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

UPDATE - THE PROPOSED ACQUISITION OF INDUSTRIAL LAND IN THAILAND

The Board of Directors (the "**Board**") of World Precision Machinery Limited (the "**Company**", and collectively, the Company and its subsidiaries, the "**Group**") refers to the Company's announcement released on SGXNET on 25 November 2022 (the "**25 Nov Announcement**") and 7 December 2022 (the "**7 December Announcement**") in relation to the acquisition of 3 adjoining plots of land in Rojana Industrial Park Ayutthaya (the "**Land**") from Rojana Industrial Park Public Co., Ltd. ("**Rojana**").

Capitalised terms not otherwise defined in this Announcement shall have the same meanings ascribed thereto in the 25 Nov Announcement.

Fulfilment of Conditions Precedent

By way of an update, both the conditions precedent to acquisition of the Land have been fulfilled, namely that (i) the Group has successfully obtained the BOI certificate, and (ii) World Precise Machinery (Thailand) Co., Ltd. ("**WPM Thai**"), a subsidiary incorporated by World Precise Machinery (China) Co., Ltd. ("**WPM China**"), which in turn is a wholly-owned subsidiary of the Company, has entered into the Land Purchase Agreement with Rojana on 27 June 2023.

WPM Thai is incorporated with an initial registered share capital of 1,607,220,000 Baht (approximately S$62.68 million based on the foreign exchange rate of 1 Baht = S$0.039). As of the date hereof, the paid-up capital for WPM Thai is nil-paid, and it will be paid up in due course when completing the acquisition of the Land.

The promoters of WPM Thai are WPM China, Mr Wang Wei Yao and Mr Shao Jianjun, the Non-Executive and Non-Independent Director, and the Executive Chairman of the Company respectively. WPM China, Mr Wang and Mr Shao will hold a 90%, 5% and 5% equity stake in WPM Thai respectively.

It is noted that in compliance with Rule 916(2) of the Listing Manual, that:-

(a) the risks and rewards for WPM China, Mr Wang and Mr Shao are in proportion to the equity of each joint venture partner in WPM Thai;

(b) the audit committee of the Company is of the view that the risks and rewards of the WPM Thai joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the Company and its minority shareholders; and

(c) neither Mr Wang nor Mr Shao has an existing equity interest in WPM Thai prior to the participation of the Company in the joint venture.

The Company will continue to comply with the provisions of Chapter 9 of the Listing Manual, including releasing pertinent information, when WPM Thai proceeds to complete the acquisition of the Land and WPM Thai calls on the unpaid part of its registered capital.

Summary of the Key Commercial Terms of the Land Purchase Agreement

A summary of the key commercial terms of the Land Purchase Agreement not already set out in the Agreement and disclosed in the 25 Nov Announcement and 7 December Announcement are

set out below:

1. The total acquisition price of the Land is 153,573,500 Baht, payable in 4 equal instalments of 38,393,375 Baht per instalment, as follows:

    a. the first instalment, within 30 days of signing of the Land Purchase Agreement;

    b. the second instalment, within 60 days of signing of the Land Purchase Agreement;

    c. the third instalment, within 90 days of signing of the Land Purchase Agreement; and

    d. the last instalment, to be paid before the date when the title deed is transferred, where Rojana shall have given WPM Thai at least 30 days' notice of such transfer. The last instalment amount is subject to a proportionate price adjustment in the event there is a greater than 5% variance to the area of the Land as agreed to be acquired set out in the Land Purchase Agreement versus the actual area of the Land as surveyed by the Department of Land.

2. Rojana shall pay all the taxes, fees or any other cost accrued on the Land before the transfer of the land title deed. The fee for registration of the land transfer (being 2% of the Department of Land's appraised value of the Land) shall be paid by WPM Thai. The special business tax and the income tax arising from the sale of the land shall be paid by Rojana.

3. In the event Rojana fails to transfer the title deed to the Land (other than for reasons attributable to the Purchaser's fault or to force majeure), Rojana shall refund the payments that have been made by WPM Thai plus a simple interest accruing at a rate of 5% per annum, calculated in each case from the relevant payment date until the said payment is refunded in full.

4. In the event WPM Thai fails to make payments on the agreed terms, Rojana shall have the right to:

    a. notify WPM Thai to remedy such breach within 15 days, plus simple interest accruing at the rate of 5% per annum calculated from the default date until the said instalment sum is paid in full;

    b. terminate the Land Purchase Agreement and forfeit all the instalment payments made should WPM Thai fail to remedy the breach.

5. WPM Thai shall provide the completed application documents for BOI approval within 2 months of entering into the Land Purchaser Agreement, and shall also submit the completed application documents for construction permit and factory licence within 4 months of obtaining the BOI approval, so that Rojana may assist the Purchaser in applying for relevant government licences. In the event WPM fails to provide such documentation and fails to remedy such failure within 15 days' notice given by Rojana, Rojana shall have the right to terminate the Land Purchase Agreement and forfeit all the instalment payments made by WPM Thai.

By Order of the Board
World Precision Machinery Limited

Shao Jianjun
Executive Chairman
28 June 2023