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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)**

### **VOLUNTARY ANNOUNCEMENT ADOPTION OF SHARE AWARD SCHEME**

The Board is pleased to announce that on 10 November 2023, the Board approved the adoption of the Scheme. The Scheme is a share award scheme pursuant to which existing Shares will be purchased by the Trustee from the secondary market out of cash contributed by the Group and be held on trust for the Selected Participants until such Shares are vested with the Selected Participants in accordance with the Scheme Rules. No share options can be granted under the Scheme.

The Scheme constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, the Scheme does not involve granting awards that are to be satisfied by issue of new shares. Therefore, the Scheme does not constitute a scheme involving issue of new shares as referred to in Chapter 17 of the Listing Rules and the adoption of the Scheme will not be subject to Shareholders' approval and this announcement is made on a voluntary basis.

A summary of the principal terms of the Scheme Rules is set out below.

#### **ADOPTION OF THE SCHEME**

##### **Purposes and Objectives**

The purpose of the Scheme is to (i) recognise contributions made by certain Eligible Participants and to provide the Eligible Participants with incentives to, through their opportunity in ownership of the equity interests in the Company and sharing of the results of the Group's strategic development, contribute to the Group and increase the value of the Company and the Shares, thereby benefiting the Company and the Shareholders as a whole; and (ii) retain talents and attract suitable personnel for further development of the Group. For the avoidance of doubt, this Scheme does not preclude the Group from providing incentives to any Eligible Participants by way of other benefits.

##### **Administration**

The Scheme shall be subject to the administration of the Board Committee in accordance with the Scheme Rules. The Trustee will hold and if applicable apply the Scheme Shares and the income derived therefrom in accordance with the terms of the Trust Deed.

##### **Eligible Participants**

Eligible Participants under the Scheme includes any Employee Participant, Related Entity Participant or Service Provider, provided that the Board Committee shall have absolute discretion to determine whether or not one falls within the above categories.

## **Scheme Limit**

The Board Committee shall not make any further Award which will result in the total number of the Awarded Shares awarded and approved by the Board Committee, without taking into account the Awarded Shares that are rejected by a Selected Participant or which have lapsed pursuant to the Scheme, under the Scheme, to be in excess of 6% of the issued share capital of the Company as at the Adoption Date.

The maximum number of Awarded Shares that may be awarded to any Selected Participant under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

## **Duration and Termination**

Unless terminated earlier by the Board Committee pursuant to the Scheme Rules, the Scheme shall be valid and effective for a term of ten (10) years commencing from the Adoption Date, after which period, no further Awards shall be granted or accepted.

Upon termination, (i) all Awarded Shares and Related Income shall become vested in the relevant Selected Participants on such date of termination save in respect of lapse as referred in the Scheme Rules; and (ii) net sale proceeds (after making appropriate deductions) of the Returned Shares and such non-cash income together with the Residual Cash and such other funds remaining in the Trust shall be remitted to the Company forthwith.

## **Operation**

### ***Contribution to the Trust***

The Board Committee may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company or any subsidiary of the Company as directed by the Board Committee which shall constitute part of the trust fund, for the purchase of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

### ***Purchase of Scheme Shares***

The Board Committee may, at such time as it considers appropriate, instruct the Trustee to apply the fund described in the paragraph headed “Contribution to the Trust” above to purchase Shares on the Stock Exchange at the then prevailing market price.

### ***Grant of awards***

The Board Committee may, from time to time, at its sole and absolute discretion, select the Eligible Participants, other than the Excluded Participants, to participate in the Scheme, and determine the number of Scheme Shares to be awarded to the Selected Participants, the vesting dates of Awarded Shares (the “**Vesting Date(s)**”) and the vesting conditions in respect of Awarded Shares.

In determining the Selected Participants, the Board Committee may take into consideration matters including whether the relevant Eligible Participant has the same aspirations for the Group’s business development, the present and expected contribution of the relevant Eligible Participant to the Group, the general financial condition of the Group, overall business objectives and future development plan and other matters which the Board Committee considers necessary.

The Trustee shall hold the Awarded Shares until they are vested with the Selected Participants in accordance with the Scheme Rules.

### ***Vesting of Awarded Shares***

Subject to the terms and conditions of the Scheme and the fulfillment of all vesting conditions to the vesting of the Awarded Shares on such Selected Participant as specified in the Scheme and the relevant grant instrument, the respective Awarded Shares held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Participant in accordance with the terms of the Scheme.

### **Restrictions**

No Award shall be made by the Board Committee pursuant to the Scheme and no instructions to acquire Shares shall be given to the Trustee under the Scheme where any Director is in possession of unpublished inside information in relation to the Group or the Company's securities, or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules and regulations from time to time.

Without limiting the generality of the foregoing, no such instruction is to be given and no such award is to be made by the Board Committee:

- (a) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the annual results;
- (c) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant quarterly or half-year period of the financial period up to the publication date of the relevant quarterly or half-year results;
- (d) in any circumstances which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

## **Lapse of Awards**

Upon the occurrence of, including but not limited to, any of the following events, each unvested Award to the relevant Selected Participant shall automatically lapse forthwith and all the unvested Awarded Shares and Related Income shall not be vested in the relevant Selected Participant but shall become Returned Shares for the purposes of the Scheme:

- (a) the Selected Participant ceases to be an Eligible Participant, whether by voluntary resignation or dismissal or otherwise or a notice of termination of employment or termination of service of such Selected Participant has been served (whether by the Selected Participant or any member of the Group or Related Entity) (but other than in the event of death, normal retirement or early retirement by agreement of the Selected Participant as referred to in the Scheme);
- (b) the Selected Participant fails to fulfil the vesting conditions (if any) in respect of the Awarded Shares;
- (c) the Selected Participant has committed any act of fraud or dishonesty or serious misconduct; and
- (d) the Selected Participant has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time in Hong Kong or in other jurisdictions.

## **Rights attaching to the Awards Shares**

Prior to the vesting of the Awarded Shares, a Selected Participant is not entitled to any interests or rights (including the right to vote or receive dividends or cash income) in the Awarded Shares and Related Income.

## **Voting rights**

No instructions shall be given by a Selected Participant (including, without limitation, voting rights) to the Trustee in respect of the Awarded Shares that have not been vested. The Trustee shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust, including but not limited to the Awarded Shares, the Related Income, the Scheme Shares, the Related Scheme Income and the Returned Shares.

## **Transferability**

Prior to the Vesting Date, any Award made under the Scheme Rules shall be personal to the Selected Participant and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the Awarded Shares or Related Income referable to him/her pursuant to such Award.

## **Alteration of the Scheme**

Subject to the provisions of the Scheme, the Scheme may be altered in any respect by resolution of the Board Committee provided that no such alteration shall operate to affect adversely the terms of any Award granted or agreed to be granted and the subsisting rights of any Selected Participant prior to such alteration except with the consent of such Selected Participant or a sanction of a special resolution is passed at a meeting of the Selected Participants at which a necessary quorum is present in accordance with the Scheme Rules.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Adoption Date”	10 November 2023, the date on which the Scheme was approved and adopted by the Board;
“Award”	an award of Shares (together with any Related Income) by the Board Committee to a Selected Participant pursuant to the terms of the Scheme;
“Awarded Shares”	the Shares awarded or to be awarded to a Selected Participant as determined by the Board Committee as the case may be;
“Board Committee”	the Board, including such committee or such sub-committee or person(s) delegated with the power and authority by the Board to administer the Scheme and if no such committee or such sub-committee or person(s) delegated with the power and authority by the Board to administer the Scheme has been established, then the remuneration committee of the Company from time to time;
“Board”	the board of Directors;
“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;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company or any subsidiary of the Company as permitted under the Scheme as determined by the Board Committee from time to time;
“Director(s)”	the director(s) of the Company;
“Eligible Participant”	any Employee Participant, Related Entity Participant or Service Provider, provided that the Board Committee shall have absolute discretion to determine whether or not one falls within the above categories;

“Employee Participant(s)”	any employee, including without limitation, the director, executive, officer and other employees, whether full-time or part-time, of any member of the Group from time to time;
“Excluded Participant(s)”	any Eligible Participant who is resident in a place where, as determined by the Board Committee or the Trustee (as the case may be), the grant, vesting and/or settlement of the Awarded Shares and Related Income pursuant to the terms of the Scheme at the time of the proposed grant, vesting and/or settlement is not permitted under the laws and regulations of such place, or where in the view of the Board Committee or the Trustee (as the case may be), compliance with the applicable laws and regulations of such place makes it necessary or expedient to exclude such Eligible Participant;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Related Entity”	any holding company, fellow subsidiary or associated company of the Company;
“Related Entity Participant(s)”	any director or employee of the Related Entity;
“Related Income”	in relation to the Awarded Shares, all cash dividends and cash distributions, bonus shares and scrip shares received in connection with the relevant Awarded Shares, but excluding any nil-paid rights, warrants, options and/or non-cash distributions which are derived from the Awarded Shares or the net proceeds from any sale of such rights, warrants, options and/or non-cash distributions and the Residual Cash;
“Residual Cash”	the cash remaining in the trust fund held by the Trustee in respect of the Scheme not derived from the Awarded Shares or the Scheme Shares, including interest income derived from deposits maintained with banks in Hong Kong;

“Related Scheme Income”	in relation to the Scheme Shares, all cash dividends and cash distributions, bonus shares and scrip shares received in connection with the relevant Scheme Shares, but excluding any nil-paid rights, warrants, options and/or non-cash distributions which are derived from the Scheme Shares or the net proceeds from any sale of such rights, warrants, options and/or non-cash distributions and the Residual Cash;
“Returned Share(s)”	such Awarded Shares, Related Income, Scheme Shares and Related Scheme Income held by the Trustee upon trust under the Scheme which have failed to vest and/or are forfeited in accordance with the terms of the Scheme;
“Scheme”	the share award scheme of the Company approved and adopted by the Board on the Adoption Date, in its present form or as amended from time to time in accordance with the provisions thereof;
“Scheme Rules”	the rules relating to the Scheme, as amended, modified or supplemented from time to time;
“Scheme Shares”	the Shares acquired or to be acquired by the Trustee pursuant to the instruction of the Board Committee from time to time for the purpose of the Scheme and kept for the time being in the pool of the trust fund until awarded to the Selected Participants as Awarded Shares as the case may be;
“Service Provider(s)”	any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including any of the following persons: <ul style="list-style-type: none"> <li>(a) any person or entity (as independent contractor, consultant, advisor or otherwise) that provides support or any advisory, consultancy, professional or other services to any members of the Group, including but not limited to support or services in relation to design, research, development, marketing, innovation upgrading, strategic or commercial planning on corporate image, investor relations, product quality control, regulations and policies;</li> <li>(b) any supplier of goods or services to any members of the Group; and</li> <li>(c) any business partner, including joint venture partner, franchisee, contractor, agent or other contractual party, of any members of the Group;</li> </ul>

provided that (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, or (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall not be Service Providers for the purpose of the Scheme;

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Selected Participant(s)”	any Eligible Participant selected by the Board Committee for the Award in accordance with the Scheme Rules or (where the context so permits) the legal personal representative of such deceased Selected Participant;
“Share(s)”	ordinary shares of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trustee”	BOCI Trustee (Hong Kong Limited), or such other professional trustee to be appointed by the Company of the trusts to be declared in the Trust Deed, who are independent third party to the Company;
“%”	per cent.

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

Hong Kong, 10 November 2023

*As at the date of this announcement, the executive directors of the Company are Dr. Tang Donglei and Dr. Li Zequn; the non-executive directors of the Company are Mr. Takao Nishijima, Ms. Mami Matsushita and Mr. Kenji Yoneyama; and the independent non executive directors of the Company are Dr. Satoshi Iwabuchi, Dr. Huang Ping and Mr. Tam Kin Bor.*