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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 GRANT OF AWARDED SHARES AND SHARE PURCHASES PURSUANT TO THE SHARE AWARD SCHEME

This announcement is made by Precision Tsugami (China) Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis. Reference is made to the announcement of the Company dated 10 November 2023 (the “**Announcement**”) in relation to the share award scheme adopted by the Company (the “**Share Award Scheme**”). Unless otherwise defined, capitalised terms used in this announcement have the same meanings of those as defined in the Announcement.

GRANT OF AWARDED SHARES PURSUANT TO THE SHARE AWARD SCHEME

On 11 March 2024, based on the recommendation of the remuneration committee of the Company (the “**Remuneration Committee**”), the Board resolved to grant a total of 2,225,000 awarded Shares (the “**Awarded Shares**”), which are existing Shares held by the Trustee through acquisition from the secondary market by utilising the Company’s internal resources provided to the Trustee, to 31 share award grantees (the “**Grantee(s)**”), pursuant to the Share Award Scheme at nil consideration, subject to any rejections by the Grantees.

Details of the Awarded Shares are as follows:

Date of grant	:	11 March 2024
Number of Shares granted	:	2,225,000
Number of Grantees	:	31
Vesting conditions	:	The Awarded Shares shall vest in the Grantees subject to the terms of the Share Award Scheme. Vesting of the Awarded Shares will be conditional on the relevant Grantee remaining a director or employee of the Group or, if applicable, any Related Entity until and on each of the vesting date(s) and his/her execution of the relevant documents to effect the transfer from the Trustee.
Vesting date	:	100% of the total number of Awarded Shares granted to each of the Grantees shall be vested in such Grantee on 11 March 2027.

Among the aggregate 2,225,000 Awarded Shares, 1,300,000 Awarded Shares are granted to four Directors and ten employees who are connected persons of the Group, and the remaining 925,000 Awarded Shares are granted to other employees of the Group.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, each of the Grantees is a third party independent of the Company and its connected persons.

The 2,225,000 Awarded Shares granted to the Grantees represent approximately 0.58% of the issued share capital of the Company as at the date of this announcement. The 2,225,000 Awarded Shares represent the value of approximately HK\$20,670,250, taking into account of the closing price of HK\$9.29 per Share as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant of the Awarded Shares.

The Company confirms that (i) the total number of Shares awarded and approved by the Board under the Share Award Scheme, without taking into account the Awarded Shares (if any) that are rejected by a Selected Participant or which have lapsed pursuant to the Share Award Scheme, has not exceeded 6% of the issued share capital of the Company as at the Adoption Date; and (ii) the aggregate number of Shares awarded to each of the Grantees pursuant to the Share Award Scheme has not exceeded 1% of the issued share capital of the Company as at the Adoption Date.

REASONS FOR AND BENEFITS OF THE GRANT OF THE AWARDED SHARES

The purpose of the Share Award 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.

The purpose of the grant of the Awarded Shares to the Grantees is to (i) recognise the Grantees' contribution to the operation and the performance of the Group; and (ii) incentivise the Grantees to remain with the Group or a Related Entity and to endeavour to contribute to the development of the Group in the future. As such, the Remuneration Committee holds the view that the grant of the Awarded Shares and its terms are consistent with the purpose of the Share Award Scheme.

The Directors (including the independent non-executive Directors) are of the view that the grant of the Awarded Shares to the Grantees, the respective terms and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHARES PURCHASED PURSUANT TO THE SHARE AWARD SCHEME

During the period from 29 December 2023 to 2 February 2024, the Trustee made on-market purchases of 3,001,000 Shares in aggregate (the “**Shares Purchased**”) by utilising the funds provided by the Company to the Trustee for the purpose of the Share Award Scheme.

Details of the Shares Purchased are as follows:

Total number of Shares Purchased	:	3,001,000 Shares
Percentage of the Shares Purchased to the total number of issued share capital of the Company as at the date of this announcement	:	Approximately 0.79%
Total consideration paid for the Shares Purchased	:	HK\$27,909,840
Average consideration per Share Purchased	:	Approximately HK\$9.30

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANT

As all the 2,225,000 underlying Awarded Shares will be satisfied by the corresponding portion of the Shares Purchased, no new Shares will be issued by the Company and the grant of the Awarded Shares will not result in any dilution effect to the number of total issued Shares upon vesting thereof.

Immediately after the grant of the Awarded Shares, 20,623,240 Shares will be available for future grant under the scheme limit of the Share Award Scheme.

LISTING RULES IMPLICATIONS

The grant of the Awarded Shares to the Grantees has been approved by the Remuneration Committee and the Board (including all independent non-executive Directors, save and except that the relevant Directors who are Grantees have abstained from voting in relation to the respective grant of Awarded Shares to himself/herself). The grant of the Awarded Shares to each of the relevant Directors constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, no new Shares will be issued upon the vesting of such Awarded Shares. As the grant of such Awarded Shares to such Directors also forms part of their remuneration packages under their respective service contracts with the Company, it is therefore exempt from the reporting, announcement and independent Shareholders’ approval requirements under Rule 14A.73(6) and Rule 14A.95 of the Listing Rules.

The grant of the Awarded Shares to each of the Grantees who are employees and connected persons of the Group constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (as defined under the Listing Rules) are below 0.1% and the grant of the Awarded Shares is on normal commercial terms, such grant of the Awarded Shares to each of such Grantees is fully exempt from reporting, announcement and independent Shareholders' approval under Rule 14A.76(1) of the Listing Rules.

The Share Award Scheme of the Company shall be funded solely by existing Shares purchased by the Trustee under the Share Award Scheme, and this grant of the Awarded Shares is only subject to the disclosure requirements under Rule 17.12 of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 11 March 2024

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.