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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)

PROFIT WARNING

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 (Chapter 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 2022 and the information currently available, the Group is expected to record a profit attributable to the owners of the Company of approximately RMB300 million for the six months ended 30 September 2022, representing a decrease of approximately 21% as compared to the profit attributable to the owners of the Company of approximately RMB380 million (unaudited) for the six months ended 30 September 2021.

Based on the information currently available, the Board believes that such decrease was mainly attributable to the decrease in demand for computerised numerical control high precision machine tools (the “**CNC high precision machine tools**”) manufactured by the Group because of various macroeconomic uncertainties, including those caused by intensified international geopolitical conflicts and the resurgence of the coronavirus disease (COVID-19) in the People’s Republic of China (“**China**”), which severely affected the production activities in certain economically developed regions. In addition, the Board believes the performance of the machine tools industry was experiencing downward adjustments during cyclical changes, which contributed to the anticipated decrease of the profit attributable to the owners of the Company for the six months ended 30 September 2022, and was not unanticipated by the Company.

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

The Board wishes to remind the Shareholders and potential investors 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 2022, which have not yet been finalised and are subject to the review by the Company. The Company will continue to closely monitor the financial performance of the Group and will make announcement as and when necessary in compliance with the Listing Rules and applicable laws. Details of the financial information are currently expected to be disclosed in the Group's interim results announcement for the six months ended 30 September 2022 to be published in early November 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the securities 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, 21 October 2022

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