



World Precision Machinery Limited
(Incorporated in Singapore)
(Company Registration No: 200409453N)

LETTER TO SHAREHOLDERS

Directors:

Mr. Shao Jianjun (Executive Chairman)
Mr. Wang Weiyao (Non-Executive and Non-Independent Director)
Mr. Phang Kin Seng (Lawrence) (Lead Independent Director)
Mr. Lim Yoke Hean (Independent Director)

Registered Office:

50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623

12 April 2019

To: The Shareholders of
World Precision Machinery Limited (the "**Company**")

Dear Sir/Madam

1. INTRODUCTION

1.1 **Notice of AGM.** We refer to:

- (a) the Notice of Annual General Meeting of the Company dated 12 April 2019 (the "**Notice**") convening the Annual General Meeting of the Company to be held on 29 April 2019 (the "**2019 AGM**"); and
- (b) Resolution 5, being the Ordinary Resolution relating to the proposed change of Auditors, as proposed in the Notice.

1.2 **Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Resolution 5 proposed in the Notice (the "**Proposed Change of Auditors**").

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 **Advice to Shareholders.** If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 **Background.** Resolution 5 proposed in the Notice is to appoint KPMG LLP as the Auditors of the Company in place of the retiring Auditors, Baker Tilly TFW LLP, and to authorise the Directors of the Company ("**Directors**") to fix their remuneration. Baker Tilly TFW LLP has served as external Auditors of the Company for 9 years, since 2010.

2.2 **Nomination Notice.** Pursuant to Section 205 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Company had received a notice of nomination dated 26 February 2019 ("**Nomination Notice**") from World Sharehold Limited, a substantial shareholder of the Company, nominating KPMG LLP for appointment as Auditors of the Company in place of the retiring Auditors, Baker Tilly TFW LLP. A copy of Nomination Notice is attached in the Appendix to this Letter.

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- 2.3 **Rationale.** As part of ongoing good corporate governance initiatives and to enable the Company to benefit from fresh perspectives and views of another professional accounting firm, thereby enhancing the value of the audit, the Directors are of the view that it would be timely to effect a change of external Auditors with effect from the financial year ending 31 December 2019. Baker Tilly TFW LLP, the retiring Auditors, will accordingly not be seeking re-appointment at the forthcoming 2019 AGM.

The Audit Committee of the Company (the “**Audit Committee**”) recommended that KPMG LLP be selected for the proposed appointment, after having reviewed and deliberated on the proposal received from KPMG LLP and taking into consideration the audit quality indicators introduced by the Accounting and Corporate Regulatory Authority (“**ACRA**”) and the criteria for the evaluation and selection of the external auditors contained in the Guidebook for Audit Committees in Singapore, including factors such as the adequacy of the resources and experiences of the auditing firm to be selected and the audit engagement partner to be assigned to the audit, the audit firm’s other engagements, the size and complexity of the Company and its subsidiaries (the “**Group**”) and the number and experience of supervisory and professional staff to be assigned.

The board of Directors of the Company (“**Board**”) has taken into account the Audit Committee’s recommendation, including the factors considered in their evaluation, and is satisfied that KPMG LLP will be able to meet the audit requirements of the Company.

The scope of audit services to be provided by KPMG LLP will be comparable to those currently provided by Baker Tilly TFW LLP.

- 2.4 **Information on KPMG LLP.** KPMG LLP in Singapore is a member firm of KPMG International, an international network of member firms offering audit, tax and advisory services in 153 countries and territories with 207,000 employees across a range of disciplines. KPMG LLP is registered with ACRA. It is one of the largest professional services firms in Singapore today, and has a wide-ranging clientele base consisting of multinational companies, private companies and public sector organisations, with approximately 1,100 headcounts in the Singapore office. The audit partner who will be in charge of the audit is Ms Teo Han Jo, who is a Fellow of the Institute of Singapore Chartered Accountants, as well as a public accountant registered with ACRA. Ms Teo Han Jo has more than 21 years of experience in providing audit services to a variety of clients, including various companies listed on the SGX-ST. The Company has considered whether the partner in charge of the Company’s audit has been subject to a Practice Monitoring Programme review by ACRA, and whether there is any adverse feedback from previous exercises.

For more information about KPMG LLP, please visit <http://www.kpmg.com/SG/EN/Pages/default.aspx>.

- 2.5 **Confirmations.** In accordance with the requirements of Rule 1203(5) of the Listing Manual of the SGX-ST (the “**Listing Manual**”):
- (a) the outgoing Auditors, Baker Tilly TFW LLP, has confirmed that it is not aware of any professional reasons why the new Auditors, KPMG LLP, should not accept appointment as Auditors of the Company;
 - (b) the Company confirms that there were no disagreements with the outgoing Auditors, Baker Tilly TFW LLP, on accounting treatments within the last 12 months;
 - (c) the Company confirms that, other than as set out above, it is not aware of any circumstances connected with the proposed change of Auditors that should be brought to the attention of Shareholders; and
 - (d) the Company confirms that it is or will be in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of KPMG LLP as the Auditors of the Company.

3. DIRECTORS’ RECOMMENDATIONS

The Board of Directors is of the opinion that the proposed appointment of KPMG LLP as Auditors of the Company in place of the retiring Auditors, Baker Tilly TFW LLP, is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 5, being the Ordinary Resolution relating to the appointment of KPMG LLP as Auditors of the Company in place of the retiring Auditors, Baker Tilly TFW LLP, to be proposed at the 2019 AGM.

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4. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2019 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the proxy form attached to the notice of the 2019 AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the 2019 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2019 AGM if he so wishes in place of the proxy if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) not less than 72 hours before the 2019 AGM.

5. INSPECTION OF DOCUMENTS

The following documents may be accessed at the web-links stated below, and are also available for inspection at the registered office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 during normal business hours from the date of this Letter up to the date of the 2019 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2018;
- (b) the Constitution of the Company;
- (c) the professional clearance letter issued by Baker Tilly TFW LLP to KPMG LLP; and
- (d) KPMG LLP's formal letter of consent to act as Auditors of the Company.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, and the Company and its subsidiaries which are relevant to the Proposed Change of Auditors, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully
For and on behalf of
The Board of Directors of
WORLD PRECISION MACHINERY LIMITED

Yuen Pei Lur Perry
Company Secretary

APPENDIX

WORLD SHAREHOLD LIMITED

(Incorporated in the British Virgin Islands)
(Registration no. 575688)

Registered office address:
TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands

26 February 2019

The Board of Directors
World Precision Machinery Limited
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Dear Sirs

NOTICE OF NOMINATION

Pursuant to the provisions of Section 205 of the Companies Act, Chapter 50, we, World Sharehold Limited, in our capacity as a member of World Precision Machinery Limited (the "**Company**"), hereby give notice of our nomination of KPMG LLP of 16 Raffles Quay, #22-00 Hong Leong Building, Singapore 048581 for appointment as Auditors of the Company in place of the retiring Auditor, Baker Tilly TFW LLP of 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778, at the forthcoming Annual General Meeting of the Company to be held on 29 April 2019 or at any adjournment thereof.

Yours faithfully



Wang Weiyao
Authorised Representative of World Sharehold Limited,
a member of World Precision Machinery Limited