



沃得
WORLD

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

INTERESTED PERSON TRANSACTIONS BETWEEN WORLD PRECISION MACHINERY GROUP OF COMPANIES AND JIANGSU WORLD MACHINERY AND ELECTRONICS GROUP OF COMPANIES

1. INTRODUCTION

The Board of Directors of World Precision Machinery Limited (the “Company”) wishes to announce that as at 30 September 2015, the Company together with its subsidiaries (the “Group”) has entered into transactions with the same interested person (as defined in the Listing Manual of the SGX-ST) amounting to an aggregate of RMB36,782,016 (equivalent to S\$7,996,090) which has exceeded 3% of the Group’s latest audited net tangible assets as at 31 December 2014, details of which are stated below.

2. INTERESTED PERSON TRANSACTIONS

The Group has entered into transactions with Jiangsu World Machinery & Electronics Group Co., Ltd. (江苏沃得机电集团有限公司) (“JWEG”) and its following subsidiaries for, amongst others:-

- (a) Transactions relating to the provision of certain services, purchases of certain raw materials and components and sales of stamping machines in the ordinary course of business of the Group (the “Transactions”):
 - (i) Jiangsu World Plant-Protecting Machinery Co., Ltd. (江苏沃得植保机械有限公司)
 - (ii) Jiangsu World Agriculture Machinery Co., Ltd. (江苏沃得农业机械有限公司)
 - (iii) Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd. (江苏沃得农业机械配件制造有限公司)
 - (iv) World Agriculture (Shenyang) Co., Ltd.
 - (v) World Heavy Industry (China) Co., Ltd. (沃得重工(中国)有限公司)
 - (vi) Jiangsu World Crane Co., Ltd. (江苏沃得起重机有限公司)
 - (vii) Jiangsu World Precise Machinery Co., Ltd. (江苏沃得机床有限公司)
 - (viii) Jiangsu Tengyue Heavy Machine Engineering Co., Ltd. (江苏腾跃重型工程机械有限公司)
- (b) Rental income received from World Agriculture (Shenyang) Co., Ltd. (沃得农机(沈阳)有限公司) (the “Rental Income”).

Mr Wang Weiyao, a Non-Executive Director of the Company, has approximately 65% shareholding interest in JWEG. He is also a controlling shareholder of the Company, through his 100% shareholding interest in World Sharehold Limited.

Accordingly, JWEG together with its subsidiaries (the “Jiangsu World Group”) (“Interested Person”) is deemed to be the same interested person within the meaning defined in Chapter 9 of the Listing Manual (“Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Transactions and Rental Income (collectively as “IPTs”) are therefore regarded as an interested person transaction under Chapter 9 of the Listing Manual.

3. DETAILS OF THE TRANSACTIONS

Name of Interested Person	Details of Transaction	Value of Transaction RMB'000
Jiangsu World Machinery and Electronics Group Co., Ltd.	Processing fees received and sale of raw materials.	11
Jiangsu World Machinery and Electronics Group Co., Ltd.	Processing fees paid and purchase of scrap materials.	3,264
Jiangsu World Plant-Protecting Machinery Co., Ltd	Processing fees received, sale of raw materials and parts.	274
Jiangsu World Plant-Protecting Machinery Co., Ltd	Purchase of raw materials and scrap materials.	1,583
Jiangsu World Agriculture Machinery Co., Ltd	Processing fees received, sale of raw materials, parts and machineries.	9,009
Jiangsu World Agriculture Machinery Co., Ltd	Purchase of scrap materials.	1,356
Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd.	Processing fees received, sale of raw materials and parts.	6,479
Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd.	Processing fee paid, purchase of raw materials, parts and scrap materials.	6,664
World Agriculture (Shenyang) Co., Ltd.	Sale of raw materials and rental income.	6,004
World Heavy Industry (China) Co., Ltd.	Sale of raw materials and parts.	1,223
World Heavy Industry (China) Co., Ltd.	Purchase of scrap materials and equipment.	379
Jiangsu World Precise Machinery Co., Ltd.	Land rental paid	536
	Total:	36,782

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("FY2014"), the audited consolidated net tangible assets ("NTA") of the Group was RMB1,108,629,000 (equivalent to S\$239,037,000).

The total value of the IPTs when aggregated with previous transactions with Jiangsu World Group amounts to approximately 3.32% of the Group's audited consolidated NTA for FY2014.

The IPTs were carried out on a willing buyer and willing basis and were at prices comparable to the prices charged for similar products and/or services by unrelated parties and at the prevailing market prices.

4. RATIONALE FOR THE INTERESTED PERSON TRANSACTIONS

The Transactions with the Interested Person are entered into by the Group in its ordinary course of business and/or which are necessary for the day-to-day operations of the Group.

The Group is and will be able to fulfill its needs for raw materials and components in its manufacturing activities as well as the needs of its customers in the manufacturing industry for stamping products through its relationship with Jiangsu World Group.

The Company believes that this relationship with Jiangsu World Group has enhanced the profitability of the business of the Group and has provided the Group with a keener competitive advantage in terms of better product quality, specifications and requirements.

The Rental Income with the Interested Person entered into by the Group for the rental of excess factory premises to World Agriculture (Shenyang) Co., Ltd., is at the prevailing market rental rates. Such transaction will generate cash flow for the Group to cover its operating expenses.

The Company had also disclosed in its IPO Prospectus dated 19 April 2006 that on-going interested person transactions would include the following:

- (i) Jiangsu World Group is mainly engaged in the manufacture of diesel crankshafts and related components. The Group would purchase certain of these components from Jiangsu World Group which are used in the manufacture of the Group's stamping products.
- (ii) Jiangsu World Group would provide processing services to the Group for which processing fees will be paid. These processing services involve the use of the manufacturing facilities of Jiangsu World Group.
- (iii) Danyang Picheng Water Supply Co., Ltd. would supply water to the Group and is the sole supplier of water in Picheng Town, Danyang City where the Group's operations are located.
- (iv) The Group would sell stamping machines and customized components to Jiangsu World Group for their manufacturing activities.
- (v) The Group would purchase raw materials and components through Jiangsu World Group, which functions as a middle-man for the procurement for these raw materials and components.
- (vi) The Group would provide processing services to Jiangsu World Group to process certain components for a processing fee.
- (vii) The Group would continue to lease from Jiangsu World Group the land on which the Group's operating plant in Danyang City is situated. The lease was made pursuant to a lease agreement dated 18 June 2004 for a term of 10 years.

The said lease agreement mentioned in item (vii) above has been further extended on a yearly basis at prevailing market rental rates, and the terms and conditions of which will be based on mutual agreement between the Group and Jiangsu World Group.

5. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the terms of the IPTs. The Audit Committee and the Board of Directors are of the view that the IPTs are entered into on an arm's length basis on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

6. FUTURE INTERESTED PERSON TRANSACTIONS

The Group intends to enter into future transactions of similar nature with Jiangsu World Group in the current financial year ("Future Transactions"). The terms and conditions of the Future Transactions will be agreed between the Group and the Jiangsu World Group having regard to prevailing market rates and will be based on commercial terms transacted on an arm's length basis.

The value of the IPTs when aggregated with the total value of all other interested person transactions entered into with Jiangsu World Group in the same financial year are not expected to exceed the financial threshold of 5% prescribed under Rule 906(2) of the Listing Manual.

The Company will seek a general mandate from shareholders for the Future Transactions that are recurrent transactions of revenue or trading nature, as and when required or when the need arises.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the IPTs.

By Order of the Board
World Precision Machinery Limited

Wu Yufang
Chief Executive Officer
2 October 2015