

**CIRCULAR DATED 26 OCTOBER 2022**

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

This Circular (the “**Circular**”) is issued by World Precision Machinery Limited. Its purpose is to provide the Shareholders (as defined in this Circular) with information relating to and explaining to Shareholders the rationale for the Proposed Change of Auditors (as defined in this Circular).

**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.**

The Company (as defined in this Circular) has opted for electronic dissemination of this Circular, the Notice of EGM (as defined in this Circular) and Proxy Form (as defined in this Circular). Please note that no printed copies of this Circular, Notice of EGM and Proxy Form will be despatched to Shareholders.

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



**World Precision Machinery Limited**  
(Incorporated in Singapore)  
(Company Registration No: 200409453N)

**CIRCULAR TO SHAREHOLDERS**

**in relation to**

**THE PROPOSED CHANGE OF AUDITORS FROM KPMG LLP TO MAZARS LLP**

**IMPORTANT DATES AND TIMES**

|                                                 |   |                                                                                                                                |
|-------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------|
| Last date and time for lodgement of Proxy Forms | : | 8 November 2022 at 2.00 p.m.                                                                                                   |
| Date and time of Extraordinary General Meeting  | : | 10 November 2022 at 2.00 p.m.                                                                                                  |
| Venue of Extraordinary General Meeting          | : | To be held by physical meeting at<br>York Hotel Singapore, room Marie I & II, Level 1,<br>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>"2022 AGM"</b>                    | : The AGM held on 29 April 2022                                                                                                                                                                                                                              |
| <b>"ACRA"</b>                        | : Accounting Corporate and Regulatory Authority of Singapore                                                                                                                                                                                                 |
| <b>"AGM"</b>                         | : The annual general meeting of the Company                                                                                                                                                                                                                  |
| <b>"Audit Committee"</b>             | : The audit committee of the Company, comprising Mr. Wang Weiyao, Mr. Phang Kin Seng (Lawrence) and Mr. Lim Yoke Hean as at the Latest Practicable Date                                                                                                      |
| <b>"Board"</b>                       | : The Board of Directors of the Company as at the date of this Circular or from time to time, as the case may be                                                                                                                                             |
| <b>"CDP"</b>                         | : The Central Depository (Pte) Limited                                                                                                                                                                                                                       |
| <b>"Circular"</b>                    | : This Circular to Shareholders dated 26 October 2022                                                                                                                                                                                                        |
| <b>"Companies Act"</b>               | : Companies Act 1967 of Singapore                                                                                                                                                                                                                            |
| <b>"Company"</b>                     | : World Precision Machinery Limited                                                                                                                                                                                                                          |
| <b>"Directors"</b>                   | : The directors of the Company for the time being                                                                                                                                                                                                            |
| <b>"EGM"</b>                         | : The extraordinary general meeting of the Company to be convened for the purposes of considering and, if thought fit, passing the ordinary resolution to approve the Proposed Change of Auditors as set out in the Notice of EGM, or an adjournment thereof |
| <b>"Group"</b>                       | : The Company and its subsidiaries                                                                                                                                                                                                                           |
| <b>"Latest Practicable Date"</b>     | : The latest practicable date prior to the electronic dissemination of this Circular, being 17 October 2022                                                                                                                                                  |
| <b>"Listing Manual"</b>              | : The Listing Manual of the SGX-ST                                                                                                                                                                                                                           |
| <b>"Notice of EGM"</b>               | : The notice of EGM electronically disseminated together with this Circular                                                                                                                                                                                  |
| <b>"Proposed Change of Auditors"</b> | : The proposed appointment of Messrs Mazars LLP in place of Messrs KPMG LLP as auditor of the Company                                                                                                                                                        |
| <b>"Proxy Form"</b>                  | : The proxy form electronically disseminated together with this Circular                                                                                                                                                                                     |
| <b>"Securities Accounts"</b>         | : The Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent                                                                                                                    |
| <b>"SGX-ST"</b>                      | : The Singapore Exchange Securities Trading Limited                                                                                                                                                                                                          |
| <b>"Shareholders"</b>                | : The 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>                      | : The Ordinary shares in the capital of the Company                                                                                                                                                                                                          |
| <b>"S\$", "\$" and "cents"</b>       | : The Singapore dollars and cents, respectively                                                                                                                                                                                                              |
| <b>"%" or "per cent."</b>            | : The per centum or percentage                                                                                                                                                                                                                               |

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## DEFINITIONS

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The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 130A of the Companies Act.

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.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular. 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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## LETTER TO SHAREHOLDERS

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### WORLD PRECISION MACHINERY LIMITED

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

| Directors:                                                   | Registered Office:           |
|--------------------------------------------------------------|------------------------------|
| Mr. Shao Jianjun (Executive Chairman)                        | 9 Straits View               |
| Mr. Wang Weiyao (Non-Executive and Non-Independent Director) | #06-07 Marina One West Tower |
| Mr. Phang Kin Seng (Lawrence) (Lead Independent Director)    | Singapore 018937             |
| Mr. Lim Yoke Hean (Independent Director)                     |                              |

26 October 2022

To: The Shareholders of the Company

Dear Sir / Madam

#### 1. INTRODUCTION

- 1.1 The Company proposes to convene the EGM to seek Shareholders' approval for the Proposed Change of Auditors, the Notice of which has been disseminated electronically together with this Circular.
- 1.2 The purpose of this Circular is to explain the rationale for, and to provide Shareholders with the relevant information in connection with the ordinary resolution to be tabled at the EGM and seek Shareholders' approval for the resolution relating to the same. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.
- 1.3 The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.
- 1.4 Shook Lin & Bok LLP has been appointed as the legal advisor to the Company in relation to the Proposed Change of Auditors.

#### 2. THE PROPOSED CHANGE OF AUDITORS

- 2.1 As set out in the Company's announcement dated 21 September 2022, Messrs KPMG LLP has on 21 September 2022 received consent from ACRA to resign as auditors of the Company for the financial year ending 31 December 2022. Subsequently, Messrs KPMG LLP has on 21 September 2022 given written notice to the Company of their resignation as auditors of the Company. The Company intends to seek approval from Shareholders to appoint Mazars LLP as the new auditors at this EGM, and the Notice has been disseminated electronically together with this Circular.
- 2.2 At the 2022 AGM, Messrs KPMG LLP was re-appointed as the auditors of the Company to hold office until the close of the next annual general meeting of the Company. The Board wishes to state that Messrs KPMG LLP had continued to discharge their duties well and professionally throughout their tenure as auditors of the Group and express their appreciation for the past services rendered by Messrs KPMG LLP.
- 2.3 The Proposed Change of Auditors was not considered at the 2022 AGM as there was insufficient time for the Audit Committee to obtain proposals and fee quotations from various audit firms, to assess their suitability, as well as deliberate and decide on the change of auditors.
- 2.4 As part of good corporate governance initiatives and the Company's ongoing efforts to manage business costs and expenses amidst the current challenging economic conditions, the Audit Committee conducted a review of auditor remuneration by obtaining and reviewing proposals and fee quotations from various audit firms.

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## LETTER TO SHAREHOLDERS

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- 2.5 After review and comparison of the various proposals and fee quotations received, the Audit Committee found that Messrs Mazars LLP has sufficient track record in auditing SGX listing companies with operations in the People's Republic of China and offered the most competitive fee proposal. The quantum of fees saved by the proposed change in auditors for the financial year ending 31 December 2022 amount to approximately S\$99,000. The Audit Committee further considered other factors such as (i) the adequacy of the resources and experiences of Messrs Mazars LLP and the audit engagement partner to be assigned to the audit, (ii) the clean outcome of ACRA's most recent review in 2020/2021 of Messrs Mazars LLP, and (iii) Messrs Mazars LLP's international reputation. In consideration of the abovementioned factors and the Audit Quality Indicators Disclosure Framework introduced by ACRA when evaluating and selecting the new auditors, the Audit Committee is of the view that Mazars LLP will be able to fulfil the existing needs and audit requirements of the Group without compromising audit quality and independence. The Audit Committee then recommended Messrs Mazars LLP for selection as the new auditors of the Group with effect from the current financial year ending 31 December 2022, and to which the Board of Directors of the Company concurred.
- 2.6 The appointment of Messrs Mazars LLP as new auditors of the Company will take effect upon the approval of the Proposed Change of Auditors at the EGM, and if appointed, Messrs Mazars LLP will hold office as the Auditors until the conclusion of the next AGM. Messrs Mazars LLP have on 21 September 2022 given their written consent to act as the Auditors, subject to the approval of the Shareholders at the EGM.
- 2.7 For the purposes of Rule 715(1) of the Listing Manual, Messrs Mazars LLP will be auditing the Company and its Singapore incorporated subsidiaries and significant associated companies.
- 2.8 For the purposes of Rule 715(2) of the Listing Manual, a suitable auditing firm will be auditing the Company's significant foreign incorporated subsidiaries and associated companies. In this regard, the relevant member firms within the international Mazars Group network will be auditing the Company's subsidiaries and associated companies incorporated in the People's Republic of China.
- 2.9 The Company confirms it is anticipated that there will be no change in the scope of work to be undertaken by Messrs Mazars LLP as auditors of the Company compared to that of Messrs KPMG LLP, and that Messrs KPMG LLP have yet to commence the annual audit for the Financial Year ended 31 December 2022.

### 3. INFORMATION ON MAZARS LLP

- 3.1 Messrs Mazars LLP is a leading audit, tax and advisory firm in Singapore. It is part of the international Mazars Group which employs more than 44,000 professionals in more than 90 countries and territories. Messrs Mazars LLP's Singapore office has more than 300 professional staff and provides assurance, tax, strategy and transactions, and consulting services to a wide-ranging clientele base consisting of public sector organisations, as well as private sector and multinational companies, with 174 professional staff in the audit team.
- 3.2 Messrs Mazars LLP has assigned Chin Chee Choon ("**Mr. Chin**") as the Company's audit engagement partner, if they are appointed. Mr. Chin has more than 20 years of audit experience in Singapore and Malaysia and has served large public interest and multinational companies in a diverse range of industries. These include oil & gas, exploration and production, property development and construction, shipping and marine, manufacturing and chemical industry. Mr. Chin graduated with a Bachelor of Accounting from the University of South Australia and a Post Graduate Diploma from the University of Oxford, United Kingdom. Mr. Chin was also involved in internal audit reviews of companies listed on SGX (including being engaged as the internal auditor of the Company from 2009 to 2018 while he was employed by his erstwhile firm) from various industries including food and beverages, manufacturing, telecommunication, trading, oil and gas and non-profit organisations. Mr. Chin's other advisory work include special reviews such as fraud investigation, pre-IPO internal control review and review of internal control manuals. He is a Fellow Chartered Accountant of Singapore, a Certified Internal Auditor and a member of the Financial Reporting Committee of the Institute of Singapore Chartered Accountants.
- 3.3 For the information of Shareholders, Mr. Chin has never served in any executive capacity in the Company or Group nor is he considered to be an affiliate, accordingly there will be no potential conflict of auditors nor shareholder interest.

## LETTER TO SHAREHOLDERS

### 4. COMPLIANCE WITH THE LISTING MANUAL

- 4.1 Messrs Mazars LLP is a professional audit firm registered with ACRA. Messrs Mazars LLP, has on 21 September 2022, given their consent to the appointment as auditors of the Company.
- 4.2 In recommending the appointment of Messrs Mazars LLP to replace Messrs KPMG LLP, the Board and the Audit Committee have taken into consideration various factors, such as, that Messrs Mazars LLP has adequate resources, experience, and expertise to handle the audit, Messrs Mazars LLP's other audit engagements, the audit engagement partner assigned to the audit, Mr. Chin, has the appropriate level of experience, that there has been no adverse feedback from Mr. Chin's Practice Monitoring Programme review by ACRA, and there will be an adequate number of suitably experienced supervisory and professional staff to be assigned to the audit. For the foregoing reasons, the Board and the Audit Committee are of the opinion that Messrs Mazars LLP will be able to meet the audit requirements of the Company and Rules 712 and 715 of the Listing Manual will be complied with.
- 4.3 In accordance with Rule 1203(5) of the Listing Manual, the Company confirms that:
- (a) there were no disagreements with Messrs KPMG LLP on accounting treatment within the last twelve (12) months up to the Latest Practicable Date;
  - (b) it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Circular;
  - (c) the specific reasons for the Proposed Change of Auditors are disclosed in paragraphs 2.1 to 2.9 above; and
  - (d) the Company confirms that it complies with Rule 712, Rule 715 and Rule 716 of the Listing Manual in relation to the appointment of Messrs Mazars LLP.
- 4.4 In accordance with the requirements of Rule 1203(5) of the Listing Manual, Messrs KPMG LLP has confirmed by way of their letter dated 22 August 2022 to the Company that it is not aware of any professional reasons why Messrs Mazars LLP should not accept the appointment as the auditors of the Company.

### 5. INTERESTS OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND SUBSTANTIAL SHAREHOLDERS

- 5.1 **Directors' and Chief Executive Officer's Interests.** The interests of the Directors and the Chief Executive Officer in the Shares as recorded in the Register of Director's and Chief Executive Officer'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>(2)</sup> | % <sup>(1)</sup> |
| Wang Weiyao                    | 200,000          | 0.05             | 295,391,000                    | 73.85            |
| Shao Jianjun                   | -                | -                | 54,100,000                     | 13.53            |
| Lim Yoke Hean                  | -                | -                | 200,000                        | 0.05             |
| Phang Kin Seng (Lawrence)      | -                | -                | -                              | -                |
| <b>Chief Executive Officer</b> |                  |                  |                                |                  |
| Zhuang Guosheng                | -                | -                | -                              | -                |

**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) Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act 2001.

## 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>(2)</sup> | % <sup>(1)</sup> |
| World Sharehold Limited  | 295,391,000      | 73.85            | -                              | -                |
| Wang Weiyao              | 200,000          | 0.05             | 295,391,000                    | 73.85            |
| Minshun Private Limited  | 54,100,000       | 13.53            | -                              | -                |
| Shao Jianjun             | -                | -                | 54,100,000                     | 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) Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act 2001.

- 5.3 Save as disclosed in this Circular and save for any Shares which they may hold (whether directly or indirectly), none of the Directors and/or the substantial Shareholders has any interest, direct or indirect, in the Proposed Change of Auditors other than through their respective shareholdings in the Company.

## 6. AUDIT COMMITTEE'S RECOMMENDATIONS AND VOTING

The Audit Committee recommends the appointment of Messrs Mazars LLP as the auditors of the Company in place of Messrs KPMG LLP, after taking into account, among other things, the suitability and independence of Messrs Mazars LLP to meet the audit requirements of the Group, the various factors set out in paragraphs 2.1 to 2.9 of this Circular and compliance with the requirements of the Listing Manual. In assessing the various audit firms, the Audit Committee adopted the Audit Quality Indicators Disclosure Framework issued by ACRA.

## 7. DIRECTORS' RECOMMENDATIONS AND VOTING

The Directors having considered, among other things, the rationale and information relating to the Proposed Change of Auditors as set out in this Circular, and the Audit Committee's recommendation, are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Change of Auditors at the EGM.

## 8. EXTRAORDINARY GENERAL MEETING

- 8.1 The EGM, the Notice of which has been disseminated electronically together with this Circular, will be conducted physically at York Hotel Singapore, room Marie I & II, Level 1, 21 Mount Elizabeth, Singapore 228516 on Thursday, 10 November 2022 at 2.00 pm for the purpose of considering and, if thought fit, passing with or without any modifications, the resolution as set out in the Notice of EGM in relation to the Proposed Change of Auditors.
- 8.2 The Company has today issued and electronically disseminated the following documents in connection with the EGM on the SGXNET ([www.sgx.com](http://www.sgx.com)) and the Company's corporate website ([www.wpmlimited.com](http://www.wpmlimited.com)):
- (a) the Circular to Shareholders;
  - (b) the Notice of EGM dated 26 October 2022; and
  - (c) the Proxy Form.

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## LETTER TO SHAREHOLDERS

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### 9. NO DESPATCH OF PRINTED COPIES OF DOCUMENTS

- 9.1 In line with the provisions of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended from time to time, which sets out the alternative arrangements in respect of, amongst others, general meetings of listed companies in Singapore, no printed copies of the Circular, the Notice of EGM and the Proxy Form will be despatched to Shareholders.
- 9.2 An electronic copy of each of the Circular, the Notice of EGM and the Proxy Form has been made available on:
- (a) the Company's corporate website ([www.wpmlimited.com](http://www.wpmlimited.com)); and
  - (b) SGXNET.

### 10. 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 about the Proposed Change of Auditors and the Company, 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.

### 11. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to the date of the EGM:

- (a) letter from Messrs Mazars LLP dated 21 September 2022;
- (b) letter from Messrs KPMG LLP dated 22 August 2022; and
- (c) the constitution of the Company.

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

**Yuen Pei Lur Perry**  
Company Secretary