



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

MINUTES OF EXTRAORDINARY GENERAL MEETING (“EGM” OR “MEETING”)

PLACE	:	York Hotel Singapore, Marie Room II, Level 1, 21 Mount Elizabeth, Singapore 228516
DATE	:	Friday, 29 December 2023
TIME	:	2.00 p.m.
PRESENT	:	Per the attendance list maintained by the Company
IN ATTENDANCE	:	Per the attendance list maintained by the Company
CHAIRMAN	:	Mr Shao Jianjun

INTRODUCTION & QUORUM

As a quorum was present, Mr Shao Jianjun, the Executive Chairman of the Company, declared the Meeting open and introduced the Directors present at the Meeting.

It was noted that Mr Wang Weiyao, Non-Executive and Non-Independent Director, was unable to attend the EGM and had expressed his sincere apologies.

At this juncture, Mr Lim Yoke Hean, Independent Director of the Company, informed shareholders that Ms Low Mui Kee (“**Ms Low**”) had on the late evening of 28 December 2023 notified the Board of Directors of the Company (“**Board**”) on her resignation as the Lead Independent Director of the Company, chairman of the Audit Committee and members of the Remuneration Committee and Nominating Committee with effect from 28 December 2023, due to personal reasons.

In view of the above, the Company would need to announce the aforesaid resignation immediately and prior to its EGM scheduled for 2.00 p.m. on 29 December 2023. The Company had requested for a trading halt as it required more time to disseminate the relevant announcements in relation to the aforesaid resignation, pending receipt of Ms Low’s following confirmation with respect to the announcement of her cessation pursuant to Rule 704(7) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual of the SGX-ST**”):

- (i) there were no unresolved differences in opinion on material matters between her and the Board, including matters which would have a material impact on the Company and its subsidiaries (the “**Group**”) or its financial reporting;
- (ii) there was no matter in relation to the cessation that needs to be brought to the attention of the shareholders of the Company; and
- (iii) there was no relevant information to be provided to shareholders of the Company.

The Company had subsequently received Ms Low’s abovementioned confirmation at 12.35 p.m. after it had requested for a trading halt. The announcements relating to Ms Low’s resignation will be released after the EGM.

As Ms Low's resignation was due to personal reasons, the Board did not pursue further unless it was convenient for Ms Low to share her reasons. Nonetheless, Ms Low's resignation was not related to the business of this Meeting nor any matters concerning the Company, its Board and key management staff, and the Board wished to provide clarity to maintain a fair, orderly and transparent market, and to prevent any speculation.

In addition, shareholders can take into consideration the above information when exercising their voting right with respect to the ordinary resolution to be passed at this Meeting.

In the meantime, the Board advised shareholders of the Company to exercise caution when dealing in the shares of the Company. If in doubt as to the action they should take, shareholders and potential investors of the Company should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers immediately.

As set out in the Circular to shareholders dated 14 December 2023 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. (the "**Circular**"), the Directors, which included Ms Low, had collectively and individually accepted full responsibility for the accuracy of the information given in the Circular and confirmed after making all reasonable enquiries that, to the best of their knowledge and belief, the 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 the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors had been to ensure that such information had been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

NOTICE

The Notice of EGM and Circular in relation to the Proposed Acquisition of 100% Equity of the Project Company ("**Proposed Acquisition**") had been circulated to shareholders. The Notice convening the Meeting was taken as read.

The Chairman demanded for a poll in accordance with Article 58(a) of the Company's Constitution. This also complies with the requirement of the Listing Manual of the SGX-ST for all listed companies to conduct voting by poll for all general meetings.

Observers were not permitted to participate or vote at meetings and were therefore, not permitted to ask questions or propose any motion that came before the Meeting. It was noted that the Chairman had been appointed as a proxy by some shareholders and would be voting in accordance with their instructions.

ORDINARY BUSINESS:

ORDINARY RESOLUTION

- THE PROPOSED ACQUISITION OF 100% EQUITY OF THE PROJECT COMPANY

The Meeting proceeded to seek shareholders' approval for the Proposed Acquisition of 100% equity of the Project Company (as defined in the Circular).

The rationale of the Proposed Acquisition of 100% equity of the Project Company is set out in the Circular.

The motion as set out under the ordinary resolution of the Notice of EGM was proposed by the Chairman.

It was noted that as at the stipulated deadline for submission of questions ahead of the EGM set out in the Notice of EGM (i.e. 2.00 p.m. on 22 December 2023), the Company did not receive any questions from shareholders.

After addressing questions from the shareholders at the EGM which were substantial and relevant to the resolution to be tabled for approval at the Meeting or the Company's businesses and operations, the Chairman then proceeded with the agenda of the Meeting ("**Summary of Q&A at the EGM**"). The Summary of Q&A at the EGM is attached to these minutes as Appendix 1.

As there were no further questions from the shareholders, the Chairman proceeded with the poll voting on the ordinary resolution.

POLLING

The poll was taken for the Resolution. For the conduct of the poll, B.A.C.S. Private Limited and CACS Corporate Advisory Pte. Ltd. had been appointed as Polling Agent and Scrutineer respectively. Poll procedures were explained by the Scrutineer.

After all the completed poll voting slips were handed to representatives of the Scrutineer, the Chairman suggested to take a 15-minute break at 3.40 p.m. while the Polling Agent and Scrutineer were counting and verifying the votes. Shareholders were requested to assemble in the room at 3.55 p.m. or when the results of the poll for the EGM were ready.

The Meeting was called to order at 3.55 p.m.

RESULTS OF POLL

Following the tabulation of votes as verified by the Scrutineer, the Chairman announced the results of the poll as follows:

ORDINARY RESOLUTION

- THE PROPOSED ACQUISITION OF 100% EQUITY OF THE PROJECT COMPANY

	Votes	Percentage (%)
No. of shares for:	352,420,683	99.79
No. of share against:	731,000	0.21

Based on the results of the poll, the Chairman declared the motion carried and it was 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 Hainan World Tourism Investment Co., Ltd. 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."

CONCLUSION

There being no other business to transact, the EGM of the Company was declared closed at 4.00 p.m. and the Chairman thanked everyone for their attendance.

Confirmed as True Record of Proceedings held

Shao Jianjun
Chairman

WORLD PRECISION MACHINERY LIMITED

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**EXTRAORDINARY GENERAL MEETING HELD ON 29 DECEMBER 2023 (“EGM”)
- SUMMARY OF QUESTIONS AND ANSWERS**

Capitalised terms not otherwise defined herein shall have the same meanings ascribed thereto in the Circular to shareholders dated 14 December 2023 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. (the “Circular”), as applicable.

<p>Question 1: Shareholder</p>	<p>The Company and its subsidiaries (the “Group”) is one of the leading manufacturers of stamping machines and related metal components (“Core Business”) in the People’s Republic of China (“PRC”).</p> <p>The Proposed Acquisition (as defined in the Circular) is relating to the acquisition of 100% equity of the Project Company which is in the hotel business and not related to the Group’s Core Business.</p> <p>Please advise the Group’s intention and future direction.</p>
<p>Answer 1: Shao Jianjun Executive Chairman</p>	<p>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.</p> <p>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.</p> <p>Management was of the view that the Proposed Acquisition is a good investment opportunity.</p>
<p>Answer 1: Lim Yoke Hean Independent Director</p>	<p>Mr Wang Weiyao, the Non-Executive and Non-Independent Director of the Company, has several personal investments, which include ownership of an international five-star hotel resort (“Hainan Hotel”), in Hainan, the PRC, which has been profitable.</p> <p>The Land to be acquired by the Group is located approximately 20 minutes’ drive from Hainan Hotel. As such, through Mr Wang Weiyao’s experience in investing in the Hainan Hotel, and the Group’s previous investment in Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd., the management team is familiar with hospitality related business and assets in Hainan Province, the PRC.</p>

<p>Answer 1 (cont'd): Lim Yoke Hean Independent Director</p>	<p>The Sellers have many businesses in the PRC, including real estate business and hotel business in Hainan Province, the PRC. The Sellers had decided to dispose some of their hotel businesses. As the purchase consideration for the acquisition is only approximately S\$50 per sq ft of the Land, that appeared to be attractively priced given the buoyant tourism industry in Hainan Island.</p> <p>In addition, the Chinese government has rolled out its master plan to build Hainan into a world-class free trade port (“FTP”) by 2025 which can compete with other mature free trade ports like Singapore and Hong Kong.</p> <p>The zero-tariff regime will be fully established by 2025, allowing a wide range of goods to be imported into the FTP with zero tariff. Import VAT and consumption tax exclusion may also apply. Duty-free shopping with RMB100,000 per year per visitor will also be introduced.</p> <p>Based on a search on the Ctrip website, the price for a 4-night accommodation from 29 December 2023 to 2 January 2024 at the Hainan Hotel was approximately RMB10,000 while the price for the accommodation in Singapore at the same hotel brand as the Hainan Hotel amounted to RMB12,000 and Hilton Singapore Orchard amounted to RMB11,000 for the same 4 nights. Comparatively, although the price gap for these accommodations were not wide, the overall operating expenses to operate a hotel in Hainan, the PRC would be significantly lower.</p>
<p>Question 2: Shareholder</p>	<p>Any future plan to acquire additional hotel businesses?</p>
<p>Answer 2: Shao Jianjun Executive Chairman</p>	<p>The Group is open to exploring any suitable business or investment opportunity. However, the parameters for future investments of the Group would be guided by the Group’s Plan without affecting the operations and expansion of the Group’s Core Business.</p>
<p>Question 3: Shareholder</p>	<p>As stated in the Circular, the Land Use Rights over the Land has a tenure of 39 years and 3 months, and would expire on 31 December 2037, the tenure of which may be renewed or extended, subject to negotiations.</p> <p>What would happen after the expiry of tenure of the Land Use Rights?</p>
<p>Answer 3: Shao Jianjun Executive Chairman</p>	<p>Currently, there is no freehold land/property and all land/property are leased in the PRC. The tenure of the Land Use Rights is set by the Chinese government and can usually be extended.</p>
<p>Question 4: Shareholder</p>	<p>How much does it cost to extend the tenure?</p>

<p>Answer 4: Shao Jianjun Executive Chairman</p>	<p>Currently, a nominal administrative fee is required to be paid to extend the tenure. Nonetheless, this may be subject to changes in accordance with the Chinese government policy. As it is not within the Group's control with respect to government policies, it is not meaningful to look at the tenure of the Land Use Rights for the moment.</p>
<p>Question 5: Shareholder</p>	<p>There was no presentation or summary of the Proposed Acquisition. In addition, no independent valuer had been commissioned and no was due diligence conducted. Please provide more assurance that the Proposed Acquisition would generate revenue/profits.</p>
<p>Answer 5: Ng Keong Khoon (Samuell) Chief Financial Officer</p>	<p>The Company's wholly owned subsidiary, Hainan World Tourism Investment Co., Ltd. ("HWTI") had also 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, and has an in-house legal team to handle PRC law related matters.</p> <p>It is not mandatory under Rule 1010 or Rule 1011 that the Company commission a valuation of the assets to be acquired.</p>
<p>Answer 5: Lim Yoke Hean Independent Director</p>	<p>The Proposed Acquisition is an investment of the Group and not a Core Business of the Group. Should the Proposed Acquisition be a core business, the Group would need to conduct feasibility studies, long-term projection and 10 years' outlook of the industry, pay-back period and return on investment, etc.</p> <p>Until the Board of Directors of the Company ("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.</p>
<p>Question 6: Shareholder</p>	<p>Would the Proposed Acquisition be wholly owned by the Company?</p>
<p>Answer 6: Lim Yoke Hean Independent Director</p>	<p>Yes, the Company's wholly owned subsidiary, HWTI would own 100% of the Project Company.</p>
<p>Question 7: Shareholder</p>	<p>What is the percentage of hotel investment compared to net asset value of the Group?</p>
<p>Answer 7: Ng Keong Khoon (Samuell) Chief Financial Officer</p>	<p>The hotel investment consisted 26.8% of FY2022 net asset value.</p>

<p>Question 8: Shareholder</p> <p>Answer 8: Lim Yoke Hean Independent Director</p>	<p>Do you consider the Proposed Acquisition as a major investment of the Group?</p> <p>The Company had on 9 January 2023 announced the proposed acquisition of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd. (“Wanning Yinhu Hot Spring Holiday Hotel Acquisition”). As the relative figures computed under Rule 1006 of the listing manual (“Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), exceeded 5% but was less than 20%, and accordingly, the Wanning Yinhu Hot Spring Holiday Hotel Acquisition is a discloseable transaction as classified under Chapter 10 of the Listing Manual.</p> <p>Compared to Wanning Yinhu Hot Spring Holiday Hotel Acquisition’s purchase consideration of RMB155 million, the Proposed Acquisition’s purchase consideration is RMB160 million, a nominal difference of RMB5 million.</p> <p>However, the Proposed Acquisition constitutes a “Major Transaction” under Chapter 10 of the Listing Manual as the relative figure computed based on Rule 1006(c) of the Listing Manual (i.e. 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) exceeds 20% in view of the lower market capitalisation of the Company* as at 6 October 2023.</p> <p>The share price of the Company used to compute the market capitalisation on 5 January 2023 was S\$0.38 per share while the share price of the Company used to compute the market capitalisation on 6 October 2023 was S\$0.28 per share.</p>
<p>Question 9: Shareholder</p> <p>Answer 9: Ng Keong Khoon (Samuell) Chief Financial Officer</p>	<p>Since the Group had acquired Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd., were there any benchmarks made for the Proposed Acquisition?</p> <p>As stated in the Circular, the management team of the Group had made 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 for sale by public auction.</p> <p>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. 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.</p> <p>In addition, the value of the Land Use Right is after taking into account of the current market value of similar parcels of land in the vicinity of the Land and 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.</p>

<p>Question 10: Shareholder</p>	<p>With reference to 3.1.1 and 3.1.2 of the Circular, it was noted that there is a decrease in the (i) net tangible assets; and (ii) profits after tax attributable to the owners of the Company under the earnings per share, after the Proposed Acquisition.</p>
<p>Answer 10: Ng Keong Khoon (Samuell) Chief Financial Officer</p>	<p>The decrease is due to due diligence cost, stamp duty and legal fees in respect of the Proposed Acquisition.</p>
<p>Answer 10: Shao Jianjun Executive Chairman</p>	<p>Management is positive about its investments in Hainan due to the FTP and tourism prospects, and is confident of yielding returns from these investments.</p>
<p>Question 11: Shareholder</p>	<p>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”). What is the reason for obtaining these bank loans and the interest rate of the loans?</p>
<p>Answer 11: Ng Keong Khoon (Samuell) Chief Financial Officer</p>	<p>As it is difficult to obtain bank borrowings in the PRC and the interest rate of the loans was low at an average of around 3.8% per annum, the Group took the opportunity to obtain these loans.</p> <p>The SPDB Loan and BOJ Loan were not obtained specifically with the Proposed Acquisition in mind but include the acquisition of 3 adjoining plots of land in Rojana Industrial Park Ayutthaya, Thailand as announced on the SGX-ST (“Acquisition of Land in Thailand”).</p>
<p>Question 12: Shareholder</p>	<p>What is the Group’s plan for the Acquisition of Land in Thailand?</p>
<p>Answer 12: Ng Keong Khoon (Samuell) Chief Financial Officer</p>	<p>The Company was in the process of obtaining a certificate from the Thailand Board of Investment (“BOI”) for tax incentives of investing in Thailand. The Group intends to build a factory on the land in Thailand for the manufacturing of its stamping machines, as a geographical expansion of its factories in the PRC. The Company will make further announcements should there be any material development.</p>
<p>Answer 12: Lim Yoke Hean Independent Director</p>	<p>As highlighted, the investments of the Group would be guided by the Group’s Plan without affecting the operations and expansion of the Group’s Core Business. The Acquisition of Land in Thailand was for the purpose of geographical diversification of its factories in Danyang and Shenyang, the northern and southern parts of the PRC respectively, and to facilitate the export of Group’s stamping machines into South East Asia and other parts of the world.</p>

<p>Question 13: Shareholder</p> <p>Answer 13: Ng Keong Khoon (Samuell) Chief Financial Officer</p>	<p>The Group's turnover is mainly derived from sales in the PRC?</p> <p>More than 90% of the Group's turnover is derived from sales in the PRC. The Group is currently expanding its overseas customer base.</p>
<p>Question 14: Shareholder</p> <p>Answer 14: Shao Jianjun Executive Chairman</p>	<p>The Company's subsidiary, World Precise Machinery (China) Co., Ltd ("WPM (China)"), had carried out a capital reduction exercise and reduced the registered capital of WPM (China) from USD77.90 million to USD50.00 million where the excess capital from the Capital Reduction Exercise had been returned to the Company in its Singapore bank account on 6 September 2022. Subsequently, the Company had a few acquisitions.</p> <p>In view of the above, does the Company have enough cash for the Proposed Acquisition or intend to carry out a rights issue?</p> <p>It is important to identify the investing cycle in the PRC and timing such as capital investments when the interest cost of bank loans and raw material costs are low.</p> <p>The new factory can support stamping machines of 500 tonnes while the current factories can only support stamping machines of up to 160 tonnes.</p> <p>The Company currently does not intend to carry out any rights issue.</p>