

**CIRCULAR DATED 14 December 2023**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

Printed copies of this Circular, together with the Notice of EGM (as herein defined) and the accompanying Proxy Form (as herein defined) will be sent to members, and the electronic copies of which will be posted on the Company's corporate website at the following URL: <https://www.wpmlimited.com/> and the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") at the following URL: <https://www.sgx.com/securities/company-announcements>.

If you have sold or transferred all your shares in the capital of the World Precision Machinery Limited (the "**Company**"), you should forward this Circular, together with the Notice of EGM (as herein defined) and the accompanying Proxy Forms (as herein defined), to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED ACQUISITION OF 100% EQUITY OF A TO-BE INCORPORATED PROJECT COMPANY WITH CERTAIN HOSPITALITY ASSETS AND LIABILITIES TRANSFERRED FROM HAINAN XINGLONG PEARL INVESTMENT CO., LTD.**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Forms	:	27 December 2023 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	29 December 2023 at 2.00 p.m.
Venue of Extraordinary General Meeting	:	To be held by physical meeting at York Hotel Singapore, Marie Room II, Level 1, 21 Mount Elizabeth, Singapore 228516

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless otherwise stated.

<b>“Assets”</b>	:	Shall have the meaning ascribed to it in paragraph 2.1 of the Letter to Shareholders
<b>“Board”</b>	:	The Board of Directors of the Company
<b>“BOJ Loan”</b>	:	Shall have the meaning ascribed to it in paragraph 4.6.4 of the Letter to Shareholders
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	Shall mean the Company’s Circular to Shareholders dated 14 December 2023
<b>“Companies Act”</b>	:	The Companies Act 1967 of Singapore
<b>“Company”</b>	:	World Precision Machinery Limited
<b>“CPF”</b>	:	Central Provident Fund
<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“EGM”</b>	:	The extraordinary general meeting of the Company or any adjournment thereof
<b>“Final Tranche Payment”</b>	:	Shall have the meaning ascribed to it in paragraph 2.4.6 of the Letter to Shareholders
<b>“First Tranche Payment”</b>	:	Shall have the meaning ascribed to it in paragraph 2.4.1 of the Letter to Shareholders
<b>“Fourth Tranche Payment”</b>	:	Shall have the meaning ascribed to it in paragraph 2.4.4 of the Letter to Shareholders
<b>“FY2022”</b>	:	Financial year ended 31 December 2022
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“HSXT”</b>	:	Shall have the meaning ascribed to it in paragraph 2.6 of the Letter to Shareholders
<b>“HWTI”</b>	:	Hainan World Tourism Investment Co., Ltd.
<b>“Land”</b>	:	Shall have the meaning ascribed to it in paragraph 2.1.1 of the Letter to Shareholders
<b>“Land Use Rights”</b>	:	Shall have the meaning ascribed to it in paragraph 2.1.1 of the Letter to Shareholders
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Circular, being 4 December 2023
<b>“Liabilities”</b>	:	Shall have the meaning ascribed to it in paragraph 2.2 of the Letter to Shareholders
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST
<b>“Notice of EGM”</b>	:	Shall have the meaning ascribed to it in paragraph 1.3 of the Letter to Shareholders
<b>“NTA”</b>	:	Net tangible assets

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## DEFINITIONS

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<b>“Plan”</b>	: Shall have the meaning ascribed to it in paragraph 2.11 of the Letter to Shareholders
<b>“PRC”</b>	: The People’s Republic of China
<b>“Physical Meeting”</b>	: The EGM of the Company to be held on 29 December 2023 at 2.00 p.m., at York Hotel Singapore, Marie Room II, Level 1, 21 Mount Elizabeth, Singapore 228516
<b>“Project Company”</b>	: Shall have the meaning ascribed to it in paragraph 2 of the Letter to Shareholders
<b>“Project Co Equity”</b>	: Shall have the meaning ascribed to it in paragraph 2 of the Letter to Shareholders
<b>“Proposed Acquisition”</b>	: Shall have the meaning ascribed to it in paragraph 2 of the Letter to Shareholders
<b>“Proxy Form”</b>	: Shall have the meaning ascribed to it in note 8 of the Notice of EGM
<b>“Proxy Deadline”</b>	: Shall have the meaning ascribed to it in note 8 of the Notice of EGM
<b>“Purchase Price”</b>	: Shall have the meaning ascribed to it in paragraph 2.3 of the Letter to Shareholders
<b>“Resolution”</b>	: The proposed ordinary resolution to approve the Proposed Acquisition, the full text of which is set out in the Notice of EGM
<b>“RMB”</b>	: Renminbi, the lawful currency of the People’s Republic of China
<b>“Second Tranche Payment”</b>	Shall have the meaning ascribed to it in paragraph 2.4.2 of the Letter to Shareholders
<b>“Securities Accounts”</b>	: Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
<b>“Seller A”</b>	: Zhejiang Haiti Investment Real Estate Co., Ltd.
<b>“Seller B”</b>	: Zhoushan Ailifen Building Materials Co., Ltd.
<b>“Sellers”</b>	: Collectively, Seller A and Seller B
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	: Registered holders of the Shares except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
<b>“Shares”</b>	: Ordinary shares in the capital of the Company
<b>“SPA”</b>	: Share Purchase Agreement
<b>“SPDB Loan”</b>	: Shall have the meaning ascribed to it in paragraph 4.6.4 of the Letter to Shareholders
<b>“SRS”</b>	: Supplementary Retirement Scheme
<b>“Target Company”</b>	: Hainan Xinglong Pearl Investment Co., Ltd.

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## DEFINITIONS

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- “Third Tranche Payment”** : Shall have the meaning ascribed to it in paragraph 2.4.3 of the Letter to Shareholders
- “Wanning Yinhu Acquisition”** : Shall have the meaning ascribed to it in paragraph 2.5.2 of the Letter to Shareholders
- “YB”** : Shall have the meaning ascribed to it in paragraph 2.1.5 of the Letter to Shareholders
- “Yinhu Valuation”** : Shall have the meaning ascribed to it in paragraph 2.5.3 of the Letter to Shareholders
- “S\$”, “\$” and “cents”** : Singapore dollars and cents, respectively
- “%” or “per cent.”** : Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual, or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or the Listing Manual, or any modification thereof, as the case may be.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

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## DEFINITIONS

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### CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. However, these words are not the exclusive means of identifying forward-looking statements. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assume no obligation to update publicly or revise any forward-looking statement, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

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# LETTER TO SHAREHOLDERS

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## WORLD PRECISION MACHINERY LIMITED

(Incorporated in Singapore)  
(Company Registration No: 200409453N)

### Directors:

Mr. Shao Jianjun (Executive Chairman)  
Mr. Wang Weiyao (Non-Executive and Non-Independent Director)  
Ms. Low Mui Kee (Janice) (Lead Independent Director)  
Mr. Lim Yoke Hean (Independent Director)

### Registered Office:

9 Straits View  
#06-07 Marina One West Tower  
Singapore 018937

14 December 2023

To: The Shareholders of the Company

Dear Sir / Madam

## THE PROPOSED ACQUISITION OF 100% EQUITY OF A TO-BE INCORPORATED PROJECT COMPANY WITH CERTAIN HOSPITALITY ASSETS AND LIABILITIES TRANSFERRED FROM HAINAN XINGLONG PEARL INVESTMENT CO., LTD.

### 1. INTRODUCTION

- 1.1 The Board refers to the announcement released by the Company on 8 October 2023, in relation to the Proposed Acquisition.
- 1.2 As the Proposed Acquisition constitutes a “Major Transaction” under Chapter 10 of the Listing Manual, completion of the Proposed Acquisition is subject to the approval of Shareholders at the EGM. Accordingly, the Proposed Acquisition (save for the payment of the First Tranche Payment, see paragraph 2 below) is conditional upon the receipt of approval from the Shareholders at the EGM and the SGX-ST. Please refer to paragraph 4 of this Circular for further details on the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual.
- 1.3 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Acquisition and seek Shareholders’ approval in respect to the same at the EGM, notice of which is set out on pages 21 to 23 of this Circular (“**Notice of EGM**”).
- 1.4 The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.
- 1.5 Shook Lin & Bok LLP, with Perry Yuen as the Partner-in-charge, is the legal adviser to the Company as to Singapore law in relation to the Proposed Acquisition. No other external legal adviser has been engaged by the Company in relation to the Proposed Acquisition, though HWTI had appointed Beijing Dentons (Haikou) Law Firm (北京大成(海口)律师事务所) to undertake legal due diligence for purposes of the Proposed Acquisition, and has an in-house legal team to handle PRC law related matters.

### 2. The Proposed Acquisition

The Company’s wholly owned subsidiary, Hainan World Tourism Investment Co., Ltd. (海南沃得旅业投资有限公司 “**HWTI**”), has on 8 October 2023 entered into a Share Purchase Agreement (the “**SPA**”) with (i) Zhejiang Hait Investment Real Estate Co., Ltd. (浙江海地投资置业有限公司 “**Seller A**”) and (ii) Zhoushan Ailifen Building Materials Co., Ltd. (舟山市爱力奋建材有限公司 “**Seller B**”) and collectively, Seller A and Seller B, the “**Sellers**”), in relation to the acquisition of 100% equity of a to-be incorporated project company (the “**Project Company**”, and the equity of the Project Company, the “**Project Co Equity**” and the proposed acquisition of the Project Co Equity, the “**Proposed Acquisition**”). Prior to completion to the Proposed Acquisition, certain Assets (as defined below) and Liabilities (as defined below) will be transferred from Hainan Xinglong Pearl Investment Co., Ltd. (海南兴隆明珠投资有限公司 “**Target Company**”) to the Project Company.

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## LETTER TO SHAREHOLDERS

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### 2.1 Background Information

The assets of the Target Company comprise namely:-

2.1.1 land use rights over land located on the south side of Pearl Avenue, Xinglong Hot Spring Tourism City, Wanning City, Hainan Province, with an area of 52,668 sq m (the “**Land**” and the land use rights over the Land, the “**Land Use Rights**”), with a tenure of 39 years and 3 months, having commenced on 22 October 1998, and expiring on 31 December 2037, and the Land may only be used for tourism related purposes. The tenure may be renewed or extended, subject to negotiations;

2.1.2 building structures constructed on the Land which include 40 hotel villa property and other buildings; and

2.1.3 all ancillary facilities, appurtenances, landscaping on the Land,

(in aggregate, the “**Assets**”). See Appendix A for further details of the building structures and facilities to be transferred.

#### **Information on the Sellers and the Target Company**

2.1.4 As at the date of the SPA, Seller A and Seller B hold 76% and 24% of the equity of the Target Company respectively. Seller A and Seller B have no shareholding interest in HWTI as HWTI is wholly-owned by the Company. Insofar as the Company is aware, as at the Latest Practicable Date, Seller A and Seller B have no shareholdings in the Company.

2.1.5 The legal representative of the Target Company is Li Danbing (李丹兵). The directors of the Target Company are Li Danbing (李丹兵), Yu Bin (虞斌) (“**YB**”), Yu Chaowu (虞朝武) and Zhou Libo (周立波).

2.1.6 The equity holders of Seller A are YB, Sun Suzhen (孙素珍) and Yu Chaowu (虞朝武), in the equity proportion of 75%, 15% and 10% respectively, while Seller B is wholly owned by YB. The legal representatives of Seller A and Seller B are YB and Yu Chaowu respectively. Seller A and Seller B do not have any directors. Of note is that in the PRC, the legal representative is the person with the authority to enter into binding agreements and transactions with third parties.

#### **Key Outcome of Due Diligence Exercise and Transaction Structure Adopted**

2.1.7 The due diligence exercise was performed on the Target Company, covering financial, tax, business operations and legal issues. Of note is that the Target Company was incorporated on 7 May 1996, and has been actively conducting business operations to date.

2.1.8 The key outcome of the due diligence exercise was that the Target Company carried legacy issues, and the financial due diligence adviser, Zhonghui Jiangsu Tax Accountant Office Co., Ltd. (中汇江苏税务师事务所有限公司), recommended that the transaction structure should be such that the Target Company should transfer an agreed set of assets and liabilities (which are the Assets and Liabilities as defined in this Circular) to a newly incorporated company (which is the Project Company), have the Sellers and the Project Company settle all the Liabilities transferred, before the Group acquires 100% equity of the Project Company, with Assets only, and zero Liabilities. In addition, the Sellers are to undertake to take full responsibility for any third party claims against the Project Company incurred or arising prior to completion of the Proposed Acquisition.

2.1.9 By adopting this transaction structure, which the Group has done so, the Group will not inherit any of the legacy issues of the Target Company when acquiring 100% of the equity of the Project Company.

2.1.10 See paragraph 4.4 below for other professionals appointed to conduct the due diligence exercise with respect to the Proposed Acquisition.



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## LETTER TO SHAREHOLDERS

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- 2.2 The Sellers will procure the Target Company to transfer (i) the Assets and (ii) certain liabilities aggregating RMB52,581,202 identified and agreed to between the Sellers and HWTI (the "**Liabilities**"), to the Project Company, a company to be incorporated in the PRC by Seller A and Seller B, in the equity proportion of 76% and 24% respectively, with its business scope to include the provision of accommodation and catering services. The Assets to be transferred are namely the Land, and structures, buildings, fixtures on the Land, and do not include other assets of the Target Company unrelated to the Land. The Liabilities identified will be liabilities which will be due to Seller A, Yu Bin, and/or related entities of the Target Company.
- 2.3 Upon transfer of the Assets and Liabilities from the Target Company to the Project Company, the Sellers shall transfer 100% of the Project Co Equity to HWTI for a consideration of RMB 160 million (the "**Purchase Price**") to be paid by HWTI in cash, of which approximately RMB107,418,798 is to be paid to the Sellers, and the balance RMB52,581,202 is to be injected as equity into the Project Company, to be applied by the Project Company towards the settlement of the Liabilities. All taxes, fees payable to third parties and other expenses arising from the Proposed Acquisition shall be borne by the Sellers and the HWTI respectively in accordance with the laws of PRC.
- 2.4 The salient terms of the SPA, including the material conditions to the Proposed Acquisition and the timing for the payment of the Purchaser Price, are set out below.

The Purchase Price is payable in 6 tranches, as follows:-

- 2.4.1 The first tranche payment of 12.5% of the Purchase Price, being RMB 20 million (the "**First Tranche Payment**"), is payable to the Sellers within 5 days from the date of the signing of the SPA, and as at the Latest Practicable Date, the First Tranche Payment has already been paid;
- 2.4.2 The second tranche payment of 15% of the Purchase Price, being RMB 24 million (the "**Second Tranche Payment**"), is payable by the Company by way of an equity capital injection into the Project Company (see paragraph 2.4.2(c) below) within 90 days of the signing of the SPA, provided that the conditions set out below are fulfilled:
- (a) The Sellers shall have successfully incorporated the Project Company with a paid up equity of RMB 28.8 million, procured the registration of all licences related to the Assets, including but not limited to real estate ownership certificates, fire protection permits, health permits and special industry permits, for the Project Company, and the business of the Project Company shall be jointly managed by the Sellers and HWTI.
  - (b) The Sellers settling in full all taxes and fees arising and due from transferring the Assets and Liabilities from the Target Company to the Project Company, and obtaining the relevant tax payment certificate.
  - (c) HWTI having completed the registration of an increase in capital of the Project Company of RMB 24 million.
  - (d) The Company obtaining the approval by (aa) the relevant regulatory authorities (including but not limited to the SGX-ST), (bb) the Board and Shareholders of the Company. The Sellers shall work with HWTI and provide such necessary information to assist HWTI to obtain the above approvals.

Upon fulfilment of the conditions set out above, HWTI shall inject equity capital of RMB 24 million, being the Second Tranche Payment, to the Project Company, where the proceeds from the Second Tranche Payment shall be applied by the Project Company to settle debts owing to related parties of the Sellers, being part settlement of the Liabilities transferred. Upon payment of the Second Tranche Payment, HWTI will obtain an equity stake amounting to 45% of the enlarged Project Co Equity.

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## LETTER TO SHAREHOLDERS

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- 2.4.3 The third tranche payment of 12.5% of the Purchaser Price, being RMB 20 million (the **“Third Tranche Payment”**), which shall be paid by the HWTI either (i) by way of an equity capital injection to the Project Company and/or (ii) to the Sellers, such that HWTI obtains 60% of the enlarged Project Co Equity, where the proceeds from the Third Tranche Payment shall be applied by the Project Company towards the further part settlement of the Liabilities transferred to the Project Company. The Third Tranche Payment is payable within 120 days of the signing of the SPA, provided:
- (a) The conditions set out in paragraph 2.4.2 above are fulfilled and remain fulfilled.
  - (b) The Sellers having completed the registration of the Project Company’s increase in capital of RMB 20 million.
  - (c) The articles of association, the legal representative of the Project Company, directors, supervisors and senior management are replaced by persons appointed by HWTI, who shall be employees of the Group.
  - (d) The Sellers procuring the Project Company register HWTI as owning 60% of the enlarged Project Co Equity.
  - (e) The Sellers shall have terminated the lease with HSXT, and that all operations involving the Assets will have similarly been ceased and terminated.
  - (f) The Company shall have sole management rights over the business of the Project Company.
  - (g) the Sellers shall handover the operation and control of the business of the Project Company and deliver all physical Assets to HWTI.
- 2.4.4 The fourth tranche payment of 20% of the Purchase Price, being RMB 32 million (the **“Fourth Tranche Payment”**) which shall be paid by HWTI by way of equity injection into the Project Company and/or paid to the Sellers, and is payable within 6 months of the date of the SPA, provided:
- (a) The conditions set out in paragraph 2.4.3 above are fulfilled and remain fulfilled.
  - (b) All Liabilities of the Project Company have been fully repaid.
  - (c) The Sellers transferring the balance 40% of the enlarged Project Co Equity to the Company, and that the transfer is successfully registered, resulting in HWTI owning 100% of the enlarged Project Co Equity.
- 2.4.5 The fifth tranche payment of 30% of the Purchase Price, being RMB 48 million, and is payable within 12 months of the date of the SPA, provided:
- (a) The conditions set out in paragraph 2.4.4 above are fulfilled and remain fulfilled.
  - (b) The Sellers’ obligations under the SPA having been fully performed and discharged.
  - (c) There being no claims against the Project Company for any previously undisclosed liabilities.
  - (d) HWTI shall pledge 20% of the Project Co Equity to the Sellers, and such pledge is to be released by the Sellers upon HWTI paying the Final Tranche Payment.
- 2.4.6 The final tranche payment of 10%, being RMB 16 million (the **“Final Tranche Payment”**), shall be paid within 24 months of the signing of the SPA for so long as there are no claims against the Project Company for any previously undisclosed liabilities, and where there are such undisclosed liabilities arising, Sellers shall be liable to bear the responsibility to discharge such undisclosed liabilities.
- 2.4.7 The Sellers and Target Company have given representations that they have fully disclosed all of Target Company’s liabilities, and in the event of (i) any other liabilities arising (contingent or otherwise) other than the Liabilities, and (ii) any third party claims against the Project Company incurred or arising prior to completion of the Proposed Acquisition, the Sellers and Target Company have undertaken to take full responsibility for all such other liabilities arising and claims incurred or arising, and YB has also executed a joint and several guarantee in favour of HWTI for the performance of the Sellers’ obligations under the SPA. Furthermore, HWTI shall have the right to set off against the Final Tranche Payment payable, for any liabilities and claims arising from any third party against the Project Company incurred or arising prior to completion of the Proposed Acquisition.

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## LETTER TO SHAREHOLDERS

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- 2.4.8 For the Sellers, in the event there is any delay in performing their obligations, each day of delay shall result in the Sellers having to pay HWTI liquidated damages amounting to 0.1% of the Purchase Price, and if the delay exceeds 15 days, HWTI may terminate the SPA and the Sellers shall be liable to pay liquidated damages amounting to 20% of the Purchase Price. For HWTI, in the event there is any delay in payment, each day of delay shall result in HWTI having to pay the Sellers liquidated damages amounting to 0.05% of the Purchase Price, and if the delay exceeds 15 days, the Sellers may terminate the SPA and HWTI shall be liable to pay liquidated damages amounting to 20% of the Purchase Price.
- 2.4.9 All Assets to be transferred to the Project Company shall be transferred on the basis that that Assets are free of all encumbrances. The Project Co Equity are to be transferred on the basis that they are free of all encumbrances.
- 2.4.10 There is no put, call or other option over the Project Co Equity.
- 2.4.11 In compliance with Rule 1014(4), in the event the Proposed Acquisition is not completed or is rescinded by any party to the transaction due to any reason, the Company will immediately announce via SGXNET the following:
- (a) the reasons for the non-completion or rescission of the transaction;
  - (b) the financial impact of the non-completion or rescission on the Company; and
  - (c) the possible course(s) of action to protect the interests of the Shareholders of the Company, and
  - (d) the Company will provide timely updates on the specific course of action including its progress and outcome.
- 2.4.12 In addition to paragraph 2.4.11, the Company will also provide updates to Shareholders should the Company be aware of other material conditions to be fulfilled for the Proposed Acquisition and any material updates to the Proposed Transaction after incorporation of the Project Company.
- 2.4.13 The Board has considered and is unanimously satisfied that the financial risks arising from the Proposed Acquisition has been materially and sufficiently mitigated. The Board has noted the following:-
- (a) as set out in paragraph 2.1.8 and 2.1.9 above, by adopting the transaction structure as recommended by the financial due diligence adviser, the Group will not inherit any legacy issues of the Target Company when acquiring 100% of the equity of the Project Company. In other words, though this is technically an acquisition of equity in the Project Company, in substance, by adopting the transaction structure, HWTI is acquiring the Assets, free of encumbrances;
  - (b) as set out in paragraph 2.4.9, the Assets are to be transferred from the Target Company to the Project Company free of encumbrances;
  - (c) as set out in paragraph 2.4.4(b), all the Liabilities transferred to the Project Company, which are specific liabilities identified by the Sellers and HWTI, are to be fully repaid as a condition to the payment of the Fourth Tranche Payment. It is further noted that the Liabilities identified are liabilities which will be due to Seller A, Yu Bin, and/or related entities of the Target Company, and not to other third parties;
  - (d) as set out in paragraph 2.4.7, any third party claims against the Project Company incurred or arising prior to completion of the Proposed Acquisition, the Sellers and Target Company have undertaken to take full responsibility for all such other liabilities arising and claims incurred or arising, and that YB has also executed a joint and several guarantee in favour of HWTI for the performance of the Sellers' obligations under the SPA. Furthermore, HWTI shall have the right to set off against the Final Tranche Payment payable, for any liabilities and claims arising from any third party against the Project Company incurred or arising prior to completion of the Proposed Acquisition;
  - (e) given the above, the risk of any other liabilities arising and claims incurred or arising other than the Liabilities is low; and
  - (f) to the personal knowledge of Mr Wang Weiyao and Mr Shao Jianjun, the two PRC based directors of the Company, YB is a prominent businessman and a person of means. HWTI has also obtained a report dated 8 June 2023 extracted from the Credit Reference Center, The People's Bank of China in relation to YB, which shows that YB is a person in good credit standing, and accordingly, there is no reason to doubt the financial credibility of YB.

## LETTER TO SHAREHOLDERS

### 2.5 Pro Forma Balance Sheets of the Project Company at Completion of the Proposed Acquisition

#### 2.5.1 The Pro Forma Balance Sheet of the Project Company as at Completion is as follows:

	Per Target B/S RMB'000	Agreed Adjustment RMB'000	Adjusted Book Value RMB'000	Take over Allocation Adjustment RMB'000	Pro Forma Project Company at Completion RMB'000
<b>Assets</b>					
Cash and bank balances	364	-364	-	-	-
Trade receivables	142	-142	-	-	-
Other receivables	19,689	-19,689	-	-	-
Stocks	3,169	-3,169	-	-	-
Investments	42,990	-42,990			
Property, plant and equipment	33,404	-3,861	29,543	25,905	55,448
Land use rights	25,995	-14,250	11,745	92,807	104,552
	<b>125,753</b>	<b>-84,465</b>	<b>41,288</b>	<b>118,712</b>	<b>160,000</b>
<b>Liabilities</b>					
Trade payables	540	-540	-	-	-
Other payables	60,344	-7,763	52,581	-52,581	-
Tax payables	96	-96	-	-	-
	<b>60,980</b>	<b>-8,399</b>	<b>52,581</b>	<b>-52,581</b>	<b>-</b>
<b>Net assets</b>	<b>64,773</b>	<b>-76,066</b>	<b>-11,293</b>	<b>171,293</b>	<b>160,000</b>
<b>Equity</b>					
Share capital	90,000	-61,200	28,800	52,581	81,381
Capital reserves	135,761	-	135,761		135,761
Fair value reserves	-	-	-	118,712	118,712
Retained earnings	-160,988	-14,866	-175,854	-	-175,854
	<b>64,773</b>	<b>-76,066</b>	<b>-11,293</b>	<b>171,293</b>	<b>160,000</b>

The agreed adjustment of RMB3,861,000 for plant property and equipment, and RMB14,250,000 for land use rights are for property, plant and equipment and land use rights in the Target Company that were not part of the Assets transferred to the Project Company. The agreed adjustment of RMB7,763,000 to "Other payables" are liabilities owing to third parties that were not part of the Liabilities transferred to the Project Company.

The Land Use Rights were recorded at cost in the Target Company and amortised over its lease period. The Target Company did not recognise any impairment loss previously in respect of the plant, property and equipment, and land use rights. The Group will not be taking over any other contracts, agreements or contractual obligation in relation to plant property and equipment, and land use rights.

The net tangible asset of the Project Company (the "NTA"), immediately post completion, is based on adjustments of its balance sheet to take into account (a) the settlement in full by the Project Company of all Liabilities, (b) the Sellers undertaking to settle any other liabilities (contingent or otherwise) of the Project Company arising up to Completion, (c) the value of the Land Use Right after taking into account of the current market value of similar parcels of land in the vicinity of the Land, and (d) the allocation of ratio of asset values as between Land Use Rights, and property, plant and equipment using the ratio adopted for the Yinhu Valuation as reference. In determining what the current market value is, the management of the Group had referenced the average price per square metre for the reserve price of 2 plots of land (both of which have a tenure of 40 years), the first of which may be used for tourism related purposes, the second of which, may be used for retail commercial purposes (and which in the PRC, this means it may also be used for tourism related purposes),

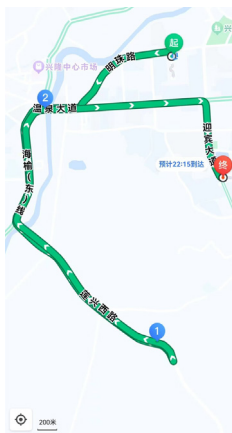
## LETTER TO SHAREHOLDERS

which are similar in nature to the Land, released by the Hainan Government for public auction in October 2022, the information of which is as follows:-

Area (Sqm)	Total consideration		
	RMB	Price per Sqm	
4,790.00	12,720,000.00	2,655.53	万宁市兴隆华侨旅游经济区温泉大道南侧地段
26,000.00	76,970,000.00	2,960.38	万宁市兴隆旅游度假区兴梅大道东侧地段
30,790.00	89,690,000.00	2,912.96	Average per square meter

For reference purposes only, to benchmark the Purchase Price to the value of the Land Use Right, the land area attributable to the Land Use Right is 52,668.00 square metres and at RMB2,912.96 per square metre, this amounts to RMB153,419,777. This is before attributing value to the property, plant and equipment which are situate on the Land, and which are part of the Assets transferred. Shareholders are to note that the values of the 2 plots of land are strictly for reference only, and are not meant for making any accounting adjustments. As mentioned in paragraph 2.5.4 below, this is one of the pieces of information which the management team of the Group had taken into consideration.

- 2.5.2 As a further reference, when the Group acquired Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd. (the **“Wanning Yinhu Acquisition”**), the land the Group had acquired then was 54,430 square metres and property, plant and equipment which are situate on the land for a total consideration of RMB 155 million, which was RMB 2,847.69 per square metre. The Assets to be acquired pursuant to the Proposed Acquisition, will be acquired at the value of RMB 3,037,89 per square metre.
- 2.5.3 Of note is that for purposes of preparation of the Group’s audited financial statements for the financial year 2023, at the request of the external auditors of the Group, Mazars LLP, the Company had commissioned an independent valuation of the Wanning Yinhu Acquisition. For reference purposes only, the Wanning Yinhu Acquisition was valued at RMB157,126,100 (the **“Yinhu Valuation”**), which resulted in a negative goodwill of RMB2,126,000 when compared to the purchase price of RMB155,000,000 for the Wanning Yinhu Acquisition, and accordingly, on a per square foot basis, and without taking into account any other factors, the Purchase Price for the Land is largely in line with the Yinhu Valuation.
- 2.5.4 Based on the above information, with the Purchase Price in line with the recent market value of similar parcels of land released by the Hainan Government for public auction in the vicinity of the Land, and the management team’s familiarity gained over the Wanning Yinhu Acquisition which is located nearby the Land (see map below), the management team of the Group took the view that it was not necessary to commission a valuation of the assets of the Project Company which the Board concurred with.



**Notes:**

1,2 are the 2 plots of land released by the Hainan Government for auction, as mentioned in paragraph 2.5.1.

起 is the Land for the Proposed Acquisition

终 is the land for the Wanning Yinhu Acquisition

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## LETTER TO SHAREHOLDERS

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2.5.5 The Group is in compliance with Rule 222(2) and Rules 1011, 1012 and 1013 of the Listing Manual for reason that:

- (i) The Group is not a property investment/development company, and accordingly, Rule 222(2) is not applicable. As mentioned in paragraph 2.11 below, the rationale for the Proposed Acquisition is for investment purposes, and is in line with the parameters set out in the Plan.
- (ii) It is not mandatory under Rule 1010 or Rule 1011 that the Company commission a valuation of the assets to be acquired, and instead, if a valuation is conducted, such valuation must not be more than 3 months from the date when the Proposed Acquisition was first announced, being 8 October 2023, and if so, it must be available for inspection by Shareholders. As no valuation was commissioned, the Company has not made a valuation report available to Shareholders in accordance with Rule 1011.
- (iii) No profit forecast has been made by the Company in relation to the Proposed Acquisition nor do the terms of the Proposed Acquisition contain any profit guarantees, the Company is of the view that Rules 1012 and 1013 are not applicable in respect of the Proposed Transaction.

### 2.6 Information on the Assets

The Assets, other than the Entertainment Centre (which operations have ceased) are currently leased to Hainan Shenzhou Xinglong Tourism Co., Ltd. (the “**HSXT**” 海南神州兴隆旅业有限公司) where HSXT operates and manages the Assets as a hotel business. As set out in paragraph 2.4.3(e) above, it is a condition precedent to the payment of the Third Tranche Payment, the lease with HSXT is to be terminated, that all operations involving the Assets will have similarly been ceased and terminated, and the Sellers have undertaken to ensure the satisfaction of this condition precedent. The Group has no intentions of continuing the lease to HSXT nor continue the operations of the Assets in the manner operated by HSXT as it is not financially viable, nor in line with any of the potential options being considered and evaluated by the management team. The management team will be re-evaluating the options available to the Group post completion of the Proposed Acquisition.

- 2.7 The transaction structure involves the transfer of Assets and Liabilities to the Project Company, before HWTI acquires 100% of the equity in the Project Company. As set out in paragraph 2.6 above, the Assets will no longer be in operation by the time the Group takes over control of the Assets of the Project Company. All Liabilities of the Project Company will also have been settled by the completion of the Proposed Acquisition. Accordingly, the track record of the Assets under the Target Company is not of relevance from the Group's perspective. The expected transaction costs for HWTI are expected to comprise namely stamp duty and due diligence costs amounting to not more than RMB150,000.
- 2.8 With reference to the pro forma balance sheet of the Project Company at Completion as set out in paragraph 2.5 above and to paragraphs 3.1.1 and 3.1.2 below (which set out the effect of the Proposed Acquisition to the NTA and the Earnings Per Shares of the Group respectively), the net profits attributable to the Assets being acquired is nil.
- 2.9 Other than entering into the SPA with the Sellers and the Target Company in relation to the Proposed Acquisition, there is no connection or business relationship between the Company, its directors and substantial shareholders with the Sellers, the Target Company, the Target Company's directors, substantial shareholders, and beneficial owners. Insofar as the Group is aware, there is no connection amongst the Sellers, their directors and shareholders, with the sellers of Wanning Yinhu, their directors and substantial shareholders.
- 2.10 The Sellers were introduced to the Company by government officers of Wanning Municipal Government, Hainan, the PRC, who are already familiar with the Company as a result of the Wanning Yinhu Acquisition. No introducer fee was paid by the Company nor by any company within the Group to any third party.

## LETTER TO SHAREHOLDERS

### 2.11 Rationale of the Proposed Acquisition

As mentioned in the Company's announcement dated 7 December 2022, the Board had on 13 October 2022 adopted a Group Strategy Plan ("**Plan**"), outlining the Group's investment strategy planning for the next 5 to 10 years. The Plan sets out parameters for future investments of the Group, in line with the Group's long-term business and investment strategy so as to utilise cash in excess of the Group's short to medium term budgeted working capital and long-term capital expenditure requirements. The Proposed Acquisition is for investment purposes, and is in line with the parameters set out in the Plan. The Board will, in due course, determine how to monetise the assets of the Project Company, such as whether to (i) sell the Project Company or its assets at a later date, and/or (ii) further invest in the Assets so as to operate as a resort hotel (and if so, the likelihood is that the Board will appoint a third party hotel management company to manage the Assets), or for such other commercial use. The Proposed Acquisition is fully funded by internally generated cash and bank borrowings of the Group.

### 3. FINANCIAL EFFECT OF THE PROPOSED ACQUISITION

3.1 The financial effects of the Proposed Acquisition on the Group are set out below, based on the Group's audited consolidated financial statements for FY2022, being the latest audited consolidated financial statements of the Group, are purely for illustrative purposes only and do not reflect the future financial position of the Group after the completion of the Proposed Acquisition.

#### 3.1.1 Net Tangible Assets per Share

The effect of the Proposed Acquisition on the NTA per share of the Group for FY2022, assuming that the Proposed Acquisition had been effected on 31 December 2022 is as follows:

As at 31 December 2022	Before the Proposed Acquisition	After the Proposed Acquisition
NTA	RMB 1,139,495,000	RMB 1,138,947,500
NTA per share	RMB 2.85	RMB 2.85

#### 3.1.2 Earnings per Share

The effect of the Proposed Acquisition on the earnings per share of the Group for FY2022, assuming that the Proposed Acquisition had been effected on 1 January 2022 is as follows:

FY2022	Before the Proposed Acquisition	After the Proposed Acquisition
Profits after tax attributable to the owners of the Company	RMB 24,580,000	RMB 24,032,500
Earnings per share	RMB 0.06	RMB 0.06

### 4. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

4.1 The relative figures for the Proposed Sale computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	RMB Nil / RMB 24,580,000 = 0% <sup>(1)</sup>

## LETTER TO SHAREHOLDERS

1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation, based on the total number of issued shares excluding treasury shares	RMB 160,000,000 / RMB 597,971,169 = 26.76% <sup>(2)</sup>
1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable

**Notes:**

- (1) This is calculated on the bases as if the Project Company had been acquired on 1 January 2022, and the net profits calculated for the 12-month period ended 31 December 2022.
- (2) The market capitalisation of the Company is calculated based on the Company's issued share capital comprising 400,000,000 shares on 6 October 2023, being the latest market day preceding the date of the SPA, at the price of S\$ 0.28 per share, and on the foreign exchange rate of S\$1 to RMB 5.3390.

- 4.2 As the relative figure computed under Rule 1006(c) of the Listing Manual exceeds 20%, but does not exceed 100%, the Proposed Acquisition is classified as a major transaction under Rule 1014 of the Listing Manual.
- 4.3 Accordingly, the Proposed Acquisition is conditional upon the Company obtaining the approval of the Company's shareholders at an EGM.
- 4.3 HWTI had appointed Zhonghui Jiangsu Tax Accountant Office Co., Ltd. (中汇江苏税务师事务所有限公司) to conduct financial due diligence for the Proposed Acquisition, and also appointed Beijing Dentons (Haikou) Law Firm (北京大成(海口)律师事务所) to conduct legal due diligence for the Proposed Acquisition. The structure of the Proposed Acquisition was arrived at after the management of the Group had reviewed the outcome and findings of the due diligence exercise and advised by the due diligence advisers.
- 4.5 The management team of the Group, comprising Shao Jianjun, Wen Hui and Zheng Yi, the Executive Chairman of the Company, Chief Executive Officer of the Company and the Finance Manager of the World Precise Machinery (China) Co., Ltd. respectively, and Wang Weiyao, the Non-Executive Non-Independent Director of the Company, have inspected the site of the Land and negotiated the Purchase Price with the Sellers and representatives of the Sellers directly. The Purchase Price was arrived at based on arms' length negotiations, the management team of the Group assessing the financial condition of the Project Company based on the financial and legal due diligence reports, and with reference to the reserve price of 2 recent plots of land of a similar nature as the Land, which have been released by the Hainan Government recently for sale by public auction.
- 4.6 Until the Board determines how to monetise the assets of the Project Company, such as whether to (i) sell the Project Company or its assets at a later date, and/or (ii) further invest in the Assets so as to operate as a resort hotel, or for such other commercial use, the Proposed Acquisition is for investment purposes only and is not a diversification of the Company's main business.

As to whether there is a change in risk profile of the Company, the Board has taken guidance from Practice Note 10.1 of the Listing Manual and the following factors were into consideration:-

- 4.6.1 The Proposed Acquisition does not have any material impact on the net profit and net asset value of the Group, save for transaction costs incurred. Please refer to the pro-forma balance sheet of the Project Company as at Completion, and paragraphs 3 and 4.1 above on "Financial Effect of the Proposed Acquisition" and "Relative Figures Computed Based on Rule 1006 of the Listing Manual".
- 4.6.2 The Purchase Price for 100% of the equity of the Project Company corresponds to the NTA of the Project Company, save for transaction costs incurred. The Proposed Acquisition is therefore NTA neutral to the Group.
- 4.6.3 The net profits attributable to the Assets being acquired is nil.



## LETTER TO SHAREHOLDERS

4.6.4 The Group has obtained bank loans amounting to (i) RMB 150 million from Shanghai Pudong Development Bank Co. Ltd. in June 2023 (“**SPDB Loan**”), and (ii) RMB 100 million from Bank of Jiangsu in September 2023 (the “**BOJ Loan**”). The SPDB Loan and BOJ Loan were not obtained specifically with the Proposed Acquisition in mind. It is noted that as at 30 June 2023, the gearing of the Group was 12.32%, and for illustration purposes only, on the basis that the BOJ Loan was also drawn down on or before 30 June 2023, the gearing of the Group would increase 8.21% to 20.53%.

4.6.5 There is no expansion of the jurisdiction for the Group. The Proposed Acquisition is the acquisition of assets in the PRC, where the Group’s business and operations are currently based.

Accordingly, the Board has taken the view that until the Board determines how to monetise the assets of the Project Company, there is no change to the risk profile of the Group.

### 5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the other Directors or controlling shareholders has any interest, direct or indirect, in the Proposed Acquisition, other than through their shareholdings in the Company.

It is further noted that the Company, its directors and substantial shareholders have no connections (including any business relationship) with the Sellers, their directors and substantial shareholders, other than through their shareholdings in the Company and arising in the course of the Proposed Acquisition.

Though no separate voting undertakings have been obtained from any Shareholder, Mr Wang Weiyao and Mr Shao Jianjun, each of whom is a controlling shareholder of the Company by virtue of their 100% shareholdings in World Sharehold Limited and Minshun Private Limited respectively (see paragraph 5.1 below), have confirmed that they will vote in favour of approving the Resolution approving the Proposed Acquisition.

5.1 **Directors’ Interests.** The interests of the Directors in the Shares as recorded in the Register of Director’s Shareholdings of the Company as at the Latest Practicable Date are set out below:

Director	Number of Shares			
	Direct Interest	% <sup>(1)</sup>	Deemed Interest	% <sup>(1)</sup>
Wang Weiyao	200,000	0.05	295,391,000 <sup>(2)</sup>	73.85
Shao Jianjun	-	-	54,100,000 <sup>(3)</sup>	13.53
Low Mui Kee	-	-	-	-
Lim Yoke Hean	-	-	200,000	0.05

**Notes:**

- (1) The figures are based on the issued share capital of 400,000,000 Shares as at the Latest Practicable Date and are rounded to the nearest 2 decimal places.
- (2) As World Sharehold Limited is wholly-owned by Wang Weiyao, Wang Weiyao is deemed interested in the shares held by World Sharehold Limited by virtue of his 100% shareholdings in World Sharehold Limited.
- (3) As Minshun Private Limited is wholly-owned by Shao Jianjun, Shao Jianjun is deemed interested in the shares held by Minshun Private Limited by virtue of his 100% shareholdings in Minshun Private Limited.

## LETTER TO SHAREHOLDERS

5.2 **Substantial Shareholders' Interests.** The interests of the substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders of the Company as at the Latest Practicable Date are set out below:

Substantial Shareholders	Number of Shares			
	Direct Interest	% <sup>(1)</sup>	Deemed Interest	% <sup>(1)</sup>
World Sharehold Limited	295,391,000	73.85	-	-
Wang Weiyao	200,000	0.05	295,391,000 <sup>(2)</sup>	73.85
Minshun Private Limited	54,100,000	13.53	-	-
Shao Jianjun	-	-	54,100,000 <sup>(3)</sup>	13.53

**Notes:**

- (1) The figures are based on the issued share capital of 400,000,000 Shares as at the Latest Practicable Date and are rounded to the nearest 2 decimal places.
- (2) As World Sharehold Limited is wholly-owned by Wang Weiyao, Wang Weiyao is deemed interested in the shares held World Sharehold Limited by virtue of his 100% shareholdings in World Sharehold Limited.
- (3) As Minshun Private Limited is wholly-owned by Shao Jianjun, Shao Jianjun is deemed interested in the shares held Minshun Private Limited by virtue of his 100% shareholdings in Minshun Private Limited.

## 6 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 21 to 23 of this Circular, will be held by the Company at York Hotel Singapore, Marie Room II, Level 1, 21 Mount Elizabeth, Singapore 228516 on 29 December 2023 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Resolution set out in the Notice of EGM.

## 7 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf must complete, sign and return the Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896 not less than forty-eight (48) hours before the date and time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him or her from attending and voting in person at the EGM should he/she subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance. A Depositor shall not be regarded as a Shareholder of the Company and shall not be entitled to attend the EGM and to speak and vote thereat unless his/her name appears on the Depository Register at least seventy-two (72) hours before the EGM.

## 8 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 9. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 9 Straits View #06-07, Marina One West Tower, Singapore 018937 during normal business hours for 3 months from the date of this Circular:

- (a) Constitution of the Company; and
- (b) the SPA.

Yours faithfully  
for and on behalf of  
the Board of Directors of  
WORLD PRECISION MACHINERY LIMITED

**Shao Jianjun**  
Executive Chairman

**APPENDIX A**  
**BUILDINGS AND INFRASTRUCTURE TO BE TRANSFERRED**

Further details of the building structures and facilities to be transferred to the Project Company

serial number	Building name and Block number	Title certificate number	Located	Room number	Total number of floors	Building area(m <sup>2</sup> )
1	Coconut Grove House (Block 11)	Xinglong Zi No. 10717	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	1101-1110	3	406.71
2	Coconut Grove House (Block 12)	Xinglong Zi No. 10718	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	1201-1210	3	406.71
3	Coconut Grove House (Block 13)	Xinglong Zi No. 10710	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	1301-1310	3	406.71
4	Coconut Grove House (Block 14)	Xinglong Zi No. 10716	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	1401-1410	3	406.71
5	Coconut Grove House (Block 15)	Xinglong Zi No. 10708	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	1501-1510	3	406.71
6	Coconut Grove House (Block 21)	Xinglong Zi No. 10709	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	2101-2110	3	406.71
7	Coconut Grove House (Block 22)	Xinglong Zi No. 10707	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	2201-2210	3	406.71
8	Coconut Grove House (Block 23)	Xinglong Zi No. 10715	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	2301-2310	3	406.71
9	Coconut Grove House (Block 24)	Xinglong Zi No. 10714	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	2401-2410	3	406.71
10	Coconut Grove House (Block 25)	Xinglong Zi No. 10713	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	2501-2510	3	406.71
11	Coconut Grove House (Block 26)	Xinglong Zi No. 10712	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	2601-2610	3	406.71
12	Coconut Grove House (Block 27)	Xinglong Zi No. 10711	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	2701-2710	3	406.71
13	Coconut Grove House (Block 28)	Xinglong Zi No. 10719	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	2801-2810	3	406.71
14	Coconut Grove House (Block 49)	Xinglong Zi No. 10720	Villa C at No. 3 Xinglong Pearl Avenue, Wanning City	4901-4910	3	406.71
15	Block 31	Xinglong Zi No. 10744	Villa E-type Baihuaju, No. 3 Xinglong Pearl Avenue, Wanning City	3101-3108	3	331.02
16	Block 32	Xinglong Zi No. 10736	Villa E-type Baihuaju, No. 3 Xinglong Pearl Avenue, Wanning City	3201-3208	3	331.02
17	Block 33	Xinglong Zi No. 10737	Villa E-type Baihuaju, No. 3 Xinglong Pearl Avenue, Wanning City	3301-3308	3	331.02
18	Block 34	Xinglong Zi No. 10738	Villa E-type Baihuaju, No. 3 Xinglong Pearl Avenue, Wanning City	3401-3408	3	331.02

**APPENDIX A**  
**BUILDINGS AND INFRASTRUCTURE TO BE TRANSFERRED**

serial number	Building name and Block number	Title certificate number	Located	Room number	Total number of floors	Building area(m <sup>2</sup> )
19	Block 35	Xinglong Zi No. 10739	Villa E-type Baihuaju, No. 3 Xinglong Pearl Avenue, Wanning City	3501-3508	3	331.02
20	Block 36	Xinglong Zi No. 10740	Villa E-type Baihuaju, No. 3 Xinglong Pearl Avenue, Wanning City	3601-3608	3	331.02
21	Block 37	Xinglong Zi No. 10741	Villa E-type Baihuaju, No. 3 Xinglong Pearl Avenue, Wanning City	3701-3708	3	331.02
22	Block 38	Xinglong Zi No. 10742	Villa E-type Baihuaju, No. 3 Xinglong Pearl Avenue, Wanning City	3801-3808	3	331.02
23	Block 39	Xinglong Zi No. 10743	Villa B type landscape residence at No. 3 Xinglong Pearl Avenue, Wanning City	3901-3908	3	456.81
24	Block 41	Xinglong Zi No. 10735	Villa B type landscape residence at No. 3 Xinglong Pearl Avenue, Wanning City	4101-4108	3	456.81
25	Block 42	Xinglong Zi No. 10745	Villa B type landscape residence at No. 3 Xinglong Pearl Avenue, Wanning City	4201-4208	3	456.81
26	Block 43	Xinglong Zi No. 10734	Villa B type landscape residence at No. 3 Xinglong Pearl Avenue, Wanning City	4301-4308	3	456.81
27	Block 44	Xinglong Zi No. 10733	Villa B type landscape residence at No. 3 Xinglong Pearl Avenue, Wanning City	4401-4408	3	456.81
28	Block 45	Xinglong Zi No. 10732	Villa B type landscape residence at No. 3 Xinglong Pearl Avenue, Wanning City	4501-4508	3	456.81
29	Block 46	Xinglong Zi No. 10731	Villa B type landscape residence at No. 3 Xinglong Pearl Avenue, Wanning City	4601-4608	3	456.81
30	Block 47	Xinglong Zi No. 10730	Villa B type landscape residence at No. 3 Xinglong Pearl Avenue, Wanning City	4701-4708	3	456.81
31	Block 48	Xinglong Zi No. 10729	Villa B type landscape residence at No. 3 Xinglong Pearl Avenue, Wanning City	4801-4808	3	456.81
32	Xianren House Building 1	Xinglong Zi No. 10728	Wanning Xinglong Pearl Avenue No. 3 Pearl Hotel Xianren Residence	-	3	683.59
33	Xianren House Building 2	Xinglong Zi No. 10727	Wanning Xinglong Pearl Avenue No. 3 Pearl Hotel Xianren Residence	-	3	683.59
34	Xianren Habitat Building 3	Xinglong Zi No. 10726	Wanning Xinglong Pearl Avenue No. 3 Pearl Hotel Xianren Residence	-	3	683.59

**APPENDIX A**  
**BUILDINGS AND INFRASTRUCTURE TO BE TRANSFERRED**

serial number	Building name and Block number	Title certificate number	Located	Room number	Total number of floors	Building area(m <sup>2</sup> )
35	Kitchen, storeroom	Xinglong Zi No. 10723	Pearl Hotel, No. 3 Pearl Avenue, Xinglong City, Wanning City (kitchen, warehouse)		1	553.49
36	Lobby	Xinglong Zi No. 10724	Pearl Hotel No. 3 Xinglong Pearl Avenue, Wanning City (Lobby)		4	5554.05
37	Hainan Xinglong Pearl Investment Co., Ltd. Pearl Hotel main building	Qiong (2017) Wanning Real Estate Property No. 002479	South side of Pearl Avenue, Xinglong Hot Spring Tourism City, Wanning City		3	2577.06
38	Room	Xinglong Zi No. 10725	Pearl Hotel, No. 3 Xinglong Pearl Avenue, Wanning City (computer room)		1	379.09
39	Staff dormitories	Xinglong Zi No. 10722	Pearl Hot Spring Hotel, No. 3 Xinglong Pearl Avenue, Wanning City (Dormitory)		3	3576.32
40	Entertainment Centre	Xinglong Zi No. 10721	No. 3 Xinglong Pearl Avenue, Wanning City (Entertainment City)		3	4462.26

Other Structures

serial number	Building name	Number of buildings	Area(m <sup>2</sup> )
1	Distribution room	1	206.08
2	Property Room	1	1305.43
3	The lobby is directly opposite the barbecue bar	1	350.00
4	Lobby and restaurant side lounge	1	400.00
5	Casual resting space	1	500.00

Plus all hotel facilities, room items, ancillary facilities, appurtenances, structures, landscaping, etc. in the abovementioned buildings situate on the Land, including swimming pool.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that an EXTRAORDINARY GENERAL MEETING (the “**EGM**”) of World Precision Machinery Limited (the “**Company**”) will be held at York Hotel Singapore, Marie Room II, Level 1, 21 Mount Elizabeth, Singapore 228516 on 29 December 2023 at 2.00 p.m. for the purpose of considering and, if thought fit, the ordinary resolution set out below, with or without any amendment.

*All references to the Circular in this Notice of Extraordinary General Meeting shall mean the Company’s Circular to Shareholders dated 14 December 2023 (the “**Circular**”). All capitalised terms not otherwise defined herein shall have the meanings given to them in the Circular.*

### **ORDINARY RESOLUTION** **- THE PROPOSED ACQUISITION OF 100% EQUITY OF THE PROJECT COMPANY**

RESOLVED THAT:

- (a) approval be and is hereby given, for the purpose of Chapter 10 of the Listing Manual of the SGX-ST, for the acquisition of 100% of the equity of the Project Company, in accordance with the terms and conditions of the SPA dated 8 October 2023 (“**SPA**”), the salient terms of which are set out in the Circular; and
- (b) the Directors of the Company and each of them be and are hereby authorised to take such steps, approve all matters, implement, execute, perfect or give effect to complete and do all such acts and things, including directing and authorising HWTI and its legal representative and officers to do the same, for the purposes of giving effect to or facilitating the Proposed Acquisition with full power to assent to any condition, amendment, alteration, modification or variation (including to the SPA) as may be required or as they or he may in their/his absolute discretion consider necessary, desirable or expedient in the interests of the Company to complete the transactions contemplated in the Proposed Acquisition and to give effect to this Resolution.

BY ORDER OF THE BOARD

Yuen Pei Lur Perry  
Company Secretary

Singapore  
14 December 2023

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

#### General

1. The EGM of the Company will be held at York Hotel Singapore, Marie Room II, Level 1, 21 Mount Elizabeth, Singapore 228516 ("**Physical Meeting**"). Shareholders and other attendees who are feeling unwell on the date of the EGM are advised not to attend the Physical Meeting.
2. Printed copies of the Circular, Notice of EGM and the relevant proxy forms will be sent to members, and the electronic copies of which will be posted on the Company's corporate website at the following URL: <https://www.wpmlimited.com/> and the SGX-ST's website at the following URL: <https://www.sgx.com/securities/company-announcements>.
3. Authenticated shareholders and proxy(ies) will be able to ask questions in person at the Physical Meeting. Arrangements have also been put in place to permit shareholders to submit their questions ahead of the EGM. Please refer to Notes 13 and 14 below for further details.
4. Live voting by poll will be conducted during the EGM for shareholders and proxy(ies) attending the Physical Meeting.

#### Voting by proxy

5. A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the EGM.
6. A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

7. A proxy need not be a member of the Company.
8. The instrument appointing a proxy ("**Proxy Form**") must be submitted to the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting in the following manner:
  - (a) by depositing a physical copy at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896;
  - (b) by sending a scanned signed PDF copy by email to [main@zicoholdings.com](mailto:main@zicoholdings.com),

in either case, no later than 2.00 p.m. on 27 December 2023 ("**Proxy Deadline**"), and failing which, the Proxy Form will not be treated as valid.

9. The Proxy Form must be executed under the hand of the appointed or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the EGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
11. In the case of a member of the Company whose shares are entered against his/her name in the Depositor Register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company. The Company shall also be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible (such as in the case where the appointor submits more than one Proxy Form).



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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12. A member who holds the Company's shares through a Relevant Intermediary, including Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") Investment Account Holders, should not use the Proxy Form and should instead approach their respective Relevant Intermediary as soon as possible to specify voting instructions, submit questions ahead of the EGM and/or participate in the EGM.

### Submission of Questions prior to the EGM

13. A member may submit questions relating to the resolution to be tabled for approval at the EGM or the Company's businesses and operations. To do so, all questions must be submitted by 2.00 p.m. on 22 December 2023 through any of the following means:
- (a) if submitted by email, be received by the Company at [saisamuelng@hotmail.com](mailto:saisamuelng@hotmail.com); or
  - (b) if submitted by post, be deposited at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896.

If the questions are submitted by post, be deposited at the registered office of the Company's Share Registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form, the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

14. The Company endeavours to address all substantial and relevant questions relating to the resolution to be tabled for approval at the EGM or the Company's businesses and operations by publishing its responses to such questions, if any, on the Company's corporate website (<https://www.wpmlimited.com/>) and on SGXNET at the following URL: <https://www.sgx.com/securities/company-announcements> at least 48 hours prior to the deadline for submission of Proxy Forms (i.e. no later than 2.00 p.m. on 27 December 2023), or otherwise at the EGM.

Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company will address those substantial and relevant questions prior to the EGM through publication on SGXNET, or at the EGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

### **Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**WORLD PRECISION MACHINERY LIMITED**

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200409453N)

**EXTRAORDINARY GENERAL MEETING****PROXY FORM**

Printed copies of this Proxy Form will be sent to members, and a copy is made available on the Company's corporate website (<https://www.vpmlimited.com/>) and SGXNET.

**IMPORTANT:**

1. A Relevant Intermediary may appoint more than two proxies to attend the Extraordinary General Meeting ("EGM" or the "Meeting") and vote (please see note 4 for the definition of "Relevant Intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF or SRS investors who wish to exercise their votes by appointing the Chairman of the EGM as proxy, should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the EGM by 5.00 p.m. on 19 December 2023.

I/We\*, \_\_\_\_\_ (Name), NRIC/Passport number\* \_\_\_\_\_  
of \_\_\_\_\_ (Address)

being a member/members of World Precision Machinery Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the EGM as my/our proxy/proxies to vote for me/us on my/our behalf at the EGM to be held at York Hotel Singapore, Marie Room II, Level 1, 21 Mount Elizabeth, Singapore 228516 on Friday, 29 December 2023 at 2.00 p.m. and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against the resolution set out in the Notice of Extraordinary General Meeting (the "**Notice of EGM**") dated 14 December 2023 as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies\* will vote or abstain from voting at his/her/their\* discretion, as he/she/they\* will on any other matter arising at the EGM and at any adjournment thereof.

No.	Ordinary Resolution relating to:	For <sup>(1)</sup>	Against <sup>(1)</sup>	Abstain <sup>(1)</sup>
1.	The Proposed Acquisition of 100% equity of the Project Company			

- (1) If you wish to abstain or exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of December 2023

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

\* Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



## Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the form of proxy shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. The completed and signed copy of this Proxy Form must be submitted (a) by depositing a physical copy at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or (b) by sending a scanned signed PDF copy by email to [main@zicoholdings.com](mailto:main@zicoholdings.com), in each case, **not later than 2.00 p.m. on 27 December 2023, and failing which, the Proxy Form will not be treated as valid.**
  6. Completion and return of this Proxy Form shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
  7. This Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.
  8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 14 December 2023.

## GENERAL:

The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.