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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)

INSIDE INFORMATION
ANNUAL SECURITIES REPORT OF THE CONTROLLING SHAREHOLDER, TSUGAMI CORPORATION FOR THE YEAR ENDED 31 MARCH 2026

This announcement is issued by Precision Tsugami (China) Corporation Limited (the "**Company**") pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Reference is made to the announcement made by the Company on 13 May 2026 in relation to the financial results of the Company's controlling shareholder, Tsugami Japan, for the year ended 31 March 2026 (the "**Announcement**"). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise defined.

According to the Announcement, Tsugami Japan will file the Tsugami Japan's Annual Securities Report on 16 June 2026. The board of directors of the Company (the "**Board**") wishes to update the shareholders and potential investors of the Company that following Tsugami Japan's adoption of IFRS as its accounting standard, certain additional financial information and/or related information relating to the Group will be included in Tsugami Japan's Annual Securities Report.

Although Tsugami Japan adopts the same accounting standard as the Group adopted for the preparation and presentation of its consolidated financial results and related financial information, the difference in entities comprising Tsugami Japan's consolidation and the Group's consolidation makes the financial results and related information set forth in Tsugami Japan's Annual Securities Report not directly comparable to the financial results and related financial information that the Company discloses. For example, any inter-company transactions between Tsugami Japan and the Group would be eliminated for Tsugami Japan's Annual Securities Report but remain recorded for the Group's financial results.

Set out below is the disclosure in relation to the financial performance and/or business of the Group as extracted from Tsugami Japan's Annual Securities Report:

4. Situations of affiliates

Name	Address	Capital or investments	Major business	Ownership of voting rights (%)	Relations
Precision Tsugami (China) Corporation Limited *(Note 1)*	The Cayman Islands	375 million Hong Kong dollar	Holding Company	68.1	Holds all shares in Precision Tsugami (Hong Kong) Limited. There are interlocking officers.
Precision Tsugami (Hong Kong) Limited *(Note 1, 3)*	Hong Kong, China	767 million Hong Kong dollar	Holding Company	100 (100)	Holds all shares in Precision Tsugami (China) Corporation. There are interlocking officers.
Precision Tsugami (China) Corporation *(Note 1, 2, 3)*	Zhejiang, China	992 million yuan	Manufacturing and sales of machine tools in China	100 (100)	Manufactures and sells products of the Company. There are interlocking officers.
Shinagawa Precision Machinery (Zhejiang) Co., Ltd *(Note 3)*	Zhejiang, China	35 million yuan	Manufacturing and sales of machine tool castings in China	100 (100)	Manufactures and sells of machine tool castings for products of the Company.
Precision Tsugami (Anhui) Corporation *(Note 1, 3)*	Anhui, China	150 million yuan	Manufacturing and sales of machine tools, castings in China	100 (100)	Manufactures and sells mainly the products of the Company and castings for products of the Company.

(Note)

1. The Company is classified as a specified subsidiary.

2. The ratio of the net sales of Precision Tsugami (China) Corporation (excluding intra-Group sales among consolidated companies) to consolidated net sales exceeded 10%.

   Information on major profit and other items

(1)	Revenue	¥110,712 million
(2)	Profit before tax	¥33,013 million
(3)	Profit	¥24,965 million
(4)	Total equity	¥75,185 million
(5)	Total assets	¥110,172 million

3. The figure in the parenthesis is the indirect ownership of voting rights.

4 Analysis of financial position, operating results, and cash flows by management

(1) Overview of operating results, etc.

① *Financial position and operating results*

(Operating results)

(Operating results by business segment)

b. In China, revenue was ¥111,039 million, up by 22.7% year over year. Segment profit was ¥31,155 million, up by 39.2% year over year.

③ *Production, orders received, and sales*

a. Production performance

The table below shows production performance by segment for the fiscal year under review.

Business segment	Consolidated fiscal year under review (from April 1, 2025 to March 31, 2026)	Year on year (%)
China (Million yen)	78,994	113.4

(Note)

1. The amounts above are amounts before intra-Group transfers based on standard invoice prices.

2. The amounts above do not include consumption taxes.

c. Sales performance

The table below shows sales performance by business segment for the fiscal year under review.

Business segment	Consolidated fiscal year under review (from April 1, 2025 to March 31, 2026)	Year on year (%)
China (Million yen)	103,476	127.9

(Note)

1. Transactions between the segments were canceled out.

(2) Analysis and consideration of operating results, etc. from the perspective of management

① The recognition, analysis and consideration of operating results, etc.

a. Analysis of operating results for the consolidated fiscal year under review (Revenue)

Breakdown by region of overseas net sales in the consolidated fiscal year under review are as follows:

		China
I	Overseas revenue (Million yen)	103,185
III	Ratio of overseas revenue to consolidated revenue (%)	79.9

(Note)

1. National or regional classifications are based on geographic proximity.

3. Overseas revenue refers to revenue achieved by the Company and its consolidated subsidiaries in countries or regions other than Japan.

Section 3. Facilities

1. Overview of capital investment

Capital expenditures in China were ¥1,169 million, which was allocated primarily to production facilities at Precision Tsugami (China) Corporation and Precision Tsugami (Anhui) Corporation.

2. Major facilities

The table below shows major facilities of the Group.

(2) Overseas subsidiary

As of March 31, 2026

Corporate name	Factory (location)	Business segment	Facilities	Book value (Million yen) Buildings	Machinery and equipment	Land (m^2)	Other	Right-of-use assets	Total	Number of employees
Precision Tsugami (China) Corporation	China factory (Zhejiang, China)	China	Equipment for producing machine tools	5,169	1,674	–	174	1,895	8,914	2,156 (-)
Precision Tsugami (Anhui) Corporation	China factory (Anhui, China)	China	Equipment for producing machine tools	2,991	1,353	–	49	207	4,602	196 (-)

Corporate name	Factory (location)	Business segment	Facilities	Book value (Million yen) Buildings	Machinery and equipment	Land (m^2)	Other	Right of-use assets	Total	Number of employees
Shinagawa Precision Machinery (Zhejiang) Co., Ltd	China factory (Zhejiang, China)	China	Equipment for producing machine tools	230	89	–	20	58	398	75 (-)

(Note)

1. The book value in the "Other" column is a total value of tools, and equipment and fixtures and does not include construction in progress.

2. The number in parentheses in the number of employee's column is the number of temporary employees.

3. Equipment introduction and retirement plans

The table below shows plans for the introduction of important equipment as of the end of the fiscal year under review.

Corporate name, factory	Location	Business segment	Facilities	Planned investments Total (Million yen)	Amount paid (Million yen)	Financing method	Planned start and completion date Start	Completion
Precision Tsugami (China) Corporation	Zhejiang, China	China	Buildings Right-of-use assets	3,821	706	Self-financing	May 2025	January 2028

5. Employees

(1) Group employees

As of March 31, 2026

Business segment	Number of employees
China	2,427 (-)

(Note)

1. The number of employees is the number of people employed by the Group. The figure in parentheses is the annual average of temporary employees and is not included in the number of employees.

Notes to Consolidated Financial Statements

6. Segment information

(2). Segment revenues and operating results

The accounting policies for the reportable segments are the same as the Group's accounting policies stated in Note "3. Significant accounting policies." The amount of paid-for parts and materials transactions with subsidiaries is included in inter-segment revenue.

Inter-segment revenues are based on market prices.

Revenues and operating results of the Group's reportable segments are as follows.

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Million yen)

	Reportable segment China
Revenue	
External	80,881
Inter-segment	9,599
Total	90,480
Segment profit	22,384
Other items	
Depreciation and amortization	1,292
Segment assets	89,432
Capital expenditure	944

(Note)

1. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from sales revenue.

Consolidated fiscal year under review (from April 1, 2025 to March 31, 2026)

(Million yen)

	Reportable segment China
Revenue	
External	103,476
Inter-segment	7,562
Total	111,039
Segment profit	31,155
Other items	
Depreciation and amortization	1,341
Segment assets	115,777
Capital expenditure	1,216

(Note)

1. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from sales revenue.

(4) Regional information

The breakdown of revenues and non-current assets by region is as follows.

Revenue from external customers

(Million yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Consolidated fiscal year under review (From April 1, 2025 to March 31, 2026)
China	80,488	103,185

(Note) Revenues are classified by country or region based on the customer's location.

Non-current assets

(Million yen)

	Previous consolidated fiscal year (March 31 2025)	Consolidated fiscal year under review (March 31 2026)
China	12,952	14,395

(Note) Non-current assets are classified based on their location and do not include financial instruments, deferred tax assets and assets related to retirement benefits.

24. Revenue

(1) Disaggregation of revenue

The relationship between the disaggregation of revenue based on major product lines and reportable segments is as follows.

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Million yen)

	Reportable segment China
Major product lines	
Automatic lathes	69,245
Grinding machines	4,304
Machining centers, Rolling machines and Specialized machines	5,249
Other	2,081
Total	80,881

(Note) "Other" in main product lines include components and services.

Consolidated fiscal year under review (from April 1, 2025 to March 31, 2026)

(Million yen)

	Reportable segment China
Major product lines	
Automatic lathes	88,393
Grinding machines	4,685
Machining centers, Rolling machines and Specialized machines	7,645
Other	2,751
Total	103,476

(Note) "Other" in main product lines include components and services.

26. Other income and expenses

The breakdown of other income is as follows.

(Million yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Consolidated fiscal year under review (From April 1, 2025 to March 31, 2026)
Government subsidy	1,162	1,952

(Note)

1. The subsidy income is mainly the government subsidy received by the Chinese subsidiary.

33. Significant subsidiaries

(2) Consolidated subsidiaries with significant non-controlling interests

The condensed consolidated financial information of consolidated subsidiaries for which the Company recognizes significant non-controlling interests is as follows. The condensed financial information shows amounts before eliminating intra-group transactions.

Precision Tsugami (China) Corporation Limited (this company and its subsidiaries)

① *Percentage interest owned by non-controlling interests*

	Previous consolidated fiscal year (As of March 31, 2025)	Consolidated fiscal year under review (As of March 31, 2026)
Percentage interest owned by non-controlling interests (%)	33.6	31.9

② *Condensed consolidated financial information*

(i) Condensed consolidated statement of financial position

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2025)	Consolidated fiscal year under review (As of March 31, 2026)
Current assets	74,020	100,336
Non-current assets	13,579	15,059
Current liabilities	20,053	27,318
Non-current liabilities	3,013	4,171
Equity	64,532	83,905
Accumulated amount of non-controlling interests	21,170	26,315

Major items of current assets are “cash and cash equivalents”, “trade and other receivables” and “inventories”, while the major item of non-current assets is “property, plant and equipment”, and the major item of current liabilities is “trade and other payables”.

(ii) Condensed Consolidated Statements of Income and Comprehensive Income

(Million yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Consolidated fiscal year under review (From April 1, 2025 to March 31, 2026)
Revenue	89,961	110,161
Profit	16,516	23,255
Other comprehensive income	–	–
Comprehensive income	16,516	23,255
Profit allocated to non-controlling interests	5,298	7,555
Dividends paid to non-controlling interests	2,135	2,575

(iii) Condensed Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Consolidated fiscal year under review (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities	7,449	22,621
Cash flows from investing activities	-5,937	-2,410
Cash flows from financing activities	-7,590	-13,305
Net increase (decrease) in cash and cash equivalents	-6,078	6,906

(3) Changes in parent company's ownership interests in subsidiaries not resulting in a loss of control

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Precision Tsugami (China) Corporation Limited, which is a consolidated subsidiary of the Company, acquired its own shares as treasury stock. In addition, the Company sold a portion of the Company's shares held by Precision Tsugami (China) Corporation Limited. As a result, the Group's ownership interest in Precision Tsugami (China) Corporation Limited decreased from 71.5% to 66.4%.

An outline of transactions with non-controlling interests associated with this transaction is described below.

(Million yen)

	Amount
Payment of consideration • Net disposal consideration	-2,150
Amount of increase in non-controlling interests	2,958
Amount of decrease in other components of equity	-752
Amount of decrease in capital surplus	-55

Consolidated fiscal year under review (From April 1, 2025 to March 31, 2026)

Precision Tsugami (China) Corporation Limited, which is a consolidated subsidiary of the Company, carried out the repurchase and cancellation of its shares. As a result, the Group's shareholding in Precision Tsugami (China) Corporation Limited increased from 66.4% to 68.1%.

An outline of transactions with non-controlling interests associated with this transaction is described below.

(Million yen)

	Amount
Payment of consideration • Net disposal consideration	5,367
Amount of decrease in non-controlling interests	-3,141
Amount of increase in other components of equity	224
Amount of decrease in capital surplus	-2,450

Tsugami Japan's Disclosures contain forward-looking information. Tsugami Japan has full and independent discretion as to the determination of such forward-looking information by considering factors which Tsugami Japan considers appropriate and relevant for its reporting and disclosure purposes. Forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, the Company's results may differ from those expressed in any forward-looking statements made by Tsugami Japan, including the Tsugami Japan's Disclosures. In light of the risks and uncertainties, the forward-looking information in the Tsugami Japan's Disclosures should not be regarded as representations by the Board or the Company, or that the plans and objectives will be achieved by the Company. The Company's shareholders and potential investors are advised not to place undue reliance on the contents of Tsugami Japan's Disclosures and to exercise caution in dealing in the securities of the Company.

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

Hong Kong, 16 June 2026

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