests of Tsugami Japan in the issued Shares would be increased to approximately 73.86% of the total number of issued Shares. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchases to be made under the Share Buy-back Mandate.

In addition, the Listing Rules prohibit a company from making repurchase of its shares on the Stock Exchange if the repurchase would result in the number of Shares held by the public falling below 25% (or such other prescribed minimum percentage as determined by the Stock Exchange). The Directors do not propose to repurchase Shares, which would result in the number of Shares held by the public falling below 25% (or such other prescribed minimum percentage as determined by the Stock Exchange).

8. SHARE REPURCHASE MADE BY THE COMPANY

During the six months prior to the Latest Practicable Date, the Company did not repurchase any Shares whether on the Stock Exchange or otherwise.

Details of the proposed amendments to the Memorandum and Articles of Association are set out as follows:

GENERAL AMENDMENTS

In order to bring in line with the applicable laws of the Cayman Islands, all references to “Companies Law” will be replaced with “Companies Act” in all relevant memorandum and articles.

SPECIFIC AMENDMENTS

Article No.	Proposed amendments (showing changes to the existing articles of association)	
1	The regulations contained in Table A in the First Schedule to the Companies Law <u>Companies Act (As Revised)</u> shall not apply to the Company.	
2.2	<u>“announcement”</u>	<u>shall mean an official publication of a Notice or document of the Company, including a publication, subject to and to such extent permitted by the Listing Rules, by electronic communication or by advertisement published in the newspapers or in such manner or means ascribed and permitted by the Listing Rules and applicable laws.</u>
	“Companies Law <u>Companies Act”</u>	<u>shall mean the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands Companies Law (2020 Revision), Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.</u>
	<u>“electronic”</u>	<u>shall have the meaning given to it in the Electronic Transactions Law Act.</u>
	“Electronic Transactions Law Act”	<u>shall mean the Electronic Transactions Act Law (2003 Revision Revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.</u>
	<u>“Notice”</u>	<u>shall mean written notice unless otherwise specifically stated and as further defined in these Articles.</u>
2.6	Sections 8 and 19 of the Electronic Transactions Law Act shall not apply.	

Article No.	Proposed amendments (showing changes to the existing articles of association)
3.4	<p>If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law <u>Companies Act</u>, be varied or abrogated <u>either</u> with the consent in writing of the holders of not less than <u>at least three-fourths of the voting rights in nominal value</u> of the issued shares of that class or with the sanction <u>approval</u> of a special resolution passed by <u>at least three-fourths of the votes cast by the holders of the shares of that class present and voting in person or by proxy</u> at a separate meeting of the such <u>the</u> holders of shares of that class. To every such separate meeting all the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment <u>or postponement</u> thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than <u>at least one-third in nominal value</u> of the issued shares of that class.</p>
4.6	<p>Except when a register is closed <u>in accordance with the terms equivalent to the relevant section of the Companies Ordinance</u> and, if applicable, subject to the additional provisions of Article 4.8, the principal register and any branch register shall during business hours be kept open to inspection by any member without charge.</p>
4.10	<p>In lieu of, or apart from, closing the register pursuant to other provisions in these Articles, the Board may fix in advance a date as the record date for any such determination of members entitled to receive notice of, or to vote at any general meeting of the members or any adjournment <u>or postponement</u> thereof, or for the purpose of determining the members entitled to receive payment of any dividend or distribution, or in order to make a determination of members for any other purpose.</p>
4.12	<p>Every certificate for shares or debentures or representing any other form of security of the Company shall be issued under the seal of the Company, which shall only be affixed <u>or imprinted to a share certificate</u> with the authority of the Board.</p>

Article No.	Proposed amendments (showing changes to the existing articles of association)
5.3	The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the shares or the person, of which the Company has notice, entitled to the shares by reason of such holder's death, mental disorder, or <u>bankruptcy or winding-up</u> (in the case of a holder being a corporation).
12.1	The Company shall hold a general meeting as its annual general meeting in each <u>financial year and such annual general meeting must be held within 6 months after the end of the Company's financial year (unless a longer period would not infringe the Listing Rules, if any)</u> other than the year of the Company's adoption of these Articles, within a period of not more than 15 months after the holding of the last preceding annual general meeting or not more than 18 months after the date of adoption of these Articles (or such longer period as the Exchange may authorise) . The annual general meeting shall be specified as such in the notices calling it and shall be held at such time and place as the Board shall appoint.

Article No.	Proposed amendments (showing changes to the existing articles of association)
12.3	<p>The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more <u>Any one or more members (including a recognized clearing house (or its nominees)) holding at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and/or add resolutions to the agenda of a meeting. Such written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the in the share capital paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital in the share capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.</u></p>
12.5	<p>Notwithstanding that a meeting of the Company is called by shorter notice than that referred to in Article 12.4(1), <u>if permitted by the Listing Rules,</u> it shall be deemed to have been duly called if it is so agreed:</p>

Article No.	Proposed amendments (showing changes to the existing articles of association)
13.2	If within 15 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and <u>(where applicable) same place(s) or to such time and (where applicable) such place(s) and in such form and manner referred to in Article 12.2</u> as shall be decided by the Board, and if at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy shall be a quorum and may transact the business for which the meeting was called.
13.4	The Chairman may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn or postpone any meeting from time to time (or indefinitely) and from place to place(s), and change the form of the meeting from a physical meeting, hybrid meeting or electronic meeting, as the case may be, to another form of meeting as the meeting shall determine. Whenever a meeting is adjourned or postponed for 14 days or more, at least seven <u>7</u> clear days' notice, specifying the details set out in Article 12.4(1) of the adjourned or postponed meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned or postponed meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or postponement or of the business to be transacted at any adjourned or postponed meeting. No business shall be transacted at any adjourned or postponed meeting other than the business which might have been transacted at the meeting from which the adjournment or postponement took place.
13.4F	(b) the Board shall fix the date, time and place, including any electronic facility (if applicable), for the postponed meeting and at least seven <u>7</u> clear days' notice of the postponed meeting shall be given by one of the means specified in Article 30.1 and shall specify the date, time and place and electronic facility (if applicable) of the postponed meeting, and the date and time by which proxies shall be submitted in order to be valid at such postponed meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the postponed meeting unless revoked or replaced by a new proxy); and

Article No.	Proposed amendments (showing changes to the existing articles of association)
14.1	<p>Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting where a show of hands is allowed,<u>(a) every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have the right to speak, (b) on a show of hands, every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote except where a member is required by the Listing Rules, to abstain from voting to approve the matter under consideration, and (c) on a poll,</u> every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register <u>except where a member is required by the Listing Rules, to abstain from voting to approve the matter under consideration.</u> On a poll a member entitled to more than one vote is under no obligation to cast all his votes in the same way. For the avoidance of doubt, where more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands and is under no obligation to cast all his votes in the same way on a poll. <u>Votes (whether on a show of hands or by way of a poll) may be cast by such means, electronic or otherwise, as the Directors or the Chairman of the meeting may determine. All resolutions put to the members at electronic meetings shall be voted on by a poll, which poll votes may be cast by such electronic means as the Board may, in its sole discretion, deem appropriate for the purposes of the electronic meetings.</u></p>
14.2	<p><u>All Members (including a Member which is a clearing house (or its nominee(s))) shall have the right to (a) speak at a general meeting and (b) vote at a general meeting except where a Member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.</u></p>
14.3	<p>Any person entitled under Article 8.2 to be registered as a member may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least 48 hours before the time of the holding of the meeting or adjourned meeting <u>or postponed meeting</u> (as the case may be) at which he proposed to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof.</p>

Article No.	Proposed amendments (showing changes to the existing articles of association)
14.7	No objection shall be raised as to the qualification of any person exercising or purporting to exercise any vote or to the admissibility of any vote except at the meeting or adjourned meeting <u>or postponed meeting</u> at which the person exercising or purporting to exercise his vote or the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. In the case of any dispute as to the admission or rejection of any vote, the Chairman of the meeting shall determine the same and such determination shall be final and conclusive.
14.8	Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy <u>or representative (if such member is a corporation)</u> to attend and vote instead of him and a proxy <u>or representative (as the case may be)</u> so appointed shall have the same rights <u>as the member could have</u> as the member to speak at the meeting. Votes may be given either personally or by proxy <u>or representative (as the case may be)</u> . A proxy <u>or representative (as the case may be)</u> need <u>s</u> not be a member. A member may appoint any number of proxy(ies) or representative(s) to attend in his stead at any one general meeting (or at any one class meeting). <u>In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, as if it were a natural person shareholder present in person at any general meeting.</u>
14.9	The instrument appointing a proxy shall be in writing <u>and if the Board in its absolute discretion determines, may be contained in an electronic communication, and: (i) if in writing but not contained in an electronic communication, under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same; or (ii) in the case of an appointment contained in an electronic communication, submitted by or on behalf of the appointer, subject to such terms and conditions and authenticated in such manner as the Board may in its absolute discretion determine.</u>

Article No.	Proposed amendments (showing changes to the existing articles of association)
14.10	<p>(2) The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority, (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or postponement or, in either case, in any document sent therewith), or if the Company has provided an electronic address in accordance with the preceding paragraph, shall be received at the electronic address specified, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting <u>or postponed meeting</u> at which the person named in the instrument proposes to vote, or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting <u>or postponed meeting</u>, not less than 48 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid provided always that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex or cable or facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution, <u>except at an adjourned meeting or postponed meeting in cases where the meeting was originally held within 12 months</u>. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.</p>
14.11	<p>Every instrument of proxy, whether for a specified meeting or otherwise, shall be in common form or such other form that complies with the Listing Rules as the Board may from time to time approve, provided that it shall enable a member, according to his intention, to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. <u>The Board may decide, either generally or in any particular case, to treat a proxy appointment as valid notwithstanding that the appointment or any of the information required under these Articles has not been received in accordance with the requirements of these Articles. Subject to the aforesaid, if the proxy appointment and any of the information required under these Articles is not received in the manner set out in these Articles, the appointee shall not be entitled to vote in respect of the shares in question.</u></p>

Article No.	Proposed amendments (showing changes to the existing articles of association)
14.12	The instrument appointing a proxy to vote at a general meeting shall: (a) be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit; and (b) unless the contrary is stated therein, be valid as well for any adjournment <u>or postponement</u> of the meeting as for the meeting to which it relates, provided that the meeting was originally held within 12 months from such date.
14.13	A vote given in accordance with the terms of an instrument of proxy or resolution of a member shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy or resolution of a member was executed or revocation of the relevant resolution or the transfer of the share in respect of which the proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office, or at such other place as is referred to in Article 14.10, at least two hours before the commencement of the meeting or adjourned meeting <u>or postponed meeting</u> at which the proxy is used.
14.14	Any corporation which is a member may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise <u>as</u> if it were an individual member and where a corporation is so represented, it shall be treated as being present at any meeting in person.
14.15	If a recognised clearing house (or its nominee(s)), <u>being a corporation</u> , is a member, it may <u>appoint proxies or</u> authorise such person or persons as it thinks fit to act as its representative(s), at any general -meeting of the Company (<u>including but not limited to general meetings and creditors meetings</u>) or at any general meeting of any class of members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence to substantiate that it is so authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person was <u>were an individual member holding the registered holder of</u> the number and class of shares held by the recognised clearing house (or its nominee(s)) and as specified in such authorisation, including, <u>the right to speak and to vote and, where a show of hands is allowed, the right to speak and</u> vote individually on a show of hands <u>or on a poll</u> , notwithstanding any contrary provision contained in these Articles.

Article No.	Proposed amendments (showing changes to the existing articles of association)
16.2	The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following <u>first annual general meeting of the Company after his appointment</u> and shall then be eligible for re-election at that meeting.
16.4	No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days <u>10 business days</u> , commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days <u>10 business days</u> prior to the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
16.6	The Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his period <u>term</u> of office notwithstanding anything in these Articles or in any agreement between the Company <u>(but without prejudice to any claim for damages under such agreement)</u> and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed. Nothing in this Article should be taken as depriving a Director removed under any provision of this Article of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director or as derogatory from any power to remove a Director which may exist apart from the provision of this Article.

Article No.	Proposed amendments (showing changes to the existing articles of association)
20.1	<p>The Board may meet together for the despatch of business, adjourn <u>or postpone</u> and otherwise regulate its meetings and proceedings as it thinks fit in any part of the world and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purposes of this Article an alternate Director shall be counted in a quorum in place of the Director who appointed him and an alternate Director who is an alternate for more than one Director shall for quorum purposes be counted separately in respect of himself (if he is a Director) and in respect of each Director for whom he is an alternate (but so that nothing in this provision shall be construed as authorising a meeting to be constituted when only one person is physically present). A meeting of the Board or any committee of the Board may be held by means of a telephone or tele-conferencing or any other telecommunications facility provided that all participants are thereby able to communicate contemporaneously by voice with all other participants and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.</p>

Article No.	Proposed amendments (showing changes to the existing articles of association)
29.2	<p>(a) <u>The Company shall at every annual general meeting by ordinary resolution of the members appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an Auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the Auditors shall be fixed by the Company by ordinary resolution of the members at the annual in general meeting or in such manner as the members may determine at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board.</u> No person may be appointed as the, or an, Auditor, unless he is independent of the Company.</p> <p>(b) The Board may before the first annual general meeting appoint an auditor or auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an ordinary resolution of the members in general meeting in which case the members at that meeting may appoint Auditors. Subject to compliance with the Listing Rules, the <u>The Board may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. Subject to compliance with the Listing Rules, the</u> The <u>remuneration of any Auditor appointed by the Board under this Article 29.2(b) may be fixed by the Board. Subject to Article 29.2(a), an Auditor appointed under this Article 29.2(b) shall hold office until the next following general meeting and shall then be subject to appointment by the members under Article 29.2(a) at such remuneration to be determined by the members under Article 29.2(a).</u></p>

Article No.	Proposed amendments (showing changes to the existing articles of association)
32.1	<p>Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily. If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the Company and any other sanction required by the Companies Law Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company (whether the assets shall consist of property of one kind or shall consist of properties of different kinds) and may for such purpose set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority or sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like authority or sanction and subject to the Companies Law Companies Act, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.</p>
34	<p>Unless otherwise determined by the Directors, tThe financial year <u>end</u> of the Company shall be prescribed by the Board and may, from time to time, be changed by it <u>31 March in each year.</u></p>

NOTICE OF ANNUAL GENERAL MEETING

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)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Precision Tsugami (China) Corporation Limited (the “**Company**”) will be held at 24/F, Admiralty Centre 1, 18 Harcourt Road, Hong Kong at 10:00 a.m. on Tuesday, 16 August 2022, for the purpose of considering and, if thought fit, with or without amendment, passing the following resolutions:

Ordinary Resolutions

1. to receive and consider the audited consolidated financial statements and the reports of the directors and auditor of the Company for the year ended 31 March 2022.
2. to declare a final dividend of HK\$0.40 per share for the year ended 31 March 2022.
3. (A) to re-elect each of the following as directors of the Company by separate resolutions:
 - (i) Mr. Takao Nishijima as a non-executive director of the Company;
 - (ii) Ms. Mami Matsushita as a non-executive director of the Company;
 - (iii) Mr. Motoi Yamada as a non-executive director of the Company; and
 - (iv) Mr. Tam Kin Bor as an independent non-executive director of the Company.
- (B) to authorise the board of directors of the Company to fix the remuneration of directors.
4. to re-appoint Ernst & Young as the auditor of the Company and to authorise the board of directors of the Company to fix their remuneration.
5. to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its shares in accordance with all applicable laws, rules and regulations;

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- (b) the total number of shares of the Company to be repurchased pursuant to the mandate in paragraph (a) above shall not exceed 4% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be repurchased under the mandate in paragraph (a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in a general meeting.”
6. to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company during the Relevant Period (as defined below) to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;
- (b) the mandate in paragraph (a) above shall authorise the directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

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- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
- (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company; and
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be issued under the mandate in paragraph (a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in a general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

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Special Resolution

7. to consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

“**THAT** the new memorandum and articles of association submitted to the meeting and initialed by the chairman of the meeting for the purpose of identification be and are hereby approved and adopted as the memorandum and articles of association of the Company in substitution for, and to the exclusion of, the existing memorandum and articles of association of the Company.”

By order of the Board

Precision Tsugami (China) Corporation Limited

Dr. Tang Donglei

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 18 July 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. According to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), all resolutions proposed at a general meeting must be voted on by poll except where the chairman decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands. An announcement on the voting results will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.tsugami.com.cn) in accordance with the Listing Rules.
2. Any shareholders of the Company (the “**Shareholders**”) entitled to attend and vote at the above general meeting is entitled to appoint one or more proxies (who must be individuals) to attend and, on a poll, vote on his/her behalf. A proxy need not be a Shareholder. If more than one proxy is so appointed, the form of proxy shall specify the number of shares in respect of which each such proxy is so appointed. In case of a poll every Shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which is signed or a certified copy of that power or authority must be deposited with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the above general meeting or any adjournment thereof (as the case may be). Return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above general meeting, the register of members of the Company will be closed from Thursday, 11 August 2022 to Tuesday, 16 August 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible for attending and voting at the AGM, unregistered holders of shares of the Company shall ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration before 4:30 p.m. on Wednesday, 10 August 2022.
5. For determining the entitlement to the proposed final dividend (subject to Shareholders’ approval at the AGM), the register of members of the Company will be closed from Monday, 22 August 2022 to Wednesday, 23 August 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15 August 2022) for registration before 4:30 p.m. on Friday, 19 August 2022.
6. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted or in force on the date of the AGM, the above general meeting will not to be held on Tuesday, 16 August 2022, but will be held immediately at the same time and place on the first Business Day after that day. “Business Day”, in this context, shall mean a day (not being a Saturday) on which banks in Hong Kong are open for general banking business. Should Shareholders have any enquiries relating to the above arrangements, please contact the Tricor Investor Services Limited at their customer service hotline at 2980 1333 during 9:00 a.m. to 5:00 p.m. from Monday to Friday, excluding Hong Kong public holidays.
7. References to time and dates of this notice are to Hong Kong time and dates.

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PRECAUTIONARY MEASURES FOR THE AGM

Taking into account the recent developments of the coronavirus disease 2019 (COVID-19), the Company will implement the following prevention and control measures at the AGM to safeguard the health and safety of the Shareholders attending the AGM:

1. Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue.
2. Every Shareholder or proxy is required to wear surgical mask throughout the meeting.
3. Every Shareholder or proxy is required to complete a health declaration form before entering the venue.
4. No entry to the venue is allowed for any person who has shown any symptom of COVID-19 or is subject to quarantine order by the Government of the Hong Kong Special Administrative Region (the “**Hong Kong Government**”).
5. Appropriate distancing and spacing in compliance with the guidances from the Hong Kong Government will be observed and as such, the Company reserves the right to limit the number of the attendees at the AGM as may be necessary to avoid over-crowding.
6. No refreshments will be served and no corporate gifts will be distributed.

Shareholders, particularly those who are subject to quarantine in relation to COVID-19, are reminded that they may appoint any person or the chairman of the AGM as a proxy to attend and vote at the AGM, instead of attending and voting in person. A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.tsugami.com.cn).

As at the date of this notice, 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. Motoi Yamada; and the independent non-executive directors of the Company are Dr. Eiichi Koda, Dr. Huang Ping and Mr. Tam Kin Bor.