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WORLD

WORLD PRECISION MACHINERY LIMITED
(Incorporated in Singapore)
(Co. Regn. No: 200409453N)

DISCLOSEABLE TRANSACTION
LOAN TO YINCHENG REAL ESTATE GROUP CO., LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**") of World Precision Machinery Limited (the "**Company**") and the Company and its subsidiaries, the "**Group**") wishes to announce that World Precision Machinery (China) Co., Ltd., (the "**Lender**"), a wholly owned subsidiary of the Company incorporated in the People's Republic of China, has entered into a loan agreement (the "**Loan Agreement**") and disbursed a loan of RMB 100 million to Yincheng Real Estate Group Co., Ltd. (银城地产集团股份有限公司) (the "**Borrower**" and the loan, "**Loan**").

2. RATIONALE AND BENEFIT TO THE COMPANY

The primary purpose of extending the Loan is to utilise the excess cash of the Company to generate interest income above the deposit rates offered by banks.

3. SALIENT TERMS OF THE LOAN

Lender	World Precision Machinery (China) Co., Ltd., a wholly owned subsidiary of the Company incorporated in the People's Republic of China.
Borrower	Yincheng Real Estate Group Co., Ltd. (银城地产集团股份有限公司)
Loan Principal	RMB 100 million term loan
Term of Loan	6 months from the date of disbursement of the Loan, the date of disbursement of the Loan being 10 November 2021
Early Redemption	At any time after 90 days after the disbursement date of the Loan, the Loan may be redeemed by the Borrower before the end of the term of the Loan
Use of Loan proceeds	The Loan proceeds may be applied by the Borrower for its short term cash flow needs.
Interest	Fixed rate of 10% per annum.
Guarantee	The Loan is supported by Mr Huang Qingping (" Mr Huang ") acting as an obligor, with Mr Huang having joint and several obligations with the Borrower under the Loan Agreement. Mr Huang has also delivered a share certificate of Yincheng Life Service Co., Ltd.

	<p>(“YC Life”), a company listed on the mainboard of the Stock Exchange of Hong Kong (“HKEX”), representing 86,118,000 YC Life Shares, to be kept in custody by the Borrower and to be returned to him only after full repayment of the Loan and interest accrued.</p>
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4. BACKGROUND INFORMATION ON THE BORROWER

The Borrower is a real estate development company focused in the Yangtze River Delta. The Borrower is owned approximately 53.11% by Mr Huang. Mr Huang in turn, is a controlling shareholder and non-executive director of YC Life. Mr Huang is deemed interested in an aggregate of 103,929,680 YC Life shares through Silver Huang Holding Limited and Silver Wutong Holding Limited, of which he is the sole shareholder and sole director of both of these corporations. It is noted that Silver Huang Holding Limited is the beneficial owner of 96,120,000 YC Life shares, and the registered holder of the share certificate representing 86,118,000 YC Life shares delivered by Mr Huang is Silver Huang Holding Limited. [source: Information relating to Mr Huang, Silver Huang Holding Limited, Silver Wutong Holding Limited and their shareholdings in YC Life were extracted from the YC Life Interim Report 2021]. Based on the closing price of YC Life shares on the HKEX on 10 Nov 2021 of HKD3.36, the value of the 86,118,000 YC Life shares are HKD 289,356,480, or RMB 237,489,042 (based on the foreign exchange rate of HKD1 = RMB 0.820749 on 10 Nov 2021 [source: XE.com]).

5. FINANCIAL EFFECTS OF THE LOAN

The financial effects of the Loan on the Group set out below, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2020 (“**FY2020**”), 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 disbursement of the Loan.

5.1 Net Tangible Assets (“NTA”) per Share

The effect of extending the Loan on the NTA per share of the Group for FY2020, assuming that the Loan had been effected on 31 December 2020 is as follows:

As at 31 December 2020	Before extending the Loan	After extending the Loan
NTA	RMB1,073,974,000	RMB1,078,974,000
NTA per share	RMB2.69	RMB 2.70

5.2 Earnings per Share

The effect of extending the Loan on the earnings per share of the Group for FY2020, assuming that the Loan had been extended on 1 January 2020 is as follows:

FY2020	Before extending the Loan	After extending the Loan
Profits after tax attributable to the owners of the Company	RMB 40,717,000	RMB 45,717,000

Earnings per share ^(a)	RMB0.10	RMB0.11
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(a) On the basis that the Loan is fully repaid at the end of the 6-month term, with interest calculated based on 10% per annum.

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

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)	Value of financial assistance, compared with the group's net asset value	RMB105,000,000/RMB1,190,132,000 = 8.82% ⁽¹⁾
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	N.A.
1006 (c)	Value of financial assistance, compared with the issuer's market capitalisation, based on the total number of issued shares excluding treasury shares	RMB105,000,000/RMB663,897,360 = 15.82% ⁽²⁾
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	N.A.
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	N.A.

Notes:

(1) Based on the Group's net asset value as at 30 September 2021.

(2) The market capitalization of the Company is calculated based on the Company's issued share capital comprising 400,000,000 shares on 9 November 2021, being the latest market day preceding the date of the loan agreement, at the price of S\$0.35 per share, and on the foreign exchange rate of S\$1 to RMB 4.742124.

Accordingly, under Chapter 1010 of the SGX Listing Rules, the Loan is classified as a discloseable transaction, under which, an immediate announcement is required to be released after the terms of the Loan have been agreed. It is noted that the Loan Agreement was entered into on 10 November 2021, and the Loan was disbursed on the same day. In this connection, the disbursement of the Loan and the lack of a follow up announcement were highlighted to the Audit Committee when the Audit Committee met with KPMG LLP, the external auditors of the Company, at a routine meeting held on 18 February 2022. The management team had inadvertently omitted to report on the Lender's entry into the Loan Agreement and the subsequent disbursement of the Loan.

It is in this context that the announcement of the Loan and the terms thereof has been delayed.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Loan and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source (this would be applicable to all information relating to the Borrower, Mr Huang, YC Life, HKEX, foreign exchange rates adopted), 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 the announcement in its proper form and context.

By Order of the Board
World Precision Machinery Limited

Shao Jianjun
Executive Chairman
24 February 2022