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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,
CLOSURE OF REGISTER OF MEMBERS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at Hennessy Room & Stanley Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 18 August 2023 at 10:00 a.m. is set out on pages 14 to 16 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 Wednesday, 16 August 2023 at 10:00 a.m.) to the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM.

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

20 July 2023

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 Hennessy Room & Stanley Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 18 August 2023 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 14 to 16 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
“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 2023 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
“Latest Practicable Date”	12 July 2023, 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

DEFINITIONS

“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”	25 August 2023, 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. Kenji Yoneyama

Independent Non-executive Directors:

Dr. Satoshi Iwabuchi

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:*

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

Hong Kong, 20 July 2023

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,
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 Friday, 18 August 2023.

2. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 16.2 of the Articles of Association, Mr. Kenji Yoneyama and Dr. Satoshi Iwabuchi, being the non-executive Director and the independent non-executive Director appointed on 28 June 2023 respectively shall hold office until the Annual General Meeting.

LETTER FROM THE BOARD

In accordance with Article 16.18 of the Articles of Association, Dr. Li Zequn and Dr. Huang Ping, being the existing executive Director and the independent non-executive Director respectively, 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 Dr. Huang Ping and Dr. Satoshi Iwabuchi as the independent non-executive Directors who are due to retire at the Annual General Meeting. The Company considers that Dr. Huang Ping and Dr. Satoshi Iwabuchi are independent in accordance with the independence guidelines set out in the Listing Rules and they will continue to bring valuable business experience, knowledge and professionalism to the Board and enhance the efficiency and diversity of the Board.

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 28 June 2023 in relation to the annual results of the Group for the year ended 31 March 2023, the Board recommended the payment of a final dividend of HK\$0.40 per Share for the year ended 31 March 2023. 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. Friday, 25 August 2023 will be entitled to the Final Dividend, which is expected to be paid to the Shareholders on Friday, 15 September 2023.

4. PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES

At the annual general meeting of the Company held on 16 August 2022, 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).

LETTER FROM THE BOARD

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. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 14 to 16 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

6. 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 Tuesday, 15 August 2023 to Friday, 18 August 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before 4:30 p.m. on Monday, 14 August 2023.

For determining the entitlement to the Final Dividend (subject to Shareholders' approval at the AGM), the Register of Members will be closed from Thursday, 24 August 2023 to Friday, 25 August 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before 4:30 p.m. on Wednesday, 23 August 2023.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors consider that the proposed (i) re-election of the retiring Directors; (ii) declaration of Final Dividend; and (iii) granting of Share Buy-back Mandate 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.

8. 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

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE
RE-ELECTED AT THE ANNUAL GENERAL MEETING**

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) EXECUTIVE DIRECTOR

Dr. Li Zequn (“Dr. Li”)

Dr. Li, aged 62, was appointed as the executive Director of the Company on 20 August 2018. He joined the Group since April 2013 and is the vice president of the Group. He was a director of PTC from June 2017 to June 2018. He is also the responsible person of management department of the Group as well as a supervisor of Anhui PTC. Prior to joining the Group, from October 1991 to August 2003, Dr. Li served in Seiko Instruments Inc. (セイコーインスツル株式会社), a company primarily engaged in the manufacture of products and systems for the electronic product components and machine tools. He was an assistant manager from April 1998 to August 2003, and was primarily responsible for the development of electronics and machinery components. From September 2003 to March 2013, Dr. Li worked for Calsonic Kansei Corporation (カルソニックカンセイ株式会社) and its group company. He was primarily responsible for formulating business strategies and carrying out feasibility study in the PRC; he also served as a manager in Calsonic Kansei Corporation (カルソニックカンセイ株式会社) and the head of a PRC group company of Calsonic Kansei Corporation (カルソニックカンセイ株式会社). Dr. Li was also responsible for the development of production technology, product integration and quality assurance and for the provision of technical support of Calsonic Kansei Corporation (カルソニックカンセイ株式会社).

Dr. Li obtained his bachelor degree in engineering from North University of China (中北大學) (then known as Taiyuan Institute of Machinery (太原機械學院)) in July 1982 and received his master’s degree and doctor’s degree in engineering, from Kanazawa University (國立金澤大學) in Japan in March 1988 and September 1991, respectively.

Dr. Li has entered into a service contract with the Company, with an initial term of three years commencing on 20 August 2018 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. Dr. Li will not receive any director’s fee for his term of appointment. For the year ended 31 March 2023, the total amount of emoluments paid to Dr. Li was RMB1,983,000 comprising salaries, allowance and benefits in kind, 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.

Save as disclosed above, Dr. Li 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, Dr. Li has no interests in the shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE
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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 Dr. Li that need to be brought to the attention of the Shareholders.

(2) NON-EXECUTIVE DIRECTOR

Mr. Kenji Yoneyama (“Mr. Yoneyama”)

Mr. Yoneyama, aged 58, has been appointed as a non-executive Director and a member of the audit committee of the Company on 28 June 2023. He served as a non-executive Director and a member of the audit committee of the Company from April 2021 to April 2022. He served as a supervisor of Precision Tsugami (China) Corporation, the operating subsidiary of the Company in the PRC from May 2019 to March 2022. He joined Tsugami Corporation 株式會社ツガミ (“**Tsugami Japan**”) (the controlling shareholder of the Company, whose shares are listed on the Tokyo Stock Exchange, (TYO: 6101)) in April 2015, and served as the advisor of accounting of Tsugami Japan from April 2015 to June 2017. He has served as the standing statutory auditor of Tsugami Japan since June 2017, as the director of Tsugami Japan (members of the audit and supervisory committee) since June 2018 and as the chief legal officer of Tsugami Japan since June 2021. Mr. Yoneyama serves as the head of Administration of Tsugami Japan since April 2023 and was promoted to representative director and head of Administration of Tsugami Japan in June 2023. Prior to joining Tsugami Japan, Mr. Yoneyama held various positions at The Hokuetsu Bank, Ltd. from April 1988 to April 2015. Mr. Yoneyama graduated from the Faculty of Law of Kanazawa University (金沢大學) in 1988, majoring in Law.

Mr. Yoneyama has entered into a service contract with the Company, with an initial term of three years commencing on 28 June 2023 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 he shall vacate his office pursuant to any other applicable laws from time to time. Mr. Yoneyama will not receive any director’s fee for his term of appointment.

Save as disclosed above, Mr. Yoneyama 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. Yoneyama 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. Yoneyama that need to be brought to the attention of the Shareholders.

(3) INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Satoshi Iwabuchi (“Dr. Iwabuchi”)

Dr. Iwabuchi, aged 64, has been appointed as an independent non-executive Director of the Company on 28 June 2023. He was the lecturer at the School of Medicine of Toho University (東邦大學醫學部) from February 1993 to August 1995. He served as an associate professor from January 2006 to March 2008, subsequently a professor, from April 2008 to March 2011, in neurosurgery of the Toho University Ohashi Medical Center (東邦大學醫療中心大橋醫院) in Japan. Since July 2018, Dr. Iwabuchi served as a dean of the Toho University Ohashi Medical Center (東邦大學醫療中心大橋醫院) in Japan. Dr. Iwabuchi graduated from the School of Medicine of Toho University (東邦大學) in 1984 and received his doctorate’s degree in medicine from School of Medicine of Toho University (東邦大學) in Japan in 1988.

Dr. Iwabuchi has entered into a letter of appointment with the Company, with an initial term of three years commencing on 28 June 2023 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. Dr. Iwabuchi is entitled to a director’s fee of HKD540,000 per annum as determined by reference to his duties and responsibilities with the Company, the prevailing market condition as well as the performance of the Company’s result.

Save as disclosed above, Dr. Iwabuchi 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, Dr. Iwabuchi 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 Dr. Iwabuchi that need to be brought to the attention of the Shareholders.

(4) INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Huang Ping (“Dr. Huang”)

Dr. Huang, aged 60, was appointed as an independent non-executive Director on 13 May 2015. He was appointed as a member of audit committee and remuneration committee since 4 September 2017, and was redesignated as the chairman of remuneration committee since 2 February 2018. He was also appointed as a member of nomination committee since 1 April 2022. From April 1991 to May 1999, Dr. Huang served as manager of software engineering in Uniden Corporation (ユニデン株式会社, now Uniden Holdings Corporation), a company listed

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE
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on the Tokyo Stock Exchange (TYO: 6815) and primarily engaged in the manufacture and sales of wireless communications equipment, where he was a software group leader responsible for development of various kinds of wireless communication products. From May 1999 to November 2001, Dr. Huang served in Mitsubishi Wireless Communications, Inc., a company engaged in the manufacture and sales of wireless communications equipment, where he was responsible for design and implementation of TDMA/AMPS dual mode cellular phone. Dr. Huang had afterwards served various positions in CalAmp Corp., a company whose shares are listed on NASDAQ stock market (NASDAQ: CAMP) and which is a wireless communication solutions provider. Since July 2009, Dr. Huang has been serving as the general manager of eSky Wireless Inc. (蘇州翼凱通信科技有限公司), a company engaged in the development and sales of GSM and W-CDMA wireless communications modules, where he is responsible for research and development of modules and products of GSM/GPRS for sales in North America, Japan and PRC, etc.

Dr. Huang received his bachelor's degree in wireless communication from Tsinghua University (清華大學) in July 1984. Dr. Huang obtained his master's degree and doctor's degree, majoring in electrical and electronic engineering, from Tokyo Institute of Technology (東京工業大學) in March 1988 and March 1991, respectively.

Dr. Huang 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. Dr. Huang is entitled to a director's fee of RMB456,000. For the year ended 31 March 2023, the total amount of emoluments paid to Dr. Huang was RMB473,000, 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.

Dr. Huang 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, Dr. Huang 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 Dr. Huang 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 2023) 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 2022	9.88	8.92
August 2022	9.54	8.01
September 2022	8.11	7.71
October 2022	8.00	6.20
November 2022	7.87	6.53
December 2022	8.15	7.07
January 2023	7.91	7.15
February 2023	9.46	7.54
March 2023	9.20	7.83
April 2023	8.49	7.60
May 2023	8.50	7.54
June 2023	9.03	7.65
July 2023 (<i>up to the Latest Practicable Date</i>)	8.41	8.10

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.

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 Hennessy Room & Stanley Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on Friday, 18 August 2023, 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 2023.
2. To declare a final dividend of HK\$0.40 per share for the year ended 31 March 2023.
3. (A) To re-elect each of the following as directors of the Company by separate resolutions:
 - (i) Dr. Li Zequn as an executive director of the Company;
 - (ii) Mr. Kenji Yoneyama as a non-executive director of the Company;
 - (iii) Dr. Satoshi Iwabuchi as an independent non-executive director of the Company; and
 - (iv) Dr. Huang Ping 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.”

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

Hong Kong, 20 July 2023

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.

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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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 Tuesday, 15 August 2023 to Friday, 18 August 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before 4:30 p.m. on Monday, 14 August 2023.
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 Thursday, 24 August 2023 to Friday, 25 August 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before 4:30 p.m. on Wednesday, 23 August 2023.
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 Friday, 18 August 2023, 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.

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. Kenji Yoneyama; and the independent non-executive directors of the Company are Dr. Satoshi Iwabuchi, Dr. Huang Ping and Mr. Tam Kin Bor.