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For Immediate Release

Company Name: TSUGAMI CORPORATION
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Establishment of a new company and Acquisition of non-current assets (construction of a new plant)

TSUGAMI CORPORATION (the “Company”) announces that its consolidated subsidiary, chinese production company, Precision Tsugami (China) Corporation (“PTC”) has decided to construct a new production plant through establishing a new company.

1. Outline of the consolidated subsidiary (Chinese production company)

- (1) Trade name: 津上精密机床(浙江)有限公司 ("PTC")
- (2) Location: 2001 Pingcheng Road, Pinghu Economic and Technology Development District, Zhejiang province, the PRC
- (3) Representative: Takao Nishijima
- (4) Other: A wholly-owned subsidiary of Precision Tsugami (China) Corporation Limited listed on the Main Board of The Stock Exchange of Hong Kong in September 2017.

2. Outline of a new company

- (1) Trade name: 安徽津上精密机床有限公司
- (2) Location: Ma'anshan, Bowang District, Anhui Province, the PRC
- (3) Capital: Renminbi (RMB) 50 million (Share held by PTC: 100%)
(approx. Japanese yen (JPY) 840 million)
- (4) Purpose: To increase the production capacity of the Group, maintain the strong output of metal castings and CNC high precision machine tools and expand the PRC market
(Exchange rate: RMB 1=16.81 yen as of March 20, 2018)

3. Content of the Investment (Construction of a new plant)

- (1) Total investment amount: approx. RMB200 million (approx. JPY 3,360 million)
- (2) Breakdown Land and construction of plant: approx. RMB 110 million
Production machinery and equipment: approx. RMB 85 million
General working capital: approx. RMB 5 million

(Exchange rate: same as above)

4. Production capacity of a new company

Metal castings: 18,000 ton per year, Machine tools: 1,200 unit per year

5. Future schedule

From March to May 2018: Investment agreement with Industrial development zone and establishment of the new company

From June to August 2018: Commencement of the plant construction (construction period approx.18 months)

6. Future outlook

The new plant will be completed at the end of 2019 and production will start at the beginning of 2020.