



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 on 10 May 2022, entered into a loan agreement (the "**New 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, "**New Loan**").

2. RATIONALE AND BENEFIT TO THE COMPANY

The primary purpose of extending the New 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)
New Loan Principal	RMB 100 million term loan.
Term of New Loan	365 days from the date of disbursement of the New Loan, the date of disbursement of the New Loan being 10 May 2022.
Early Redemption	At any time after 180 days after the disbursement date of the New Loan, the New Loan may be redeemed by the Borrower before the end of the term of the New Loan.
Use of New Loan proceeds	The New Loan proceeds may be applied by the Borrower for its short term cash flow needs.
Interest	Fixed rate of 10% per annum.
Guarantee	The New 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 New Loan Agreement. Mr Huang has also

	<p>delivered a share certificate of Yincheng Life Service Co., Ltd. ("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 New Loan and interest accrued.</p> <p>The New Loan is also supported by personal guarantees issued by the two controlling shareholders of the Company, namely, Mr Shao Jianjun (Executive Chairman) and Mr Wang Weiyao (Non-Executive Non-Independent Director). To further mitigate any risk and to protect the benefits of the minority shareholders, the Audit Committee also requested that Mr Shao Jianjun and Mr Wang Weiyao place all the Shares that they are directly and deemed interested in under a moratorium until the full payment of the New Loan and interest accruing thereon. Based on the closing price of the Shares on the SGX-ST on 9 May 2022 of S\$0.35, the value of the Shares held by Mr Shao and Mr Wang are S\$18,935,000 or RMB91,620,784, and S\$103,456,850 or RMB500,596,660 respectively (based on the foreign exchange rate of SGD1 = RMB4.8387 [source: XE.com]).</p>
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4. **BACKGROUND INFORMATION ON THE BORROWER**

Please refer to the announcement released by the Company on the SGXNet on 24 February 2022 for the background information on the Borrower and Mr Huang. By way of an update, based on the closing price of YC Life shares on the HKEX on 6 May 2022 of HKD3.47, the value of the 86,118,000 YC Life shares are HKD298,829,460, or RMB255,911,872 (based on the foreign exchange rate of HKD1 = RMB0.856381 on 9 May 2022 [source: XE.com]).

5. **FINANCIAL EFFECTS OF THE LOAN**

The financial effects of the New Loan on the Group set out below, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2021 ("**FY2021**"), 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 New Loan.

5.1 **Net Tangible Assets ("NTA") per Share**

The effect of extending the New Loan on the NTA per share of the Group for FY2021, assuming that the New Loan had been effected on 31 December 2021 is as follows:

As at 31 December 2021	Before extending the New Loan	After extending the New Loan
NTA	RMB1,152,615,000	RMB1,162,615,000
NTA per share	RMB2.88	RMB 2.91

5.2 Earnings per Share

The effect of extending the New Loan on the earnings per share of the Group for FY2021, assuming that the New Loan had been extended on 1 January 2021 is as follows:

FY2021	Before extending the New Loan	After extending the New Loan
Profits after tax attributable to the owners of the Company	RMB113,347,000	RMB123,347,000
Earnings per share ^(a)	RMB0.28	RMB0.31

(a) On the basis that the New Loan is fully repaid at the end of the 365-day 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 New Loan 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	$\text{RMB110,000,000} / \text{RMB1,191,699,000} = 9.23\%$ ⁽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	$\text{RMB110,000,000} / \text{RMB677,418,000} = 16.24\%$ ⁽²⁾

	excluding treasury shares	
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 31 December 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 May 2022, 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 RMB4.8387.

Accordingly, under Chapter 1010 of the SGX Listing Rules, the New Loan is classified as a discloseable transaction.

7. DUE DILIGENCE

For the Loan (see the Company's announcement released on 24 February 2022), the Company had consulted external legal counsel which had opined that the Loan Agreement (as defined in the 24 February 2022 announcement) does not violate any law, and was enforceable on its terms. As for the New Loan, the terms of the New Loan are identical to that of the Loan, save that the tenure is 365 days for the New Loan instead of 6 months. The in-house counsel of the Company has opined that the terms of the New Loan Agreement are enforceable on its terms. The New Loan is in compliance with relevant rules and regulations.

The Company's management team has carried out a fresh credit risk assessment on the Borrower, with the conclusion that the credit default risk is low. Furthermore, with personal guarantees from Mr Wang (Non-executive non-independent director) and Mr Shao (Executive Chairman), both of whom are persons of substantial means, the Independent Directors are satisfied that the credit default risk on the New Loan is low, and the interest

payable on the New Loan is commensurate with the credit risk associated with the New Loan.

The Board is satisfied that the New Loan is on normal commercial terms and in the interest of the Company. Of note is that the 1-year deposit rate offered by PRC banks is 1.75%, and the 1-year bank lending rate for corporates is 4.7%. The interest on the New Loan is 10%.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

9. 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 New 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
10 May 2022