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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**”), 7 December 2022 (the “**7 December Announcement**”) and 28 June 2023 (the “**28 June Announcement**”) and 17 July 2023 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, 7 December Announcement and 28 June Announcement, as applicable.

Update

The shareholders of WPM Thai have on 24 November 2023 paid up a total of Baht 720,300,000 as share capital to WPM Thai. This sum was paid up by WPM China, Mr Shao Jianjun (Executive Chairman), and Mr Wang Weiyao (Non-Independent Non-Executive Director) in their respective shareholding proportions, being Baht 648,270,000 (90%), Baht 36,015,000 (5%) and Baht 36,015,000 (5%).

Under Thai laws, a to-be incorporated company must have at least 2 promoters, and upon incorporation, the promoters will automatically become shareholders of the company. It is under this context that Mr Wang Weiyao and Mr Shao Jianjun became the minority shareholders of WPM Thai together with WPM China, and the Group had then extended an offer for each of Mr Wang Weiyao and Mr Shao Jianjun to hold a 5% equity stake in WPM Thai, which they accepted.

It is, however, noted that at the time of incorporation of WPM Thai, the Group’s intention was to hold 100% of the equity of WPM Thai. Under Thai laws, in the case of WPM Thai, share transfers may take place only after at least 25% of the authorised share capital of Baht 1,050,000,000 has been paid-up, and in this connection, shortly after share capital in WPM Thai has been paid up on 24 November 2023, the Group has enquired with Mr Wang Weiyao and Mr Shao Jianjun whether they agreed to transfer their respective equity stake in WPM Thai to the Group, and which they agreed to. This led to the equity transfer taking effect on 25 December 2023 (the “**WPM Thai Equity Transfer**”).

The WPM Thai Equity Transfer was effected on the bases that each of Mr Wang Weiyao’s and Mr Shao Jianjun’s equity stake is transferred (i) free of encumbrance, and (ii) for Baht 36,015,000 (approximately RMB 7,425,773 based on the foreign exchange rate of RMB1 = Baht 4.85) to the Company and World Precise Machinery Parts (Jiangsu) Co., Ltd., which is the same value as the amount of capital each of them has paid up in WPM Thai.

Since incorporation, other than applying part of the paid-up share capital to acquire the Land, WPM Thai has been inactive, with its only other asset being cash paid up by its shareholders. Accordingly, WPM Thai has yet to generate any revenue from its business operations and has incurred some administrative expenses only.

The WPM Thai Equity Transfer was tabled by the management team of the Group to the Board for approval and ratification on 29 December 2023, which was approved and ratified. It is noted that Mr Lim Yoke Hean, as the sole Independent Director of the Company (in view that Ms Low

Mui Kee, the other Independent Director of the Company, has resigned with effect from 28 December 2023), has considered the terms of the WPM Thai Equity Acquisition and in view that (i) since incorporation, other than applying part of the paid-up share capital to acquire the Land, WPM Thai has been inactive, with its only other asset being cash paid up by its three shareholders, (ii) WPM Thai has yet to generate any revenue from its business operations and has incurred some administrative expenses only, which accordingly, results in there being no significant impact to the book value of the Group pre and post WPM Thai Equity Acquisition, (iii) the period of only just over a month from the date of capital injection by the shareholders of WPM Thai to the WPM Thai Equity Transfer being effected (in the ordinary process for share transfer), Mr Lim Yoke Hean is of the view that the WPM Thai Equity Acquisition does not prejudice the interests of the Company nor its minority shareholders.

It is noted that the transaction value with each of Mr Wang Weiyao and Mr Shao Jianjun represent approximately 0.65% of the Group's net tangible assets as at 31 December 2022, being the latest available audited financial results of the Group, and which is below the 3% threshold set out in Rule 905(1) of the Listing Manual. It is further noted that all of the relative figures computed on the bases set out in Rule 1006 amount to 5% or less. The transaction value of the WPM Thai Equity Transfer thus falls below the thresholds of Chapters 9 and 10 of the Listing Manual.

Other than as disclosed above in respect of Mr Wang Weiyao and Mr Shao Jianjun, it is further noted that none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the WPM Thai Equity Acquisition, other than through their shareholdings in the Company.

By Order of the Board
World Precision Machinery Limited

Shao Jianjun
Executive Chairman
1 January 2024