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WORLD

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

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**MAJOR TRANSACTION AND INTERESTED PERSON TRANSACTION  
– THE PROPOSED SALE OF SHENYANG WORLD HIGH-END  
EQUIPMENT MANUFACTURING CO., LTD**

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**1. INTRODUCTION**

Further to the announcements dated 20 April 2020, 28 April 2020 and 7 August 2020, 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 sale and purchase agreement with World Agriculture (Shenyang) Co., Ltd. (the “**Buyer**”) on 4 September 2020 (the “**SPA**”), pursuant to which the Seller has agreed to sell, and the Buyer has agreed to acquire, all the shareholding interest in Shenyang World High-End Equipment Manufacturing Co., Ltd (the “**Target Company**”), a wholly-owned subsidiary of the Seller, on the terms and subject to the conditions of the SPA (the “**Proposed Sale**”).

By purchasing all the shareholding interest in the Target Company, it is intended that the Buyer will acquire all of the factory buildings and land associated with such factory buildings owned by the Target Company (the “**Sale Property**”).

The Buyer is a corporation incorporated in the People's Republic of China and 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 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Proposed Sale is classified as an “interested person transaction” for purposes of Chapter 9 of the Listing Manual.

In addition to being an “interested person transaction” for purposes of Chapter 9 of the Listing manual, the Proposed Sale also constitutes a “Major Transaction” under Chapter 10 of the Listing Manual and is subject to the approval of the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting (the “**EGM**”) to be convened. Accordingly, the Proposed Sale is conditional upon the receipt of approval from the Shareholders and the SGX-ST. For further details on the relative figures in respect of the Propose Sale computed on the bases set out in Rule 1006 of the Listing Manual, please refer to Paragraph 8 of this announcement.

## 2. RATIONALE AND BENEFIT TO THE COMPANY

When the Group planned and constructed the factories in Shenyang, the Group's strategy then was for the Shenyang factories to undertake the manufacturing, supply, installation and servicing of stamping machines to automobile manufacturers in the North Eastern region of China. There has been a shift in the Group's strategy, where the Shenyang factory is utilised only for the supply, installation and servicing of stamping machines, but will not be undertaking the manufacturing of stamping machines. Accordingly, the factory buildings which have been constructed are in excess of the business requirements of the Group.

As at the date hereof, the Group owns four (4) factory buildings on the property in Shenyang, of which, the Group is utilising one (1) factory building for the Group's business. The Sale Property comprises 3 factory buildings, 1 of which has been rented out to the Buyer since construction of the factory building was completed in 2014, and construction of the other 2 factory buildings have only just been recently completed.

## 3. USE OF SALE PROCEEDS

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.

## 4. SALIENT TERMS OF THE SPA

The terms and conditions of the SPA were negotiated and agreed upon by the parties on an arm's length basis.

A summary of the principal terms of the SPA is set out below:

- (a) Immovable Assets: All immovable assets, including the Sale Property, owned by the Target Company are to be sold to the Buyer pursuant to the Proposed Sale.
- (b) Condition Precedent: The Proposed Sale is conditional upon the following conditions being fulfilled:
  - (i) the representations and warranties made by the Seller and the Target Company in the SPA are (and remain) true, accurate, complete and not misleading;
  - (ii) the Proposed Sale is approved by (aa) the relevant regulatory authorities (including but not limited to the SGX-ST), (bb) the board of directors, audit committee and shareholders of the Company, the Seller and the Target Company, and (cc) the relevant third parties. The Buyer shall work with the Seller and provide such necessary information to assist the Seller to obtain the above approvals;
  - (iii) there being no decree, determination, or other order entered or issued by any court or regulatory authority of competent jurisdiction which has the effect of restraining or otherwise prohibiting consummation of the Proposed Sale; and
  - (iv) the Seller and the Target Company are not engaged in any proceedings which could restrict or materially impact the Proposed Sale or result in the failure to complete the Proposed Sale.

- (c) Sale Consideration: RMB 263,143,415.97 which consists of market value of the Sale Property RMB 250,097,600.00, applicable value added tax of the Sale Property RMB 12,045,815.97 when transferred to the Target Co, and share capital of Target Company of RMB1,000,000 (the “**Sale Consideration**”)
- (d) Payment Terms: The Buyer shall transfer the full amount of the Sale Consideration to the bank account of the Seller within 6 months of the successful registration of the change in ownership of the Target Company from the Seller to the Buyer with the State Administration for Industry and Commerce. In the event the Buyer is unable to transfer the full amount of the Sale Consideration to the bank account of the Seller within 6 months of the successful registration of the change in ownership of the Target Company from the Seller to the Buyer with the State Administration for Industry and Commerce, the Seller shall have the right to request the Buyer to transfer all the shares in the Target Company, together with all its immovable assets, to the Seller, and the Seller shall refund to the Buyer all the Sale Consideration received from the Buyer.

In connection with the SPA, Mr. Wang Weiyao will provide a personal guarantee to the Seller and the Company for any and all of the Sale Consideration due and payable by the Buyer to the Seller under the SPA during the entire term (including any renewed term) of the SPA (the “**Principal Claim**”), and all costs ancillary to the Principal Claim that are owing by the Buyer to the Seller.

- (e) Termination: The SPA may be terminated as follows:
- (i) with the agreement of both the Seller and the Buyer;
  - (ii) by the non-defaulting party where there is a breach of the terms of the SPA by either the Seller or the Buyer and such breach is not remedied within 30 days, or where either the Seller or the Buyer breached the terms of the SPA two or more times; or
  - (iii) if the Seller and the Buyer are unable to complete the Proposed Sale within 3 months of the date of the SPA due to (aa) force majeure, (bb) failure to obtain the approvals set out in paragraph 4(b)(ii), or (cc) paragraph 4(b)(iii).

## 5. CHAPTER 9 OF THE LISTING MANUAL

Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2019, the consolidated NTA of the Group is approximately RMB 1,050,603,000.00. As the Sale Consideration is RMB 251,097,600.00, the Sale Consideration is approximately 23.90% of the Group's latest audited consolidated 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 Company's latest audited consolidated NTA. Consequently, the Proposed Sale will be subject to the approval of the Shareholders.

## 6. VALUATION OF THE SALE PROPERTY

The Company has engaged Tianjin Zhonglian Assets Appraisal Co., Ltd. (“**TZAACL**”) as the independent professional valuer to carry out the valuation on the Sale Property.

TZAACL has the requisite expertise to carry out the valuation on the Sale Property having worked with over 68 listed corporations, is qualified by Tianjin Finance Bureau to evaluate assets, and holds a Business Asset Evaluation in relation to Securities and Futures Qualification Certificate jointly issued by the Ministry of Finance and China Securities Regulatory Commission.

Based on the valuation report issued by TZAACL on 20 May 2020 (the "**Valuation Report**"), the market value of the Sale Property is RMB 250,097,600.00 and the net book value of the Sale Property is RMB 212,732,222.02 as at 31 March 2020. These figures are calculated based on the methodology that with respect to fixed assets and construction in progress, to evaluate by cost, and with respect to the rights to use state-owned land, to evaluate using market laws and benchmark land prices. Comparing these figures with the Sale Consideration of the Sale Property, the Sale Consideration is at no excess over market value of the Sale Property and will give rise to a profit of RMB 37,365,377.98 before tax when compared against the book value of the Sale Property.

## 7. FINANCIAL EFFECT OF THE PROPOSED SALE

The financial effects of the Proposed Sale on the Group is set out below, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2019 ("**FY2019**"), being the latest audited consolidated financial statements of the Group, are purely for illustrative purposes only and do not reflect the future financial position of the Group after the completion of the Proposed Sale.

### 7.1 Net Tangible Assets per Share

The effect of the Proposed Sale on the NTA per share of the Group for FY2019, assuming that the Proposed Sale had been effected on 31 December 2019 is as follows:

<b>As at 31 December 2019</b>	<b>Before the Proposed Sale</b>	<b>After the Proposed Sale</b>
NTA	RMB 1,050,603,000.00	RMB 1,076,613,467.73
NTA per share	RMB 2.63	RMB 2.69

### 7.2 Earnings per Share

The effect of the Proposed Sale on the earnings per share of the Group for FY2019, assuming that the Proposed Sale had been effected on 1 January 2019 is as follows:

<b>FY2019</b>	<b>Before the Proposed Sale</b>	<b>After the Proposed Sale</b>
Profits after tax attributable to the owners of the Company	RMB 20,065,000.00	RMB 46,075,467.73
Earnings per share	RMB 0.05	RMB 0.12

## 8. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Sale computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	19.63% <sup>(1)</sup>
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	122.84% <sup>(2)</sup>
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation, based on the total number of issued shares excluding treasury shares	70.87% <sup>(3)</sup>
1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable

Notes:

(1) Based on the Group's net asset value as at 30 June 2020.

(2) This is calculated on the bases as if the Target Company had been incorporated on 1 January 2020 and the Sale Property transferred into the Target Company on 1 January 2020, and the net profits calculated for the 6-month period ended 30 June 2020.

(3) The market capitalization of the Company is calculated based on the Company's issued share capital comprising 400,000,000 shares on 3 September 2020, being the latest market day preceding the date of the SPA, at the price of S\$0.176 per share, and on the foreign exchange rate of S\$1 to RMB 5.0125.

As the relative figure computed under Rule 1006(c) of the Listing Manual exceeds 20%, but does not exceed 100%, the Proposed Sale is classified as a major transaction under Rule 1014 of the Listing Manual. As for Rule 1006(b), the relative figure exceeds 100%, but as this relates to a disposal of assets rather than an acquisition, Rule 1015 on "Very Substantial Acquisitions or Reverse Takeovers" does not apply.

## 9. AUDIT COMMITTEE'S STATEMENT

Members of the Audit Committee are of the view that the Proposed Sale is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

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

The Company had, at the annual general meeting held on 26 June 2020, sought and obtained the approval of the Shareholders for the renewal of the general 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 up to 30 June 2020 are as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandates pursuant to Rule 920 (excluding transactions less than \$100,000)
		(RMB'000)	(RMB'000)
<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials and parts.			271
Processing fees paid and purchase of scrap materials.			902
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			1,118
Purchase of raw materials.			194
<u>Jiangsu World Agriculture Machinery Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts, equipment and machineries.			29,937
Processing fees paid and purchase of raw materials and scrap materials.			348
<u>Jiangsu World Agriculture Machinery &amp; Parts Manufacturing Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	

Processing fees received and sale of raw materials, parts and machineries.			3,993
Purchase fees paid and purchase of raw materials, scrap materials and equipment.			36,413
<u>World Agriculture (Shenyang) Co., Ltd.</u> Sales of raw materials, parts, scrap materials and machineries and rental income of factory. Purchase of raw materials.	Associate of the Controlling Shareholder	N/A	10,881 2
<u>World Heavy Industry (China) Co., Ltd.</u> Processing fee received and sale of raw materials, parts and scrap materials. Processing fees paid and purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	1,079 6,320
<u>Jiangsu World Precise Machinery Co., Ltd.</u> Land rental paid.	Associate of the Controlling Shareholder	N/A	291
<u>Jiangsu World Crane Co. Ltd.</u> Processing fee paid and purchase of raw materials and equipment.	Associate of the Controlling Shareholder	N/A	1,193
<u>Jiangsu World Furniture Co., Ltd.</u> Sale of raw materials and parts.	Associate of the Controlling Shareholder	N/A	35
<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u> Processing fees received and sale of parts and machineries. Purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	14,341 4,758
<u>Jiangsu World Construction Machinery Sales Co., Ltd.</u> Purchase of equipment.	Associate of the Controlling Shareholder	30	N/A
<b>Total</b>		<b>30</b>	<b>112,076</b>

## **11. SERVICE CONTRACT**

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Proposed Sale.

## **12. 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.

## **13. RESPONSIBILITY STATEMENT**

Save for information relating to the Buyer, which Wang Weiyao takes full responsibility, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Sale and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 the announcement in its proper form and context.

## **14. CIRCULAR AND DOCUMENTS FOR INSPECTION**

The circular to Shareholders containing, *inter alia*, further information on the Proposed Sale and enclosing the notice of the EGM will be despatched by the Company to the Shareholders in due course.

A copy of the SPA and the Valuation Report is available for inspection at the registered office of the Company at 120 Robinson Road, #08-01, Singapore 068913 during normal business hours for 3 months from the date of this announcement, 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 SPA and the Valuation Report.

## **15. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Proposed Sale subject to the fulfilment of conditions precedent under the SPA. There is no certainty or assurance that the Proposed Sale will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.



By Order of the Board  
World Precision Machinery Limited

Shao Jianjun  
Executive Chairman  
4 September 2020