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WORLD

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

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## THE PROPOSED SALE OF FACTORY BUILDINGS AND LAND IN SHENYANG

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### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of World Precision Machinery Limited (the “**Company**”, and collectively, the Company and its subsidiaries, the “**Group**”) would like to announce that World Precise Machinery (Shenyang) Co., Ltd., a wholly-owned subsidiary of the Company incorporated in the People's Republic of China (the “**Seller**”), has entered into a memorandum of understanding with World Agriculture (Shenyang) Co., Ltd. (the “**Buyer**”) on 17 April 2020 (the “**MOU**”), in relation to the sale of factory buildings and the land associated with such factory buildings (the “**Sale Property**”).

### 2. BACKGROUND INFORMATION ON THE BUYER

The Buyer, a corporation incorporated in the People's Republic of China, is a wholly-owned subsidiary of Jiangsu World Agriculture Machinery Co., Ltd. (“**JWAMCL**”). Mr. Wang Weiyao, a director and controlling shareholder of the Company, is deemed interested in approximately 73.62% of the shareholding interest in JWAMCL, through Danyang World Industrial Development Co., Ltd., in which him and his wife collectively own 100% shareholding interest. Accordingly, the Buyer is deemed to be an “interested person” for the purposes of Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). As the Seller is an “entity at risk”, the Proposed Sale (as defined below) is accordingly, an “interested person transaction” for purposes of Chapter 9 of the Listing Manual.

### 3. SALIENT TERMS OF THE MOU

3.1 The terms and conditions of the MOU were negotiated and agreed upon by the parties on an arm’s length basis.

3.2 A summary of the principal terms of the MOU is set out below:

- (a) Factory Buildings: Building 2, Building 3 and Building 4 of No. 25, Shenxi Road 3, Shenyang Economic and Technological Development Zone, Liaoning Province, China.
- (b) Total Land Size: Approximately 255,760.32 square meters
- (c) Proposed Transaction Structure: The Seller will incorporate a subsidiary (the “**Target Co**”) and transfer the Sale Property to the Target Co. The Target Co's sole business and assets are to hold the Sale Property. Thereafter, 100% of the shares in the Target Co are to be sold

to the Buyer (the "**Sale Shares**", and the sale of the Sale Shares, the "**Proposed Sale**").

- (d) Condition Precedent: The Proposed Sale is conditional upon the following conditions being fulfilled:
- (i) the Seller being the legal and beneficial owner of the Sale Property and having the complete and unrestricted right to sell and transfer full legal and beneficial title to and of the Sale Property, and there being no encumbrances on, over or affecting the Sale Property;
  - (ii) the Seller obtaining the necessary approvals, including but not limited to the approvals of (aa) the board of directors, audit committee and shareholders of the Company, being the holding company of the Seller, (bb) the SGX-ST, (cc) other relevant regulatory authorities and third parties;
  - (iii) the Seller having taken all necessary action to authorise entry into and performance of the MOU and the MOU constituting binding obligations of the Seller in accordance with its terms; and
  - (iv) the Buyer having the legal right and full corporate power and capacity to execute and deliver the MOU and perform its obligations under it.
- (e) Termination: If the Seller and the Buyer are unable to agree on the sale price within 6 months of the date of the MOU for any reasons whatsoever, the MOU will terminate immediately unless both parties agree to extend the term of the MOU for a further 6 months.
- 3.3 Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2018, the consolidated net tangible asset of the Group as at 31 December 2018 was RMB1,030,470,000 (the "**Group NTA**"). The net book value of the Sale Property is RMB209,360,000 as at 31 December 2019, which is approximately 20.32% of the Group NTA. Pursuant to Rule 906(1) of the Listing Manual, the Company must obtain shareholders' approval for an interested person transaction of a value equal to, or exceeding 5% of the Group's latest audited consolidated NTA. In this regard, the Company will be convening a general meeting (the "**EGM**") to seek shareholders' approval of the Proposed Sale.
- 3.4 The Seller will be appointing an independent professional valuer to value the Sale Property, and such valuation will form the basis of the value of the Sale Shares.

#### **4. RATIONALE AND BENEFIT TO THE COMPANY**

- 4.1 The Board considers the Proposed Sale to be beneficial for the Group as the factory buildings proposed to be sold pursuant to the Proposed Sale are in excess of the business requirements of the Group.
- 4.2 The consideration for the Proposed Sale is to be in cash only, and such proceeds, when received, can then be applied towards the working capital of the Group, or for other purposes as may be

determined by the Board.

## 5. AUDIT COMMITTEE'S STATEMENT

Members of the Audit Committee (“AC”), are of the view that the MOU is entered into on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. This view is however, subject to an independent valuer's report on the value of the Sale Property, the consideration and other terms and conditions which are satisfactory to the AC and agreed to with the Buyer to be set out in a definitive sale and purchase agreement.

## 6. TOTAL TRANSACTIONS WITH INTERESTED PERSON FOR THE FINANCIAL YEAR

The Company had, at the annual general meeting held on 29 April 2019, sought and obtained the approval of the shareholders of the Company for the renewal of the general mandate (the “IPT Mandate”) to enable the Company, its subsidiaries and associated companies, to enter in the ordinary course of business into certain types of transactions with specified classes of the Company’s “interested persons” (the “IPTs”), provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions.

The IPTs for the current financial year are as follows:

Name of Interested Person	Aggregate value of all IPTs during the current financial year (excluding transactions less than S\$100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all IPTs conducted under the IPT Mandate during the current financial year (excluding transactions less than S\$100,000)
	(RMB'000)	(RMB'000)
<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u>  Processing fees received, sale of raw materials, part and machineries.  Processing fees paid and purchase of raw materials and equipment.	N/A	2,156  1,647
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>  Processing fees received, sale of raw materials and parts.  Purchase of raw materials and scrap materials.	N/A	99  3,441

<p><u>Jiangsu World Agriculture Machinery Co., Ltd.</u></p> <p>Processing fees received, sale of raw materials, parts and machineries.</p> <p>Processing fees paid and purchase of raw materials, scrap materials and equipment.</p>	<p>N/A</p>	<p>26,706</p> <p>4,843</p>
<p><u>Jiangsu World Agriculture Machinery &amp; Parts Manufacturing Co., Ltd.</u></p> <p>Processing fees received, sale of raw materials, parts and equipment.</p> <p>Processing fees paid and purchase of raw materials, scrap materials and equipment.</p>	<p>N/A</p>	<p>6,112</p> <p>54,720</p>
<p><u>World Agriculture (Shenyang) Co., Ltd.</u></p> <p>Processing fee received and sales of raw materials, parts and scrap materials and rental income of factory.</p> <p>Purchase of raw materials.</p>	<p>N/A</p>	<p>8,023</p> <p>9</p>
<p><u>World Heavy Industry (China) Co., Ltd.</u></p> <p>Sale of raw materials and parts.</p> <p>Processing fee paid, purchase of raw materials and equipment.</p>	<p>N/A</p>	<p>807</p> <p>12,998</p>
<p><u>Jiangsu World Crane Co., Ltd.</u></p> <p>Purchase of equipment.</p>	<p>N/A</p>	<p>2,986</p>
<p><u>Jiangsu World Precise Machinery Co., Ltd.</u></p> <p>Land rental paid.</p>	<p>N/A</p>	<p>686</p>
<p><u>Jiangsu World Furniture Co., Ltd.</u></p> <p>Processing fee received, sale of raw materials, parts and machineries.</p>	<p>N/A</p>	<p>601</p>

<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u>	N/A	
Processing fee received and sale of raw materials, parts and machineries.		12,298
Purchase of raw materials and scrap materials.		8,442
<u>Jiangsu World Construction Machinery Sales Co., Ltd.</u>		N/A
Purchase of raw materials.	140	
<b>Total</b>	<b>140</b>	<b>146,574</b>

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr. Wang Weiyao, whose interests in the Proposed Sale are disclosed above, none of the other Directors or controlling shareholders has any interest, direct or indirect, in the Proposed Sale, other than through their shareholdings in the Company.

## 8. DOCUMENTS FOR INSPECTION

The Company will make further announcements, in compliance with the requirements of Chapter 9 of the Listing Manual, upon the execution of the definitive sale and purchase agreement and/or when there are material developments in respect of the Proposed Sale.

A copy of the MOU is available for inspection at the registered office of the Company at 120 Robinson Road, #08-01, Singapore 068913, but as a result of the movement restrictions pursuant to the Covid-19 (Temporary Measures) (Control Order) Regulations 2020, access to the said premises will not be possible during this period, and instead, please write to the Company at the above address so that arrangements can be made for inspection or review of the MOU.

By Order of the Board  
World Precision Machinery Limited

Shao Jianjun  
Executive Chairman  
20 April 2020