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WORLD

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

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**RESPONSES TO QUERIES FROM SINGAPORE EXCHANGE REGULATION OF UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2024**

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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 queries raised by the Singapore Exchange Regulation (“**SGX RegCo**”) in relation to the Company’s Unaudited Financial Statements for the financial period ended 30 June 2024 in respect of the financial year ending 31 December 2024 (“**FY2024**”). The Company’s responses and the corresponding questions are set out below:

- Q1. Please explain the increase in amount due from related parties (trade) from RMB 84,877,000 as at 31 December 2023 to RMB 122,953,000 as at 30 June 2024.

[Company’s response](#)

The increase in amount due from related parties was mainly due to an increase in sales and services rendered to related parties. There were no extended payment terms or delayed payments from related parties. The terms and conditions for the business transactions remained the same.

- Q2. It is disclosed in the Company’s announcement dated 18 January 2023, entitled “The Proposed Acquisition of Wanning Yinhu Hot Spring Holiday Hotel Co Ltd that “For (iii), depending on what the Board of the Company eventually decides to deal with the Target Company and its assets, the Board is aware that further investments in the Existing Infrastructure will be necessary in order for the Target Company to operate a resort hotel, or use the Existing Infrastructure for such other commercial use. Of note is that the value of the Plot itself (not including the Existing Infrastructure and Lease (water surface)), when referenced to the reserve price of 2 recent plots of land of a similar nature as the Plot released by the Hainan Government recently for sale by public auction, would by the management team’s estimate, exceed the Consideration.”.

It is further disclosed on page 6 of the unaudited financial statements that “From the date of acquisition, Wanning Yinhu Hot Spring Holiday Hotel Co., which is the Group’s recent investment, has not commenced operations, and accordingly there is no material financial impact on the results of the Group”.

Please clarify why Wanning Yinhu Hot Spring Holiday Hotel Co has not commenced operations and provide an update on the Company’s plans for Wanning Yinhu Hot Spring Holiday Hotel Co.

[Company’s response](#)

Please note that all capitalised terms used in this response which are not otherwise defined herein shall have the same meanings ascribed to them in Company’s announcement released on 9 January 2023 and 18 January 2023 (as the case may be).

The Group is still in the process of evaluating how to monetize the assets of the Target Company, including but not limited to whether to further invest in the Existing Infrastructure so that the Target Company can commence operations as a resort hotel. Of note is that since the acquisition of the Target Company, there have been a lot of uncertainties and challenges in the economic environment of the People’s Republic of China, and the Group is accordingly keeping its options open at this time.

- Q3. With regard to the increase in finance costs, it is disclosed that, “The increase was mainly due to interest paid for bank borrowings and early redemption of bills receivables.”

Please explain what led to the increase in interest paid for bank borrowings, given that total

borrowings have decreased from RMB 250 million as at 31 Dec 2023 to RMB 245 million as at 30 June 2024.

[Company's response](#)

Prior to June 2023, the Group did not have bank borrowings. In June 2023, one of the Company's subsidiaries, World Precise Machinery (China) Co. Ltd., had drawn down on a one-year RMB150 million loan from Shanghai Pudong Development Bank Co. Ltd.. Accordingly, on a year-on-year basis, due to the timing of the drawdown of the said loan only taking place in June 2023, the interest expense for bank borrowings is higher in the first half of 2024 when compared with the first half of 2023 even though the total borrowings of the Group have decreased from RMB250 million as at 31 December 2023 to RMB245 million as at 30 June 2024.

Q4. Please elaborate on the other receivables amounting to RMB 22.238 million as at 30 June 2024 and RMB 21.668 million as at 31 December 2023.

[Company's response](#)

See below for the itemised description for other receivables amounting to RMB 22.238 million as at 30 June 2024 and RMB21.668 million as at 31 December 2023:

Nature	As at 30 June 2024 Amount (RMB)	As at 31 December 2024 Amount (RMB)	Terms of the transactions
Deposit for Hainan hotel acquisition – Hainan Xinglong Pearl Investment Co., Ltd.	20,000,000	20,000,000	Refundable
Deposit for utilities	1,000,000	650,000	Refundable
Deposit for sale tenders	450,000	856,000	Refundable
Deposit for others	788,000	162,000	Refundable
<b>Total</b>	<b>22,238,000</b>	<b>21,668,000</b>	

Q5. It is noted that the Group has recognized prepayments for property, plant and equipment amounting to RMB 54 million and RMB55 million as at 30 June 2024 and 31 Dec 2023 respectively. Please disclose:

- i) details on these property, plant and equipment;
- ii) identities of the suppliers and whether they are related parties of the Group; and
- iii) the Company's plans with regard to these property, plant and equipment.

[Company's response](#)

Details	Amount (RMB)	Plans
Factory in Danyang, China	13,500,000	New factory construction in progress to use for manufacturing of high tonnage stamping machines.
Land in Danyang, China	10,121,000	Prepayment for acquisition of land to be use for building of factory.
Land in Thailand	30,340,000	Land held for building new factory.
Plant and equipment	191,000	Additional equipment for manufacturing purposes.
<b>Total</b>	<b>54,152,000</b>	

The Group's counter-parties are reputable and credible suppliers, most of which the Group has had prior dealings with and they are not related to the Group.

By Order of the Board  
World Precision Machinery Limited

Wang Weiyao  
Executive Chairman  
4 September 2024