



WORLD PRECISION MACHINERY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200409453N)

CLARIFICATION ON UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

The Board of Directors (the “**Board**”) of World Precision Machinery Limited (the “**Company**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 24 November 2023 in relation to the Company’s Unaudited Financial Statements for the third quarter ended 30 September 2023 (“**3Q2023 Unaudited Financial Statements**”), and wishes to clarify the following:

SGX-ST’s queries

- 1) In relation to the Non-current Other Receivables amounting to RMB53,939,000 as at 30 September 2023, please disclose:
 - (i) the Board’s assessment of the recoverability of the non-current trade and other receivables.

Company’s response

The Non-current Other Receivables amounting to RMB53,939,000 pertain to prepayment for purchase of property, plant and equipment and recoverability of these non-current trade and other receivables is not deemed an issue as the Group’s counter-parties are reputable and credible suppliers, most of which the Group has prior dealings with.

- 2) Please disclose ageing of trade payables amounting to RMB550,292,000 as at 30 September 2023. Please also disclose the credit terms extended by the suppliers.

Company’s response

Ageing analysis	Amount (RMB)	%
Current	314,181,000	57.09
1 to 3 months	85,336,000	15.51
3 to 6 months	52,391,000	9.52
Over 6 months	98,384,000	17.88
Total	550,292,000	100.00

The trade payables are based on credit terms as agreed upon among the Group and its suppliers. Trade payables are non-interest bearing with credit periods on average ranging from 3 to 6 months.



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- 3) Please provide the reason(s) for the significant borrowings of RMB250,000,000 by the Group when the Group recorded a cash and cash equivalent of RMB412,504,000 as at 30 September 2023.

Company's response

The interest rate environment in the People's Republic of China is favourable to borrowers at this time, and as loans from financial institutions can be difficult to obtain, the management team made the decision to procure the bank loans for its current and expected near future needs for working capital and investment purposes.

Please disclose:

- (i) a breakdown of the lenders and their identities (and its ultimate beneficial shareholders and directors if this is not a bank);

Company's response

Lenders	Identities	Amount (RMB)
Shanghai Pudong Development Bank Co., Ltd.	Bank	150,000,000
Bank of Jiangsu	Bank	100,000,000
Total		250,000,000

- (ii) when were the loans obtained and approved by the Board including the Audit Committee; and

Company's response

Lenders	Amount (RMB)	Date approved by Board including Audit Committee
Shanghai Pudong Development Bank Co., Ltd.	150,000,000	1 July 2023
Bank of Jiangsu	100,000,000	13 October 2023
Total	250,000,000	

As the management of cashflow and capital of the Group has been delegated to the management team of the Group, both loans were drawn down before formal approval for the announcement of the loans were sought from the Board on 1 July 2023 and 13 October 2023 respectively.

- (iii) the use of proceeds from the loan.

Company's response

The proceeds from the loans are for working capital and investment purposes.



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- 4) Please provide the reason(s) for the significant trade payables of RMB550,292,000 when the Group recorded a cash and cash equivalent of RMB412,504,000 as at 30 September 2023.

Company's response

The Group has generated a lot of goodwill amongst certain trade creditors, and in some cases, it is the major customer to such trade creditors. Accordingly, the Group is able to enjoy favourable credit terms with such trade creditors and at times more favourable than the 3- to 6-month credit terms stated in the trade invoices.

By Order of the Board

Shao Jianjun
Executive Chairman
29 November 2023