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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

The board of directors (the "**Board**") of Precision Tsugami (China) Corporation Limited (the "**Company**") hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2021 (the "**Year under Review**") together with the comparative figures for the corresponding period in 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**3,116,976**	1,943,569
Cost of sales		**(2,351,669)**	(1,551,476)
GROSS PROFIT		**765,307**	392,093
Other income and gains	*4*	**37,785**	16,937
Selling and distribution expenses		**(126,931)**	(106,443)
Administrative expenses		**(93,813)**	(77,810)
Impairment loss on financial assets		**(8,795)**	196
Other expenses		**(2,305)**	(1,484)
Finance costs	*5*	**(990)**	(76)
PROFIT BEFORE TAX	*6*	**570,258**	223,413
Income tax expense	*7*	**(178,306)**	(67,590)
PROFIT FOR THE YEAR		**391,952**	155,823
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**391,952**	155,823
ATTRIBUTABLE TO:			
Owners of the parent		**391,952**	155,823

		Year ended 31 March	
		2021	2020
	Note	***RMB***	*RMB*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year	*8*	**1.03**	0.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March 2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**507,688**	452,116
Right-of-use assets		**44,997**	45,590
Intangible assets		**4,151**	3,592
Deferred tax assets		**16,358**	10,416
Total non-current assets		**573,194**	511,714
CURRENT ASSETS			
Inventories		**675,419**	618,849
Trade and notes receivables	*9*	**988,204**	437,789
Prepayments, other receivables and other assets		**34,484**	18,987
Financial assets at fair value through profit or loss		**–**	120,000
Pledged deposits		**7,539**	17,088
Cash and cash equivalents		**430,115**	205,010
Total current assets		**2,135,761**	1,417,723
CURRENT LIABILITIES			
Trade and notes payables	*10*	**554,473**	297,185
Other payables and accruals		**275,398**	122,053
Lease liabilities		**2,279**	1,560
Tax payable		**55,314**	12,030
Provision		**7,877**	6,344
Total current liabilities		**895,341**	439,172
NET CURRENT ASSETS		**1,240,420**	978,551
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,813,614**	1,490,265

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**1,013**	1,427
Deferred tax liabilities	**28,953**	2,075
Deferred income	**18,000**	13,000
Other liabilities	**7,300**	4,900
Total non-current liabilities	**55,266**	21,402
NET ASSETS	**1,758,348**	1,468,863
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**319,836**	320,312
Treasury shares	**–**	(747)
Reserves	**1,438,512**	1,149,298
TOTAL EQUITY	**1,758,348**	1,468,863

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**570,258**	223,413
Adjustments for:		
Finance costs	**990**	76
Bank interest income	**(10,615)**	(4,808)
Net gain on disposal of items of property, plant and equipment	**(19)**	(277)
Depreciation of property, plant and equipment	**43,325**	44,881
Depreciation of right-of-use assets	**3,297**	2,719
Amortisation of intangible assets	**988**	945
Impairment loss/(reversal) of trade and notes receivables	**822**	(172)
Impairment loss of financial assets at fair value through other comprehensive income	**7,972**	–
(Reversal)/impairment loss of inventories	**(968)**	5,231
Impairment reversal of financial assets included in prepayments, other receivables and other assets	**–**	(24)
	616,050	271,984
Decrease/(increase) in pledged deposits	**9,549**	(2,461)
(Increase)/decrease in inventories	**(55,602)**	23,223
(Increase)/decrease in trade and notes receivables	**(559,209)**	61,728
Increase in prepayments, other receivables and other assets	**(15,497)**	(5,968)
Increase/(decrease) in trade and notes payables	**257,288**	(87,681)
Increase in other payables and accruals	**36,032**	4,446
Increase in other liabilities	**2,400**	4,900
Increase/(decrease) in contract liabilities	**117,313**	(15,469)
Increase/(decrease) in provision	**1,533**	(6,447)
Increase in deferred income	**5,000**	–
Cash generated from operations	**414,857**	248,255
Income taxes paid	**(114,086)**	(72,302)
Net cash flows from operating activities	**300,771**	175,953

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**10,615**	4,808
Purchases of items of property, plant and equipment	**(99,143)**	(151,282)
Proceeds from disposal of items of property, plant and equipment	**265**	655
Purchase of financial assets at fair value through profit or loss	**–**	(120,000)
Redeem of financial assets at fair value through profit or loss	**120,000**	–
Purchase of items of intangible assets	**(1,547)**	(601)
Net cash flows from/(used in) investing activities	**30,190**	(266,420)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	**(2,532)**	(747)
Principal portion of lease payments	**(2,399)**	(1,720)
Dividends paid	**(99,935)**	(102,255)
Interest paid	**(990)**	(76)
Net cash flows used in financing activities	**(105,856)**	(104,798)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**225,105**	(195,265)
Cash and cash equivalents at beginning of year	**205,010**	400,275
CASH AND CASH EQUIVALENTS AT END OF YEAR	**430,115**	205,010
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**430,115**	205,010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 2 July 2013, and its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 25 September 2017. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman KY 1-1104, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the manufacture and sale of high precision computer numerical control ("**CNC**") machine tools.

In the opinion of the directors of the Company (the "**Directors**"), the holding company and the ultimate holding company of the Company is Tsugami Corporation (the "**Controlling Shareholder**"), which is incorporated in Japan and listed on the Tokyo Stock Exchange.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products and notes receivables which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any significant impact on the financial position and performance of the Group.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3 OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the manufacture and sale of high precision CNC machine tools. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

The Group solely operates in Mainland China and all of the non-current assets of the Group are located in Mainland China.

Revenue information based on the locations of customers is presented below:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Mainland China	**2,670,275**	1,440,186
Overseas	**446,701**	503,383
	3,116,976	1,943,569

Information about major customers

Revenue from an individual customer which amounted to more than 10% of the Group's revenue is set out below:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Customer A	**371,239**	425,597

4 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	**3,112,318**	1,940,494
Rendering of services	**4,658**	3,075
	3,116,976	1,943,569

(i) Disaggregated revenue information

For the years ended 31 March 2021 and 2020

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Type of goods or services		
Sale of goods	**3,112,318**	1,940,494
Precision lathes	**2,701,274**	1,677,004
Precision machining centres	**196,918**	107,907
Precision grinding machines	**107,942**	82,988
Other components	**93,201**	60,769
Precision thread and form rolling machines	**12,983**	11,826
Rendering of services	**4,658**	3,075
Total revenue from contracts with customers	**3,116,976**	1,943,569
Geographical markets		
Mainland China	**2,670,275**	1,440,186
Overseas	**446,701**	503,383
Total revenue from contracts with customers	**3,116,976**	1,943,569
Timing of revenue recognition		
Goods transferred at a point in time	**3,112,318**	1,940,494
Services rendered at a point in time	**4,658**	3,075
Total revenue from contracts with customers	**3,116,976**	1,943,569

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**47,403**	62,872

There was no revenue recognised from performance obligations satisfied in previous periods.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 180 days from delivery. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

Rendering of services

The performance obligation is satisfied upon delivery of the promised service to the customers and payment is generally due within 15 to 30 days from delivery.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are as follows:

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**164,716**	47,403

An analysis of other income and gains is as follows:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**10,615**	4,808
Gain on disposal of items of property, plant and equipment	**19**	277
Government grants *(Note a)*	**25,115**	9,741
Compensation income	**101**	371
Others	**1,935**	1,740
	37,785	16,937

Note a: The amount represents grants received from local PRC government related to subsidies. There are no unfulfilled conditions or contingencies relating to these grants. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position.

5 FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Finance costs		
Interest on lease liabilities	**66**	76
Interest arising from discounted notes receivable	**924**	–
	990	76

6 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold	**2,350,143**	1,550,390
Cost of services provided	**1,526**	1,086
Depreciation of property, plant and equipment	**43,325**	44,881
Depreciation of right-of-use assets	**3,297**	2,719
Amortisation of intangible assets*	**988**	945
Research and development costs	**33,481**	28,323
Lease payments not included in the measurement of lease liabilities	**2,161**	2,580
Auditor's remuneration		
– Annual audit	**1,370**	1,370
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**208,897**	169,792
Pension scheme contributions	**11,283**	10,856
Social security contributions and accommodation benefits	**24,490**	23,296
Foreign exchange loss, net	**1,698**	1,064
Impairment of financial assets, net:		
Impairment loss/(reversal) of trade receivables	**822**	(172)
Impairment loss of financial assets at fair value through other comprehensive income	**7,972**	–
Impairment reversal of financial assets included in prepayments, other receivables and other assets	**–**	(24)
Warranty provision:		
Additional provision	**8,644**	325
(Reversal)/impairment loss of inventories	**(968)**	5,231
Bank interest income	**(10,615)**	(4,808)
Net gain on disposal of items of property, plant and equipment	**(19)**	(277)

* The amortisation of intangible assets is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

7 INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in that jurisdiction.

Hong Kong profits tax is to be provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong.

The provision for Mainland China current income tax is based on the statutory rate of 25% (2020: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 (the "**New Corporate Income Tax Law**"), except for a certain high and new technology enterprise of the Group in Mainland China, which is taxed at a preferential rate of 15%.

The major components of income tax expense are as follows:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Current tax	**157,370**	69,393
Deferred tax	**20,936**	(1,803)
Total tax charge for the year	**178,306**	67,590

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Profit before tax	**570,258**	223,413
Tax at the statutory tax rate	**143,230**	56,717
Lower tax rate(s) for specific provinces or enacted by local authority	**(740)**	(88)
Adjustments in respect of current tax of previous periods	**(982)**	(1,344)
Expenses not deductible for tax	**1,140**	345
Tax losses not recognised	**74**	155
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**40,878**	15,449
Research and development super deduction	**(5,294)**	(3,644)
Total tax charge at the Group's effective rate	**178,306**	67,590

8 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 380,888,904 (2020: 381,368,929) in issue during the year.

During the year ended 31 March 2021, the Company repurchased 422,000 of its shares on the Stock Exchange at a total consideration of RMB2,532,000. 566,000 shares were cancelled, among which 144,000 shares were previously repurchased and 422,000 shares were repurchased in this period.

The Company purchased 566,000 of its shares on the Stock Exchange at a total consideration of RMB3,279,000. For the year ended 31 March 2021, the 566,000 shares purchased have been cancelled.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2021 and 2020.

The calculations of basic earnings per share are based on:

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**391,952**	155,823

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**380,888,904**	381,368,929

9 TRADE AND NOTES RECEIVABLES

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
Trade receivables*	**238,210**	131,017
Impairment	**(1,631)**	(809)
	236,579	130,208
Notes receivable	**751,625**	307,581
	988,204	437,789

* Trade receivables include trade receivables from the Controlling Shareholder and other related party.

Customers are usually required to make payment in advance before the Group delivers goods to them. However, the Group's trading terms with certain major customers with good repayment history and high reputations are on credit. The credit period is generally one to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

At 31 March 2021, the Group endorsed certain notes receivable accepted by certain banks in the PRC (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB338,384,000 (2020: RMB60,350,000) (the "**Endorsement**"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**").

In the opinion of the Directors, the Group has transferred substantially all the risks and rewards relating to certain of the Endorsed Notes accepted by large and reputable banks with amounts of RMB235,830,000 (2020: RMB60,350,000), respectively (the "**Derecognised Notes**"). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables settled by the Endorsed Notes.

The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

At 31 March 2021, the Group continued to recognise the remaining Endorsed Notes and the associated trade payables because the Directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

Notes receivable of RMB751,625,000 (2020: RMB307,581,000) were classified as financial assets at fair value through other comprehensive income under IFRS 9.

A receivable is an entity's right to consideration that is unconditional. An entity shall account for a receivable in accordance with IFRS 9. Upon initial recognition of a receivable from a contract with a customer, any difference between the measurement of the receivable in accordance with IFRS 9 and the corresponding amount of revenue recognised shall be presented as an impairment loss. Subsequent changes in fair value are consideration for the time value of money, measured through profit or loss.

The Group's bills receivable were all aged within six months and were neither past due nor impaired.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**214,762**	105,570
3 months to 6 months	**23,448**	25,447
	238,210	131,017

The movements in the loss allowance for impairment of trade and notes receivables are as follows:

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	**809**	981
Impairment losses	**822**	(172)
At the end of the year	**1,631**	809

The increase (2020: decrease) in the loss allowance was due to the following significant changes in the gross carrying amount:

(i) An increase in the loss allowance of RMB971,000 (2020: decrease of RMB321,000) as a result of a net increase (2020: decrease) in the gross carrying amount after the settlement of trade receivables and origination of new trade receivables; and

(ii) A decrease in the loss allowance of RMB149,000 as a result of a decrease in trade receivables which were past due for 1 to 3 months (2020: increase in loss allowance of RMB149,000).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns according to the sales type, customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2021

		Past due			
	Current	**Less than 1 month**	**1 to 3 months**	**Over 3 months**	**Total**
Expected credit loss rate	**0.685%**	**–**	**–**	**–**	**0.685%**
Gross carrying amount *(RMB'000)*	**238,210**	**–**	**–**	**–**	**238,210**
Expected credit losses *(RMB'000)*	**1,631**	**–**	**–**	**–**	**1,631**

As at 31 March 2020

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.545%	–	1.500%	–	0.617%
Gross carrying amount *(RMB'000)*	121,084	–	9,933	–	131,017
Expected credit losses *(RMB'000)*	660	–	149	–	809

The expected credit loss for notes receivable, which are all bank acceptance notes, is approximate to zero. Those banks who issue bank acceptance notes are credit worthy banks with no recent history of default.

10 TRADE AND NOTES PAYABLES

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
Trade payables*	**485,083**	227,307
Notes payable	**69,390**	69,878
	554,473	297,185

* Trade payables include trade payables to the Controlling Shareholder.

An ageing analysis of the outstanding trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**484,960**	226,952
Over 3 months	**123**	355
	485,083	227,307

Trade payables are non-interest-bearing, and trade payables to third parties are normally settled on terms within 90 days.

11 DIVIDENDS

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Final dividends paid for the year ended 31 March 2020 – HK$0.15 per ordinary share (2020: HK$0.15 per ordinary share for the year ended 31 March 2019)	**51,143**	51,113
Interim dividends paid for the six months ended 30 September 2020 – HK$0.15 per ordinary share (2020: HK$0.15 per ordinary share for the six months ended 30 September 2019)	**48,792**	51,142
	99,935	102,255

On 28 June 2021, the Board declared the payment of a final dividend of HK$0.25 per share, amounting to HK$95,201,000 for the year ended 31 March 2021. The source of the proposed dividend payment is scheduled to be the retained profits. The proposed final dividend is subject to the approval by shareholders of the Company at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the previous year (i.e. the year ended 31 March 2020), under the influence of the Sino-US trade frictions, the economic situation was challenging and the demand for machine tools from the manufacturing industry was weak. In particular, the outbreak and spread of the COVID-19 pandemic in China in February and March 2020 and the subsequent global spread of the pandemic cast a shadow over the beginning of the Year under Review. However, during the Year under Review, China's domestic manufacturing industry experienced a gradual turnaround despite a number of pessimistic forecasts. Starting from the special demand (such as the processing demand of components for mask production equipment and respirators) brought by the COVID-19 pandemic in March and April 2020 and benefiting from the improvements of industries such as 3C industries (computer, communication and consumer electronics), automation and construction machinery, various downstream industries of the manufacturing sector have become more active. In particular, in the second half of the Year under Review, with the recovery of the automobile parts and components industry, the demand for high-end CNC machine tools was exuberant. The volume of orders that the Group secured from the domestic market throughout the Year under Review has been increasing in the Year under Review, while the orders that the Group secured from the overseas markets have also improved gradually since the beginning of the fourth quarter of the Year under Review. These business improvements indicate that the market downturn for the year ended 31 March 2020 has faded, and the machine tool industry has entered into another cycle of prosperity.

During the Year under Review, the Group's sales revenue was approximately RMB3,116,976,000, representing an increase of approximately 60.4% as compared with the corresponding period of last year. The gross profit margin increased from approximately 20.2% for the corresponding period last year to approximately 24.6% for the Year under Review. Net profit for the Year under Review was approximately RMB391,952,000, representing an increase of approximately 151.5% as compared with the corresponding period of last year.

Basic earnings per share for the Year under Review was approximately RMB1.03, representing an increase of approximately 151.2% as compared with the corresponding period of last year.

The above represents the best results since the founding of the Company.

In view of the improving business sentiment of the processing and manufacturing industry, and in order to cope with the massive influx of orders from various downstream industries, ensuring production capacity and stability of material supply became the priority of the Group. While proactively improving production efficiency, the Group gradually and appropriately expanded the number of employees in the production lines in light of the level of market demand. Based on the market forecast, the Group accordingly prepared the material supplies for important parts and components with strong support from the suppliers who are our long-term partners, which enabled the Group to achieve short delivery time as compared with its competitors.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2021, the total revenue increased by approximately 60.4%, or approximately RMB1,173,407,000, from approximately RMB1,943,569,000 last year to approximately RMB3,116,976,000 this year. Such increase was primarily the results of 1) the comprehensive recovery of the domestic manufacturing industry starting from March and April 2020, coupled with the strong demand for high-end CNC machine tools in the automobile parts and components industry from the second half of the year; 2) effective containment of the COVID-19 pandemic in China; and 3) the spread of the pandemic in other parts of the world, leading to a shift in demand towards manufacturing in China.

In particular, (i) precision lathes recorded sales of approximately RMB2,701,274,000 during the Year under Review, representing a year-on-year increase of approximately 61.1%; (ii) the precision machining centres recorded sales of approximately RMB196,918,000 during the Year under Review, representing a year-on-year increase of approximately 82.5%; and (iii) other areas, such as precision grinding machines and others (primarily accessory parts and components), experienced increases in various sales activities, with sales of approximately RMB107,942,000 and approximately RMB97,859,000 this year, respectively, representing increases of approximately 30.1% and approximately 53.3% respectively, as compared to last year.

The table below sets out the revenue breakdown by product category for the Year under Review and last year: (RMB'000)

	For the year ended 31 March 2021	**Proportion (%)**	For the year ended 31 March 2020	Proportion (%)	**Year-on-year increase (%)**
Precision lathes	**2,701,274**	**86.7%**	1,677,004	86.3%	**61.1%**
Precision machining centres	**196,918**	**6.3%**	107,907	5.5%	**82.5%**
Precision grinding machines	**107,942**	**3.5%**	82,988	4.3%	**30.1%**
Precision thread and form rolling machines	**12,983**	**0.4%**	11,826	0.6%	**9.8%**
Others	**97,859**	**3.1%**	63,844	3.3%	**53.3%**
Total	**3,116,976**	**100%**	1,943,569	100%	**60.4%**

Gross Profit and Gross Profit Margin

For the year ended 31 March 2021, gross profit increased by approximately 95.2% to approximately RMB765,307,000 as compared to last year, mainly due to the increase in orders of the Group as a result of the increasing domestic and overseas demand and the continuous improvement of the overall domestic economic situation with the effective control of the pandemic in China. The overall gross profit margin also increased from approximately 20.2% for the year ended 31 March 2020 to approximately 24.6% for the year ended 31 March 2021. Such increase was mainly attributable to the overall economies of scale as a result of the increase in sales volume during the Year under Review.

Other Income and Gains

Other income and gains of the Group primarily consist of bank interest income, gain on disposal of items of property, plant and equipment, government grants, compensation income and others. For the year ended 31 March 2021, other income and gains increased by approximately 123.1% to approximately RMB37,785,000, primarily due to the increases in the government grants income and bank interest income.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of staff salaries and benefits, transportation and insurance costs, warranty expenses, travelling expenses, office utility expenses, marketing and advertisement expenses and depreciation costs. During the Year under Review, selling and distribution expenses of the Group increased by approximately 19.2% as compared to last year, amounting to approximately RMB126,931,000 this year, representing approximately 4.1% of the Group's revenue for the Year under Review. Such increase was mainly attributable to the increases in salaries and benefits for marketing and after-sales service staff and transportation and insurance costs during the Year under Review.

Administrative Expenses

Administrative expenses primarily consist of salaries and benefits for management, administrative and financial personnel, administrative costs, customisation and development expenses, depreciation expenses relating to property, plant and equipment used for administrative purposes, amortisation expenses for the management information systems, and other taxes and levies expenditure.

During the Year under Review, administrative expenses amounted to approximately RMB93,813,000, representing an increase of approximately 20.6% as compared to last year, mainly due to the increases in development expenses and staff salary and benefits during the Year under Review.

Other Expenses

Other expenses primarily include exchange losses, losses on the disposal of fixed assets, bank handling fees and others. During the Year under Review, other expenses increased by approximately RMB821,000 as compared to last year to approximately RMB2,305,000 this year, mainly due to the increase in foreign exchange losses during the Year under Review.

Impairment Losses on Financial Assets

During the Year under Review, the provision for impairment losses on financial assets amounted to approximately RMB8,795,000, as compared to reversal of impairment losses of RMB196,000 in last year, mainly due to the increase in ending balance of trade and notes receivables as a result of the increase in sales revenue during the Year under Review, resulting in the increase in provision for impairment losses on financial assets.

Finance Costs

During the Year under Review, finance costs were approximately RMB990,000 (for the same period last year: RMB76,000), which was due to the interest arising from lease liabilities recognised by the Group resulted from the adoption of IFRS 16 (Leases) and the interest accrued on discounted notes receivables.

Income Tax Expenses

During the Year under Review, income tax expenses increased by approximately 163.8% as compared to last year to approximately RMB178,306,000, mainly due to the significant increase in revenue and profit before tax.

Profit for the Year

As a result of the factors described above, the Group's profit for the year increased by approximately 151.5% from approximately RMB155,823,000 for the year ended 31 March 2020 to approximately RMB391,952,000 for the year ended 31 March 2021.

Liquidity, Financial Resources and Debt Structure

During the Year under Review, the Group continued to maintain a healthy and solid liquidity position by adopting a prudent financial management approach towards its funding and treasury policies. As at 31 March 2021, the total cash and cash equivalents of the Group amounted to approximately RMB430,115,000 (as at 31 March 2020: approximately RMB205,010,000). Such increase was mainly due to the increase in net cash flows from operating activities and decrease in capital investment expenditures such as purchase of property, plant and equipment, and redemption of short-term structured deposits measured at fair value held by the Company.

As at 31 March 2021, the Group's cash and cash equivalents were mainly held in Renminbi, and part of them were held in Hong Kong dollars and Japanese yen ("**JPY**").

As at 31 March 2021, the Group recorded net current assets of approximately RMB1,240,420,000 (as at 31 March 2020: approximately RMB978,551,000). Capital expenditures for the year ended 31 March 2021 amounted to approximately RMB100,690,000, which was mainly utilised to finance the plant construction, addition of processing equipment, and addition and purchase of design and management software.

As at 31 March 2021, the Group had no outstanding bank loans (31 March 2020: nil) and no discounted bills with recourse (31 March 2020: nil). As at 31 March 2021, the Group's gearing ratio was approximately 0.2%, calculated by dividing the total debt (i.e. bank loans and other borrowing and lease liabilities) by the total equity (31 March 2020: 0.2%).

An analysis of the Group's key liquidity ratios is as follows:

	For the year ended 31 March	
	2021	2020
Average inventory turnover days *(Note 1)*	**100**	149
Average turnover days of trade and notes receivables *(Note 2)*	**83**	88
Average turnover days of trade and notes payables *(Note 3)*	**66**	80

	As at 31 March	
	2021	2020
Current ratio *(Note 4)*	**2.4**	3.2

Notes:

1. Average inventory turnover days are calculated based on the average balance of inventory at the beginning and end of the relevant financial year divided by the cost of sales for the relevant financial year multiplied by 365 days.

2. Average turnover days of trade and notes receivables are calculated based on the average balances of trade and notes receivables at the beginning and end of the relevant financial year divided by the revenue for the relevant financial year multiplied by 365 days.

3. Average turnover days of trade and notes payables are calculated based on the average balances of trade and notes payables at the beginning and end of the relevant financial year divided by the cost of sales for the relevant financial year multiplied by 365 days.

4. Current ratio is calculated based on total current assets divided by total current liabilities as at the end of the relevant financial year.

Average inventory turnover days

The Group's average inventory turnover days for the year ended 31 March 2021 were approximately 100 days, representing a decrease of 49 days as compared to last year, which was mainly due to the significant increase in orders and sales this year, and the Company's implementation of reasonable and effective inventory management, resulting in a significant improvement in inventory turnover ratio.

Average turnover days of trade and notes receivables

The Group's average turnover days of trade and notes receivables for the year ended 31 March 2021 were approximately 83 days, representing a decrease of approximately 5 days as compared to last year. It was mainly due to the increase in sales for the year ended 31 March 2021. Although the average balance of the trade and notes receivables has also increased due to the increase in sales amount, the ratio for the increase in average balance of trade and notes receivables was lower than that for the increase in sales. The relevant trade receivables were still within the normal credit period.

Average turnover days of trade and notes payables

The Group's average turnover days of trade and notes payables for the year ended 31 March 2021 were approximately 66 days, representing a decrease of approximately 14 days as compared to last year, mainly due to the proportional increase in cost of sales for the year ended 31 March 2021 being higher than the proportional increase in average balance of trade and notes payables.

Current ratio

As at 31 March 2021, the Group's current ratio was approximately 2.4 times, while it was approximately 3.2 times as at 31 March 2020, mainly due to the fact that while there was a certain degree of increase in the current assets and current liabilities of the Group, the degree of increase in trade and other payables and accruals was higher than that in inventories, trade and notes receivables, cash and cash equivalents.

Capital Commitment

The capital commitment of the Group at the end of the Year under Review and last year is as follows:

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
Contracted but not provided:		
Property, plant and equipment	**7,831**	49,855

Contingent Liabilities

As at 31 March 2021, the Group had no material contingent liabilities (31 March 2020: nil).

Currency Risk and Management

Apart from a few overseas businesses that are settled in JPY and United States dollars, the sales and procurement of the Group are mainly denominated in Renminbi. Therefore, the management of the Group believes that the Company does not have significant currency exchange risk.

During the Year under Review, the Group did not enter into any foreign currency forward contracts or use any derivative contracts to hedge against its exposure. The Group manages its currency risk by closely monitoring the movement of the foreign currency exchange rates and may consider hedging significant foreign currency exposure should the need arise.

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

On 18 April 2018, Precision Tsugami (Anhui) Corporation* (安徽津上精密機床有限公司) ("**Anhui PTC**"), a wholly-owned subsidiary of the Company, was established in Bowang District, Ma'anshan, Anhui Province, the PRC, with a registered capital of RMB50,000,000. The total investment amount of Anhui PTC is estimated to be approximately RMB275,000,000 ("**Anhui Investment**"). Commenced in April 2019, Anhui PTC planned the constructions of certain plants and facilities including 6 production plants, 1 office building and warehouse at a total construction amount of approximately RMB175,500,000. Due to the smooth process of the work, the construction of main works was completed in October 2020 and the completion and inspection of final works was completed on 31 March 2021. In addition, as part of the production equipment has been installed and part of the prepayment has been paid, the installation and testing of the equipment are expected to be completed gradually in the second half of 2021. As at 31 March 2021, amount accounted as fixed assets was approximately RMB176,564,000; amount accounted as construction in progress was approximately RMB18,027,000; amount accounted as prepayments for equipment was approximately RMB19,008,000; and the contracted payment for equipment purchase to be paid in the next financial year is expected to be approximately RMB7,767,000. In order to steadily grow and expand the Group's business in the future, the registered capital of Anhui PTC has been increased to RMB150,000,000 in March 2021.

Save for the Anhui Investment disclosed above, the Group did not hold any other significant investment nor make any material acquisition or disposal of subsidiaries and associated companies during the Year under Review.

Employees and Remuneration Policy

As at 31 March 2021, the Group employed 1,812 employees (31 March 2020: 1,493), of whom 10 (31 March 2020: 13) were transferred employees from the Controlling Shareholder. The Group's staff costs (including salaries, bonuses, social insurance, provident funds and share incentive plan) amounted to RMB244,670,000 (31 March 2020: RMB203,944,000) in aggregate, representing approximately 7.8% of the total revenue of the Group during the Year under Review.

The Group offers attractive remuneration packages, including competitive fixed salaries plus performance-based annual bonuses, and continuously provides tailored trainings to its employees to promote their upward mobility in the organisation and foster their loyalty. The Group's employees are subject to regular job performance reviews, which have bearing on their promotion prospects and compensation. Remuneration is determined with reference to market practice and condition and individual employee's performance, qualifications and experience.

OUTLOOK

During the Year under Review, as the demand for high-end CNC machine tools from various downstream industries in China continued to increase, coupled with the precautionary efforts of major industrial countries in the world to contain the COVID-19 pandemic, it is expected that the demand from the overseas markets will also resume gradually, sustaining the cycle of prosperity of the manufacturing industry.

The Group will seize this opportunity and leverage on the advantages of its own products, cost-performance ratio, short delivery period and excellent after-sales services to proactively expand its product market, accelerate the growth of its customers base and further enlarge the market share of the Group's products. In the coming years, the Group will focus on strengthening the management and control of the manufacturing cycle to maintain the Group's edge of short delivery period. For the Group's long-term development, more emphasis by the Group will be placed on the research and development of application suitable for market requirements. The Group will continue to invest in new products and provide the best solutions according to market demand. The Group has been attaching great importance to the cost control measures of its products for a long time and expects to maintain its competitive edge in the increasingly competitive market in the future.

The Group will pay close attention to the development and changes of the macroeconomic situation, review the situation and seize opportunities to achieve favourable results.

EVENTS AFTER THE END OF THE YEAR UNDER REVIEW

The Directors are not aware of any material events relating to the business or financial performance of the Group after the Year under Review and up to the date of this announcement.

DIVIDENDS

The Board recommended the payment of a final dividend of HK$0.25 per share, amounting to HK$95,201,000 (equivalent to approximately RMB78,102,900) for the year ended 31 March 2021 to the shareholders of the Company whose names appear on the register of members of the Company as at Wednesday, 25 August 2021.

The payment of the proposed final dividend is subject to approval by shareholders of the Company at the annual general meeting for the financial year of 2021 (the "**AGM**"). The final dividend is expected to be paid to the shareholders of the Company on Friday, 3 September 2021.

PUBLIC FLOAT

Based on information that was publicly available to the Company and to the best knowledge of the Board, as of the date of this announcement, the Company maintained the public float requirement as prescribed under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") of not less than 25%.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance since the listing of the shares of the Company on 25 September 2017. The Company has complied with the code provisions of the CG Code set out therein during the year ended 31 March 2021.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made due and careful inquiries with all the Directors, the Company confirms that all the Directors have complied with the required standard as set out in the Model Code during the year ended 31 March 2021.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the "**Audit Committee**") consists of three members, namely Mr. Tam Kin Bor, Dr. Huang Ping and Mr. Kenji Yoneyama, of whom Mr. Tam Kin Bor and Dr. Huang Ping are independent non-executive Directors and Mr. Kenji Yoneyama is a non-executive Director. The chairman of the Audit Committee is Mr. Tam Kin Bor. The primary duties of the Audit Committee include, among others, reviewing the financial statements, annual reports and accounts and interim reports of the Group, making recommendations in respect of the appointment, re-appointment and removal of external auditor, reviewing and supervising the financial reporting process, risk management and internal control system of the Group, and reviewing the accounting policies and practices adopted by the Group.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 March 2021 including the accounting principles and standards adopted by the Group and discussed with the management in respect of the auditing, risk management, internal control and financial information.

REMUNERATION COMMITTEE

As at the date of this announcement, the remuneration committee of the Company (the "**Remuneration Committee**") consists of three members, namely Dr. Huang Ping, Mr. Tam Kin Bor and Dr. Tang Donglei, of whom Dr. Huang Ping and Mr. Tam Kin Bor are independent non – executive Directors and Dr. Tang Donglei is the chief executive officer and an executive Director. The chairman of the Remuneration Committee is Dr. Huang Ping. The primary duties of the Remuneration Committee include, among others, making recommendations to the Board regarding the policy and structure for the remuneration of all Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing remuneration policies, making recommendations to the Board on the remuneration packages of Directors and senior management of the Group and reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

NOMINATION COMMITTEE

As at the date of this announcement, the nomination committee of the Company (the "**Nomination Committee**") consists of three members, namely Mr. Takao Nishijima, Dr. Eiichi Koda and Mr. Tam Kin Bor, of whom Dr. Eiichi Koda and Mr. Tam Kin Bor are independent non-executive Directors and Mr. Takao Nishijima is the chairman of the Board and a non-executive Director. The chairman of the Nomination Committee is Mr. Takao Nishijima. The primary duties of the Nomination Committee include, among others, considering and recommending to the Board suitably qualified persons to act as a Director, reviewing the structure, size and composition of the Board on a regular basis and as required, evaluating the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2021, the Company repurchased a total of 422,000 shares on the Stock Exchange (the "**Share Repurchase**"), among which 232,000 shares were cancelled on 2 June 2020 and 190,000 shares were cancelled on 19 January 2021. Details of the Share Repurchase are as follows:

Month of Repurchase	Number of shares repurchased	Price per Share Highest	Price per Share Lowest	Aggregate price (excluding commission fee)
		HK$	*HK$*	*HK$*
April	219,000	6.45	6.00	1,364,570
May	13,000	6.45	6.26	83,000
August	171,000	6.36	5.65	1,015,050
September	19,000	6.50	6.18	119,460

The Board believes that the Share Repurchase may, depending on market conditions and funding arrangements at that time, lead to an enhancement of its earning per share, and will benefit the Company and shareholders.

Save as disclosed above, there was no purchase, sale and redemption of the listed securities of the Company by the Company or any of its subsidiaries during the year ended 31 March 2021.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held in Hong Kong on Monday, 16 August 2021. Notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 11 August 2021 to Monday, 16 August 2021, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to qualify for the right to attend and vote at the forthcoming AGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 10 August 2021. In addition, the register of members of the Company will be closed from Monday, 23 August 2021 to Wednesday, 25 August 2021, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 20 August 2021.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statements of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and relevant notes thereto for the year ended 31 March 2021 as set out in the preliminary results announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by Ernst & Young on the preliminary results announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.tsugami.com.cn). The Company's annual report for the year ended 31 March 2021 will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 28 June 2021

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 are Mr. Takao Nishijima, Ms. Mami Matsushita and Mr. Kenji Yoneyama; and the independent non-executive directors are Dr. Eiichi Koda, Dr. Huang Ping and Mr. Tam Kin Bor.

* *for identification purpose only*