沃得
WORLD

Embracing Chance as an OPPORTUNITY

ANNUAL REPORT 2022

沃得

WORLD

CORPORATE MISSION, VISION AND VALUES

Mission
- Adhering the attitude and spirit of thinking and innovating, we will continue to develop new technology and products such as advanced and reliable forging equipments for the manufacturing industry

Vision
- First-class brand
- First-class quality
- First-class service
- Acceptable price

Values
- Integrity
- Pragmatic
- Collaboration
- Innovation

CONTENTS

COMPANY PROFILE

Based in Danyang City, Jiangsu Province, PRC, World Precision Machinery Limited ("World Precision", and together with its subsidiaries, the "Group") is one of the leading manufacturers of stamping machines and related metal components in the PRC. The Group manufactures both standard and customised stamping machines to suit the needs of a myriad of industries including automotive, home appliances, electronics, and etc.

With vertically integrated facilities, customers are assured of quality products and timely reaction to changes in their demand. The Group has established its sales network and service centres in large and medium sized cities across the PRC and its products are even exported to Southeast Asia, Europe, South America and South Africa.

The Group currently manufactures more than 400 models of stamping machines which are classified into more than 30 product series. Its stamping machines are marketed under the "World" trademark, divided into conventional, high-performance and high-tonnage stamping machines. Its latest range of products includes Computer Numeric Control ("**CNC**") laser cutting machines.

The Group has very strong in-house Research and Development ("**R&D**") capabilities with a team of around 200 R&D and technical staff. It is one of the few Chinese manufacturers to utilise high-precision machining equipments from PAMA Group of Italy. In 2010, it has entered into a technological alliance with Aida Engineering Ltd. ("**Aida**"), a global leader in capital goods from Japan, and together, the Group aims to consistently develop better and more sophisticated stamping machines for its clients.

The Group and its products have been widely recognised and have been awarded numerous awards. Its products were recognised as "Jiangsu Renowned Products" since 2006. The Group has been accredited with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 for its quality management, environmental management and occupational health safety management efforts since 2003.

OUR BUSINESS: KEY SEGMENTS

During the year, there was a gradual shift towards high-end stamping machines in the Group's product mix, which was in line with the Group's strategy to move up the technology ladder and raise its market share in the premium segment.

AUTOMOTIVE PARTS

The China Association of Automobile Manufacturers (CAAM) has reported that Chinese carmakers produced 27.0 million units in 2022, indicating a 3.4% increase from the previous year. Additionally, sales rose by 2.1% to 26.9 million units in the same period. Furthermore, China saw a remarkable surge in sales of new energy vehicles ("**NEVs**"), with about 6.9 million units sold in 2022, representing a 93.4% year-on-year ("**YoY**") increase. The production of NEVs also experienced significant growth, soaring by 96.9% from the previous year to about 7.1 million units[1].

In FY2022, the Group's revenue contributed by the automotive sector was around RMB479.6 million and accounted for 43.06% of its overall sales.

ELECTRONICS

China ranks first globally in the production and sales of consumer electronics due to its enhanced capacity for innovation and brand building. It continues to serve as a crucial manufacturing hub for such products on a global scale, with major electronic producers from around the world setting up research and development centres and manufacturing facilities in the country[2].

For FY2022, the Group's revenue from the electronics sector was RMB179.0 million and accounted for 16.07% of its overall sales.

HOME APPLIANCES

China's home appliances industry is the world's largest in terms of production and sales, and plays a crucial role in driving the country's consumption growth[3]. In 2022, the household appliances market in China generated a revenue of RMB850.0 billion. The Ministry of Commerce put forth a set of measures aimed at encouraging the uptake of eco-friendly and smart household appliances. These measures include promoting such appliances in townships, expanding online purchasing options, and implementing financial and taxation policies that align with these goals. The continued implementation of these measures is expected to drive growth in the market for green and smart household appliances[4].

For FY2022, the Group's revenue from the home appliances sector was RMB349.0 million and accounted for 31.33% of its overall sales.

OTHERS

Others include railway industry, aircraft industry, machinery industry, hardware industry and etc.

According to the China Machinery Industry Federation ("**CMIF**"), the country's machinery industry is expected to maintain steady growth in 2023. Despite challenges such as the COVID-19 pandemic, sluggish domestic demand and rising production costs, the industry achieved stable performance in 2022, with operating revenues reaching RMB28.9 trillion, marking a YoY increase of 9.6%. Notably, the machinery industry's overall profitability surged by 12.1% YoY to RMB1.8 trillion in 2022. Sales revenue and profits in the sector are projected to grow by 5% YoY in 2023, while exports are anticipated to maintain steady momentum[5].

For FY2022, the Group's revenue from this sector was RMB106.2 million and accounted for 9.54% of its overall sales.

1 *Chinese automobile output, sales rise in 2022 on supportive government policies, https://www.fastmarkets.com/insights/chinese-automobile-output-sales-rise*
2 *China leads globally in consumer electronics output, sales, https://www.chinadaily.com.cn/a/202209/21/WS632a7dc5a310fd2b29e78eb6.html*
3 *China to bolster consumption of green, smart home appliances, https://english.www.gov.cn/news/topnews/202203/10/content_WS62299d67c6d09c94e48a6621.html*
4 *Health-awareness, technology, and new consumer needs are disrupting China's Household Appliances Market, https://daxueconsulting.com/home-appliance-market-china/*
5 *China's machinery industry to grow 5% YoY in 2023: CMIF, https://www.fibre2fashion.com/news/textile-news/china-s-machinery-industry-to-grow-5-yoy-in-2023-cmif-285882-newsdetails.htm*

MILESTONES

MARCH 1999
Jiangsu World Machine Tool Co., Ltd. ("**JWMT**") acquired the stamping machine manufacturing business from Jiangsu Danyang Stamping Machine Factory.

Established production area of approximately 6,600 sqm.

AUGUST 2000
Expanded production area to approximately 14,700 sqm.

AUGUST 2002
Expanded production area to approximately 36,800 sqm.

OCTOBER 2003
Obtained ISO 9001:2000 accreditation from China United Certification Center.

MAY 2004
Incorporation of new wholly-owned subsidiary - World Precise Machinery (China) Co., Ltd. ("**WPM (China)**") and acquisition of relevant business from JWMT.

FEBRUARY 2005
Acquisition of WPM (China).

JUNE 2005
Expanded production area of approximately 130,000 sqm.

APRIL 2006
Listing of Bright World Precision Machinery Limited ("**BWPM**") on SGX-ST Mainboard.

Expanded production area by a further 100,000 sqm.

MARCH 2007
Incorporation of new wholly-owned subsidiary - Bright World Heavy Machine Tools (China) Co., Ltd. ("**BWHM**") to further our foray into the high-performance and high-tonnage stamping machines.

AUGUST 2007
Joint venture and incorporation of new 60% owned subsidiary - Shanghai Shangduan Press Co., Ltd. ("**SSP**") to manufcature, sales of high-tonnage stamping machines as well as research and development of high-tonnage stamping machines.

2008
China Holdings Acquisition Corp. proposed acquisition of the Group.

MARCH 2009
Incorporation of new wholly-owned subsidiary - Bright World CNC Machine Tool (Jiangsu) Co., Ltd. ("**BWCNC**") to manufacture, development and sale of CNC-based technology products.

MAY 2009
Incorporation of new wholly-owned subsidiary - World Precise Machinery Marketing Company ("**WPMM**") to act as a sales platform for the Group (i.e. to manage all marketing and sales activities of the Group).

OCTOBER 2010
Incorporation of new wholly-owned subsidiary - World Precise Machinery (Shenyang) Co., Ltd. ("**WPMS**") to strategiclly increase our activities in the proximity area and increase sales contributions from the region.

MILESTONES

APRIL 2011
Proposed change of name from BWPM to World Precision Machinery Limited ("**WPM**") to better align the Company's name with the Group's brand of stamping machines marketed under "WORLD". This is to provide a clear identity for the Company and better reflect the Company's corporate profile going forward.

MAY 2011
Company's wholly-owned subsidiary, WPMS, acquired a land use right over industrial land located at Xi He Jiu Bei Jie situated within the Shenyang Economic and Technological Zone (沈阳经济技术开发区细河九北街) with total land area of 364,922.74 sqm for a total consideration of RMB 123.3 million.

OCTOBER 2011
Change of subsidiaries name - BWHM to World Heavy Machine Tools (China) Co., Ltd. ("**WHMT**") and BWCNC to World CNC Machine Tool (Jiangsu) Co. Ltd. ("**WCNC**").

NOVEMBER 2011
Company's wholly-owned subsidiary, WPM (China), re-accredited as High/New Technology Enterprise.

DECEMBER 2011
Increased investment in 60% owned subsidiary, SSP.

FEBRUARY 2012
Company's wholly-owned subsidiary, WCNC, accredited as High/New Technology Enterprise.

JULY 2012
Increased investment in wholly-owned subsidiary, WHMT.

SEPTEMBER 2012
Increased investment in wholly-owned subsidiary, WPMS.

DECEMBER 2012
WPMS completing Phase 1 of its plant.

JANUARY 2013
WHMT spin-off of assets and liabilities of parts casting segment.

Incorporation of new wholly-owned subsidiary - World Precise Machinery Parts (Jiangsu) Co., Ltd. ("**WPMP**") to take over part casting segment from WHMT.

FEBRUARY 2013
Increased investment in wholly-owned subsidiary, WHMT.

MARCH 2013
Company's wholly-owned subsidiary, WHMT, accredited as High/New Technology Enterprise.

APRIL 2013
Increased investment in wholly-owned subsidiary, WHMT, WPMP & WCNC.

New product launch, JX36-630.

DECEMBER 2013
Divestment of SSP.

FY2014
New products launch, JS36-250 and JSG36-1000.

FY2015
New products launch, J31-1250 and JX36-1000.

DECEMBER 2015
Amalgamation of PRC subsidiaries, WHMT, WCNC and WPMM amalgamated into WPM (China).

FY2016
New products launch, DS1-160, JS39-1600 and JH24-200.

FY2017
New products launch, NC1-110, NC1-160, NC1-200, NC1-260 and JA89-1000.

FY2018
New products launch, WS67K-63/2500, WS67K-100/3200, JH28-160, JH28-200, JH28-400 and WD-F3015L.

FY2019
New products launch, JS39-800, JS39-1200, JS39-1600, JS36-1000 and F4020.

FY2020
New products launch, LD-3015K, LD-2020C2, LD-3015C2Z, LD-3015KL, DS2-250.

Shareholders of the Company have at the Extraordinary General Meeting held on 22 December 2020 approved the sale of all the shareholding interest in Shenyang World High-End Equipment Manufacturing Co., Ltd. to World Agricultural (Shenyang) Co. Ltd. for a cash consideration of RMB263.1 million.

FY2021
New products launch, LG6020K, PSP-80, DS2-200, JL21-125, YW41-125, JS36-600+400, JS39-400, JW31Z-80.

Completion of the sale of all the shareholding interest in Shenyang World High-End Equipment Manufacturing Co., Ltd. to World Agricultural (Shenyang) Co. Ltd. for a cash consideration of RMB263.1 million.

FY2022
New products launch, JL-39-1300, JM36-315, JS39-800H, YW29-200 and YW29-315.

The proposed acquisition of industrial land in Thailand.

Incorporation of subsidiary, Jiangsu World Tourism Invetsment Mangement Co., Ltd.

FY2023
The proposed acquisition of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd.

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present to you the annual report of World Precision Machinery Limited ("**World Precision**" and together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2022 ("**FY2022**").

2022: YEAR IN REVIEW

China experienced a significant decline in economic growth in 2022, with GDP growth only reaching 3.0%. This marks one of the lowest rates in nearly 50 years, due to the impact of strict COVID-19 measures and a downturn in the property market. Government policies to combat the COVID-19 pandemic resulted in widespread lockdowns and reduced economic activities in major urban areas during spring and summer. However, the economy is expected to recover in the near future as the country has lifted its zero-COVID policy and has reopened its borders[1].

Financial Performance

On the backdrop of tough business environment due to the resurgence of COVID-19 in China, the Group's revenue decreased by 15.5% from RMB1,318.2 million in FY2021 to RMB1,113.8 million in FY2022. This was largely attributable to the decrease in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines, which was partially offset by an upward revision in the average selling prices of the stamping machines. In tandem with the drop in revenue, the Group's gross profit for FY2022 decreased by 22.7% to RMB186.1 million from RMB240.8 million in FY2021 while gross profit margin for FY2022 decreased by 1.6 percentage points to 16.7% from 18.3% in FY2021.

Other income decreased to RMB19.0 million in FY2022, representing a decrease of 72.0%. The decrease was mainly due to a decrease in grants received from government and a gain from disposal of subsidiary of RMB42.3 million in FY2021. In FY2022, administrative expenses rose by 16.3% to RMB94.4 million from RMB81.2 million in FY2021, mainly due to an increase in research and development costs for stamping machines and staff salaries and its related costs. In addition, other expenses increased by 216.6% to RMB11.4 million from RMB3.6 million in FY2021. The increase was mainly due to an increase in foreign exchange loss and bad debts written off which was partially offset by a donation to a charity foundation in FY2021.

As a result, the Group's net profit attributable to equity holder for FY2022 decreased by 78.3% to RMB24.6 million from RMB113.3 million in FY2021, which translated into basic earnings per ordinary share of RMB0.06 for its shareholders.

Geographic and Asset Diversification

On 13 October 2022, the Board adopted a Group Strategy Plan ("**Plan**"), which outlines the Group's investment strategy for the next 5 to 10 years. The Plan establishes guidelines for the Group's future investments that align with the Group's long-term business and investment strategies, to utilise cash in excess of the Group's short to medium term budgeted working capital and long-term capital expenditure requirements. The Group has been actively seeking new business opportunities in various geographic locations and asset classes. As part of this effort, the Group has proposed to acquire of a plot of industrial land in Thailand and a hotel in Hainan, China, details of which are set out in the paragraphs below. These acquisitions are aimed at increasing shareholder value and achieving long-term growth through a more diverse business and income portfolio. Additionally, the Group intends to reduce its dependence on its core business for revenue streams. By diversifying geographically and across different asset classes, the Group hopes to minimise the risk of exposure to any particular market and asset type.

On 24 November 2022, the Group entered into an Agreement with Rojana Industrial Park Public Co., Ltd. ("**Rojana**"), a company listed on the Stock Exchange of Thailand, to acquire 3 adjacent plots of land in Rojana Industrial Park Ayutthaya (the "**Land**") with the intention to set up a manufacturing facility. The Land is currently vacant and designated for industrial use, with no existing buildings or structures on the property. Total consideration for the Land amounts to THB153.6 million which is equivalent to about RMB30.9 million, which will be paid in cash using internal resources.

The Group also proposed to acquire Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd. (the "**WYHSHH**") for a total consideration of RMB155.0 million on 6 January 2023. The consideration will be made in four instalments, fully funded by internally generated cash. The WYHSHH is dormant but holds the land use right, the 54,430.0 square meter ("**sqm**") state-owned land in Xinglong Hot Spring Tourism Zone, Wanning City, in Hainan province of China until 1 April 2050. Furthermore, the WYHSHH also owns buildings and fixtures on the land and has a lease over the water surface of 41.72 mu or 27,813.3 sqm till 31 March 2050.

INDUSTRY OUTLOOK

The Chinese government announced sweeping changes to its COVID-19 pandemic restrictions, shifting away from its previously strict zero-COVID policy. Among these measures includes the easing of travel restrictions for inbound and outbound travellers, which is expected to stimulate consumer spending. Though the COVID-19 situation in China has gradually stabilised, there remains a need for continued vigilance and precautionary measures to prevent any resurgence of the virus and to address the ongoing economic challenges. In addition, the ongoing war between Russia and Ukraine has created an unstable geopolitical situation that has added pressure and uncertainty to the global political and economic landscape.

In 2022, Chinese carmakers produced 27.0 million units, representing a 3.4% year-on-year increase, while sales rose by 2.1% to 26.9 million units. Despite facing multiple headwinds, such as the resurgence of COVID-19, semiconductor chip shortages, high battery raw materials prices, and an unstable geopolitical situation, China's auto industry still recorded year-on-year growth in both output and sales[2].

Significantly, the new energy vehicle ("**NEV**") market in China posted another stellar performance in 2022, driven by rising market demand and sound policy measures. NEV output in China totalled 7.1 million units in 2022, an increase of 96.9% year-on-year, while sales of such vehicles rose by 93.4% to reach 6.9 million units. In 2022, NEVs accounted for 27.6% of all vehicles shipped to dealerships, nearly double the share in 2021[3]. The Chinese government halved the purchase tax for eligible passenger vehicles last year, among other supportive measures, to spur auto sales and underpin consumption. Hence, China's passenger car market grew steadily, with sales of passenger cars reaching 23.6 million units last year, representing a 9.5% year-on-year increase and exceeding 20.0 million units for an eighth consecutive year[4].

According to the China Association of Automobile Manufacturers ("**CAAM**"), China has overtaken Germany to become the world's second-largest car exporter after recording a 54.4% year-on-year increase in mainland exports to 3.1 million vehicles in 2022. This extended China's auto exports boom in 2021, which surpassed two million units for the first time and marked a significant leap for the auto sector[5]. The prospects of China's automotive industry are promising given the recovery of the overall macroeconomy and relative policies to boost consumption and the vitality of market entities.

Despite the challenges posed by the COVID-19 pandemic, sales of small home appliances like air fryers, robot vacuums, dishwashers, and clothes dryers have witnessed robust growth, particularly among younger generations. China has also introduced a range of stimulus measures, including encouraging the replacement of old household appliances with new ones and promoting the consumption of green and smart home appliances in rural areas[6]. With the country's population aging at a rapid pace, there is also an inevitable trend towards the adoption of smart home appliances designed for the elderly. This fast-growing market is expected to be boosted by retirees, pensioners, and the aging population in general. In fact, the elderly has become a key demographic for smart home appliance manufacturers[7]. The home appliance industry in China is expected to grow in 2023, as consumers increasingly favour high-end and intelligent products with innovative technologies. This trend is being driven by the optimisation of COVID-19 response measures and supportive policies aimed at boosting consumption.

We are dedicated to improving our market competitiveness and increasing our market share in the industry. At the same time, we recognise the importance of optimising our operations to enhance productivity and efficiency, and we will take steps to streamline our processes accordingly. In pursuing expansion and growth, we will continue to seek new opportunities that align with our strategic objectives. We will explore new markets, invest in research and development, and pursue partnerships and acquisitions that complement our existing capabilities.

A WORD OF APPRECIATION

Firstly, we warmly welcome Ms. Low Mui Kee as an Independent Director of the Company. With extensive experience in the accounting industry and a successful track record as the Managing Director and Chief Financial Officer of Noorvit Pte. Ltd. and Algattas Pte. Ltd, as well as the Chief Financial Officer of Time Watch Investments Limited, we are confident that Ms. Low will provide valuable insights and guidance to the Group.

We would also like to express our heartfelt gratitude to Mr. Phang Kin Seng (Lawrence), who will be stepping down as the Lead Independent Director of the Company at the conclusion of the forthcoming annual general meeting, for his contributions and efforts driving the growth of the Group over the years.

Next, we would like to express our heartfelt gratitude to Mr. Zhuang Guosheng, who has stepped down as Chief Executive Officer of the Company and Chief Deputy General Manager of World Precise Machinery (China) Co., Ltd ("**WPM (China)**"). The Board would like to express their heartfelt appreciation to Mr. Zhuang for his contributions to the Group and wish him all the best for his future endeavour.

We would also like to welcome Mr. Wen Hui who has been appointed as the Chief Executive Officer of the Company and General Manager of WPM (China). He will be leading the overall operations of the Group.

Our sincere appreciation goes out to our employees for their unwavering commitment and hard work during this trying period. We also extend our thanks to our business partners and customers for their steadfast support. Additionally, we are grateful to our Board of Directors for their valuable guidance and counsel.

Lastly, we thank our shareholders for their trust and support during this challenging period. Let's continue working together to achieve even greater success!

Mr. Shao Jianjun
Executive Chairman

Mr. Wen Hui
Chief Executive Officer

1 China's 2022 economic growth one of the worst on record, post-pandemic policy faces test, https://www.reuters.com/world/china/chinas-economy-slows-sharply-q4-2022-growth-one-worst-record-2023-01-17/
2 Chinese automobile output, sales rise in 2022 on supportive government policies, https://www.fastmarkets.com/insights/chinese-automobile-output-sales-rise#:~:text=Chinese%20carmakers%20produced%2027.02%20million,Automobile%20Manufacturers%20(CAAM)%20shows.
3 China NEV sales jump in 2022, with some makers far out in front, https://asia.nikkei.com/Spotlight/Caixin/China-NEV-sales-jump-in-2022-with-some-makers-far-out-in-front
4 China's auto sector maintains sound momentum in 2022, NEV sales soar, https://english.news.cn/20230112/4dfccb30c4d940b09d34cfad62a2fdd4/c.html
5 China closes gap with Japan after 2022 car exports surpass Germany with 54.4 per cent surge to 3.11 million vehicles, https://www.scmp.com/business/china-business/article/3206875/chinas-car-exports-surpass-germanys-after-544-cent-surge-311-million-2022-narrowing-japans-lead
6 Home appliances to regain shine as economy takes off, https://www.chinadaily.com.cn/a/202302/23/WS63f6bd79a31057c47ebb058f.html
7 Smart home appliance firms eyeing silver market, https://www.chinadaily.com.cn/a/202302/14/WS63eac7c2a31057c47ebae8cf.html#:~:text=According%20to%20industry%20information%20network,651.5%20billion%20yuan%20in%202022.

主席和首席执行官致词

亲爱的股东，

我们谨代表董事会，很荣幸为您介绍沃得精机有限公司（“**沃得精机**”，连同其附属公司统称“**本集团**”）截至2022年12月31日（“**2022财年**”）的年度报告。

2022年财年回顾

中国在2022年经历了显著的经济下滑，GDP仅增长了3.0%。是近50年来最低的增长率之一，主要是受到疫情严格管控措施和房地产市场下滑的影响。政府为应对疫情而实施的管控政策导致主要城市在春夏季节期间都实行了封锁，从而减少了经济活动。然而，随着中国取消清零政策并重新开放边境，预计经济将在不久的将来能够复苏[1]。

财务表现

在中国疫情再次爆发的严峻商业环境下，本集团的2022财年的收入下降了15.5%，从2021财年的13.2亿元人民币下降至11.1亿元人民币。这主要是由于传统冲压机和高性能、高吨位冲压机销售数量的下降，但部分被冲压机的平均售价的上调所抵消。随着收入的下降，集团在2022财年的毛利润从2021财年的2.4亿元人民币下降22.7%至1.9亿元人民币，而2022财年的毛利润率从2021财年的18.3%下降1.6个百分点至16.7%。

2022财年的其他收入下降72.0%至0.2亿元人民币。这主要是由于政府资助的减少和2021财年出售子公司所得的0.42亿元人民币的收益。管理费用从2021财年的0.8亿元人民币增长16.3%至0.9亿元人民币，主要是由于冲压机的研发成本、员工薪资及相关费用的增加。此外，其他费用从2021财年的360万元人民币增长216.6%至0.1亿元人民币。这主要是由于汇率损失和坏账转销的增加，部分抵消了在2021财年的慈善捐款。

因此，集团于股东权益持有人的净利润从2021财年的1.133亿元人民币下降78.3%至0.25亿元人民币，每股普通股基本盈利为0.06元人民币。

区域和资产多元化

董事会已于2022年10月13日发布了集团的战略计划，分享了集团未来5至10年的投资策略。此计划制定了符合集团长期业务和投资战略的未来投资指南，以妥善利用超出集团短期到中期预算营运资金和长期资本支出需求的现金。集团一直积极在不同的区域和资产类别寻求新的业务机会。集团已提议收购位于泰国的一块土地和中国海南的一家酒店。收购这些资产主要是想通过更多元化的业务和收入组合，提高股东价值并实现长期增长。此外，通过业务区域和资产多元化，集团打算减少对核心业务的收入依赖和希望最大限度地降低业务风险。

集团于2022年11月24日与泰国证券交易所上市公司 Rojana Industrial Park Public Co., Ltd.（“**Rojana**”）签订协议，收购位于Rojana Industrial Park Ayutthaya的3块相邻的土地，用于建立制造工厂。该土地目前没有任何建筑或其他构筑物，将用于工业用途。土地的总对价为1.5亿泰铢，相当于约0.3亿人民币，集团将使用内部资源以现金支付。

本集团拟于2023年1月6日以1.6亿元人民币的总对价收购万宁银湖温泉度假酒店有限公司。总对价将分四期支付，全都由内部资源现金支付。该公司目前处于休眠状态，但持有位于中国海南省万宁市兴隆温泉旅游区的54,430.0平方米国有土地使用权，直至2050年4月1日。此外，该公司还拥有这块土地上的建筑和设施，并持有41.72亩或27,813.3平方米的水面租赁权，有效期至2050年3月31日。

行业展望

中国政府宣布了全面调整了疫情限制措施，放弃了先前严格的清零政策。这些措施包括放宽对出入境旅客的旅行限制，预计这将刺激消费支出。虽然中国的疫情已逐渐稳定，但仍需要持续保持警惕和预防措施，以防止疫情卷土重来，并同时应对当前的经济挑战。此外，俄罗斯和乌克兰之间的战争已经造成了不稳定的地缘政治局势，给全球政治和经济格局增添了压力和不确定性。

2022年，中国汽车制造商生产了2,702.0万辆汽车，同比增长3.4%，销量增长2.1%至2,686.0万辆。尽管面临多重阻力，如疫情的复发，半导体芯片的短缺，电池原材料价格高企以及地缘政治局势不稳定等多重不利因素，但中国汽车工业仍然取得了产量和销售同比增长[2]。

值得一提是，在市场需求不断增长和政策措施健全的推动下，中国新能源汽车市场在2022年再次取得了显著的表现。2022年，中国新能源汽车产量总计710.0万辆，同比增长96.9%，而这类车辆的销售量增长93.4%，达到689.0万辆。2022年，新能源汽车占向经销商发货的车辆的27.6%，几乎是2021年的两倍[3]。政府去年将符合条件的乘用车购置税减半，并采取了其他支持措施，以刺激汽车销售和消费。因此，中国的乘用车市场稳步增长，去年乘用车销售量达到2,356.0万辆，同比增长9.5%，连续第八年超过2,000.0万辆[4]。

据中国汽车工业协会，2022年中国汽车出口量达到311.0万辆，同比增长54.4%，超越德国成为全球第二大汽车出口国，继续延续了2021年中国汽车出口繁荣的局面，汽车出口量首次超过200.0万辆，标志着汽车行业的重大飞跃[5]。在宏观经济总体复苏、相关政策促进消费和市场活跃的情况下，中国汽车行业前景一片光明。

尽管疫情带来了挑战，但是气炸锅、扫地机器人、洗碗机和烘干机等小家电的销量表现强劲，尤其是在年轻一代中。中国还推出了一系列刺激消费措施，包括鼓励用新家电替换旧家电，促进农村地区绿色智能家电的消费[6]。由于中国人口老龄化速度迅速，采用为老年人设计的智能家电也成为必然趋势。这个快速增长的市场预计会受到退休人员、养老金领取者和老年人群的推动。事实上，老年人已经成为智能家电制造商的关键客户群[7]。2023年，随着消费者越来越青睐拥有创新技术的高端智能产品，预计中国家电行业将在2023年实现进一步增长。这一趋势是由优化疫情应对措施和促进消费的支持政策所推动。

我们致力于提高市场竞争力和增加我们在行业中的市场份额。同时，我们意识到优化业务运营以提高生产力和效率的重要性，并将采取措施来简化我们的流程。在追求扩张和增长方面，我们将继续寻找符合我们战略目标的新机遇。我们将探索新的市场，投资于研发，并追求与我们现有能力相补充的合作伙伴和收购项目。

致谢词

首先，我们热烈欢迎刘梅琪女士担任公司的独立董事。她在Noorvit Pte. Ltd.和Algattas Pte. Ltd.担任董事总经理兼首席财务官以及在Time Watch Investments Limited担任首席财务官期间，有着出色的业绩记录。凭借刘女士在会计行业拥有丰富的经验，我们相信刘女士能为集团提供宝贵的建议和指导。

此外，潘金城先生(Lawrence)将于本公司即将举行的股东大会结束时辞任本公司独立董事一职，我们借此机会感谢潘先生多年来为推动集团的发展所做的贡献和努力。

接下来，我们要对辞去本公司首席执行官兼沃得精机（中国）有限公司首席副总经理的庄国胜先生表示衷心的感谢。董事会衷心感谢庄先生对本集团的贡献，并祝愿他日后一切顺利。

我们也欢迎文辉先生被任命为本公司首席执行官兼沃得精机（中国）有限公司总经理。他将领导集团的整体运营。

我们也由衷感谢所有员工在这段艰难时期的支持和努力。我们也感谢我们的商业伙伴和客户给予我们的坚定支持。对于董事会所提供的指导和建议，我们心存感激。

最后，我们感谢股东在这个充满挑战的时期对我们的信任和支持。让我们继续携手努力，取得更大的成功！

邵建军
执行主席

文辉
首席执行官

We will explore **new markets, invest in research and development, and pursue partnerships** and acquisitions that complement our existing capabilities.

OPERATIONS REVIEW

EARNINGS

The Group's revenue decreased by 15.5% from RMB1,318.2 million for the financial year ended 31 December 2021 ("**FY2021**") to RMB1,113.8 million for the financial year ended 31 December 2022 ("**FY2022**"). This was largely attributable to the decrease in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines ("**HPHT**"), which was partially offset by an upward revision in the average selling prices ("**ASP**") of the stamping machines.

Sales of conventional stamping machines decreased by 56.9% from 2,840 units in FY2021 to 1,224 units in FY2022 while its ASP increased by 8.5% to RMB22.2 thousand per unit in FY2022. Sales of HPHT stamping machines decreased by 19.9% from 7,406 units in FY2021 to 5,929 units in FY2022 while its ASP increased by 8.6% to RMB168.9 thousand per unit in FY2022. In terms of change in sales mix, sales of HPHT stamping machines over the total Group's revenue increased by 2.5% to 89.9% this year. Of the remaining sales, 2.4% came from conventional stamping machines and 7.7% came from sales of stamping machines parts and casting products.

The Group's gross profit in FY2022 decreased by 22.7% to RMB186.1 million from RMB240.8 million in FY2021. The gross profit margin in FY2022 decreased by 1.6 percentage points to 16.7% from 18.3% in FY2021. The decrease in profit margin was mainly due to a decrease in production of conventional stamping machines and high performance and HPHT stamping machines and an increase in labour and raw materials costs which was partially offset by an upward revision in the average selling prices of the stamping machines.

Gross profit margin for conventional stamping machines increased by 1.4 percentage points to 19.9% from 18.5% in FY2021 while gross profit margin for HPHT stamping machines decreased by 3.7 percentage points to 16.5% from 20.2% in FY2021.

In FY2022, other income decreased by 72.0% to RMB19.0 million from RMB67.7 million in FY2021. Overall, the decrease was mainly due to a decrease in grants received from government and a gain from disposal of subsidiary of RMB42.3 million in FY2021.

In FY2022, distribution and selling expenses decreased by 6.3% to RMB90.2 million from RMB96.3 million in FY2021, in tandem with the decrease in revenue. As a percentage of total revenue, distribution and selling expenses increased by 0.8 percentage point to 8.1% in FY2022 from 7.3% in FY2021. Overall, the decrease in distribution and selling expenses was mainly due to a decrease in commission payable to sales personnel, after sales services, entertainment and sales related expenses.

In FY2022, administrative expenses increased by 16.3% to RMB94.4 million from RMB81.2 million in FY2021. As a percentage of total revenue, administrative expenses increased by 2.3 percentage points to 8.5% in FY2022 from 6.2% in FY2021. Overall, the increase was mainly due to an increase in research and development costs for stamping machines and staff salaries and its related costs.

In FY2022, depreciation and amortisation expenses decreased by decreased by 0.7% to RMB 68.1 million from RMB68.6 million in FY2021. The decrease was mainly due to certain existing property, plant and equipment and intangible assets being fully depreciated and amortised, which were partially offset by additional depreciation and amortisation of new property, plant and equipment and intangible assets acquired during the year.

In FY2022, other expenses increased by 216.6% to RMB11.4 million from RMB3.6 million in FY2021. The increase was mainly due to an increase in foreign exchange loss and bad debts written off which was partially offset by a donation to charity foundation in FY2021.

In FY2022, the Group recorded net finance income of RMB12.9 million as compared to net finance income of RMB5.2 million in FY2021. This was mainly due to the interest income earned from a structured deposit placed with a financial institution and a loan to third party which were partially offset by interest paid for early redemption of bills receivables.

As a result of the above, the Group's net profit after tax in FY2022 decreased by 78.3% to RMB24.6 million from RMB113.3 million in FY2021. Net profit margin decreased by 6.4% to 2.2% from 8.6% in FY2021. Consequently, the Group's earnings per ordinary share decreased 78.6% year-on-year to RMB0.06 in FY2022 from RMB0.28 in FY2021, based on 400,000,000 outstanding shares.

FINANCIAL POSITION

Total assets were RMB2,051.7 million as at 31 December 2022, decreased by RMB60.9 million year-on-year from FY2021. The Group's non-current assets increased by approximately RMB1.9 million mainly due to an increase in purchases of property, plant and equipment and additions of intangible assets net of the depreciation and amortisation expenses, which were partially offset by a decrease in prepayment for property, plant and equipment. The Group's total current assets decreased by approximately RMB62.8 million from RMB1,323.7 million as at 31 December 2021 to RMB1,260.9 million as at 31 December 2022. This was attributable to a decrease in inventories (mainly due to decrease in sales orders), trade and other receivables (mainly due to a decrease in bills receivables from customers), other receivables and other investment (realisation of structured deposits) which were partially offset by an increase in amounts due to related parties and affiliated company and cash and cash equivalents (as explained in the consolidated statement of cash flows).

Total liabilities stood at RMB877.1 million as at 31 December 2022, decreased by RMB43.8 million year-on-year from FY2021. The Group's non-current liabilities increased by RMB3.5 million due to an increase in lease liabilities which were partially offset by a decrease in deferred tax liabilities and revenue recognition of deferred income from government grants. The Group's total current liabilities decreased by approximately RMB47.3 million from RMB901.6 million as at 31 December 2021 to RMB854.3 million as at 31 December 2022. This was attributable to a decrease in trade payables (mainly due to slow payment to suppliers and reclassification of bill receivables), other payables (mainly due to a decrease in accrued operating expenses, bonus payables, payables relating to property, plant and equipment and reclassification of bill receivables which were partially offset by an increase in VAT payables and others tax payables) and income tax payables which were partially offset by an increase in contract liabilities (mainly due to an increase in advances received from customers), amounts due to related parties and affiliated company (trade and non-trade) and lease liabilities.

The Group is in a net current assets position as at 31 December 2022 of RMB406.7 million.

CASH FLOW

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents increased by RMB305.8 million to RMB334.5 million as at 31 December 2022, from RMB28.7 million as at 31 December 2021.

Net cash inflow arising from operating activities which amounted to RMB130.7 million. The reasons were disclosed in the commentary under consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

Net cash inflow arising from investing activities which amounted to RM237.8 million mainly due to proceeds from realisation of structured deposit placed with financial institution and interest received from structured deposit, which were partially offset by purchases of property, plant and equipment and additions of intangible assets.

Net cash outflow arising from financing activities which amounted to RMB53.9 million, mainly due to payment of lease liabilities, dividend paid and interest paid.

BOARD OF DIRECTORS

MR. SHAO JIANJUN
Executive Chairman

Mr. Shao Jianjun was appointed as a director of the Company on 28 July 2004 and appointed as the Executive Chairman of the Company on 26 April 2013. He was last re-elected on 30 April 2021.

Mr Shao is currently Executive Chairman of World Precise Machinery (China) Co., Ltd. (“**WPM (China)**”). Prior to that, he was the Chief Executive Officer (”**CEO**”) of WPM (China) and is in charge of the overall operations of WPM (China).

Mr. Shao joined Jiangsu Danyang Stamping Machine Factory (”**DSMF**”) as a production line worker in April 1974. He had an illustrious career in DSMF and was promoted to the position of Technical Section Leader in 1979 and further promoted to the position of Deputy General Manager in 1984. He was subsequently transferred to Jiangsu World Precise Machinery Co., Ltd ("**JWPM**") when JWPM acquired the assets and business of DSMF relating to the manufacturing of stamping machines. On 18 June 1999, he was appointed as the General Manager of JWPM and continued to hold this position until he was transferred to WPM (China) in June 2004. He was subsequently appointed as the CEO of WPM (China).

Mr. Shao studied in the Danyang Picheng Secondary School (High School) from 1971 to 1973 and was certified as a Senior Machinery Engineer by the Science and Technology Committee in 1995. Mr. Shao participated in the Senior Executive Programme conducted by the China Europe International Business School ("**CEIBS**") from September 2006 to February 2007 and obtained an Executive Masters of Business Administration from CEIBS in February 2007.

MR. WANG WEIYAO
Non-Executive and Non-Independent Director

Mr. Wang Weiyao was appointed as a director of the Company on 28 July 2004 and was last re-elected on 29 April 2022. Mr. Wang relinquished his position as the Non-Executive Chairman on 26 April 2013 and remains as a Non-Executive and Non-Independent Director of the Company.

Mr. Wang is currently the Chairman of Jiangsu World Machinery and Electronics Group Co., Ltd (”**JWMEG**”), Jiangsu World Agricultural Machinery Co., Ltd. (“**JWAM**”) and JWPM. During 1986 to 2000, Mr. Wang founded and served as the Chairman for Danyang Weaving Machine Accessories Factory, Danyang Fuhao Crankshaft Factory and Danyang Filter Equipment Factory. In each of the above mentioned companies which he had served or is serving as the Chairman, he is responsible for determining the overall strategic development direction, examining and approving the development plans of each functional department and assessing and implementing the important matters and major policies of the respective companies.

Mr. Wang is a notable member of his community as evidenced by the awards which he has received, namely Danyang Top Ten Outstanding Youths, Jiangsu Top Ten Outstanding Youth Village and Town Entrepreneur as well as Zhenjiang Village and Town Entrepreneur in 2000, the 4th China Entrepreneur in 2001, Jiangsu Outstanding Youth Entrepreneur in 2004 and Zhenjiang Citizen Award in 2011. Mr. Wang participated in the CEO Programme conducted by the CEIBS from September 2003 to February 2004 and obtained an Executive Masters of Business Administration from CEIBS in February 2004.

MR. PHANG KIN SENG (LAWRENCE)

Lead Independent Director

Mr. Phang Kin Seng (Lawrence) was appointed as Independent Director of the Company on 28 April 2010 and appointed as the Lead Independent Director of the Company on 28 April 2013. He was last re-elected on 29 April 2022.

Mr. Phang is currently the Director of Bartley Christian Church Limited, a God-loved missional community that worships passionately, evangelises faithfully, disciples intentionally and serves selflessly.

Between May 2005 and September 2006, Mr. Phang was the Executive Vice President of Yanlord Land Group Limited, where he successfully led the IPO of this major PRC property developer on the SGX-ST. Mr. Phang was also Director of International Operations (China) for International Enterprise Singapore ("**IE Singapore**") between November 2001 and May 2005, where he was responsible for IE Singapore's operations in Southern and Western China, through its offices in Hong Kong, Guangzhou and Chengdu. Between August 1998 and August 2001, Mr. Phang was vice-president of the business development division of Singapore Technologies Telemedia Pte Ltd, where he explored investments in telecommunications projects in the Asia Pacific region.

In 1982, Mr. Phang was awarded the Colombo Plan Scholarship by the Singapore government to attend the University of Melbourne, Australia, where he graduated with First Class Honours from the Faculty of Engineering in 1985. In 2005, Mr. Phang attended an Advanced Management Training Programme at Qinghua University, Beijing.

MR. LIM YOKE HEAN

Independent Director

Mr. Lim Yoke Hean was appointed as Independent Director of the Company on 2 July 2010 and was last re-elected on 30 April 2021.

Prior to this, Mr. Lim has a 30 year-career in the financial sector which began as an Economist with the Monetary Authority of Singapore. He then became a Corporate Banker with DBS Bank before moving to the investment banking arena as a Senior Investment Manager with DBS Asset Management. Subsequently he spent 13 years with Merrill Lynch and left the global investment bank as one of its Managing Directors in the Global Markets and Investment Banking Division. For 6 years to 2010, he was a Dealing Director with OCBC Securities, responsible for corporate client businesses and capital market transactions. He then took up the position of executive director and chief executive officer of Pheim Asset Management (Asia) Pte Ltd. for one year till June 2013 and the advisor and director of Aljo Consults (Singapore) Pte Ltd for 9 years till March 2019.

Mr. Lim graduated from Singapore University in 1979 with a 1st class honours in Bachelor of Science (Mathematics).

MS. LOW MUI KEE (JANICE)

Independent Director

Ms. Low Mui Kee (Janice) was appointed as Independent Director of the Company on 1 February 2023.

Ms. Low is currently a Director of Sage Artelier Pte. Ltd. and Kikiwoods Pte. Ltd and the head of finance, administrative and human resources of Strides DST Pte. Ltd.

Between June 2018 and December 2021, Ms. Low was the Managing Director and Chief Financial Officer of Noorvit Pte. Ltd. and was responsible for the overseeing of projects and backed operations, finance, administrative and human resources functions. Ms. Low was also Managing Director and Chief Financial Officer of Algattas Pte. Ltd. between June 2015 and February 2018, where she was responsible for the overseeing of projects and backend operations, finance, administrative and human resources functions. Between October 2007 and May 2014, Ms. Low was Chief Financial Officer of Time Watch Investments Limited Group, a company list on the main board of the SGX-ST and delisted in June 2011 and subsequently listed on the mainboard of stock exchange of Hong Kong Limited in February 2013, where she oversees the overall management of the accounting process and functions for the group including financial and management reporting, reviews and implements internal controls and procedures.

Ms. Low graduated from Nanyang Technological University of Singapore in 1997 with Bachelor of Accountancy. Ms. Low is a member of Institute of Singapore Chartered Accountants.

KEY MANAGEMENT

Mr. Wen Hui

Chief Executive Officer and General Manager of WPM (China)

Mr. Wen Hui is in charge of overall operations of the Group. On 21 November 2022 Mr. Wen was promoted to Chief Executive Officer of the Company and General Manager of WPM (China). Prior to the promotion, Mr. Wen has been appointed as the Chief Deputy General Manager of WPM (China) since April 2022 and was in charge of research and development of stamping machines and modification of machinery and equipment of the Group. Mr. Wen, since April 2019, has been General Manager of World Heavy Industry (China) Co., Ltd. In August 2017 to March 2019, he was Chief Deputy General Manager of WPM (China) and was in charge of production, technical, quality control, procurement and equipment departments. In April 2015 to July 2017, he was General Manager of Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd. and Deputy General Manager of Jiangsu World Agriculture Machinery Co., Ltd.'s Tractor Business Development Department. Prior to that, he was General Manager of World Zhenji Machinery Manufacturing Co., Ltd. ("**WZMM**") and in charge of the overall operation of WZMM. Mr. Wen studied in the Zhenjiang Zhijin School of Economics Xinqiao Branch from 1996 to 1999.

Mr. Jin Zhaoguo

Chief Marketing Officer and Deputy General Manager of WPM (China)

Mr. Jin Zhaoguo is in charge of marketing and sales of the Group. In March 2019, Mr. Jin has been appointed as Chief Marketing Officer and Deputy General Manager of WPM (China). Mr. Jin, since February 2016, has been Head of after sales services department of WPM (China) and was in charge of after sales services of WPM (China). Mr. Jin joined WPM (China) as technician in 2010. He was transferred to WHMT as Head of quality inspection department in December 2013. Mr. Jin graduated from the Jiangsu Province Minda Polytechnic Institute in July 2010.

Mr. Zhu Peng

Chief Technology Officer and Chief Engineer of WPM (China)

Mr. Zhu Peng is in charge of technology and product development of the Group. In April 2022, Mr. Zhu has been promoted to Chief Technology Officer and Chief Engineer of WPM (China). He first started with WPM (China) in February 2006 as an equipment staff in Equipment department. He was then transferred to Technical Department as a designer in January 2007. He was promoted to the position of Project Leader in November 2010 and Head of Technical department in January 2021 and was in charge of technology and product development of WPM (China). Mr. Zhu graduated from Nanjing Industrial Vocational and Technical College with a Specialist in Electromechanical Technology Application in July 2006.

Mr. Ge Baoping

Chief Procurement Officer and Deputy General Manager of WPM (China)

Mr. Ge Baoping is in charge of overall procurement and fixed asset management of the Group. In 2015, Mr. Ge has been promoted to Chief Procurement Officer and Deputy General Manager of WPM (China). Mr. Ge, since March 2015, is in charge of purchasing of raw materials and machinery equipment of WPM (China). He was the director of the Company from August 2008 to April 2010. Prior to that, Mr. Ge was Chief Marketing Officer and General Manager of WPMM and was in charge of marketing and sales of the Group. Prior to May 2009, he was in charge of sales and market development for WPM (China) and WHMT. Mr. Ge held the positions of Deputy General Manager from 2007 to 2008 and Regional Manager (Guangdong) for sales and marketing from 2005 to 2006 in WPM (China). He was with JWMT from 1998 to 2004 where he last held the position of Regional Manager. Mr. Ge studied in Yangzhou City Secondary School from 1975 to 1979.

KEY MANAGEMENT

Mr. Shu Jianfei

General Manager of World Precise Machinery Parts (Jiangsu) Co., Ltd.

Mr. Shu Jianfei, since December 2012, has been the General Manager of World Precise Machinery Parts (Jiangsu) Co., Ltd. (“**WPMP**”) and is in charge of overall operation of WPMP. Prior to that, Mr. Shu was the Casting Manager of WHMT and was in charge of overall casting operation of WHMT. Mr. Shu joined DSMF as a Foundry Wood Moulders in 1978 and was promoted to Foundry Supervisor in January 1993. He was transferred to JFMM as a Foundry Supervisor in June 1998 and was transferred to WPM (China) as a Deputy Casting Manager of WPM (China) in June 2004. He was subsequently transferred to WHMT as a Casting Manager of WHMT in January 2008. Mr. Shu studied in the Danyang Picheng Secondary School (High School) from 1971 to 1973.

Mr. Zheng Yi

Finance Manager of WPM (China)

Mr. Zheng Yi is overall in charge of the accounting and finance matters of WPM (China). He is also the Group's risk compliance officer. In April 2022, Mr. Zheng has been appointed as Executive Officer of the Company and a member of the key management team of the Group. He first started with Jiangsu Regal Kitchen Equipment Co., Ltd. in June 1996 as an accountant. He was then worked in Jiangsu Changcai Cobine Harvester Co., Ltd in April 1998 as an accountant. Subsequently, he worked in Jiangsu Liangjiu Light Industry Machinery Co., Ltd. in June 1996 and Danyang Picheng Water Supply Co., Ltd. in February 2000 as an accountant. In April 2008, he worked as Finance Manager of World Crane Co., Ltd. before he moved to WPM (China) as Finance Manager in January 2010 and was in charge of the accounting and finance matters of WPM (China). Mr. Zheng graduated from Jiangnan University Network College with a Specialist in Accounting in January 2019.

Mr. Ng Keong Khoon (Samuell)

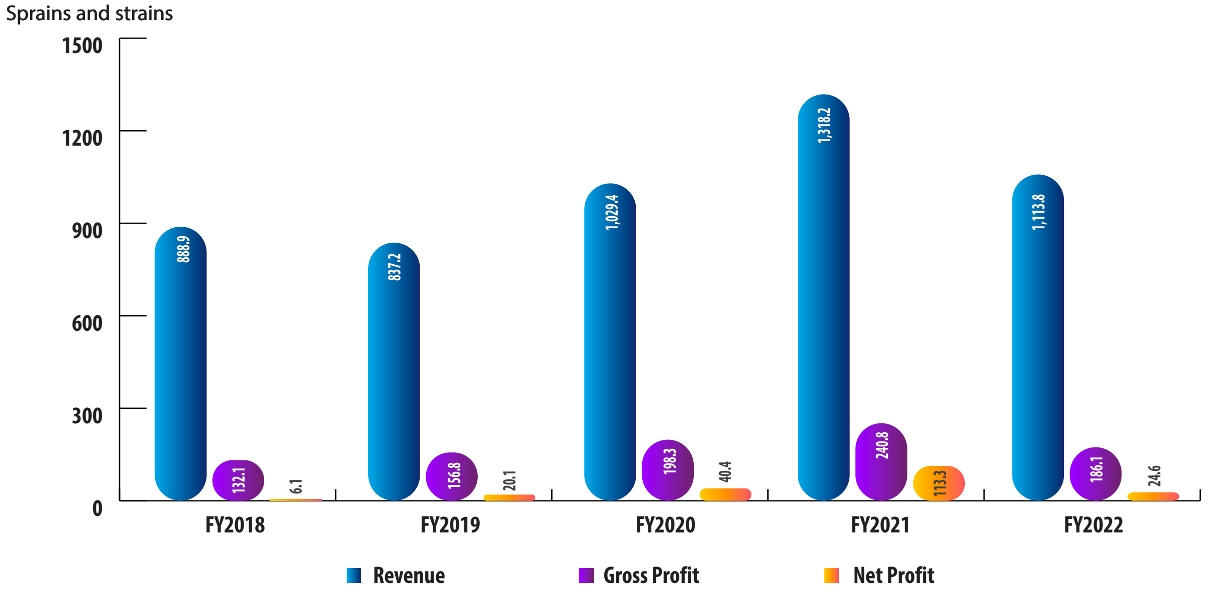
Chief Financial Officer

Mr. Ng Keong Khoon (Samuell) is the Chief Financial Officer of World Precision Machinery Limited and is responsible for directing, managing and controlling the full spectrum of accounting and financial functions of the Group. He was an Audit Assistant with K.S. Chin & Co, an audit firm, from September 2001 to May 2002 before he joined K. C. Lau & Co in June 2002 where he last held the post of Audit Senior. Mr. Ng was with Baker Tilly TFWLCL from January 2005 to June 2008 where his last designation was Audit Assistant Manager. Mr. Ng graduated from TAR College Kuala Lumpur, Malaysia in 2001 with Advance Diploma in Commerce (Financial accounting) and also completed his Association of Chartered Certified Accountants examinations. Mr. Ng is a fellow member of The Association of Chartered Certified Accountants, UK and a member of Institute of Singapore Chartered Accountants.

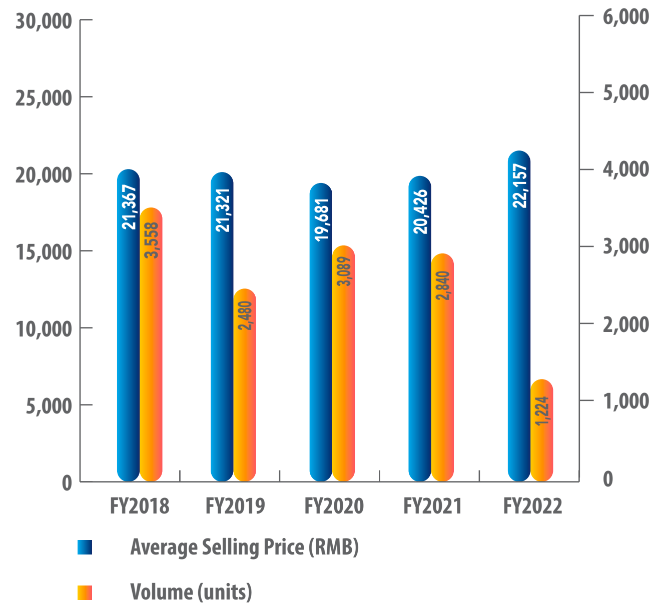

沃得精机
WORLD GROUP
DS2-250
KUKA

FINANCIAL HIGHLIGHTS

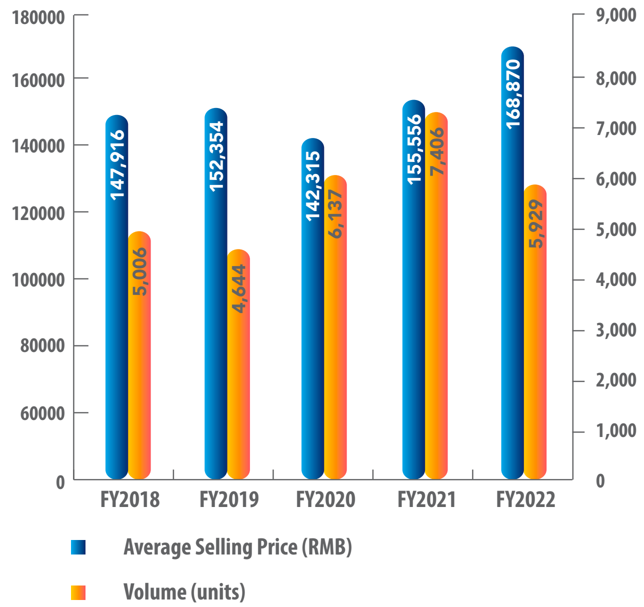
Revenue, Gross Profit and Net Profit
(RMB Million)



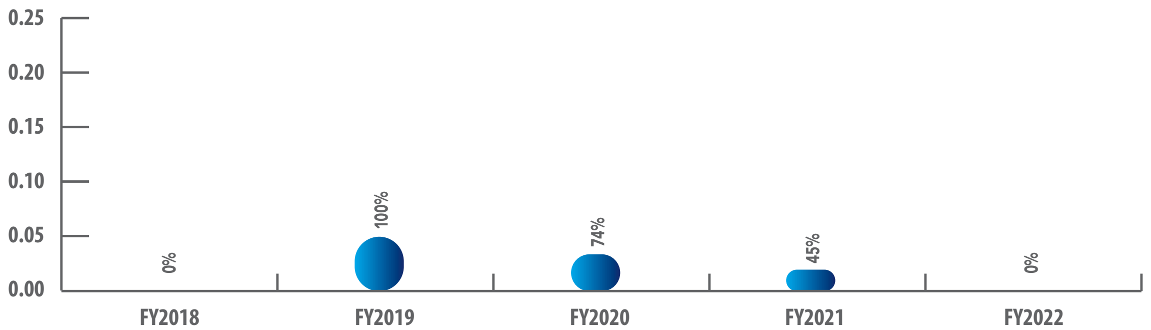
Conventional Stamping Machines



High-Performance and High-Tonnage Stamping Machines



Dividend payout



* Proposed final dividend

LIST OF EVENTS / IR ACTIVITIES

World Precision seeks to enhance shareholder value not only through our focus on solid business performance and practices, but also through responsible and effective communication with its stakeholders.

World Precision has actively reached out to both individual and institutional investors through timely announcements and various investor conferences. We believe that such efforts will allow YOU, our stakeholders, to identify with our business, our people and our values, and share our growth story.

Our contact information is as follows:

World Precision Machinery Limited
Samuell Ng
Chief Financial Officer

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Email: world@wpmlimited.com
Website: www.wpmlimited.com

08/04/2022
Change - Announcement of Appointment::
Appointment of Chief Deputy General Manager of WPMC

08/04/2022
Change - Announcement of Appointment::Appointment of Chief Technology Officer and Chief Engineer of WPMC

08/04/2022
Change - Announcement of Appointment::
Appointment of Finance Manager of WPMC as an Executive Officer and member of the key management team

08/04/2022
General Announcement::APPOINTMENTS OF EXECUTIVE OFFICERS AND CHANGES TO KEY MANAGEMENT TEAM OF WPMC

14/04/2022
Annual General Meeting::Voluntary

14/04/2022
Annual Reports and Related Documents::

14/04/2022
Cash Dividend/ Distribution::Mandatory

29/04/2022
REPL::Annual General Meeting::Voluntary

29/04/2022
Financial Statements and Related Announcement::
Notification of Results Release

09/05/2022
Asset Acquisitions and Disposals::DISCLOSEABLE TRANSACTION - LOAN TO YINCHENG REAL ESTATE GROUP CO., LTD.

10/05/2022
Asset Acquisitions and Disposals::DISCLOSEABLE TRANSACTION - LOAN TO YINCHENG REAL ESTATE GROUP CO., LTD.

13/05/2022
Financial Statements and Related Announcement::
First Quarter Results

20/05/2022
REPL::Cash Dividend/ Distribution::Mandatory

04/08/2022
Financial Statements and Related Announcement::
Notification of Results Release

12/08/2022
Financial Statements and Related Announcement::
Second Quarter and/ or Half Yearly Results

26/10/2022
Extraordinary/ Special General Meeting::Voluntary

02/11/2022
Financial Statements and Related Announcement::
Notification of Results Release

10/11/2022
REPL::Extraordinary/ Special General Meeting::Voluntary

10/11/2022
Financial Statements and Related Announcement::
Third Quarter Results

21/11/2022
General Announcement::CHANGES TO KEY MANAGEMENT TEAM OF THE GROUP AND THE CHIEF EXECUTIVE OFFICER OF THE COMPANY

21/11/2022
Change - Announcement of Appointment::
Promotion to Chief Executive Officer of the Company

21/11/2022
Change - Announcement of Cessation::
Retirement of Chief Executive Officer

25/11/2022
Asset Acquisitions and Disposals::THE PROPOSED ACQUISITION OF INDUSTRIAL LAND IN THAILAND

07/12/2022
Response to SGX Queries::

09/12/2022
General Announcement::Minutes of Extraordinary General Meeting held on 10 November 2022

29/12/2022
Change - Announcement of Cessation::
Resignation of Chief Deputy General Manager of WPMC

30/12/2022
Change - Change in Corporate Information::
INCORPORATION OF SUBSIDIARY

09/01/2023
Asset Acquisitions and Disposals::THE PROPOSED ACQUISITION OF WANNING YINHU HOT SPRING HOLIDAY HOTEL CO., LTD

18/01/2023
Response to SGX Queries::

01/02/2023
Change - Announcement of Appointment::
Appointment of Independent Director of the Company

22/02/2023
Financial Statements and Related Announcement::
Notification of Results Release

28/02/2023
Financial Statements and Related Announcement::
Full Yearly Results

CORPORATE STRUCTURE

100%
World Precise Machinery (China) Co., Ltd.
沃得精机(中国)有限公司

100%
Jiangsu World Tourism Investment Management Co., Ltd.
江苏沃得旅业投资管理有限公司

World Precision Machinery Limited
沃得精机有限公司

100%
World Precise Machinery Parts (Jiangsu) Co., Ltd.
沃得精密机床部件（江苏）有限公司

100%
World Precise Machinery (Shenyang) Co., Ltd.
沃得精机(沈阳)有限公司

REPORT ON CORPORATE GOVERNANCE

The Board of Directors ("**Board**") of World Precision Machinery Limited (the "**Company**") recognises that sound corporate governance practices are important to the proper functioning of the Company and its subsidiaries (the "**Group**") and enhancing the interests of all shareholders.

This report sets out the corporate governance practices that have been adopted by the Company with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") which is effective in respect of the Company's Annual Report for the financial year ended 31 December 2022 ("**FY2022**") and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Companies Act 1967 of Singapore ("**Companies Act**"). The Company has complied in all material respects with the principles and provisions in the Code. Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, instead of being read separately under each principle of the Code.

BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

PRINCIPLE 1: THE COMPANY IS HEADED BY AN EFFECTIVE BOARD WHICH IS COLLECTIVELY RESPONSIBLE AND WORKS WITH MANAGEMENT FOR THE LONG-TERM SUCCESS OF THE COMPANY.

The Board, in addition to its statutory responsibilities, has the duty to protect and enhance long-term shareholders' value. It sets the overall strategy for the Group, oversees the management of the Company ("**Management**") to ensure proper conduct of the business, performance and affairs of the Group, and sets the values and standards (including ethical standards) to ensure that obligations to shareholders and other stakeholders are understood and met. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. To fulfill this role, the Board's responsibilities include:

1. Providing entrepreneurial leadership, guiding and setting strategic objectives and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives.

2. Approving annual budgets, key operational matters, major funding proposals, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets and interested person transactions of a material nature, dividend payment (if any) and convening of shareholders' meetings.

3. Reviewing the processes relating to risk management systems and adequacy and effectiveness of internal controls, including financial, operational, compliance and information technology controls, identified by the Audit Committee ("**AC**") that are required to be strengthened for assessment and its recommendations on actions to be taken to address and monitor the areas of concern.

4. Reviewing the performance of Management and the Group towards achieving adequate shareholders' values, including but not limited to approving announcements relating to financial results of the Group and the audited financial statements, and timely announcements of material transactions.

5. Identifying key stakeholder groups and recognising that their perceptions affect the Group's reputation.

6. Advising Management on major policy initiatives, significant issues and approving board policies, strategies and financial objectives of the Company.

7. Evaluating the performance and reviewing the compensation of directors and key management personnel.

8. Approving all Board appointments/re-appointments and appointments of key management personnel.

9. Overseeing the proper conduct of the Company's business, setting the Group's values and standards (including ethical standards), ensuring that obligations to shareholders and other stakeholders are understood and met and assuming responsibility for corporate governance.

The Board will consider sustainability issues such as environmental and social factors as part of its strategic formulation in line with the provisions of the Code.

REPORT ON CORPORATE GOVERNANCE

Provision 1.1 – Director's conflict of interest

All Directors exercise due diligence and independent judgement in discharging their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company.

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. There are also required to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he might have a conflict of interest, in relation to any matter, he is required to send a written notice to the Company containing details of his interest and the conflict, or to declare such interest at a meeting of the Directors (or in written resolutions to be passed), and recuse himself from participating in any discussion and decision on the matter. Where relevant, the Directors have complied with such requirement, and such compliance is duly recorded in the minutes of meeting and/or Directors' Resolutions in writing.

Provision 1.2 – Induction and training of Directors

The Company will provide a formal letter of appointment to newly appointed Non-Executive Director (including Independent Director), setting out the Director's duties and obligations and terms of appointment whereas Executive Directors will be provided with Service Agreements setting out their terms of office and terms and conditions of appointment.

Newly appointed Directors, if any, will be provided with background information about the history, Group's structure, business operations, vision and values, strategic direction, policies and governance practices. They will also have the opportunity to visit the Group's operational facilities and to meet with Management so as to gain a better understanding of the Group's business operations. Further, at the quarterly Board meetings, the Chief Executive Officer ("**CEO**") and/or the relevant senior management personnel provide(s) the Board with regular updates on the Group's business performance and plans. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary trainings and briefings. No new Directors were appointed during FY2022.

Ms. Low Mui Kee was appointed as Independent Director of the Company on 1 February 2023. She has undertaken to attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 2.3 of the Listing Manual within one year from the date of her appointment to the Board.

To keep the Directors abreast of new laws, regulations, changing commercial risks and accounting standards, all Directors engage in constant dialogues with Management and professionals from time to time. The Board is updated on any amendments and requirements of the SGX-ST and other statutory and regulatory requirements from time to time, or during Board meetings by the Company Secretary and/or his representative(s). Directors may also attend relevant courses, conferences, seminars, workshops or training programme at the Company's expense to enable them to effectively discharge their duties as a Director, if required, from time to time.

Pursuant to Rule 720(7) of the SGX-ST Listing Manual effective 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX-ST. If the Nominating Committee ("**NC**") is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed. The Company is required to confirm in its sustainability report for FY2022 that all its Directors have attended the mandatory training on sustainability. In view of the above, save for Ms. Low Mui Kee who was appointed after FY2022, all Directors have completed the training on sustainability matters as prescribed by the Exchange in FY2022.

Provision 1.3 – Matters requiring Board's approval

The Board had adopted a Corporate Disclosure Policy on 11 August 2011 ("**Corporate Disclosure Policy**") which covers disclosure to the investment community, the press, industry consultants and other audiences (collectively, the "**Public**"). The Corporate Disclosure Policy forms part of the Company's internal rules and regulations, and is applicable to all of its employees and officers. The purpose of this policy is to govern the disclosure of material, non-public information in a manner designed to provide broad, non-exclusionary distribution of information so that the Public has equal access to the information and to ensure that the Company complies with applicable laws and regulations in Singapore, including, but not limited to, the listing rules of the SGX- ST governing disclosure of material, non-public information to the Public.

REPORT ON CORPORATE GOVERNANCE

Only authorised spokespersons may discuss material information with the institutional and individual investment communities. All meetings with members of the investment community are attended by the CEO, and/or Chief Financial Officer ("**CFO**"), and/or the Lead Independent Director and/or if applicable, the Investor Relations ("**IR**") Manager or representative of the IR company that the Company may engage from time to time. Exceptions to the Corporate Disclosure Policy must be authorised by the Board and/or any one of the authorised spokespersons.

Examples of the types of material information that require Board's approval pursuant to the Corporate Disclosure Policy and with references made to Appendix 7.1 Continuing Disclosure of the SGX-ST Listing Manual for the Board's guidance on particular situations and issues, include, but are not limited to, the following:

- Quarterly, Half year and Full year financial results or projections;
- Long term strategic and financial plan;
- A joint venture, merger, acquisition, divestment, liquidation or other changes in the Company's assets[1];
- A significant change in Management or a change in effective control of the Company;
- Declaration or omission of dividends or determination of earnings;
- Firm evidence of significant improvement or deterioration in near-term earnings prospects;
- A subdivision of shares or stock dividends;
- The acquisition or loss of a significant contract;
- A significant new product or discovery;
- The public or private sale of significant amount of additional securities of the Company;
- Changes in CEO, Directors and substantial shareholdings' interests – this includes becoming and cessation of substantial shareholder and during the appointment of CEO and Director[2];
- Share Buyback;
- Share Option or share schemes;
- Scrip Dividend Scheme;
- Interested Person Transactions[3];
- A call of securities for redemption;
- The provision or receipt of a significant amount of financial assistance;
- Occurrence of an event of default under debt or other securities or financing or sale agreements;
- Significant litigation;
- A significant change in capital investment plans, e.g. building of factories, increasing plant and machinery and increasing production lines;
- A significant dispute/disputes with sub-contractors, customers or suppliers, or with any parties;
- Material financial loss/damage caused by disaster and/or loss of credibility arising from corporate scandals and other fraudulent activities pursuant to any reports received under the Whistle Blowing Policy adopted by the Company;
- A tender offer for another company's securities;
- A valuation of the real assets of the Group that has a significant impact on the Group's financial position and/or performance;
- Involuntary striking-off of the Company's subsidiaries;
- Any investigation on a Director or an Executive Officer of the Company;
- Loss of a major customer or a significant reduction of business with a major customer;
- Declaration of dividends; and
- Major disruption to supply of critical goods or services.

Notes:

1 The Company has adopted an Investment Policy wherein an Investment Committee would be formed to look into any investment/ divestment to be undertaken by the Company, carry out all activities of the acquisition/divestment and submit its recommendation to the Board for approval.

2 The Company has adopted a Policy for Announcement of Changes in Shareholdings to receive, track and announce information in a timely manner.

3 The Company has adopted a Written Policies and Procedures for Interested Person Transaction to ensure that all transactions with an interested person are on arms' length and on terms generally available to an unaffiliated third party under the same or similar circumstances.

The Investment Policy, Policy for Announcement of Changes in Shareholdings and Written Policies and Procedures for Interested Person Transaction are also in line with the Code. The Corporate Disclosure Policy is in line with applicable laws and regulations.

REPORT ON CORPORATE GOVERNANCE

Provision 1.4 – Delegation by the Board

To assist the Board in the execution of its responsibilities and to enhance the Group's corporate governance framework, the Board delegates specific authority to three Board Committees which comprise the AC, the NC and the Remuneration Committee ("**RC**"). All Board Committees are chaired by an Independent Director and a majority of the members are Independent Directors. Each Board Committee reports to the Board and has its own written terms of reference. These Board Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis to ensure their continued relevance. The responsibilities and authority of the Board Committees set out in their respective terms of reference are in line with the Code. The effectiveness of each Board Committee is also constantly monitored.

The Board acknowledges that while each Board Committee is authorised to decide or provide its recommendations on particular issues, the ultimate responsibility on all matters lies with the Board.

The composition of the Directors in the Board and the Board Committees is as follows:

Name of Director	AC	RC	NC
Shao Jianjun *(Executive Chairman)*	-	-	-
Wang Weiyao *(Non-Executive and Non-Independent Director)*	M	M	M
Phang Kin Seng (Lawrence) *(Lead Independent Director)*	C	M	M
Lim Yoke Hean *(Independent Director)*	M	C	C
Low Mui Kee *(Independent Director)*[1]	-	-	-

C - Chairman
M – Member
(1) Ms. Low Mui Kee was appointed as Independent Director of the Company on 1 February 2023.

No alternate Director was appointed to the Board in FY2022 or appointed to the Board currently.

Provision 1.5 – Board processes, including Directors' attendance at meetings

The Board meets on a quarterly basis and ad-hoc Board meetings will be convened when they are deemed necessary. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments. In place of physical meetings, the Board and Board Committees also circulate written resolutions, when necessary, for approval by the relevant members of the Board and Board Committees. The Company's Constitution allows a Board meeting to be conducted by way of teleconference, video conference, audio visual, or other similar means of communications.

Directors may request further explanations, briefing or discussion on any aspect of the Group's operations or business from Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings. The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

The approval of the Board is required for any matters which are likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business as outlined above. The Board and the Board Committees may also make decisions through circulating resolutions.

REPORT ON CORPORATE GOVERNANCE

The number of Board and Board Committees' meetings and general meetings, i.e. annual general meeting ("**AGM**") and extraordinary general meeting ("**EGM**"), held from 1 January 2022 to 31 December 2022 as well as the details of Directors' attendance at those meetings are summarised in the table below:

Name of Directors	General meetings				Board Committees' meetings							
	AGM		EGM		Board		AC		NC		RC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Shao Jianjun	1	1	1	1	6	6	-	-	-	-	-	-
Wang Weiyao	1	1	1	1	6	5	6	4	1	1	1	1
Phang Kin Seng (Lawrence)	1	1	1	1	6	6	6	6	1	1	1	1
Lim Yoke Hean	1	1	1	1	6	6	6	6	1	1	1	1
Low Mui Kee[1]	-	-	-	-	-	-	-	-	-	-	-	-

[1] Low Mui Kee was appointed as an Independent Director of the Company on 1 February 2023 and hence, did not attend any of the meetings of the Company held from 1 January 2022 to 31 December 2022.

Provision 1.6 – Complete, adequate and timely information

Management is required to provide complete, adequate and timely information to the Board on Board affairs and issues that require the Board's decision prior to the Board meetings and on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. Information provided included background or explanations relating to matters to be brought before the Board and copies of disclosure documents, budgets, forecasts and internal financial statements. In respect of budgets, any material variance between the projection and actual results were also disclosed and explained.

The CEO keeps Board members abreast of key developments affecting the Group as well as material transactions in order that the Board is fully aware of the affairs of the Group. Management provides reports and financial statements to the Board on a regular basis. Board and Board Committees' papers are sent to Directors at least three working days before such meetings so that the Directors may have a better understanding of the matters prior to the meeting and discussions may be focused on questions that the Directors may have on these matters. Financial highlights of the Group's performance and developments are presented on a quarterly basis at Board meetings. The CEO and Management are present at these presentations to address any queries which the Board may have. Directors are entitled to request from Management and be provided with additional timely information as needed in order for them to make informed decisions.

Provision 1.7 – Company Secretary and independent professional advice

All Directors have separate and independent access to Management and the Company Secretary and/or his representative(s) at all times. The Company Secretary and/or his representative(s) attend(s) all Board and Board Committees' meetings and assist(s) the Board and Board Committees in ensuring that Board and Board Committees' procedures and all other rules and regulations applicable to the Company are complied with. The Company Secretary also follows the direction of the Chairman to ensure that there is sufficient/pertinent information flow within the Board and its Board Committees and between Management and Non-Executive Directors, as well as to facilitate orientation and assist with professional development when required to do so. The appointment or removal of the Company Secretary is subject to approval by the Board.

The Company has in place a procedure to enable the Directors, whether as a group or individually, in furtherance of their duties, to obtain independent professional advice from external advisers as and when necessary, and at the Company's expense. The appointment of such independent professional adviser, if required, is subject to approval by the Board.

REPORT ON CORPORATE GOVERNANCE

BOARD COMPOSITION AND BALANCE

PRINCIPLE 2: THE BOARD HAS AN APPROPRIATE LEVEL OF INDEPENDENCE AND DIVERSITY OF THOUGHT AND BACKGROUND IN ITS COMPOSITION TO ENABLE IT TO MAKE DECISIONS IN THE BEST INTERESTS OF THE COMPANY.

Provisions 2.1 and 4.4 – Directors' independence review

An "independent" Director is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The Board, with the concurrence of the NC, had adopted a declaration of independence pursuant to Provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual ("**Revised Definition on Director's Independence**").

Provisions 2.2 and 2.3 – Composition of (i) Independent Director and (ii) Non-Executive Directors on the Board

The Board comprises one Executive Director (i.e. the Executive Chairman) and three Non-Executive Directors, two of whom are independent in FY2022. Ms. Low Mui Kee was appointed as an additional Independent Director of the Company on 1 February 2023. Pursuant to Provision 2.3 of the Code, Non-Executive Directors of the Company make up a majority of the Board in FY2022.

While the Independent Directors do not make up a majority of the Board where the Chairman is not independent, being a variation from Provision 2.2 of the Code in FY2022, the Non-Executive Directors make up a majority of the Board and the Independent Directors make up at least half of the Board. As such, the Board is satisfied that it is able to exercise objective judgement on corporate affairs independently and no individual or select group of individuals are allowed to dominate the Board's decision-making process. Accordingly, there is a strong and independent element on the Board and consistent with the intent of principle 2, the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.4 – Composition of the Board and Board Committees, and Board Diversity Policy

The Company is committed to building a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

The size and composition of the Board is reviewed annually by the NC to ensure that the size and composition of the Board and the Board Committees is appropriate so as to facilitate effective decision making. The review will ensure that there is an appropriate mix of expertise, gender, skillset, knowledge and experience, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies.

Pursuant to Provision 2.4 of the Code, the Board has adopted a Board Diversity Policy. Having regard to the guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, take into account factors, including but not limited to gender, age, nationality, cultural background, educational background, experience, skillset, knowledge, independence and length of service. These differentiating factors will be considered in determining the optimum composition of the Board and when practicable will be balanced appropriately.

Any external search consultants, if required, engaged to assist the Board or the NC to search for candidates for appointment to the Board will be specifically directed to include diverse candidates from diverse background and female candidates. The decision on the selection of Director(s) to be appointed on the Board will ultimately be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board.

No individual or select group of individuals dominates the Board's decision-making process as the Non-Executive Directors make up a majority of the Board with half of the Board made up of Independent Directors. The Board also obtains independent views from its Independent Directors. The Chairman of the Board establishes boundaries of risk undertaken by the Group and ensures the governance system is in place and regularly evaluated which the Board is the opinion that there is a strong and independent element on the Board.

REPORT ON CORPORATE GOVERNANCE

Taking into account the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the NC, with the concurrence of the Board, is satisfied that the current Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

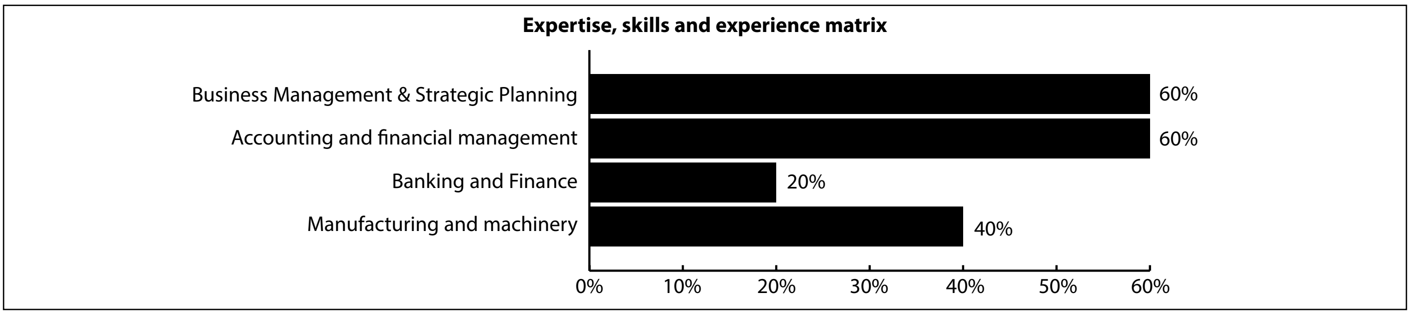
Each Director has been appointed based on his or her strength, experience and stature. They are expected to bring a valuable range of experience and expertise, and contribute to the development of the Group's strategy and business performance. Together, the Board and Board Committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience and knowledge to the Company. They also bring with themselves a wide range of core competencies such as accounting and financial management, business management and strategic planning experience, industry knowledge (manufacturing and machinery) and banking and finance experience. The diversity of the Directors' background allows for the useful exchange of ideas and views. All Directors have extensive experience in jurisdictions outside Singapore, specifically the People's Republic of China.

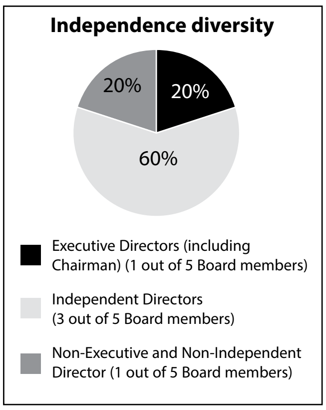
Accordingly, the combination of skills, talents and experience of the Directors are sufficiently diversed to serve the needs and plans of the Group, and to ensure the effective oversight of the Group's affairs.

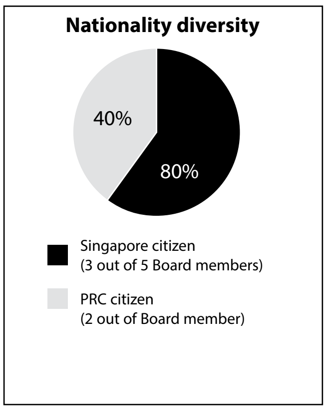
To ensure that the composition of the Board remains diverse, the Board aims to maintain a majority of its Board members to be made up of Non-Executive Directors, with at least half of the Board making up of Independent Directors and to ensure that there is at least one female Director on the Board, at all times.

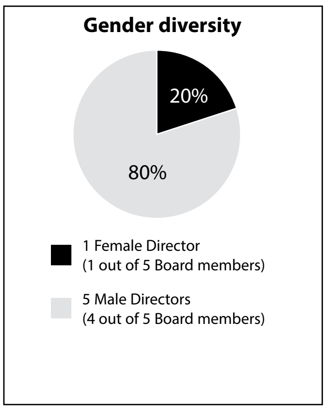
Based on the current Board composition, the Company has met its independence and gender diversity targets as of the date of this report as it has appointed a female Independent Director on 1 February 2023. Consequently, Mr. Phang Kin Seng (Lawrence), who was first appointed on 28 April 2010, will be retiring as a Director of the Company pursuant to Article 89 of the Constitution of the Company at the conclusion of the forthcoming AGM to be held on 28 April 2023. In addition, the Board is cognisant that Rule 210(5)(d)(iv) of the SGX-ST Listing Manual which takes effect for the Company's AGM for the financial year ending on or after 31 December 2023 ("**FY2023**") provides that a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing). As such, Mr. Lim Yoke Hean, who was first appointed on 2 July 2010, will deem to be non-independent if he continues to serve as a Director of the Company following the conclusion of the Company's AGM for FY2023 to be held in April 2024. Accordingly, in conjunction with the progressive renewal and succession planning of the Board, the NC and the Board are in the midst of reviewing its Board composition before the Company's FY2023 AGM to be held in April 2024.

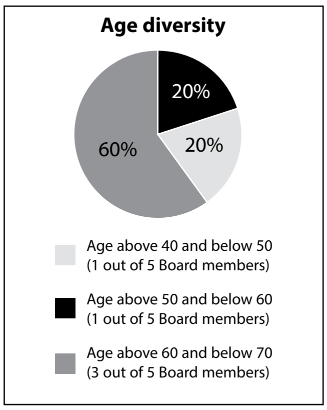
In evaluating the diversity of the Board, the following Board Skills Matrix and diversity criteria as of the date of this report were noted:











REPORT ON CORPORATE GOVERNANCE

The current composition of the Board reflects its commitment to the relevant diversity in gender, age, skills and knowledge.

Should there be any proposed new appointment(s) of member(s) to the Board, new Director(s), if any, will continue to be selected based on the Board Diversity Policy as part of the process for appointment of new Directors. The NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board before making its recommendations to the Board.

The NC will review the Board Diversity Policy from time to time as appropriate, to ensure the effectiveness of this policy. The NC will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Key information regarding the Directors is set out on pages 12 and 13 in the "Board of Directors" section of the Annual Report.

Provision 2.5 – Role of the Non-Executive Directors

The Non-Executive Directors of the Company (including, for avoidance of doubt, the Independent Directors) participate actively in Board meetings and contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. The Non-Executive Directors also constructively challenge and advise on the development of strategies as well as review the performance of Management in achieving targeted goals and objectives. In addition, the Non-Executive Directors monitor the reporting of the Group's business and financial performance. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

All the Independent Directors, led by the Lead Independent Director, meet at least annually without the presence of the Executive Directors and other Non-Independent Directors to discuss matters of significance which findings are then reported to the Chairman of the Board accordingly.

The Non-Executive Directors (including the Independent Directors) have met periodically without the presence of Management, and/or communicated via emails or telephone discussion on issues concerning the Company and will provide feedback to the Chairman, where necessary, after such meetings or communications.

The Independent Directors are also in frequent contact with one another outside the Board and the Board Committees' meetings and hold regular informal discussions amongst themselves. For FY2022, the Independent Directors have met periodically without the presence of other Directors. The Lead Independent Director had also at each Board meeting, provided feedback of such meetings to the Chairman, if any, so as to facilitate effective discussion with the Chairman and between the Board, on strategic issues and any other issues that may arise.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3: THERE IS A CLEAR DIVISION OF RESPONSIBILITIES BETWEEN THE LEADERSHIP OF THE BOARD AND MANAGEMENT, AND NO ONE INDIVIDUAL HAS UNFUTTERED POWERS OF DECISION-MAKING.

Provision 3.1 and 3.2 – Chairman and CEO

The roles and responsibilities between the Chairman of the Board and the Group CEO of the Company are held by separate individuals to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. There is no one individual who has unfettered powers of decision-making.

Mr. Shao Jianjun has been appointed as Executive Chairman since 26 April 2013.

Mr. Zhuang Guosheng assumed the position of CEO with effect from 22 November 2019 and retired as the CEO of the Company at the end of term of his service agreement with the Company with effect from 21 November 2022. Mr. Wen Hui was promoted from Chief Deputy General Manager of the Company's wholly owned subsidiary, World Precise Machinery (China) Co., Ltd. ("**WPMC**") to the CEO of the Company and General Manager of WPMC with effect from 21 November 2022.

REPORT ON CORPORATE GOVERNANCE

As Chairman, Mr. Shao leads the Board and bears responsibility for the effectiveness on all aspects of its role and takes a leading role in the Group's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, the Company Secretary and Management. He approves the agendas for Board meetings, ensures sufficient allocation of time for thorough discussion of agenda items and promotes a culture of openness and debate at the Board level. He also ensures that Board matters are effectively organised to enable Directors to receive complete, adequate and timely information in order to make sound decisions, promotes constructive relations within the Board and between the Board and Management, and ensures effective communication with shareholders. He also facilitates effective contribution from the Non-Executive Directors. He is also responsible for encouraging constructive relations within the Board and between Management and the Board. In addition, the Chairman also ensures that the Board and the Management work well together with integrity and competency.

The Company Secretary and/or his representative(s) assist(s) the Chairman in scheduling the Board and the Board Committees' meetings with the CFO.

The Group's CEO is responsible for the day-to-day operations of the Group and the execution of the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of the Group's business.

The above is not an exhaustive description of the current or future roles of the Chairman and CEO. The roles of the Chairman and the CEO may change in line with any developments that affect the Group, and any change is required to be agreed by the Board.

Mr. Shao Jianjun does not have any familial relationship with Mr. Zhuang Guosheng or Mr. Wen Hui.

<u>Provision 3.3 – Lead Independent Director</u>

The Board is of the view that there are sufficient safeguards and checks in place to ensure that there is a good balance of power, accountability and capacity of the Board for independent decision-making. As the Chairman is part of the management team and not an Independent Director, pursuant to the provision of the Code, Mr. Phang Kin Seng (Lawrence), who is an Independent Director and the AC Chairman, was appointed as the Lead Independent Director on 26 April 2013.

Mr. Phang Kin Seng (Lawrence), being one of the key contacts listed in the Group's Whistle Blowing Policy, is available to shareholders and any other persons where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the CFO has failed to resolve or is inappropriate.

BOARD MEMBERSHIP

PRINCIPLE 4: THE BOARD HAS A FORMAL AND TRANSPARENT PROCESS FOR THE APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS, TAKING INTO ACCOUNT THE NEED FOR PROGRESSIVE RENEWAL OF THE BOARD.

<u>Provisions 4.1 and 4.2 – NC's duties and composition</u>

The terms of reference of the NC provide that the NC shall comprise at least three Directors, the majority of whom, including the NC Chairman, shall be independent, and the Lead Independent Director, shall be a member. The composition of the NC of the Company is as follows:-

Mr. Lim Yoke Hean *(Independent Director)*	–	NC Chairman
Mr. Phang Kin Seng (Lawrence) *(Lead Independent Director)*	–	NC Member
Mr. Wang Weiyao *(Non-Executive and Non-Independent Director)*	–	NC Member

The NC is regulated by a set of written terms of reference, which are in line with the Code. The NC is responsible for, including but not limited to, the following key terms of reference:

(i) regularly and strategically reviewing the Board and Board Committees structure, size and composition (including the skills, gender, age, qualification, experience and diversity) and making recommendations to the Board with regard to any adjustments that are deemed necessary.

REPORT ON CORPORATE GOVERNANCE

(ii) identifying and nominating candidates to fill Board vacancies as they occur by considering candidates (i) from a wide range of backgrounds, (ii) their own merits and evaluate against objective criteria such as their experience, knowledge, gender, age and skills in relation to the needs of the Board (whether the candidate add diversity to the Board and are likely to have adequate time to discharge their duties), (iii) the composition and progressive renewal of the Board and Board Committees, and (iv) appoint an independent third party to source and screen candidates, if necessary. Before recommending an appointee to the Board, appointee will be requested by NC to disclose any existing or expected future business interest that may lead to a conflict of interest.

(iii) determining annually, on a discretionary basis, whether or not a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors.

(iv) in respect of a director who has multiple board representations on various companies, deciding whether or not such director is able to and has been adequately carrying out his/her duties as a director, having regard to the competing time commitments that are faced when serving on multiple boards of listed companies and other principal commitments and recommending to the Board guidelines to address competing time commitments faced by Directors, if any, who serve on multiple boards.

(v) reviewing the succession plans for Board Chairman, Directors, CEO and Key Management Personnel of the Company.

(vi) determining how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value.

(vii) developing the performance evaluation framework for the Board, the Board Committees and individual Directors. The NC also propose objective performance criteria for the Board, the Board Committee and individual Directors. It conducts the evaluations, analyses the findings and reports the results to the Board and recommending areas that need improvement. This process can be assisted by independent third party facilitators.

(viii) identifying and developing training programmes/schedules for the Board and assist with similar programmes for the Board Committes. The NC will ensure that all Board appointees undergo appropriate induction programmes.

(ix) keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates.

The NC held one meeting and the principal activities of the NC during FY2022 are summarised below:

a. reviewed and recommended to the Board the nomination of Directors for re-election or continued appointment through 2-tier voting at the AGM;

b. reviewed other directorships and principal commitments held by each Director and decided whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director;

c. reviewed the findings of the assessments on the effectiveness of the Board as a whole, the Board Committees and the individual Directors and the Chairman;

d. reviewed the size and composition of the Board; and

e. reviewed and assessed the independence of each Independent Director.

<u>Provision 4.1(a) – Succession Planning</u>

The NC regards succession planning as an important part of corporate governance and places strong emphasis on its recommendations to the Board on relevant matters relating to succession plans for the Board, key management personnel and other senior members of Management.

In reviewing succession plans, the NC considers the Company's strategic priorities and the factors affecting the long-term success of the Company.

REPORT ON CORPORATE GOVERNANCE

In relation to succession plans for Directors, the NC aims to maintain an optimal Board composition by considering the trends affecting the Company, reviewing the skills needed, and identifying gaps (including considering whether there is an appropriate level of diversity of thought). In relation to succession plans for key management personnel, the NC takes an active interest in how key talent is managed within the Group and reviews the mechanisms for identifying strong candidates and developing them to take on senior positions in the future.

The NC also considers different time horizons for succession planning as follows: (1) long-term planning, to identify competencies needed for the Company's strategy and objectives, (2) medium-term planning, for the orderly replacement of Board members and key management personnel, and (3) contingency planning, for preparedness against sudden and unforeseen changes.

Provision 4.3 - Process for selection and appointment of new Directors

The Company has in place a Process for Selection and Appointment of New Directors which provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience and assessment of candidates' suitability.

The NC in consultation with Management and the Board as appropriate, determines the qualification, skill set, competency and expertise required or expected of a new Board member taking into account the size, structure and composition of the Board. Recommendations from Board members, business associates, advisors, professional bodies and other industry players are reviewed by the NC. The criteria for assessing the suitability of any nominee or candidate are determined by the NC.

The NC would review the curriculum vitae and other particulars/information of the nominee or candidate. The NC, in evaluating the suitability of the nominee or candidate, will take into account his qualifications, business and related experience and ability to contribute effectively to the Board process. The NC will also determine if the nominee or candidate would be able to commit time to his appointment having regard to his other Board appointments, and if he/she is independent. The evaluation process would involve an interview or meeting with the nominee or candidate. Appropriate background and confidential searches would also be made.

Recommendations of the NC are then put to the Board for consideration. The Board will review the recommendation and approve the appointment as appropriate. Any appointments to Board Committees would be reviewed and approved concurrently. The NC and the Board will also take into consideration whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. The NC and the Board will also assess whether a Director's resignation from the board of any such company casts any doubt on the director's qualification and ability to act as a Director of the Company.

The appointments would be formalised by circulating resolutions of the NC and the Board, and the requisite announcement(s) and notification to the authorities.

Where and when required, the Company may also appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment involves specific skillsets or industry specialisation.

Provision 4.3 – Process for re-election/re-appointment of Directors

All the Directors submit themselves for re-election at regular intervals of at least once every three years. Article 89 of the Company's Constitution requires one-third of the Board to retire by rotation at every AGM. Article 88 of the Company's Constitution requires any person appointed by the Board, to fill a casual vacancy or as an additional Director during the year, to hold office only until the next AGM following their appointment. The retiring Directors are eligible to offer themselves for re-election.

Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which was effective 1 January 2022 and prior to the deletion of this sub-rule with effect from 11 January 2023, provides that a director will not be independent if he has been a director for an aggregate period of more than nine years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the issuer, and associates of such directors and chief executive officer ("**Two-Tiered Voting**"). For the purpose of the resolution referred to in (B), the directors and the chief executive officer of the issuer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following:- (X) the retirement or resignation of the director; or (Y) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions.

REPORT ON CORPORATE GOVERNANCE

During FY2022, Mr. Lim Yoke Hean and Mr. Phang Kin Seng (Lawrence) had each served as Independent Director of the Company for a period exceeding nine years from their respective date of first appointment. The Board had conducted a rigorous review of the independence of Mr. Lim Yoke Hean and Mr. Phang Kin Seng (Lawrence) to determine if they remain independent and carry out their duties objectively, taking into consideration the need for progressive refreshing of the Board. The Board noted that they are not a member of the Management and are free of relationship with the Company, its related companies, officers or its substantial shareholders of the Company that could interfere with their independent judgment or ability to act in the interest of the Company.

The Board had also observed the performance of Mr. Lim Yoke Hean and Mr. Phang Kin Seng (Lawrence) at Board meetings and other occasions and has no reasons to doubt their independence in the course of discharging their duties as directors. Hence, the Board concurred with the NC's view that they are independent in character and judgement despite having been on the Board for more than nine years. Mr. Lim Yoke Hean and Mr. Phang Kin Seng (Lawrence) regularly expressed their individual viewpoints, debated issues and objectively scrutinised and challenged the Management. They have also on various occasions, taken the initiative to seek clarification and amplification as they deemed required, including through direct access to the Group's employees. The Board is of the opinion that it would be most effective to draw on the appropriate competencies and diversity of experience from the longer serving director.

At the AGM of the Company for the financial year ended 31 December 2020 which was held on 30 April 2021, the shareholders had, through a Two-Tiered Voting, approved the ordinary resolutions in relation to the re-elections and continued appointment of Mr. Lim Yoke Hean as an Independent Director. At the AGM of the Company for the financial year ended 31 December 2021 which was held on 29 April 2022, the shareholders had, through a Two-Tiered Voting, approved the ordinary resolutions in relation to the re-elections and continued appointment of Mr. Phang Kin Seng Lawrence as an Independent Directors. In accordance with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which was effective 1 January 2022 and prior to the deletion of this sub-rule with effect from 11 January 2023, such approvals will remain valid until the conclusion of third AGM from such approvals.

Pursuant to Transitional Practice Note 4 Transitional Arrangements Regarding the Tenure Limit for Independent Directors of the SGX-ST Listing Manual ("**Transitional Practice Note 4**"), both Mr. Lim Yoke Hean and Mr. Phang Kin Seng Lawrence will deem to be non-independent if they continue to serve as Directors of the Company following the conclusion of the Company's AGM for FY2023 to be held in April 2024. Accordingly, Mr. Phang Kin Seng (Lawrence), who was first appointed on 28 April 2010, will be retiring as a Director of the Company pursuant to Article 89 of the Constitution of the Company at the conclusion of the forthcoming AGM to be held on 28 April 2023.

In addition, in conjunction with the progressive renewal and succession planning of the Board, the NC and the Board are in the midst of reviewing its Board composition with an intent to bring in an additional new Independent Director in place of Mr. Lim Yoke Hean who has served on the Board beyond nine years from the date of his first appointment before the Company's FY2023 AGM to be held in April 2024.

Taking into consideration of the above, the NC, having considered the attendance and participation of the following Directors at Board and Board Committees' meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of the following Directors at the forthcoming AGM for FY2022:

(i) Ms. Low Mui Kee will be retiring pursuant to Article 88 of the Company's Constitution; and
(ii) Mr. Shao Jianjun will be retiring pursuant to Article 89 of the Company's Constitution .

Ms. Low Mui Kee and Mr. Shao Jianjun had consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, Ms. Low Mui Kee and Mr. Shao Jianjun will be offering themselves for re-election at the forthcoming AGM.

Ms. Low Mui Kee will, upon re-election as a Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participate in respect of his re-election, if any, as Director.

The requirements under Rule 720(6) of the SGX-ST Listing Manual are set out in the Annual Report from pages 142 and 143.

REPORT ON CORPORATE GOVERNANCE

Provision 4.4 – Review of Directors' Independence

The NC, which is responsible for reviewing the independence of each Director on an annual basis, has adopted a declaration of independence form pursuant to the Revised Definition on Director's Independence ("**Declaration of Independence Form**"). In addition, the NC requires each Non-Executive Director to assess his own independence by completing a Declaration of Independence Form and state whether he considers himself independent despite having any of the relationships identified in the Code which would deem him not to be independent, if any.

For FY2022, the NC had reviewed the independence of Board members with reference to the Revised Definition on Director's Independence. Mr. Wang Weiyao, who is the controlling shareholder of the Company, is considered not independent of the Management as contemplated by the Code. Both the NC and the Board have noted Mr. Wang's declaration and concluded that he is to be considered a Non-Executive and Non-Independent Director.

Save as disclosed, none of the other Non-Executive Directors are related and do not have any relationships with the Company, its related corporations, its substantial shareholders, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

Messrs. Phang Kin Seng (Lawrence) and Lim Yoke Hean have each served on the Board for a period exceeding nine years from the date of their respective first appointment. The NC had conducted a rigorous review of their independence and contributions to the Board to determine if they still remain independent and carry out their duties objectively, taking into account the need for progressively refreshing of the Board. The review included but was not limited to the completion of a detailed questionnaire of their independence with a mixture of close-ended and open- ended questions in respect of whether there are any conflicts of interest or relationship that are likely to affect their independence; whether they continue to express their views objectively and seek clarification and amplification when deemed necessary; whether they continue to debate issues objectively; whether they continue to scrutinise and challenge Management on important issues raised at meetings and whether they are able to bring judgement to bear in the discharge of their duties as a Board member and committee member. The questionnaire was completed by Messrs. Phang Kin Seng (Lawrence) and Lim Yoke Hean.

The Board had observed the performance of Messrs. Phang Kin Seng (Lawrence) and Lim Yoke Hean at the Board and the Board Committees' meetings and other occasions and has no reasons to doubt their independence in the course of discharging their duties. Hence, the Board, with the concurrence of the NC, having considered the Declaration of Independence Forms for FY2022 and the completed questionnaire of independence submitted by Messrs. Phang Kin Seng (Lawrence) and Lim Yoke Hean, concluded that they are independent in character and judgement despite having been on the Board for more than 9 years and free from any relationships outlined in the Code. The Board acknowledges their combined strength of characters, objectivity and wealth of useful and relevant experience bring themselves to continue effectively as an Independent Director of the Company. The Board also acknowledges and recognises the benefits of the experience and stability brought by the long-serving Independent Directors for their strength of character, objectivity and wealth of extensive business experience, and their knowledge on the Group's business which would enable them to be an effective Independent Directors, notwithstanding their long tenure.

As set out in Provisions 4.3 and 2.4 above, in conjunction with the progressive renewal and succession planning of the Board, the NC and the Board are in the midst of reviewing its Board composition with an intent to bring in an additional new Independent Director in place of Mr. Lim Yoke Hean who has served on the Board beyond nine years from the date of his first appointment before the Company's FY2023 AGM to be held in April 2024.

Each of the Independent Director had recused themselves from the NC's and the Board's deliberations on their own independence.

Provision 4.5 – Directors' time commitments and multiple Directorships

Pursuant to the NC's terms of reference, the NC is required to determine if a Director has been adequately carrying out his duties as a Director of the Company, particularly if he has multiple Board representations in listed companies and other principal commitments. In view of this, the NC, having considered the confirmations received from Messrs. Phang Kin Seng (Lawrence) and Lim Yoke Hean, concluded that such multiple Board representations (where applicable) do not hinder each Director from carrying out his duties as Director of the Company for FY2022. The NC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NC's views.

REPORT ON CORPORATE GOVERNANCE

In determining whether each Director is able to devote sufficient time to discharge his duty, the NC has taken cognisance of the Code's requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and his respective principal commitments per se. The contributions by Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings, in addition to each of their principal commitments, should also be taken into account. As such, no maximum number of listed company board representations was fixed. The NC and the Board will review the number of listed company board representations of the Directors on an annual basis or from time to time when the need arises.

Directorships or chairmanships held by the Company's Directors in other listed companies are as follows:

Name of Director[(1)]	Date of first appointment / Last re-election	Directorships in other listed companies	
		Current	Past 3 Years
Mr. Shao Jianjun *(Executive Chairman)*	28 July 2004 / 30 April 2021	Nil	Nil
Mr. Wang Weiyao *(Non-Executive and Non-Independent Director)*	28 July 2004 / 29 April 2022	Nil	Nil
Mr. Phang Kin Seng (Lawrence) *(Lead Independent Director)*	28 April 2010 / 29 April 2022	Nil	Nil
Mr. Lim Yoke Hean *(Independent Director)*	2 July 2010 / 30 April 2021	Nil	Nil
Ms. Low Mui Kee *(Independent Director)*	1 February 2023 / Not applicable	Nil	Nil

[(1)] The principal commitment of the Directors, if any, is set out in the "Board of Directors" section in this Annual Report.

BOARD PERFORMANCE

PRINCIPLE 5: THE BOARD UNDERTAKES A FORMAL ANNUAL ASSESSMENT OF ITS EFFECTIVES AS A WHOLE, AND THAT EACH OF ITS BOARD COMMITTEES AND INDIVIDUAL DIRECTORS.

<u>Provisions 5.1 and 5.2 – Assessment of the Board, Board Committees and Individual Directors</u>

The Company acknowledges the importance of a formal assessment of Board performance and has adopted a formal system of evaluating Board performance as a whole as well as the contribution by each Director to the Board, and of each of its Board Committee.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole and peer assessment of each individual director and the Chairman, and its Board Committees to the effectiveness of the Board.

An evaluation of Board performance is conducted annually by the NC as a form of good Board management practice. Each Director is required to complete a questionnaire approved by the Board, the performance criteria of which is as follows:

- Size and composition of the Board;
- Information to the Board;
- Board procedures;
- Board accountability;
- Matters concerning the CEO/Management; and
- Standard of conduct.

REPORT ON CORPORATE GOVERNANCE

For FY2022, the NC has conducted a peer assessment of the individual Directors and assessment of the Chairman. The peer assessment of individual Directors and assessment of the Chairman will also be conducted annually and each of the Director is required to complete a questionnaire approved by the Board to assess the Directors (other than the Director concerned) and the Chairman, the performance criteria of which is as follows:

- Director's Duties;
- Leadership;
- Communication Skills and Behaviour;
- Strategy and Risk Management;
- Board Contribution;
- Knowledge;
- Interaction; and
- Overall Assessment of Performance as Director.

The results of the (i) Board performance evaluation; and (ii) peer assessment of the individual Directors and assessment of the Chairman, were collated by the corporate services provider of the Company and presented to the NC for discussion with comparatives from the previous year's results (where applicable). The evaluation exercise provided feedback from each Director, his views on the Board process and procedures as well as the effectiveness of the Board as a whole.

The Chairman of the respective Board Committees are also required to complete a questionnaire on the effectiveness of the Board Committees, which would be tabled at the NC for further discussion.

The NC was generally satisfied with the results of the evaluation for the performance of the (i) Board, (ii) individual Directors, (iii) Chairman, and (iv) respective Board Committees, for FY2022 which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members and/or the respective Board Committees, who agreed to work on those areas that could be improved further. The NC would continue to evaluate the process for such review and its effectiveness from time to time.

Save as disclosed, no external facilitator has been used.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 6: THE BOARD HAS A FORMAL AND TRANSPARENT PROCEDURE FOR DEVELOPING POLICIES ON DIRECTORS AND EXECUTIVE REMUNERATION, AND FOR FIXING THE REMUNERATION PACKAGES OF INDIVIDUAL DIRECTORS AND KEY MANAGEMENT PERSONNEL. NO DIRECTOR IS INVOLVED IN DECIDING HIS OR HER OWN REMUNERATION.

<u>Provisions 6.1 and 6.2 – RC's duties and composition</u>

The RC ensures the appropriateness, transparency and accountability to shareholders on issues of remuneration of the Directors and Management.

The terms of reference of the RC provide that the RC shall comprise at least three Directors, the majority of whom, including the RC Chairman, shall be independent. The composition of the RC of the Company is as follows:-

Mr. Lim Yoke Hean *(Independent Director)*	–	RC Chairman
Mr. Phang Kin Seng (Lawrence) *(Lead Independent Director)*	–	RC Member
Mr. Wang Weiyao *(Non-Executive and Non-Independent Director)*	–	RC Member

The RC is regulated by a set of written terms of reference, which are in line with the Code. The RC is responsible for, including but not limited to, the following key terms of reference:

(a) taking into account all relevant legal and regulatory requirements, including the principles and provisions of the Code, when determining the Company's remuneration policies. It should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals.

REPORT ON CORPORATE GOVERNANCE

(b) ensuring that the level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

(c) setting the remuneration policy for Directors and key management personnel as well as monitoring the level and structure of remuneration for key management personnel relative to the internal and external peers and competitors.

(d) ensuring that the remuneration of the Non-Executive Directors is appropriate to the level contribution, taking into account factors such as effort, time spent, and responsibilities.

(e) reviewing the remuneration of employees related to the Directors, CEO or substantial shareholders, if any, to ensures that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotion for these related employees will also be subjected to the review and approval of the RC.

(f) obtaining reliable, up-to-date information on the remuneration packages of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information. These will be at the expenses of the Company, subject to the budgetary constraints imposed by the Board.

(g) overseeing any major changes in employee benefits or remuneration structures.

(h) reviewing the design of all long-term and short-term incentive plans for approval by the Board and shareholders.

(i) ensuring that the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded.

(j) setting performance measures and determining targets for any performance-related pay schemes operated by the Company.

The RC had met once and the principal activities of the RC during FY2022 are summarised below:

a. reviewed and recommended to the Board the remuneration of the Executive Director, key management personnel and employees who are related to the Group CEO;

b. reviewed the terms of contracts of service that were due for renewal (if any); and

c. reviewed and recommended to the Board the Directors' fees.

Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any

The recommendation of the RC for the remuneration of Directors would be submitted for endorsement by the Board and should cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind. No Director or member of the RC is involved in deciding his/her own remuneration.

Mr. Shao Jianjun, Executive Chairman, had entered into a service agreement with the Company which is subject to review and renewal upon expiry unless terminated during such term either as provided in the service agreement or by either party giving to the other not less than three months' written notice.

Mr. Zhuang Guosheng, CEO, had entered into a service agreement with the Company for a period of three years commencing 22 November 2019. He retired as the CEO of the Company at the end of term of his service agreement with the Company with effect from 21 November 2022. Mr. Wen Hui was promoted from Chief Deputy General Manager of the Company's wholly owned subsidiary, WPMC, to the CEO of the Company and General Manager of WPMC with effect from 21 November 2022 and had entered into a service agreement with the Company for a period of three years commencing 21 November 2022, which is subject to review and renewal upon expiry unless terminated during such term either as provided in the service agreement or by either party giving to the other not less than three months' written notice.

REPORT ON CORPORATE GOVERNANCE

There are no onerous compensation commitments on the part of the Company or its subsidiaries in the event of an early termination of the service of an Executive Director. The RC would review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service. The RC aims to be fair and avoid rewarding poor performance.

Although there are no contractual provisions in the service agreements of the Executive Director and key management personnel to allow the Company to reclaim incentive components of remuneration where there have been exceptional circumstances of misconduct or misstatement of financial results in loss to the Company, the Company retains half of their bonus in the Company for a period of one year, which would be forfeited in the event of such breach of their duties.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top key management personnel (who are not Directors or the CEO) for FY2022.

The Company did not appoint any remuneration consultant. If required, the RC will seek expert advice inside and/or outside the Company on remuneration of all Directors and key management personnel.

LEVEL AND MIX OF REMUNERATION DISCLOSURE OF REMUNERATION

PRINCIPLE 7: THE LEVEL AND STRUCTURE OF REMUNERATION OF THE BOARD AND KEY MANAGEMENT PERSONNEL AND APPROPRIATE AND PROPORTIONATE TO THE SUSTAINED PERFORMANCE AND VALUE CREATION OF THE COMPANY, TAKING INTO ACCOUNT THE STRATEGIC OBJECTIVES OF THE COMPANY.

PRINCIPLE 8: THE COMPANY IS TRANSPARENT ON ITS REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION, THE PROCEDURE FOR SETTING REMUNERATION, AND THE RELATIONSHIPS BETWEEN REMUNERATION, PERFORMANCE AND VALUE CREATION.

<u>Provisions 7.1 to 7.3 and Provision 8.3 – Level and mix of remuneration</u>

The remuneration packages are set such that the Directors are adequately but not excessively remunerated compared to other comparable companies in the industry in view of present market conditions. The remuneration policy adopted takes into account the individual's and the Company's performance.

<u>Framework for remuneration of Executive Directors and key management personnel</u>

The remuneration packages of the Executive Directors and other key management personnel consist of fixed and variable wage components. The fixed component consists of a basic salary and annual wage supplement. To ensure that the remuneration packages of Executive Directors and key management personnel is consistent and comparable with market practice, the RC regularly compares this fixed component with those of companies in similar industries, while continuing to be mindful of the fact that there is a general correlation between increased remuneration and incentives, and improvement in performance.

The variable component comprises a variable bonus based on the Group's and individual's performance. To link rewards to performance, the more senior the executive is within the Group, the higher the percentage of the variable component against total remuneration. A comprehensive and structured assessment of the performance of key executives is undertaken each year. Bonuses payable to key executives are reviewed by the RC and approved by the Board to ensure the alignment of their interests with those of shareholders.

<u>Remuneration of Non-Executive Directors</u>

The Non-Executive Directors (including Independent Directors) receive fees which are reviewed by the RC to ensure commensuration with the contributions, responsibilities and time spent by such individuals. Such fees are paid subject to shareholders' approval being obtained at the Company's AGM. The Independent Directors are not over-compensated to the extent that their independence is compromised.

The RC does not see any value-add on implementing share option or long-term incentive scheme in view of the long low liquidity in the trading of the Company's shares.

REPORT ON CORPORATE GOVERNANCE

Provisions 8.1 and 8.2 – Directors' remuneration/fees and remuneration of the Group CEO and remuneration of the top five key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel

The RC will carry out an annual review of the Executive Director and key management personnel's remuneration packages to ensure that their remuneration commensurate with their performance, giving due regard to the financial health and business needs of the Group. For FY2022, the RC is satisfied with the Executive Director and key management personnel's remuneration packages and recommended the same for Board approval. The Board had approved the RC's recommendation accordingly.

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. They are not over-compensated to the extent that their independence may be compromised. Other than Directors' fees, which have to be approved by shareholders at every AGM, the Independent Directors do not receive any other forms of remuneration from the Company.

Directors' fees amounting to S$230,000 for the financial year ending 31 December 2023 ("**FY2023**") have been proposed for payment in arrears on a quarterly basis. This recommendation has been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval. The increase in the proposed Directors' fees for FY2023 compared to the amount of S$180,000 for FY2022 is due to the appointment of an additional Independent Director with effect from 1 February 2023. The aggregate amount of Directors' fees for FY2023 is calculated on the assumption that all the Directors will hold office for the whole of FY2023. Should any Director hold office for only part of FY2023 and not the whole of FY2023, the Director's fee payable to him/her will be appropriately pro-rated.

No Director is involved in deciding his or her own remuneration.

Directors and CEO

A breakdown of the level and mix of the remuneration of the Directors and the CEO for FY2022 is as follows:

	Salary	Variable/ Performance-related Income/ Bonus	Benefits in Kind	Fees	Total
	%	%	%	%	%
Below S$250,000:					
Executive Chairman					
Shao Jianjun	100	–	–	–	100
Non-Executive Directors					
Wang Weiyao	–	–	–	100	100
Phang Kin Seng (Lawrence)	–	–	–	100	100
Lim Yoke Hean	–	–	–	100	100
Low Mui Kee(1)	–	–	–	–	–
CEO					
Zhuang Guosheng(2)	18	82	–	–	100
Wen Hui(3)	–	100	–	–	100

Notes:

(1) Ms. Low Mui Kee was appointed as an Independent Director of the Company on 1 February 2023. Accordingly, there was no Director's fee payable to her in respect of FY2022.

(2) Mr. Zhuang Guosheng retired as the Company's CEO with effect from 21 November 2022.

(3) Mr. Wen Hui was promoted to the Company's CEO with effect from 21 November 2022.

REPORT ON CORPORATE GOVERNANCE

Key management personnel

The top key management personnel of the Group (in terms of remuneration) for FY2022 (who are not Directors or the CEO) are Messrs. Jin Zhaoguo, Ng Keong Khoon (Samuell), Shu Jianfei, Zhu Peng and Zheng Yi.

A breakdown of the level and mix of the remuneration of each of the key management personnel for FY2022 is as follows:-

	Salary	Variable/ Performance-related Income/ Bonus	Benefits in Kind	Total
	%	%	%	%
Below S$250,000:				
Jin Zhaoguo	37	63	–	100
Ng Keong Khoon (Samuell)	100	–	–	100
Shu Jianfei	29	71	–	100
Zhu Peng	24	76	–	100
Zheng Yi	33	67	–	100

The aggregate remuneration paid to the top key management personnel (who are not Directors or the CEO) is approximately RMB2.61 million (which includes CPF).

Due to the confidentiality and commercial sensitivity attached to remuneration matters, in particular those of our top five key management personnel, given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of each individual Director, the CEO and the top five key management personnel. Instead, the disclosures had been provided in applicable bands of S$250,000 as above, with a breakdown in percentage of the remuneration earned through salary, variable or performance-related income/bonus and/or benefits in kind. Despite having varied from Provision 8.1(a) of the Code, the Board believes that consistent with the intent of Principle 8 of the Code, sufficient information has been disclosed for shareholders' understanding with respect to the Group's level and mix of remuneration.

For FY2022, there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9: THE BOARD IS RESPONSIBLE FOR THE GOVERNANCE OF RISK AND ENSURES THE MANAGEMENT MAINTAINS A SOUND SYSTEM OF RISK AND MANAGEMENT AND INTERNAL CONTROLS, TO SAFEGUARD THE INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS.

Provision 9.1 – Maintenance of a sound risk management system and internal controls

The Board acknowledges that it is responsible for the overall internal control framework and maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets.

In particular, the Board, with support from the AC, is responsible to ensure that the Company puts in place adequate safeguards to address and mitigate any financial, operating and compliance risks.

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Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and AC. To assist the Board in carrying out its responsibility of overseeing the Group's risk management framework, processes and policies, it has delegated the authority to the AC for overseeing the Risk Management Committee ("**RMC**") established by Management. For the purpose of the RMC, the head of Finance has been appointed as the Risk Compliance Officer. He will work with CLA Global TS Risk Advisory Pte. Ltd. (formerly known as Nexia TS Risk Advisory Pte. Ltd.) ("**CLA Global**") on their findings and report any risk matters to the CEO. The RMC comprises the CEO, the CFO and the Risk Compliance Officer.

For FY2022, the RMC, had reported to the AC on a quarterly basis, and the AC had in turn reported its finding(s) and/or recommendation(s) to the Board for its information and/or approval, if required. No known significant deficiencies or lapses in risk management and internal controls systems were noted in FY2022.

The Company has outsourced its internal audit function to CLA Global. In addition, CLA Global has also been commissioned to assist Management in the Group's Enterprise Risk Management ("**ERM**") to complement the Group's existing internal audit plan and thereafter to follow up with an annual Control Self-Assessment ("**CSA**") based on the risks identified from the ERM exercise. The objectives of the ERM and CSA services are to identify and manage strategic, operational, compliance and financial risks related to the achievement of the Group's objectives and to better respond to the changing business environment. The process encourages increased risk awareness and enhanced risk understanding among both the participants and the recipients of the assessment. A report which documents the Group's risk management profile summarising the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks is submitted to the RMC and AC on an annual basis.

The AC, with the assistance of the Internal and External Auditors, reviews the adequacy and effectiveness of the Group's internal financial controls, operational, information technology and compliance controls, and risk management policies and internal controls systems established by Management on an annual basis.

The Internal and External Auditors have, during the course of their audits, carried out a review of the effectiveness of key internal controls within the scope of their audits. Any material non-compliance and internal control weaknesses noted during their respective audits and their recommendations are reported to the AC. The AC has reviewed the CSA report and Internal and External Auditors' comments to ensure that there are adequate internal controls in the Group and follow up actions from the last audit reviews have been implemented. The AC will ensure that recommendations by the CSA report and Internal and External Auditors, arising from the FY2022 audits would be followed up and implemented by Management at the next audit review or within the timeline stipulated in the respective audit reports.

The Group's financial risk management is disclosed under Note 32 of the Notes to the Financial Statements from pages 124 to 135 of this Annual Report.

<u>Provision 9.1 – Risks relating to Sanctions Law</u>

The Board confirms that as at the date of this annual report, insofar as it is aware and based on Management's confirmation, the Group is not at risk of becoming subject to, or violating, any sanctions-related law or regulation. The AC and Board will assess the need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group and continuous monitoring the validity of the information to shareholders and the SGX-ST, if required.

<u>Provision 9.2 – Written assurance regarding (i) financial records and financial statements and (iii) adequacy and effectiveness of the Group's risk management and internal control systems</u>

The Board has received written assurance from the Group CEO and the CFO that as at 31 December 2022:-

(a) nothing has come to their attention which would render the financial statements to be false or misleading in any material aspects;

(b) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;

(c) the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems ("**Internal Control and Risk Management Systems**") in place are adequate and effective in addressing its material risks in the Group's current business environment; and

REPORT ON CORPORATE GOVERNANCE

(d) there are no known significant deficiencies or lapses in the Group's Internal Control and Risk Management Systems which could adversely affect its ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Group's Internal Control and Risk Management Systems.

The Board has also received written assurance from other key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group that:

(a) the Group's Internal Control and Risk Management Systems in place are adequate and effective in addressing its material risks in the Group's current business environment; and

(b) there are no known significant deficiencies or lapses in the Group's Internal Control and Risk Management Systems which could adversely affect its ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Group's Internal Control and Risk Management Systems.

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects, with detailed analysis and explanations.

For the financial year under review, the CEO and the CFO have provided assurance to the AC that to the best of their knowledge and belief, nothing has come to the attention of the Management which may render the quarterly results of the Group to be false or misleading in any material aspect. In addition, in line with the requirements of the SGX-ST, negative assurance statements were issued by the Board to accompany the Group's quarterly financial results announcements, confirming to the best of the Board's knowledge that nothing had come to the Board's attention which could render the Company's results announcements to be false and misleading in any material aspect. The Company is not required to issue negative assurance statements for its full year results announcement.

Analysis on the performance of the Group was provided on the results and performance to the Board to ensure they effectively discharge their duties. The CEO will also update the Board on the Group's operations during Board Meetings. As and when there are other developments in between meetings, the Board will be provided and supplemented with the relevant information with respect thereto, whether by email circulation or informal teleconference.

The Company has also procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the SGX-ST Listing Manual.

<u>Rule 1207(10) of the SGX-ST Listing Manual</u>

Based on the internal controls including financial, operational and compliance controls, established and maintained by the Group, work performed by the internal and external auditors, and reviews undertaken by Management, the AC and the Board are of the opinion that the Group's internal controls addressing material financial, operational, compliance and information technology risks, and risk management systems are adequate and effective as at 31 December 2022 to meet the needs of the Group, taking into account the nature and scope of its operations.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material misstatement/errors or loss, poor judgement in decision-making, human errors, fraud or other irregularities. The review of the Group's internal control system is a concerted and continuing process.

REPORT ON CORPORATE GOVERNANCE

AUDIT COMMITTEE

PRINCIPLE 10: THE BOARD HAS AN AUDIT COMMITTEE WHICH DISCHARGES ITS DUTIES OBJECTIVELY.

Provisions 10.1 to 10.3 and 10.5 – Duties and composition of the AC

The AC is regulated by a set of written terms of reference, which are in line with the Code.

The terms of reference of the AC provide that the AC shall comprise at least three members, all of whom shall be Non-Executive Directors and a majority of whom, including the AC Chairman, shall be independent. The composition of the AC of the Company is as follows:-

Mr. Phang Kin Seng (Lawrence) *(Lead Independent Director)*	–	AC Chairman
Mr. Lim Yoke Hean *(Independent Director)*	–	AC Member
Mr. Wang Weiyao *(Non-Executive and Non-Independent Director)*	–	AC Member

The Board is of the view that at least 2 members, including AC Chairman are appropriately qualified, having the necessary recent and relevant accounting and/or related financial management expertise or experience as the Board interprets such qualification in its business judgement, to discharge their responsibilities. None of the AC members were former partners or Directors of the Company's existing auditing firm, Messrs. Mazars LLP, within a period of two years commencing on the date of their cessation as a partner/director of the auditing firm/corporation or hold any financial interest in the auditing firm.

The AC meets at least four times a year to discuss and review the following where applicable, on the following key terms of reference:

(a) reviewing the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes, if any, to the Board.

(b) reviewing and reporting to the Board on the adequacy and effectiveness of the Company's risk management and internal controls in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to it by the Board).

(c) reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function.

(d) reviewing the scope and results of the external audit, and the independence and objectivity of the EA. It shall then recommend to the Board the appointment, reappointment and removal of the EA, and its remuneration and terms of engagement.

(e) ensuring that the Company complies with the requisite laws and regulations.

(f) ensuring that the Company has programmes and policies in place to identify and prevent fraud.

(g) overseeing the establishment and operation of the whistleblowing process in the Company.

(h) reviewing all Interested Person Transactions ("**IPTs**") and Related Party Transactions.

The AC has the explicit powers to conduct or authorise investigations into any of the abovementioned matters. The AC has full access to and co-operation by Management and also full discretion to invite any Director or executive officer to attend its meetings as well as reasonable resources to enable it to discharge its function properly.

The AC meets with the Group's Internal and External Auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group. For FY2022, the AC has met six times and:

(i) met with the Internal and External Auditors, without the presence of Management, to discuss their findings set out in their respective reports to the AC. Both the Internal and External Auditors had confirmed that they had received the full co-operation of Management and no restrictions were placed on the scope of the respective audits;

REPORT ON CORPORATE GOVERNANCE

(ii) has undertaken a review of the audit services and is satisfied with the independence of the External Auditors for FY2022. For FY2022, the aggregate amount of fees paid to the external auditors was RMB830,000. There were no non-audit services or fees paid for non-audit services.

The External Auditors had also confirmed their independence in this respect.

(iii) confirmed that Company had complied with Rule 712 of the SGX-ST Listing Manual in relation to the appointment of a suitable auditing firm to meet its audit obligations. Messrs. Mazars LLP, the appointed auditors of the Group, is registered with the Accounting and Corporate Regulatory Authority ("**ACRA**") in Singapore.

Together with the audit engagement partner and his team assigned to the audit of the Group, the AC was satisfied that the resources and experience of Messrs. Mazars LLP, the Audit Engagement Partner and his team assigned to the audit were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group; and

(iv) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm based in Singapore to audit its accounts, and its foreign-incorporated subsidiaries. The Group's subsidiaries are disclosed under Note 19 of the Notes to the Financial Statements on pages 114 to 116 of this Annual Report.

The AC, with the concurrence of the Board, had recommended the re-appointment of Messrs. Mazars LLP as External Auditors for FY2023 at the forthcoming AGM, based on their performance and quality of their audit.

The External Auditors and/or the CFO will update the AC on the changes to accounting standards and issues which have a direct impact on financial statements from time to time. In addition, the AC is entitled to seek clarification from Management, the External Auditor and/or the Internal Auditor or independent professional advice, or attend relevant seminars, informative talks at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

Whistle blowing (Rule 1207(18A) and (18B) of the SGX-ST Listing Manual)

The Company has put in place a Whistle Blowing Policy (as amended in line with Rule 1207(18A) and (18B) of the SGX-ST Listing Manual effective 1 January 2022) which provides well-defined and accessible channels in the Group through which employees and any other persons may in confidence, raise their concerns about possible improprieties, fraudulent activities, malpractices, sexual harassment, misconduct or wrongdoing relating to the Company and its officers in a responsible and effective manner in matters of financial reporting or other matters.

The objective of the policy, a copy of which has been uploaded on the Company's website, is to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

To ensure that the identity of any whistle blower is kept confidential, the Company will treat all information received with utmost confidentiality. Anonymous disclosures will be accepted and anonymity honoured.

Furthermore, the Company is committed to protect the interests of any whistle blower against detrimental or unfair treatment. A key aim of the Company's whistle blowing policy as stated therein is to reassure employees that if they raise any concerns in good faith and reasonably believe them to be true, they will be protected from possible reprisals or victimisation, to the extent where the situation allows.

The AC (excluding the Non-Executive and Non-Independent Director) is responsible for the oversight and monitoring of whistle blowing. The Company has designated the AC (excluding the Non-Executive and Non-Independent Director) to be the independent function to investigate whistleblowing reports made in good faith. As mentioned in provision 3.3, Mr. Phang Kin Seng (Lawrence) is a key contact listed and is available to shareholders and any other persons where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the CFO has failed to resolve or is inappropriate.

REPORT ON CORPORATE GOVERNANCE

When a whistleblowing report is received:

- The AC will assess all concerns raised independently to ensure they are fairly and properly considered.

- The AC may request more information from the reporting person and/or request a meeting to discuss further details or the nature of allegation, and decide if investigation is required (e.g. if third-party professionals should be engaged for the investigation). It is important that relevant, actionable information is provided in order for allegations to be substantiated and to aid in investigations.

- Meeting requests made to the AC will be assessed on a case-by-case basis.

- The time needed for investigations to be closed will depend heavily on the nature of the allegation and the supporting information that is provided. All investigations conducted by the AC (or third-party professionals, if involved) are confidential in nature.

- The AC and the Company expect each Director, officer and employee to make every reasonable effort to assist persons involved in reviewing and investigating any report, including making himself or herself available for interviewing, responding to requests for documentation or other information, etc.

- The AC will retain all records and keep them strictly confidential. In no event will information concerning the report be released to persons without a specific need to know about it.

- The AC shall have the authority to engage external auditors, counsel, or other experts to assist in the investigation and analysis of any report.

- While the AC takes all allegations seriously and decides if investigation is required, the AC does not take action on correspondence:

  (i) which are clearly frivolous, vexatious or meant solely for abuse;
  (ii) which deal with matters upon which the Company's position has already been fully given and no further update is necessary; or
  (iii) where the Company is not the addressee of correspondence but clearly copied for information purpose.

When whistle blowing is received with regards to accounting matters, a written report has to be made promptly to the AC. The AC will call for a meeting with the auditors to decide if investigation is to be carried out. If the report involves potential violations of applicable laws, rules, regulation or Company policy, retaliation against a reporting individual or other matters, the AC will call for a meeting with the CEO (provided that the CEO is not involved in the whistleblowing report) to determine the further action, if any, will be taken. The AC and/or CEO shall have the authority to engage outside independent auditors, counsel, or other experts to assist in the investigation and analysis of any report.

The AC will report to the Board of Directors quarterly, a compilation of problems and solutions which have been raised through the whistle blowing mechanism. Major problems are to be reported promptly to the AC and the Board of Directors. On a regular basis, the AC is to re-examine reports which have yet to be verified and any suspicious matters. Findings Reports are to be made on quarterly.

No reports on whistle-blowing incidents were received in FY2022.

Provision 10.4 – Internal Audit

The Group has also outsourced its internal audit function to CLA Global as its Internal Auditors. The Internal Auditors, staffed with persons of relevant qualifications and experience, carry out its audit taking guidance from the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and they report directly to the AC on internal audit matters and to the CEO on administrative matters.

The role of the Internal Auditors is to support the AC in ensuring that the Group maintains a sound system of risk management and internal controls by monitoring and assessing the adequacy and effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC.

REPORT ON CORPORATE GOVERNANCE

The hiring, removal, evaluation and compensation of the Internal Auditors or corporation to which the internal audit function is outsourced was approved by the AC. The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC will also review the adequacy and effectiveness of the internal audit function annually to ensure that the internal audit function is sufficiently resourced and is able to perform its function effectively and objectively. For FY2022, the AC is satisfied that the internal audit function by CLA Global is independent, effective and adequately resourced to meet the Group's internal audit obligations.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

PRINCIPLE 11: THE COMPANY TREATS ALL SHAREHOLDERS FAIRLY AND EQUITABLY IN ORDER TO ENABLE THEM TO EXERCISE SHAREHOLDERS'S RIGHTS AND HAVE THE OPPORTUNITY TO COMMUNICATE THEIR VIEWS ON MATTERS AFFECTING THE COMPANY. THE COMPANY GIVES SHAREHOLDERS A BALANCED AND UNDERSTANDABLE ASSESSMENT OF ITS PERFORMANCE, POSITION AND PROSPECTS.

The Board ensures that all the Company's shareholders are treated equitably for them to exercise their shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance position and prospects.

<u>Provision 11.1 to 11.5 – Participation and voting at general meetings of shareholders</u>

General Meetings are the principal forum for dialogue with shareholders. The Board has also taken steps to solicit and understand the views of the shareholders when engage with shareholders from time to time. In addition, shareholders are invited and encouraged to attend the general meetings of shareholders to have the opportunity to participate effectively in and vote, to ensure a high level of accountability and to stay informed of the Group's strategy and goals.

The notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least fourteen days before the meeting for ordinary resolutions and twenty-one days before the general meeting for special resolutions.

There are separate resolutions on each distinct issue at the general meetings.

Currently, the Board has not implemented any voting methods to allow shareholders to vote by way of electronic mail or facsimile. The Company's Constitution does not permit voting in absentia by mail, facsimile or e-mail as such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and the shareholder's identity is not compromised.

Nonetheless, shareholders may vote in person by way of proxy forms deposited, in person or by mail, at the office address of the Share Registrar at least forty-eight hours before the meetings. Registered corporate shareholders or nominee companies, who are unable to attend the general meetings are provided with the option to appoint more than two proxies to attend and vote at the general meetings. This allows shareholders who hold shares through such corporation to attend and participate in the general meetings as proxies.

The Board welcomes questions from shareholders who have an opportunity to raise issues or seek clarifications either informally or formally before or at the AGM. Save for the past two AGMs, the EGM held on 10 November 2022 ("**EGM 2022**") and the forthcoming AGM for FY2022, the Company does not publish its minutes of general meetings on its corporate website. However, the minutes of general meetings are available to shareholders upon request. Despite having varied from provision 11.5 of the Code, the Board believes that consistent with the intent of principle 11 of the Code, the Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Chairmen of the AC, the NC and the RC will normally be available at the shareholders' meetings to attend to the queries by shareholders relating to the work of these committees. The External Auditors of the Company will also normally be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

REPORT ON CORPORATE GOVERNANCE

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Poll voting at general meetings

All resolutions tabled by the Company at a general meeting are usually put to the vote by poll. Where physical meetings are held, poll voting is typically conducted "live" during such meeting. Even when meetings are conducted by electronic means (such as the AGMs for the financial years ended 31 December 2019 ("**FY2019**"), 31 December 2020 ("**FY2020**") and 31 December 2021 ("**FY2021**"), the resolutions tabled by the Company at such meetings are still voted on by poll notwithstanding that shareholders do not vote "live" during the meeting itself. The chairman of the meeting, acting as proxy, will cast the votes in accordance with the instructions specified by shareholders in their respective proxy forms. Such arrangement is in accordance with the requirements under the Alternative Arrangements Order (as defined below).

Subsequent to the FY2021 AGM held on 29 April 2022, pursuant to the SGX Regulator's Column dated 23 May 2022 ("**Regulator's Column dated 23 May 2022**"), all AGMs held for financial years ending 30 June 2022 or after and any other general meeting held on or after 1 October 2022 must take into account the expectations set out in the Regulator's Column, in particular, issuers must utilise both (i) real-time remote electronic voting; and (ii) real-time electronic communication if it holds fully virtual general meetings.

The Company's EGM 2022 was held physically in Singapore and its forthcoming AGM for FY2022 would be held physically in Singapore ("**Physical Meeting**"). The Company had also put in place arrangements to allow authenticated shareholders and proxy(ies) will be able to ask questions in person at the Physical Meeting. Arrangements have also been put in place to permit shareholders to submit their questions ahead of the AGM. Live voting by poll will be conducted during the AGM for shareholders and proxy(ies) attending the Physical Meeting. Please refer to the Notice of AGM for further details.

The Company would conduct its votings in general meetings by poll where shareholders are accorded rights proportionate to the shareholding and all votes are counted. Independent scrutineers are appointed to conduct the voting process. The independent scrutineer briefs the shareholders on the e-polling voting process and verify and tabulate votes after each resolution. The results of the voting at the general meetings showing the number of votes cast for and against each resolution and the respective percentages are shown to the shareholders at the end of each resolution before the chairman of the meeting makes a declaration on the passing (or not) of the resolution. In addition, the voting results at the general meetings and the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

Alternative arrangements for the conduct of general meetings

In 2020, due to the COVID-19 pandemic, Singapore entered into a circuit breaker period during which physical meetings were not allowed to be held. Hence, the AGMs for FY2019, FY2020 and FY2021 were held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Alternative Arrangements Order**") (as amended from time to time) and the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the ACRA, the Monetary Authority of Singapore and Singapore Exchange Regulation ("**SGX RegCo**") on 13 April 2020 ("**Joint Checklist**"), and accordingly, the shareholders were not allowed to attend the AGM in person.

The Alternative Arrangements Order allowed entities to hold general meetings via electronic means up to 30 June 2023, even where entities are permitted under safe distancing regulations to hold physical meetings. Compliance with the Alternative Arrangements Order will be deemed to be compliant with the relevant provisions of written law or legal instrument in respect of which the alternative arrangements are made. The Alternative Arrangements Order is permissive, not mandatory. General meetings can still be held in accordance with existing law or legal instrument, if doing so would not breach prevailing safe management measures contained in the Act and the Regulations (and any subsequent advisories or regulations as may be issued).

Notwithstanding that shareholders of the Company were not allowed to attend the last three AGMs in person, the Company had put in place arrangements for shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or observing and/or listening to the proceedings via "live" audio-visual webcast or by "live" audio-only stream. The submission of questions and proxy forms was done electronically via a website set up for the purposes of the meeting, to an electronic mail address, or by depositing the same at the registered office of the Company. The Company had informed the shareholders of such alternative arrangements and the details relating thereto ahead of the meeting in its notice of AGM released by the Company on SGXNET and its corporate website.

REPORT ON CORPORATE GOVERNANCE

The Company also addressed the substantial and relevant questions, if any, received from shareholders at least 72 hours before the AGM, at the AGM proceedings. In addition, with respect to the FY2021 AGM, the Company had taken steps to ensure that the requirements in the Alternative Arrangements Order, the requirements issued by the SGX-ST in its regulator's column of 16 December 2021 and its joint statement of 4 February 2022 are complied with. In particular, shareholders will have at least 7 calendar days to submit their questions to the Company and the Company will respond to substantial and relevant questions at least 48 hours prior to the deadline for shareholders to submit their proxy forms. This is to ensure that shareholders will have the benefit of the Company's responses to their substantial and relevant questions before they cast their votes through the lodgement of proxy forms.

Separate resolutions were tabled at the AGMs on each substantially separate issue. The chairman of the meeting was appointed as proxy to vote in accordance with the instructions of the shareholders indicated in the proxy form submitted by such shareholders. Independent scrutineers were appointed to check the validity of the proxy forms received and prepared a report on the results of the votes.

All Directors attended the last AGM, together with the External Auditors and other key management personnel via the "live" webcast. The Directors' attendance at the general meetings of the Company held in 2022 is disclosed under provision 1.5 above.

In accordance with the requirements under the Alternative Arrangements Order, the Company had published its minutes of the last AGM on SGXNET and its corporate website within one month after the meeting.

Notwithstanding that shareholders of the Company were not allowed to attend the last two AGMs in person, the Company had put in place arrangements for shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or observing and/or listening to the proceedings via "live" audio-visual webcast or by "live" audio-only stream. The submission of questions and proxy forms was done electronically via a website set up for the purposes of the meeting, to an electronic mail address, or by depositing the same at the registered office of the Company. The Company had informed the shareholders of such alternative arrangements and the details relating thereto ahead of the meeting in its notice of AGM released by the Company on SGXNET and its corporate website. The Company also addressed the substantial and relevant questions, if any, received from shareholders at least 72 hours before the AGM, at the AGM proceedings.

With respect to the last AGM, the Company had tabled separate resolutions at the meeting on each substantially separate issue. The chairman of the meeting was appointed as proxy to vote in accordance with the instructions of the shareholders indicated in the proxy form submitted by such shareholders. Independent scrutineers were appointed to check the validity of the proxy forms received and prepared a report on the results of the votes.

All Directors attended the last AGM, together with the External Auditors and other key management personnel via the "live" webcast. The Directors' attendance at the general meetings of the Company held in 2021 is disclosed under provision 1.5 above.

In accordance with the requirements under the Alternative Arrangements Order, the Company had published its minutes of the last AGM on SGXNET and its corporate website within one month after the meeting.

As mentioned above, the forthcoming AGM for FY2022 will be held physically in Singapore. Shareholders who are feeling unwell on the date of the AGM should refrain from attending the Physical Meeting. The Company had also put in place arrangements to allow authenticated shareholders and proxy(ies) will be able to ask questions in person at the Physical Meeting. Arrangements have also been put in place to permit shareholders to submit their questions ahead of the AGM. Live voting by poll will be conducted during the AGM for shareholders and proxy(ies) attending the Physical Meeting. Please refer to the Notice of AGM for further details.

Provision 11.6 – Dividend Policy

The Company does not have a policy on payments of dividends. The form, frequency and amount of dividends declared each year will take into consideration the group's profit growth, cash position, positive cash generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividend and where dividends are not paid, the Company will disclose its reason(s) accordingly.

For FY2022, the Board did not recommend payment of dividends due to (i) capital expenditure budgeted for future expansion in China; (ii) the acquisition of industrial land in Thailand (see the Company's announcements released on SGXNET on 25 November 2022 and 7 December 2022); (iii) acquisition of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd in Hainan, PRC (see announcements released on SGXNET on 9 January 2023 and 18 January 2023); and (iv) other investment opportunities which may arise from time to time.

REPORT ON CORPORATE GOVERNANCE

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12: THE COMPANY COMMUNICATES REGULARLY WITH ITS SHAREHOLDERS AND FACILITIES THE PARTICIPATION OF SHAREHOLDERS DURING GENERAL MEETINGS AND OTHER DIALOGUES TO ALLOW SHAREHOLDERS TO COMMUNICATE THEIR VIEWS ON VARIOUS MATTERS AFFECTING THE COMPANY.

Provisions 12.1 to 12.3 – Interaction/engagement with shareholders

In line with continuous disclosure obligations of the Company and pursuant to the SGX-ST Listing Manual, the Board's policy is that shareholders are informed of all major developments that impact the Group. The Company is mindful of the need for regular and proactive communication with its shareholders. In conjunction with this purpose, the Board has adopted a Corporate Disclosure Policy as mentioned in Principle 1 of this Corporate Governance Report.

Information is communicated to shareholders on a timely basis. Communication is made through annual reports or circulars that are prepared and issued to all shareholders as well as quarterly and full year announcements, containing a summary of the financial information and affairs of the Group for the period, notices and explanatory notes of AGMs and EGMs, other announcements and press releases that are issued via SGXNET.

Other than communicating with shareholders at general meetings, the shareholders may contact the Company's CFO on any investor relations matters at saisamuelng@hotmail.com.

MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13: THE BOARD ADOPTS AN INCLUSIVE APPROACH BY CONSIDERING AND BALANCING THE NEEDS AND INTERESTS OF MATERIAL STAKEHOLDERS, AS PART OF ITS OVERALL RESPONSIBILITY TO ENSURE THAT THE BEST INTERESTS OF THE COMPANY ARE SERVED.

Provision 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Group believes that forging good relationships with its stakeholders is crucial for the sustainable growth of its business and its key stakeholders include customers, suppliers, employees, investors and shareholders, and government and regulators.

The key areas of focus in relation to the management of stakeholder relationships are set out in the Company's annual Sustainability Report on page 58 of this Annual Report.

Provision 13.3 – Corporate website

The Group maintains a current and updated corporate website.

All materials on the Company's financial results, as well as the latest annual report of the Company, are available on the Company's website at www.wpmlimited.com. The website also contains various other investor-related information about the Company which serves as an important resource for its shareholders and all other stakeholders. Where there is inadvertent disclosure made to the Company, the Company will make the same disclosure publicly to all others promptly.

SECURITIES TRANSACTIONS

The Group has adopted a set of Code of Best Practices on Securities Transactions to provide guidance to its officers regarding dealings in the Company's securities, in compliance with Rule 1207(19) of the SGX-ST Listing Manual. In accordance with the said rule, the officers of the Company shall not deal in the Company's securities during the periods commencing two weeks before the release of the Company's quarterly results and one month before the release of the Company's full year results and ending on the date of announcement of the relevant results. In addition, the officers of the Company are discouraged from dealing in the Company's securities on short-term considerations and when they are in possession of any unpublished material price-sensitive information of the Group. The Directors are required to notify the Company of any dealings in the Company's securities (outside the applicable closed window period mentioned above) within two business days of the transactions.

The Board confirms that for FY2022, the Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

REPORT ON CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that such transactions are reviewed and approved by senior executives, AC and/or the Board, as the case may be, based on the transaction amount and had been conducted on an arm's length basis in accordance with prescribed procedures. When a potential conflict of interest arises, the Director concerned will not participate in discussions and will abstain from voting on such transaction.

The AC and the Board had reviewed the proposed mandate for IPTs to be tabled for renewal, subject to shareholders' approval at the forthcoming AGM. Details of the proposed IPT mandate are enumerated in the Circular accompanying the Notice of AGM.

Save as disclosed below, there are no interested persons transactions between the Company or its subsidiaries and any of its interested persons during the financial year under review:

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs 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 IPTs conducted under shareholders' mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than $100,000)
		(RMB'000)	(RMB'000)
Jiangsu World Machinery and Electronics Group Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials and parts.			652
Processing fees paid and purchase of scrap materials.			1,615
Jiangsu World Plant-ProtectingMachinery Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			622
Purchase of raw materials.			169
Jiangsu World Agriculture Machinery Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, scrap materials, parts, machineries and equipment.			46,081
Processing fees paid and purchase of raw materials, scrap materials and equipment.			607

REPORT ON CORPORATE GOVERNANCE

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs 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 IPTs conducted under shareholders' mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than $100,000)
		(RMB'000)	(RMB'000)
Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			5,554
Processing fees paid and purchase of raw materials and scrap materials.			9,057
World Agriculture (Shenyang) Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sales of raw materials, parts and scrap materials.			2,315
Purchase of parts.			1,435
World Heavy Industry (China) Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fee received and sale of raw materials, parts and machineries.			4,164
Processing fees paid and purchase of raw materials, scrap materials and equipment.			61,999
Jiangsu World Crane Co., Ltd,	Associate of the Controlling Shareholder	N/A	
Processing fees paid and purchase of equipment.			1,345

REPORT ON CORPORATE GOVERNANCE

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs 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 IPTs conducted under shareholders' mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than $100,000)
		(RMB'000)	(RMB'000)
Jiangsu World Precise Machinery Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Land rental paid.			600
Jiangsu World Furniture Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Sale of raw materials and parts.			48
Jiangsu World High End Agriculture Equipment Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			39,186
Purchase of raw materials and scrap materials.			16,943
Danyang World Machinery Parts Manufacturing Co., Ltd.	Associate of the Controlling Shareholder		N/A
Processing fee received and sale of raw materials, parts and machineries.		737	
Purchase of raw materials and scrap materials.		2,206	
World High Precision Complete Equipment Co., Ltd.	Associate of the Controlling Shareholder		N/A
Sale of raw materials and parts.		26	
Purchase of raw materials.		7,552	
Jiangsu Zhenji Machinery Manufacturing Co., Ltd.	Associate of the Controlling Shareholder		N/A
Purchase of raw materials and scrap materials.		229	
Total		**10,750**	**192,392**

REPORT ON CORPORATE GOVERNANCE

MATERIAL CONTRACTS

Save for the following, there were no material contracts still subsisting during the financial year as required to be reported under Rule 1207(8) of the SGX-ST Listing Manual:

(i) Service Agreement entered with Mr. Shao Jianjun (as disclosed in the Company's Prospectus dated 19 April 2006) which was renewed for another three (3) years, expiring 30 April 2024.

(ii) Service Agreement entered with Mr. Zhuang Guosheng, the former CEO, for a period of three (3) years commencing 22 November 2019, which expired on 21 November 2022.

(iii) Service Agreement entered with Mr. Wen Hui who was promoted from Chief Deputy General Manager of the Company's wholly owned subsidiary, WPMC to the CEO of the Company and General Manager of WPMC with effect from 21 November 2022, for a period of three (3) years commencing 21 November 2022, which will expire on 20 November 2025.

(iv) Purchase Agreement dated 30 December 2006 in relation to the acquisition of the land-use rights for the setting up of a new production facility in Danyang, China.

(v) Purchase Agreement dated 26 May 2011 in relation to the acquisition of the land-use rights for the setting up of a new production facility in Shenyang, China.

SUSTAINABILITY REPORT 2022

SUSTAINABILITY REPORT 2022

MESSAGE FROM THE BOARD

Dear Stakeholders,

On behalf of the Board of Directors (the "**Board**"), I am pleased to present the sixth annual Sustainability Report (the "**Report**") of World Precision Machinery Limited (the "**Company**" or "**World Precision**", together with its subsidiaries, the "**Group**" or "**World Precision Machinery Group**") for the financial year ended 31 December 2022 ("**FY2022**").

2022 has been a year characterised by global geopolitical challenges – including the ongoing Russia-Ukraine War, COVID-19 crisis, and climate-related disasters, to name a few. This has posed a significant challenge to the Group, as disruptions in supply chains and high inflationary pressures also led to decreased demand for the Group's stamping machines as well as an increase in labour and raw materials cost. Moving forward, we will shift our focus towards recovery and resilience, as we rally together to overcome the difficulties we face.

We believe that maintaining high standards of ethical and fair business conduct is key to building a relationship of trust with our employees, customers, and other stakeholders. At the same time, we strive to build a safe, inclusive, and supportive workplace, where everyone feels valued and heard. We are mindful of China's goal to achieve carbon neutrality before 2060, and we are working towards reducing our carbon footprint by improving the energy efficiency of our operations.

In view of SGX's enhanced listing rules for listed companies to subject environmental, social, and governance ("**ESG**") data to internal review for FY2022, we have arranged for the internal audit function to review the effectiveness of our internal controls across the Group's sustainability reporting processes this year. We remain committed to providing a reliable, transparent, and balanced view of the Group's sustainability performance to stakeholders.

With the long-term success of the Group in mind, the Board continues to provide oversight over the Group's sustainability programme and the way we determine, manage, and monitor key sustainability-related risks and opportunities. The Board regularly holds meetings with the senior management team to discuss, review and validate World Precision's long-term strategic plans and sustainability goals.

On behalf of the Board, I would like to take this opportunity to thank our employees for their dedication and hard work, as well as our customers, suppliers, partners, and shareholders for their continued support as we strive to create.

MR. SHAO JIANJUN
Executive Chairman

SUSTAINABILITY REPORT 2022

ABOUT THIS REPORT

This Report covers World Precision Machinery Group's sustainability performance, including our operations in Singapore and China, from 1 January 2022 to 31 December 2022.

Reporting Framework

The Group has prepared this Report with reference to the Global Reporting Initiative ("**GRI**") Standards, which remain the most widely adopted reporting framework globally due to its flexible and future-proof reporting structure.

To ensure the quality of our sustainability disclosures, we have applied the following reporting principles in the preparation of this report:

Accuracy	Making ESG disclosures that are correct and sufficiently detailed
Balance	Providing a fair representation of our positive and negative ESG impacts
Clarity	Presenting information in a way that is accessible and understandable
Comparability	Including an analysis of changes in our ESG performance over time
Completeness	Including all information that is of significance to enable stakeholders to assess our Group's performance
Sustainability Context	Presenting our performance within the wider context of sustainable development
Timeliness	Publishing our annual sustainability report within four months of the financial year end
Verifiability	Subjecting our sustainability reporting processes to a review by our internal auditors

Reporting Requirements

This Report is also prepared in accordance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard Listing Manual and the guidelines set out in SGX-ST's Practice Note 7.6 Sustainability Reporting Guide. The Company has yet to incorporate the recommendations of the Task Force for Climate-related Financial Disclosures ("TCFD") in this Report, as the organisation does not fall within the TCFD-identified industries.

Assurance

We have relied on internal verification mechanisms to ensure the accuracy of all ESG data presented in this Report and will continue to assess the need for external assurance in future publications of our sustainability report.

Feedback

We welcome all feedback and queries from our stakeholders at: https://wpmlimited.com.

SUSTAINABILITY REPORT 2022

ORGANISATIONAL PROFILE

Background

Based in Danyang City, Jiangsu Province, the People's Republic of China ("**PRC**"), World Precision Machinery Limited is one of the leading manufacturers of stamping machines and related metal components within the region. The Company was incorporated in Singapore on 28 July 2004 and was listed on SGX-ST's Mainboard (stock code: B49) in 2006.

The Group manufactures both standard and customised stamping machines to suit the needs of our customers, who are from a myriad of industries (e.g., automotive, home appliances, electronics, etc.). With an approximate production floor area of 130,000 square metres, the Group currently manufactures more than 400 models of stamping machines which are classified into more than 30 product series.

Our stamping machines are marketed under the "World" trademark and categorised as conventional, high-performance and high-tonnage stamping machines. The Group has an established sales network, with service centres in large and medium sized cities across the PRC, and our products have been exported to Southeast Asia, Europe, South America and South Africa.

Our Mission	**Our Vision**	**Our Values**
Adhering to the attitude and spirit of thinking and innovating, we will continue to develop new technology and products such as advanced and reliable forging equipment for the manufacturing industry	- First-class brand - First-class quality - First-class service - Acceptable price	- Integrity - Pragmatic - Collaboration - Innovation

Corporate Structure

The following diagram illustrates our Group Structure, as of 31 December 2022:

沃得 WORLD

100%
World Precise Machinery (China) Co., Ltd.
沃得精机(中国)有限公司

100%
Jiangsu World Tourism Investment Management Co., Ltd.
江苏沃得旅业投资管理有限公司

100%
World Precise Machinery Parts (Jiangsu) Co., Ltd.
沃得精密机床部件(江苏)有限公司

100%
World Precise Machinery (Shenyang) Co., Ltd.
沃得精机(沈阳)有限公司

Our Value Chain

Maintaining strong, long-term relationships with our suppliers is fundamental to the Group's long-term success, as it allows us to negotiate for better quality products at competitive prices. In accordance with the Group's procurement policy, new suppliers are screened, and current suppliers are regularly assessed for continued compliance with our ethics code.

We are also dedicated to providing our customers with top-quality after sales support. On top of maintaining open communication channels with our customers through WeChat, email, and meetings, we have also established a customer hotline, where our employees are to follow up on any queries or complaints within 24 hours.

Certificates of Enterprise Awards

In recognition of our strong in-house research and development capabilities, we are pleased to share that we have received the High-Tech Enterprise Certificate (高新技术企业证书) in 2022. The Group has also been accredited under the ISO 9001: 2005, ISO 14001:2004 and ISO 45001:2018 standards for our quality management, environmental management, and occupational health and safety management efforts since 2003.

SUSTAINABILITY APPROACH

Corporate governance that is grounded in the principles of transparency, accountability and integrity is a prerequisite for achieving the entire spectrum of our ESG goals.

The Group's core ESG commitments are as summarised in the following table.

Environmental	Our environmental management policies and procedures on waste treatment, gas emissions, and energy conservation are aligned with the latest national and municipal environmental control developments, such as the the 13th Five-Year Plan for Ecological and Environmental Protection (“十三五”生态环境保护计划).
Social	We are fully committed to abiding by all local employment legislation, and we strive to maintain a high proportion of employees from the local community within our workforce. In support of the fight against the COVID-19 pandemic, the Group has also adhered to all applicable advisories from the local government and professional bodies such as the World Health Organisation.
Governance	The Group maintains a strict zero-tolerance policy for any form of bribery or corruption. To protect the interests of all our stakeholders, we have established policies and procedures on monitoring interested person transactions and managing conflicts of interests as and when they arise. We also have in place whistleblowing channels through which employees and other stakeholders can report suspected breaches, fraud or misconduct to the CEO's office or the Audit Committee by email, in anonymity and without fear of reprisal. These policies are regularly reviewed, updated and communicated to all our employees.

To maintain our compliance record, we keep a close watch on the latest updates in government legislation and industry standards. We are pleased to confirm that there were zero incidents of non-compliance with all applicable laws and regulations, nor any confirmed incidents of corruption in FY2022, and we target to maintain this record in future years as well.

Sustainability Governance

At World Precision Machinery Group, the Board holds the ultimate responsibility for the Group's sustainability strategy. The Board is kept apprised of the Group's sustainability policies, practices and performance through the regular updates provided by the Chief Executive Officer. The Board also aligns our sustainability strategy with our business strategy every year, keeping in consideration prevailing trends, economic conditions and geopolitical issues that may affect the Group's business and operations.

Having in place a robust sustainability governance structure is key to building our ESG risk resilience. To advance the collective knowledge, skills, and experience of the Board on sustainable development, our directors have also attended the SGX-mandated sustainability training in FY2022.

STAKEHOLDER ENGAGEMENT

The Group considers having a healthy and communicative relationship with our key stakeholders as being key to achieving our sustainability and business objectives. Our key stakeholders are defined as those whom our activities and business operations will impact, and vice versa, which includes our customers, suppliers, employees, investors, and regulators.

We communicate with our key stakeholders on an ad-hoc basis through various channels to better understand and address their concerns. These informal stakeholder consultations also help us to identify relevant ESG issues arising from our business activities and operations. There were no significant negative impacts caused by our business activities and operations identified through our stakeholder engagement efforts in FY2022.

Stakeholders	Engagement Methods	Key Expectations
Customers	- Customer satisfaction survey - Customer hotline - Feedback through WeChat, emails, and other forms of telecommunications	To receive quality products and services, with good after-sales service
Suppliers	- Virtual meetings with suppliers - Feedback through WeChat, emails, and other forms of telecommunications	To maintain long-term business relationships
Employees	- Periodic townhall meetings - Staff performance appraisals - Training programmes	To boost staff morale, provide opportunities for professional growth, and create a safe and conducive workplace environment
Shareholders and Investors	- Annual General Meeting - Address queries from shareholders and investors through emails and telecommunications	To ensure timeliness and transparency of financial statements
Government and Regulators	- Regularly monitor regulatory updates and seek professional consultations if necessary	To ensure compliance with the latest regulatory and industry standards and guidelines

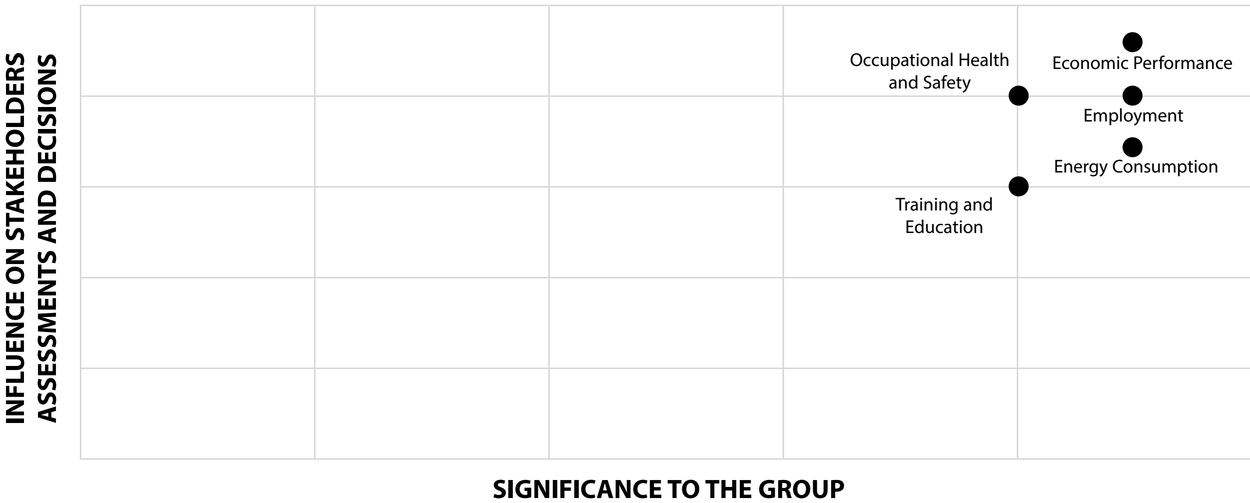
MATERIALITY ASSESSMENT

In determining the material topics to be included for disclosure, we have adhered to the guidance provided by the GRI Standards in GRI 3: *Material Topics 2021*.

First, by considering the Group's business activities, risk environment, sustainability context, and stakeholder feedback, we were able to identify the Group's actual and potential impacts on the economy, environment, and people. We then proceeded to rank the identified sustainability topics in the order of their impact to the Group's operations and our stakeholders' decision-making processes.

The Group's first materiality assessment was conducted in FY2017, during which an extensive list of ESG topics – generated through internal interviews with senior management and benchmarking of selected peers – were ranked, and the top four material topics were prioritised for disclosure. In subsequent years, we conducted an annual review to ensure the continued relevance and significance of each material ESG topic to the Group. Since including another two material topics in FY2018, there has been no further changes to the list of material ESG factors we report on.

Taking into consideration the recent update to the GRI Standards, which involved the withdrawal of GRI 419: *Socioeconomic Compliance*, the Group has decided not to include 'Socioeconomic Compliance' as a material topic from FY2022 onwards.
The ranking of our remaining material topics on the materiality matrix is as follows:



SUSTAINABILITY REPORT 2022

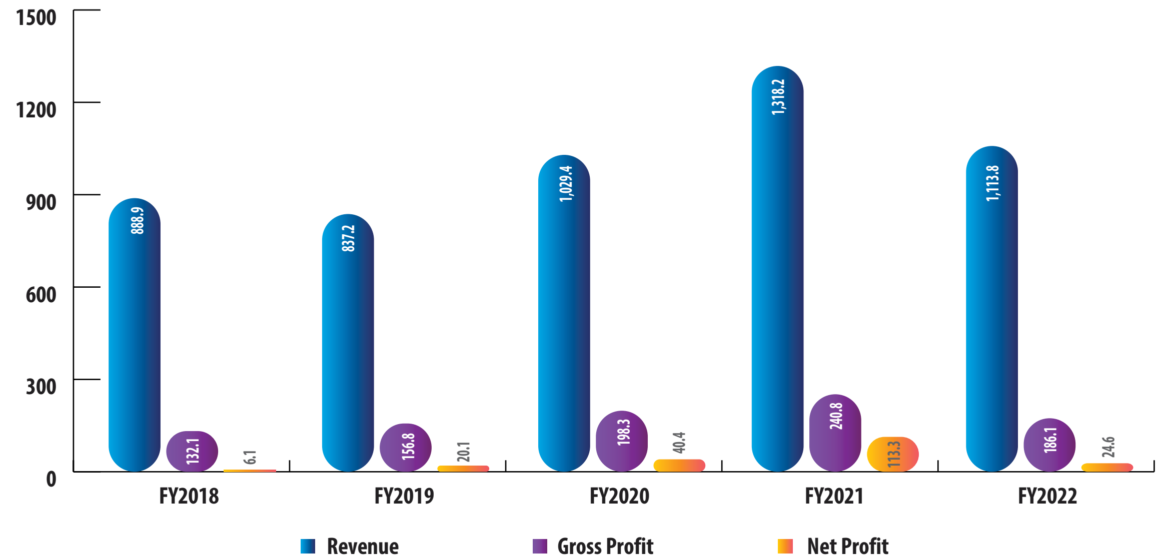
ECONOMIC PERFORMANCE

At World Precision, we strive towards long-term value creation. This means maximising shareholder value and generating positive returns, while also responding to the needs of our stakeholders and society at large.

Over the years, the Group has consistently been investing in research and development efforts to enhance our market competitiveness. With innovation as one of our core values, we constantly work towards enhancing our technical capabilities to develop new product categories and launch higher value-added stamping machines. We have also been leveraging on government initiatives, such as the "Made in China 2025" and "Go Global" movement, to grow our domestic market and tap into emerging international markets.

In FY2022, the Group's revenue decreased by 15.5% from RMB1,318.2 million to RMB1,113.8 million, owing to a decline in our sales performance – the sales of conventional stamping machines decreased by 53.2% while sales of high performance and high tonnage stamping machines decreased by 13.1% compared to FY2021 figures. While there was also an upward revision in the average selling prices of our stamping machines, we also faced an increase in labour and raw materials cost which negatively affected the Group's gross profit margin.

REVENUE, GROSS PROFIT AND NET PROFIT
(RMB 'million)



The Group will continue to aim for better sales performance in the upcoming financial years. In line with the Group's long-term business and investment strategy, the management team has also been exploring investment opportunities so as to utilise cash in excess of the Group's short- to medium- term budgeted working capital and long-term capital expenditure requirements.

Please refer to the pages 6 to 11 of the Annual Report for further details on the Group's financial performance in FY2022 and our business outlook.

SUSTAINABILITY REPORT 2022

EMPLOYMENT

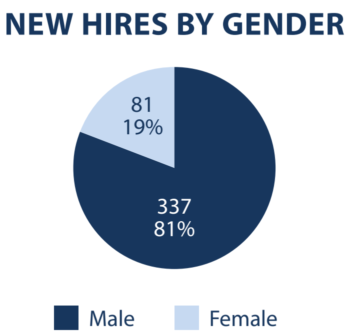
We value the unique perspectives and experiences of each individual on our team, and we strive to create a culture where everyone feels valued, respected, and supported. We recognize that a diverse and inclusive workforce leads to better decision-making, increased innovation, and ultimately, better business outcomes.

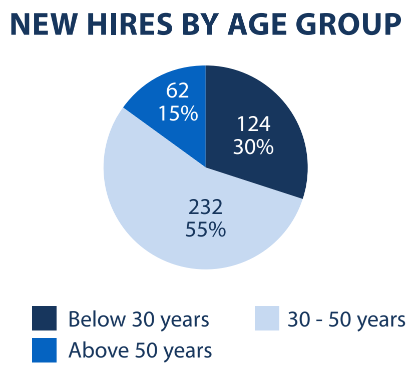
Our Workforce

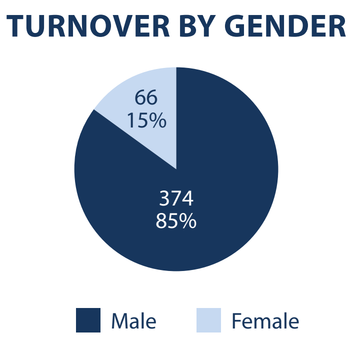
As of 31 December 2022, the Group employed a total of 1,883 permanent, full-time employees in China. There was a substantial increase in the Group's total headcount in FY2022, due to the Group is moving towards automated manufacturing, our workforce is expected to slowly reduce in future years even as we hire highly-skilled employees to complement our manufacturing operations. Accordingly, our new hires rate increased from 11.8% in FY2021 to 22.2% in FY2022, while our employee turnover rate increased from 8.1% to 23.4% over the same period. The table below depicts the changes in the Group's employment statistics from 2020 to 2022.

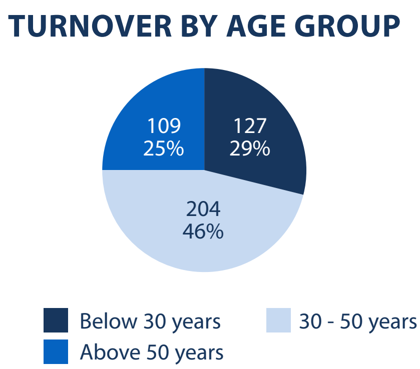
Year	FY2020	FY2021	FY2022
Headcount at the start of the reporting period	1,892	1,836	1,905
Total number of new hires	224	224	418
Total number of resigned/terminated employees	280	155	440
Headcount at the end of the reporting period	1,836	1,905	1,883
Percentage change in total headcount	- 2.96%	+ 3.76%	-1.15%

A breakdown of our new employee hires and employee turnover in FY2022, by gender and age group, is as follows:









SUSTAINABILITY REPORT 2022

EMPLOYMENT

Diversity and Fair Practices

In line with our commitment to creating an inclusive workplace culture, we aim to uphold equitable recruitment processes that prioritise the qualifications and abilities of applicants. Our hiring practices are free of any preference towards personal attributes like race, gender, or religion. This is key to our efforts to promote a diverse mix of employees.

Likewise, we strictly adhere to the principle of meritocracy in awarding salary increments and promotions based on employees' work performance. Through the annual performance evaluation exercise that is conducted for all eligible workers within the Group, we are able to evaluate our employees based on their prior year's performance, capabilities, and contributions to the Group, and promote and/or provide them with pay increments accordingly.

The gender ratio for management level employees is as below:

	Males		Females	
Year	**Number**	**Percentage**	**Number**	**Percentage**
2020	84	98.8	1	1.2
2021	82	98.8	1	1.2
2022	88	92.6	7	7.4

The gender ratio for non-management level employees is as below:

	Males		Females	
Year	**Number**	**Percentage**	**Number**	**Percentage**
2020	1,336	76.3	415	23.7
2021	1,423	78.1	399	21.9
2022	1,323	74.0	465	26.0

From here on, the Group plans to decrease its total headcount by 5% progressively in the long-term and/or perhaps to improve its gender diversity ratio in the long-term.

We also welcome feedback from our existing employees on how we can improve our current business operations and provide them with a better work environment. Employees can provide their comments and suggestions to the management via email, telecommunications, and mobile applications such as WeChat and QQ.

SUSTAINABILITY REPORT 2022

OCCUPATIONAL HEALTH AND SAFETY

The health and safety of our employees remain our top priority, and we consider it our responsibility to minimise occupational health and safety risks within the workplace and protect our employees from harm.

Our occupational health and safety management system has been established in accordance with local health and safety regulations as well as the ISO 45001:2018 industry standard. Our occupational health and safety policy sets out our commitment to providing a healthy and safe working environment for our employees, while also outlining the procedures we have in place to achieve our objectives.

To prevent work-related safety accidents from occurring, our Civilisation Team regularly conducts safety patrols to identify potential hazards in the workplace, before promptly implementing measures to control or eliminate the relevant risks. We have also provided all frontline workers with personal protective equipment such as helmets and safety shoes to reduce the risk of injury.

We encourage our employees to report any health and safety concerns to their Immediate Supervisors, and we take all reports seriously. In the event of any work-related safety accidents, the supervisors are expected to provide or coordinate quick on-site first aid procedures and, if necessary, arrange for emergency evacuation to the nearest hospital. Supervisors are also responsible for documenting and reporting workplace accidents to management, who will then conduct investigations into the incident, implement corrective actions, and determine the total amount of work injury compensation to provide.

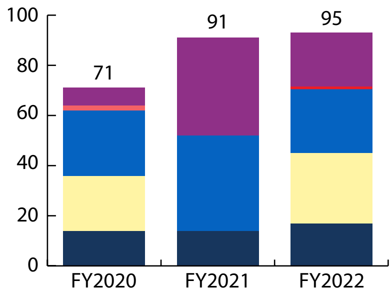
To promote the health and overall well-being of our employees, the Group also provide them with an annual health screening and medical insurance, as part of our Work Benefit Packages. During the Covid-19 pandemic, the Group also adopted various preventive and protective measures to contain the spread of the coronavirus. We conduct temperature screening for all people entering our premises and record all visitors' details. We require all our employees to be vaccinated against the Covid-19 virus. In addition to disinfecting common shared spaces daily, we also provide masks, disinfection alcohol wipes and hand sanitiser for employees' use.

The table below shows the number and rate of work-related injuries from FY2020 to FY2022, as well as the monetary compensation pay-out arising from these incidents:

	FY2020	FY2021	FY2022
Number of recordable work-related injuries	71	91	95
Rate of recordable work-related injuries[1]	3.37	4.32	4.01
Monetary compensation pay-out (RMB)	445,999	275,911	618,901
Average compensation paid out per employee (RMB)	6,282	3,032	6,515

[1] The rate of recordable work-related injuries is computed using the following formula:
Rate of recordable work-related injuries=(Number of recordable work-related injuries)/(Number of hours worked)×200,000

A breakdown of the total number of work-related injuries, by type of injury sustained, is as follows:



	FY2020	FY2021	FY2022
Others	7	39	22
Burns (heat)	2	0	2
Fractures	26	38	26
Sprains and strains	22	0	28
Laceration and cuts	14	14	17

Laceration and cuts   Sprains and strains   Fractures   Burns (heat)   Others

Over the past three years, there were no fatal injuries sustained during our operations. However, there was one high-consequence work-related injury in FY2022, whereby accident happen while maintenance of the machinery and the Group has taken remedial actions to improve the workplace safety. We further noted a drop in the average compensation paid out per safety incident or worker involved, indicating a decrease in the severity of work-related injuries that occurred.

As we work towards our long-term goal of providing a healthy and safe working environment for our employees, we target to reduce the total number of work-related injuries in the coming years.

TRAINING AND EDUCATION

Our people are our greatest asset, and we are committed to providing our employees with continuous training and career development opportunities across the Group. Investing in our employees is key to improve their performance and efficiency during day-to-day operations.

By focusing on our employees' key training needs, which differ according to their designations and job scopes, we are able to organise effective training programmes that help to upgrade their skills and knowledge. Some of the seminars and workshops we held for our employees over the course of the reporting period are outlined in the following table.

Training Program	Required Attendees	Number of Attendees		
		FY2020	FY2021	FY2022
Problem Handling Methods	All Service Employees	66	80	-
New Employee Training Program	New Frontline Employees	67	101	139
Level 3 Document Content Training	All Production Managers	12	45	-
Product Advantage, Sales Signing Process and Sales Skills	All Salesmen	151	150	119
Quality, Environment, Occupational Health and Safety System	All Key Personnel	31	36	36
Specialised Training	Selected Workers	-	-	17
Basic Press Knowledge	New Technicians	-	-	10
Product Non-Conformances Handling Process	All Quality Inspectors	-	-	40

During the early stages of the Covid-19 pandemic in FY2020, we restricted the total number of employees attending training sessions that were held in-person to limit the spread of the virus. As the Covid-19 pandemic stabilised, we were able to send more staff to attend such trainings. Leveraging on the increased availability of online resources for training over the past two years, we have also begun enrolling our employees in relevant online training courses, and we aim to continue doing so in the future.

Moving forward, the Group will continue to provide our employees with access to professional training and development opportunities, through both in-person training and virtual training courses. Now that our operations have largely recovered from the COVID-19 pandemic, we expect to progressively develop and roll out new training programmes for more employees to attend.

SUSTAINABILITY REPORT 2022

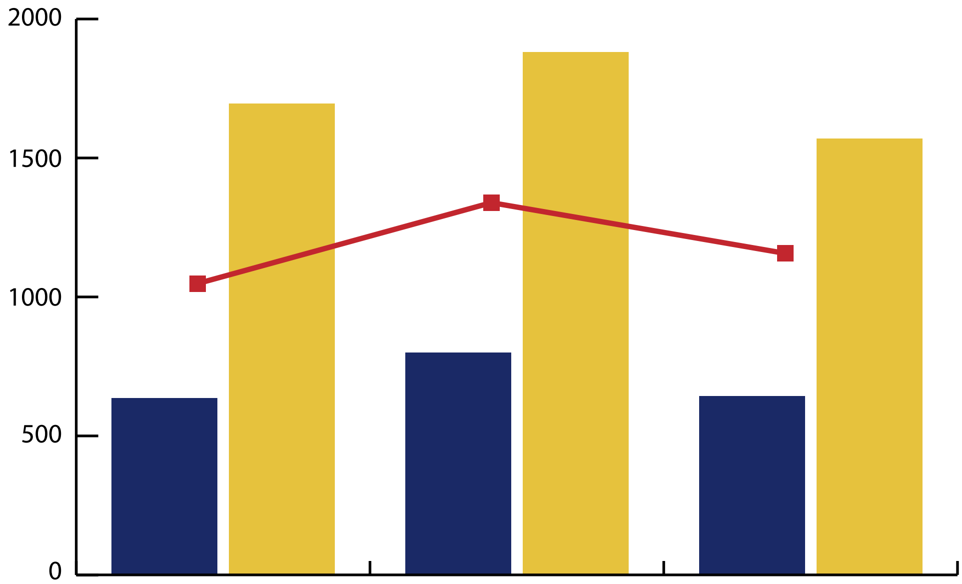
ENERGY CONSUMPTION

Effective management and reduction of energy consumption is critical for the Group to improve its sustainability performance and help in mitigating the impacts of climate change. By experimenting with innovative energy-saving techniques and promoting environmentally friendly practices, we can reduce our environmental footprint, improve our bottom line, and contribute to a more sustainable future.

Some of the measures we have taken to reduce the Group's consumption of electricity and natural gas include using LED light bulbs across all our workshops and offices and installing solar panels on the rooftop of our workshops to generate energy. In FY2022, our solar panels generated approximately 4.58 million kWh of electricity, which accounted for 7.1% of the Group's total electricity consumption. We have also been accredited under the ISO 14001:2015 industry standards.

The following figure depicts the Group's consumption of electricity and natural gas, relative to total revenue generated, from FY2020 to FY2022.

ENERGY AND GAS CONSUMPTION



	FY2020	FY2021	FY2022
Electricity ('100,000 kWh)	636	800	644
Natural Gas ('1,000 m3)	1,696	1,880	1,569
Revenue ('million RMB)	1029.4	1318.2	1113.8

Following the decrease in manufacturing output and revenue in FY2022, there was a corresponding decrease in the Group's energy and gas consumption. We are also pleased to share that there has been a 4.8% decrease in the total amount of electricity consumed per monetary unit of sales and a 1.2% decrease in the total volume of natural gas consumed per monetary unit of sales, between FY2021 to FY2022.

Moving forward, we will continue to maintain our percentage increase in electricity and gas usage at a level not exceeding our revenue growth.

SUSTAINABILITY REPORT 2022

GRI CONTENT INDEX

Statement of use	The Group has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI DISCLOSURES		**PAGE**
GRI 2: General Disclosures 2021		
2-1	Organisational details	54, 56
2-2	Entities included in the organisation's sustainability reporting	56
2-3	Reporting period, frequency and contact point	55
2-4	Restatements of information	Nil
2-5	External assurance	55
2-6	Activities, value chain and other business relationships	56
2-7	Employees	62
2-8	Workers who are not employees	Nil
2-9	Governance structure and composition	24, 26 - 28
2-10	Nomination and selection of the highest governance body	29 - 34
2-11	Chair of the highest governance body	28 - 29
2-12	Role of the highest governance body in overseeing the management of impacts	54, 57
2-13	Delegation of responsibility for managing impacts	54, 57
2-14	Role of the highest governance body in sustainability reporting	54, 57
2-15	Conflicts of interest	57
2-16	Communication of critical concerns	57
2-17	Collective knowledge of the highest governance body	57
2-18	Evaluation of the performance of the highest governance body	34 - 35
2-19	Remuneration policies	35 - 37
2-20	Process to determine remuneration	36 - 37
2-21	Annual total compensation ratio	38 - 39
2-22	Statement on sustainable development strategy	54
2-23	Policy commitments	57
2-24	Embedding policy commitments	57
2-25	Processes to remediate negative impacts	60 - 65
2-26	Mechanisms for seeking advice and raising concerns	57
2-27	Compliance with laws and regulations	57
2-28	Membership of associations	56
2-29	Approach to stakeholder engagement	58
2-30	Collective bargaining agreements	Nil

SUSTAINABILITY REPORT 2022

GRI CONTENT INDEX

GRI DISCLOSURES		PAGE
GRI 2: General Disclosures 2021		
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	59
3-2	List of material topics	59
3-3	Management of material topics	60 - 65
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	60
GRI 205: Anti-corruption 2016		
205-3	Confirmed incidents of corruption and actions taken	57
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	65
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	61
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	62
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	63
403-2	Hazard identification, risk assessment, and incident investigation	63
403-6	Promotion of worker health	63
403-9	Work-related injuries	63
GRI 404: Training and Education 2016		
404-2	Programs for upgrading employee skills and transition assistance programs	64

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of World Precision Machinery Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

In the opinion of the directors, the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended on that date, and there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. Directors

The directors of the Company in office at the date of this statement are as follows:

Shao Jianjun	(Executive Chairman)
Wang Weiyao	(Non-Executive and Non-Independent Director)
Phang Kin Seng (Lawrence)	(Lead Independent Director)
Lim Yoke Hean	(Independent Director)
Low Mui Kee	(Independent Director, Appointed on 1 February 2023)

2. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 3 and 4 below.

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

	Direct interest		Deemed interest	
Name of directors and companies in which interests are held	**At the beginning of the year**	**At the end of the year**	**At the beginning of the year**	**At the end of the year**
<u>The Company</u>				
(Ordinary shares)				
World Precision Machinery Limited				
Wang Weiyao	200,000	200,000	295,391,000	295,391,000
Shao Jianjun	-	-	54,100,000	54,100,000
Lim Yoke Hean	-	-	200,000	200,000
<u>Ultimate Holding Company</u>				
(Ordinary shares)				
World Sharehold Limited				
Wang Weiyao	50,000	50,000	-	-

By virtue of Section 7 of the Act, Wang Weiyao is deemed to have an interest in the other subsidiaries of World Sharehold Limited, all of which are wholly-owned, at the beginning and at the end of the financial year.

DIRECTORS' STATEMENT

3. Directors' interests in shares and debentures (Continued)

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2023.

4. Share options

There were no share options and/or share awards granted by the Company and its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiaries.

There were no unissued shares under option in the Company and its subsidiaries as at the end of the financial year.

5. Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Phang Kin Seng (Lawrence)	(Chairman)
Lim Yoke Hean	(Member)
Wang Weiyao	(Member)

The Audit Committee has convened six meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

(i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;
(ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
(iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;
(iv) reviewed the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
(v) reviewed and assessed the adequacy of the Group's risk management processes;
(vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
(vii) reviewed interested person transactions in accordance with SGX listing rules;
(viii) reviewed the nomination of external auditors and gave approval of their compensation; and
(ix) submitted of report of actions and minutes of the Audit Committee to the board of directors with any recommendations as the Audit Committee deems appropriate.

DIRECTORS' STATEMENT

5. Audit Committee (Continued)

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Shao Jianjun
Director

Wang Weiyao
Director

Singapore
6 April 2023

INDEPENDENT AUDITORS' REPORT

Members of the Company World Precision Machinery Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of World Precision Machinery Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 137.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified 4 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

Out of the 4 significant components, 3 were audited by other Mazars offices as component auditors under our instructions and the remaining component was audited by us. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

INDEPENDENT AUDITORS' REPORT

Members of the Company World Precision Machinery Limited

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter 1	Audit response
Valuation of inventories **(Refer to Note 15 to the financial statements)** The Group has inventories of RMB 397,393,000 (2021: RMB 416,363,000), which accounted for 19% (2021: 20%) of the Group's total assets as at 31 December 2022. Inventories are stated at the lower of cost and net realisable value ("NRV"). Management identifies the slow-moving and obsolete inventories, and also estimates the net realisable value for inventories by taking into consideration the current economic condition, historical sales record, aging analysis, alternative uses and subsequent selling prices of the inventories. We identified the valuation of inventories as a key audit matter, as it requires management to exercise judgement in identifying slow-moving and obsolete inventories to determine the net realisable value as well as the quantum of write-down required.	Our audit procedures included, and were not limited to the following: - Assessed the appropriateness of the Group's policy used in respect of inventory obsolescence in the context of our understanding of the Group's business with reference to the aging and nature of the inventory; - Assessed the reasonableness of the Group's allowance for inventory obsolescence by comparing the allowance for inventory obsolescence against the actual historical amounts written-off; and - Tested the net realisable value of inventory by comparing the costs to selling prices subsequent to the financial year end.

Key audit matter 2	Audit response
Valuation of trade and other receivables **(Refer to Note 13 to the financial statements)** As at 31 December 2022, the Group has trade and other receivables at amortised cost amounting to RMB 315,334,000 (2021: RMB 237,732,000). At each reporting date, the Group identifies trade receivables from third parties that are credit-impaired and measures loss allowance at an amount equal to lifetime expected credit losses ("ECL") using a provision matrix. For trade amount due from related companies and an affiliated corporation, and other receivables which are carried at amortised cost, the Group recognises the loss allowance at an amount equal to 12-month or lifetime expected credit losses, depending on whether management assessed there to be a significant increase in credit risk since initial recognition. Judgement is required in making assumptions about the risk of default and expected loss rates to determine if adequate loss allowance is made to account for those exposures.	Our audit procedures included, and were not limited to the following: - Assessed the reasonableness of the provision matrix applied by the Group in their measurement of ECL for trade receivables from third parties; - Assessed and where found necessary, critically challenge judgements and estimates used by management in measuring the ECL of trade amount due from related companies and an affiliated corporation, and other receivables; and - Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

Members of the Company World Precision Machinery Limited

Report on the Audit of the Financial Statements (Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

Members of the Company World Precision Machinery Limited

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibility for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Group and the Company for the financial year ended 31 December 2021 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 13 April 2022.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chin Chee Choon.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Revenue	4	1,113,849	1,318,217
Cost of sales		(927,744)	(1,077,442)
Gross profit		186,105	240,775
Other income	5	18,989	67,726
Distribution and selling expenses		(90,222)	(96,330)
Administrative expenses		(94,392)	(81,185)
Other expenses		(11,369)	(3,591)
Net reversal/(provision) of impairment losses on trade and other receivables		7,545	(2,618)
Result from operating activities		16,656	124,777
Finance income		16,460	9,071
Finance costs		(3,546)	(3,907)
Net finance income	6	12,914	5,164
Profit before tax	7	29,570	129,941
Income tax expense	9	(4,990)	(16,594)
Profit for the year		24,580	113,347
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translation of foreign subsidiaries		8,357	176
Total comprehensive income for the year		32,937	113,523
Profit attributable to:			
Equity holders of the Company		24,580	113,347
Total comprehensive income for the year attributable to the owners of the Company		32,937	113,523
Earnings per share (RMB per share)			
Basic and diluted	11	0.06	0.28

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group 2022 RMB'000	Group 2021 RMB'000	Company 2022 RMB'000	Company 2021 RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	12	334,543	28,661	193,864	874
Trade and other receivables	13	528,991	578,665	1,804	209
Other investment	14	-	300,000	-	-
Inventories	15	397,393	416,363	-	-
Total current assets		1,260,927	1,323,689	195,668	1,083
Non-current assets					
Trade and other receivables	13	24,690	47,112	-	-
Property, plant and equipment	16	728,110	699,571	-	-
Investment property	17	2,825	3,099	-	-
Intangible assets	18	35,141	39,084	-	-
Investments in subsidiaries	19	-	-	626,453	757,825
Total non-current assets		790,766	788,866	626,453	757,825
Total assets		2,051,693	2,112,555	822,121	758,908
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	20	759,765	813,358	1,124	1,202
Lease liabilities	21	1,031	429	-	-
Contract liabilities	22	93,468	85,298	-	-
Tax payables		-	2,523	-	-
Total current liabilities		854,264	901,608	1,124	1,202
Non-current liabilities					
Trade and other payables	20	721	1,041	-	-
Lease liabilities	21	15,934	11,135	-	-
Deferred tax liabilities	23	6,138	7,072	-	-
Total non-current liabilities		22,793	19,248	-	-
Equity attributable to owners of the Company					
Share capital	24	250,660	250,660	250,660	250,660
Currency translation reserve	25	18,579	10,222	38,509	(31,315)
Statutory reserves	26	128,801	124,565	-	-
Capital reserve	27	97,097	97,097	-	-
Retained earnings		679,499	709,155	531,828	538,361
Total equity		1,174,636	1,191,699	820,997	757,706
Total equity and liabilities		2,051,693	2,112,555	822,121	758,908

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share capital RMB'000	Currency translation reserve RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
<u>Group</u>						
Balance at 1 January 2022	250,660	10,222	124,565	97,097	709,155	1,191,699
Total comprehensive income for the year						
Profit for the year	-	-	-	-	24,580	24,580
Other comprehensive income						
Foreign currency translation differences on foreign operations	-	8,357	-	-	-	8,357
Total comprehensive income for the year	-	8,357	-	-	24,580	32,937
Transactions with owners, recognised directly in equity						
Distributions to owners						
Dividend paid (Note 28)	-	-	-	-	(50,000)	(50,000)
Total distributions to owners	-	-	-	-	(50,000)	(50,000)
Transfer to statutory reserve fund	-	-	4,236	-	(4,236)	-
Balance at 31 December 2022	250,660	18,579	128,801	97,097	679,499	1,174,636

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share capital RMB'000	Currency translation reserve RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
<u>Group</u>						
Balance at 1 January 2021	250,660	10,046	115,791	97,097	634,582	1,108,176
Total comprehensive income for the year						
Profit for the year	-	-	-	-	113,347	113,347
Other comprehensive income						
Foreign currency translation differences on foreign operations	-	176	-	-	-	176
Total comprehensive income for the year	-	176	-	-	113,347	113,523
Transactions with owners, recognised directly in equity						
Distributions to owners						
Dividend paid (Note 28)	-	-	-	-	(30,000)	(30,000)
Total distributions to owners	-	-	-	-	(30,000)	(30,000)
Transfer to statutory reserve fund	-	-	8,774	-	(8,774)	-
Balance at 31 December 2021	250,660	10,222	124,565	97,097	709,155	1,191,699

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Operating activities			
Profit before tax		29,570	129,941
Adjustments for:			
Amortisation of intangible assets	18	7,832	9,039
Bad debts written off (non-trade)	7	2,345	8
Depreciation of investment property	17	274	274
Depreciation of property, plant and equipment	16	60,229	59,561
Gain on disposal of a subsidiary	19	-	(42,323)
Gain on disposal of property, plant and equipment	5	(130)	(352)
Interest expense	6	3,504	3,854
Interest income	6	(16,460)	(9,071)
Property, plant and equipment written off	7	225	577
(Reversal) / provision of impairment losses on trade and other receivables	7	(7,545)	2,618
Write-down of inventories	7	4,320	10,966
Operating cash flows before movements in working capital		84,164	165,092
Changes in working capital			
- Inventories		14,650	(51,538)
- Trade and other receivables		62,365	(148,264)
- Trade and other payables		(33,843)	320,740
- Contract liabilities		8,170	(26,569)
Cash generated from operations		135,506	259,461
Interest received		3,664	1,993
Withholding tax paid		(2,851)	(1,704)
Income tax paid		(5,596)	(7,704)
Net cash generated from operating activities		130,723	252,046
Investing activities			
Purchases of property, plant and equipment		(73,002)	(86,106)
Additions of intangible assets		(3,756)	(13,397)
Proceeds from disposal of property, plant and equipment		554	534
Proceeds from disposal of a subsidiary	19	-	263,131
Proceed/(payment) for other investment		300,000	(300,000)
Interest received from other investment		5,305	5,653
Repayment of loan from a third party		100,000	-
Provision of loan to a third party		(100,000)	(100,000)
Effect of foreign currency re-alignment on investing activities		8,709	-
Net cash flows generated from/(used in) investing activities		237,810	(230,185)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Financing activities			
Payment of lease liabilities		(438)	(389)
Dividend paid		(50,000)	(30,000)
Interest paid		(3,504)	(3,854)
Net cash flows used in financing activities		(53,942)	(34,243)
Net increase/(decrease) in cash and cash equivalents		314,591	(12,382)
Cash and cash equivalents at beginning of the year		28,661	41,165
Effect of exchange rate changes on cash and cash equivalents		(8,709)	(122)
Cash and cash equivalents at end of the year	12	334,543	28,661

Reconciliation of liabilities arising from financing activities

			Non-cash movements		
	1 January 2022 RMB'000	Financing cash outflows RMB'000	New leases RMB'000	Interest expense RMB'000	31 December 2022 RMB'000
Liabilities					
Lease liabilities	11,564	(1,256)	5,839	818	16,965

			Non-cash movements		
	1 January 2021 RMB'000	Financing cash outflows RMB'000	New leases RMB'000	Interest expense RMB'000	31 December 2021 RMB'000
Liabilities					
Lease liabilities	4,250	(1,082)	7,703	693	11,564

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

World Precision Machinery Limited ("the Company") (Registration No. 200409453N) is listed on the Singapore Exchange and incorporated and domiciled in Singapore.

The principal place of business of the Group is at Picheng Town, Danyang City, Jiangsu Province, the People's Republic of China ("PRC") and the registered address of the Company is at 120, Robinson Road, #08-01, Singapore 068913.

The immediate and ultimate holding company of the Company is World Sharehold Limited, incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Wang Weiyao.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 19.

The financial statements of the Group and statement of financial position of the Company for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors of the Company on the date of Directors' Statement.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INTs") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Chinese Renminbi ("RMB"). The functional currency of the Company is Singapore dollar. As the Group mainly operates in PRC, RMB is used as the presentation currency of the Group and the Company. All financial information presented in RMB has been recorded to the nearest thousand (RMB'000) unless stated otherwise.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2022. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I) INTs issued but not yet effective:

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) INTs that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 17	Insurance Contracts	1 January 2023
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
SFRS(1) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Various	Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
SFRS(I) 10, FRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to one or more of the three elements of control.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in capital reserve and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 Financial Instruments ("SFRS(I) 9") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining whether the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 Share-based Payment; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 Revenue recognition

The Group is principally in the business of manufacturing conventional stamping machines and metal parts and high performance and high tonnage stamping machines.

Revenue from contracts with its customers is recognised at a point in time when the Group satisfies a performance obligation ("PO") by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods. The transaction price is fixed and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

Sale of conventional stamping machines and metal parts

The Group principally generates revenue from manufacturing conventional stamping machines and metal parts. The contracts with its customers are received on ad hoc basis.

The Group transfers control and recognises a sale when they deliver goods to their customers. Revenue from these sales is recognised based on the price specified in the contract.

The customer is required to pay part of the contract price upon signing the contract and the remaining contract price before delivery and/or 30 days from the delivery date. The difference between the consideration received in accordance with the payment terms and revenue recognised is classified as contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Sale of conventional stamping machines and metal parts (Continued)

There is no significant financing component present as such payment terms is an industry practice to protect the performing entity from non-payment from customer and the period between the transfer of the promised goods and payment by the customer is generally less than one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of high performance and high tonnage stamping machines

The Group principally generates revenue from manufacturing high performance and high tonnage stamping machines. The contracts with its customers are received on an ad hoc basis.

The Group transfers control and recognises a sale upon completion of the installation and examination of the machines and acceptance by the customers in accordance with the sales contract. Revenue from these sales is recognised based on the price specified in the contract.

The customer is required to pay part of the contract price upon signing the contract and the remaining contract price in accordance to the payment term stipulated in the contract. The difference between the consideration received in accordance with the payment terms and revenue recognised is classified as contract liabilities.

There is no significant financing component present as such payment terms is an industry practice to protect the performing entity from non-payment from customer and the period between the transfer of the promised goods and service and payment by the customer is generally less than one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. A receivable is recognised upon completion of the installation and examination of the machines and acceptance by the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group accounts for modifications to the scope or price of a contract as separate contracts if the modification adds distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations to be satisfied. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as a continuation of the original contract and recognises a cumulative adjustment to revenue at the date of modification.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.7 Income tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.8 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, with comprise convertible notes and share options granted to employees.

2.9 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

2.10 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.10 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in RMB using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.11 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Construction work-in-progress represents assets in the course of construction for production, or administrative purposes, are carried at cost, less any recognised impairment loss until construction or development is completed.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.
The estimated useful lives for the current and comparative years are as follows:

Leasehold land and buildings	-	Over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years
Plant and machinery	-	10 to 20 years
Electrical fittings	-	3 to 5 years
Tools and equipment	-	5 years
Motor vehicles	-	5 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 21.

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

Construction work-in-progress are not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

<u>Reclassification to investment property</u>

When the use of a property changes from owner occupied to investment property, the property is transferred from property, plant and equipment at cost.

2.12 Investment properties

<u>Recognition and measurement</u>

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an investment property.

The estimated useful lives for the current and comparative years are as follows:

- Leasehold building 20 years

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

Transfer to, or from, investment property are made where there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to property, plant and equipment; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment property.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.13 Intangible assets

Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development costs are amortised from the date of commercial production of the product or from the date the process is put into use. Such costs are currently being amortised on a straight-line basis over their useful lives, not exceeding 5 years.

The amortisation period and amortisation method are reviewed at least at reporting date and adjusted if appropriate.

2.14 Impairment of non-financial assets excluding goodwill

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.15 Contract assets and liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2.16 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Initial recognition and measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

The Group has financial assets at amortised cost. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Non-derivative financial assets: Subsequent measurement and gains and losses (Continued)

Impairment of non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs and debt instruments at FVOCI.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to the ECLs at reporting date.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its creditors, including the Group as constituting an event of default for internal credit risk management purpose; or
- the financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Non-derivative financial assets: Subsequent measurement and gains and losses (Continued)

Impairment of non-derivative financial assets (Continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Derecognition of financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis in finance costs. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

(a) currently has a legally enforceable right to set-off the recognised amounts; and
(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods, work-in-progress and component parts comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excluded borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and estimated costs necessary to make the sale.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with financial institutions maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

2.19 Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale or distribution.

2.20 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applies the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applies the recognition exemption allowed under SFRS(I) 16 Leases. For these leases, the Group recognises the lease payment as expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.20 Leases (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented within "property, plant and equipment".

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

<u>The Group as a lessor</u>

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assesses and classifies each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Summary of significant accounting policies (Continued)

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

A provision is recognised for onerous contracts when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and is measured at the lower of the cost of fulfilling it and any expected cost of terminating it. In determining the cost of fulfilling the contract, the Group includes both the incremental costs and an allocation of others costs that relate directly to fulfilling contracts. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

2.22 Government grants

Government grants related to assets are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have the significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements in applying the entity's accounting policies (Continued)

(i) Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors, including their best estimate of the impact of COVID-19, specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries and the growth rates of the major industries in which its customers operate. The Group adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 31 December 2022 is RMB 19,570,000 (2021: RMB 27,453,000) (Note 32).

(ii) Measurement of ECL of other receivables

The Company held other receivables due from a subsidiary. The Company uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. Loss allowances for amount due from employees are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the employee and an assessment of both the current and forecast general economic conditions at the reporting date. Impairment on loan to a third party has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group's assessment is based on qualitative and quantitative factors that are indicative of the risk of default. Remaining other receivables loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The expected loss allowance on the Group's other receivables as at 31 December 2022 is RMB 1,726,000 (2021: RMB 1,388,000) (Note 32).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Valuation of property, plant and equipment, investment property and intangible assets

Property, plant and equipment, investment property and intangible assets are assessed at the end of each financial year to ascertain whether there is an indication of impairment, if such indications are found, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Management judgement is required in the area of asset impairment, particularly in assessing (i) whether an event has occurred that may indicate that the related asset values may not been recoverable; (ii) whether the carrying value of an asset can be supported by the market value or the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key inputs and assumptions to be applied in estimating the market value of preparing the cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amount of the Group's property, plant and equipment, investment property and intangible assets as at 31 December 2022 was RMB 728,110,000 (2021: RMB 699,571,000), RMB 2,825,000 (2021: RMB 3,099,000) and RMB 35,141,000 (2021: RMB 39,084,000) respectively.

(iv) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 December 2022 was RMB 728,110,000 (2021: RMB 699,571,000).

(v) Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2022 was RMB 397,393,000 (2021: RMB 416,363,000). The allowance on the Group's inventory as at 31 December 2022 is RMB 16,183,000 (2021: RMB 11,863,000).

(vi) Provision for income taxes

The Group mainly has exposure to income taxes in PRC. Due to its inherent nature, judgement is involved in determining the Group's provisions for income taxes. The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The carrying amount of the Group's current income tax payables as at 31 December 2022 was RMB Nil (2021: RMB 2,523,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. Revenue

Revenue comprises sales of conventional stamping machines, high performance and high tonnage stamping machines and metal parts. All sales are recognised at a point in time.

	Group	
	2022	2021
	RMB'000	RMB'000
Conventional stamping machines	27,120	58,011
High performance and high tonnage stamping machines	1,001,229	1,152,051
Metal parts	85,500	108,155
	1,113,849	1,318,217

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less.

5. Other income

	Group	
	2022	2021
	RMB'000	RMB'000
Sale of raw, scrap materials and tooling	7,632	8,921
Cost of raw, scrap materials and tooling sold	(5,631)	(7,583)
Gain from disposals of raw and scrap materials	2,001	1,338
Gain on disposal of property, plant and equipment	130	352
Gain on disposal of a subsidiary (Note 19)	-	42,323
Government grants and subsidies	13,103	18,647
Insurance claims	-	105
Penalty income	71	52
Processing income	2,302	3,292
Rental income from:		
- leasing of plant and machinery (net of depreciation expenses of RMB Nil (2021: RMB 924,000)	306	989
- investment property	416	435
Others	660	193
	18,989	67,726

Government grants and subsidies relate to following:

(i) refund on value-added taxes received on sales of software related products;
(ii) government subsidies for foreign-invested enterprises;
(iii) government subsidies for talent introduction and creation of employment opportunities and stability; and
(iv) government subsidies for quality development, smart manufacturing, patents development and registration.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. Finance income and finance costs

	Group	
	2022	2021
	RMB'000	RMB'000
Finance income:		
Interest income on banks	7,090	7,646
Interest income from loan to a third party	9,370	1,425
	16,460	9,071
Finance expenses:		
- interest expense on lease liabilities	(818)	(693)
- interest expense on discounting of bills	(2,686)	(3,161)
- others	(42)	(53)
	(3,546)	(3,907)
Net finance income	12,914	5,164

7. Profit before tax

The following charges/(credit) were included in the determination of profit before taxation:

		Group	
	Note	2022	2021
		RMB'000	RMB'000
Amortisation of intangible assets	18	7,832	9,039
Audit fees paid/payable to:			
- auditors of the Company		400	400
- other auditors *		430	400
Bad debts written off (non-trade)		2,345	8
Depreciation of investment property	17	274	274
Depreciation of property, plant and equipment	16	60,229	59,561
Directors' fees payable/paid to directors of the Company		1,288	1,280
Loss on foreign currency exchange - net		8,609	193
(Reversal)/provision of impairment losses on trade and other receivables	32	(7,545)	2,618
Personnel expenses	8	255,183	251,919
Property, plant and equipment written off		126	577
Rental expenses	21	237	95
Write-down of inventories	15	4,320	10,966

* Includes independent member firm of Mazars.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. Personnel expense

	Group	
	2022	2021
	RMB'000	RMB'000
Wages, salaries and bonuses	238,270	236,440
Contribution to defined contribution plans	11,071	10,749
Other personnel expenses	5,842	4,730
	255,183	251,919

9. Income tax expense

	Group	
	2022	2021
	RMB'000	RMB'000
Income tax		
- current year	585	6,241
- under provision in respect of prior years	2,487	2,522
	3,072	8,763
Deferred tax credit		
- origination and reversal of temporary differences	(934)	5,157
- under provision in respect of prior years	-	970
	(934)	6,127
Withholding tax	2,852	1,704
	4,990	16,594

Reconciliation of effective tax rate

	Group	
	2022	2021
	RMB'000	RMB'000
Profit before tax	29,570	129,941
Tax using the PRC tax rate of 25% (2021: 25%)	7,393	32,485
Tax concessions arising from preferential income tax rate	(4,334)	(9,724)
Effect of tax rates in foreign jurisdictions	(3,705)	(2,493)
Expenses not deductible for tax purposes	17,170	6,150
Non-taxable income	(6,906)	(10,748)
Effect of tax incentives	(8,895)	(6,473)
Deferred tax assets not recognised	-	2,201
Utilisation of previously unrecognised deferred tax assets	(1,072)	-
Under provision of deferred tax in respect of prior years	-	970
Under provision of income tax in respect of prior years	2,487	2,522
Withholding tax	2,852	1,704
	4,990	16,594

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. Income tax expense (Continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefit therefrom.

	Group			
	Gross amount 2022 RMB'000	Tax effect 2022 RMB'000	Gross amount 2021 RMB'000	Tax effect 2021 RMB'000
Tax losses	6,583	1,646	10,874	2,718

The unutilised tax losses are available for carry forward up to five years from the year of loss against future taxable profits/income of the PRC subsidiaries in which the tax losses arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in the PRC.

In 2022 and 2021, no unabsorbed tax losses brought forward had expired.

The statutory income tax rate applicable to PRC subsidiaries is 25% (2021: 25%). In 2022, World Precise Machinery (China) Co., Ltd. and World Precise Machinery (Shenyang) Co., Ltd., enjoys preferential income tax rate of 15% as it is regarded as high-tech enterprise.

10. Disposal group held for sale

On 4 September 2020, the Group announced that it had entered into a sale and purchase agreement with World Agriculture (Shenyang) Co., Ltd., a related company, to sell all the shareholding interest in Shenyang World High-End Equipment Manufacturing Co., Ltd, a wholly-owned subsidiary for a consideration of RMB 263,143,000. An extraordinary general meeting has been held on 22 December 2020 to approve the sale. The sale was completed on 22 March 2021. Accordingly, all assets held by the entity were reclassified as a disposal group held for sale as at 31 December 2020.

Impairment loss relating to the disposal group

No impairment losses for write-downs of the disposal group to the lower of its fair value less costs to sell and carrying amount were recognised as its fair value less costs to sell is higher than the carrying amount.

Cumulative income or expense recognised in OCI

There are no cumulative income or expenses included in OCI relating to the disposal group.

Measurement of fair values

Fair value hierarchy

The non-recurring fair value measurement for the disposal group of RMB 263,143,000 (before costs to sell of RMB 21,498,000) has been categorised as a Level 3 fair value based on the sales and purchase agreement signed with the buyer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. Earnings per share

Basic earnings per share is calculated based on the Group's profit for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022	**2021**
Profit for the year attributable to equity holders of the Company (RMB'000)	24,580	113,347
Weighted average number of ordinary shares ('000)	400,000	400,000

Diluted earnings per share is same as basic earnings per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2022 and 2021.

12. Cash and cash equivalents

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash at banks and on hand	144,828	28,661	4,149	874
Fixed deposit	189,715	-	189,715	-
	334,543	28,661	193,864	874

The Group's fixed deposit placed with a financial institution matured within 1 month (2021: Nil) from the end of the reporting period. The interest rate is 3.10% (2021: Nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

13. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	140,295	137,650	-	-
Less: allowance for expected credit losses	(19,570)	(27,453)	-	-
	120,725	110,197	-	-
Amount due from related companies (trade)	85,742	21,108	-	-
Amount due from an affiliated corporation (trade)	56	3	-	-
Amount due from a subsidiary (non-trade)	-	-	352	196
Amount due from employees	1,410	4,472	-	-
Less: allowance for expected credit losses	(1,320)	(1,309)	-	-
	90	3,163	-	-
Loan to a third party	100,000	100,000	-	-
Interest receivable	7,491	1,425	1,437	-
Others	1,636	1,915	-	-
Less: allowance for expected credit losses	(406)	(79)	-	-
	1,230	1,836	-	-
Financial assets at amortised cost	315,334	237,732	1,789	196
Bills receivables	207,832	329,620	-	-
Prepayments for property, plant and equipment	24,690	47,112	-	-
Advance payments to suppliers	1,554	3,950	-	-
VAT receivables	428	893	-	-
Other prepayments	2,746	2,197	15	13
Tax recoverable	1,097	4,273	-	-
	553,681	625,777	1,804	209
Non-current	24,690	47,112	-	-
Current	528,991	578,665	1,804	209
	553,681	625,777	1,804	209

Trade receivables are non-interest bearing and the Group generally extend credit period of 6 months to 1-year (2021: 6 months to 1-year) from date of invoice. They are recognised at the transaction price which represent their fair value on initial recognition.

Amount due from related companies (trade) and affiliated corporation (trade) are non-interest bearing and the Group generally extend credit period of 1-year (2021: 1-year) from date of invoice. They are recognised at the transaction price which represent their fair value on initial recognition.

The bills receivables held by the Group are achieved by both collecting contractual cash flows and selling financial assets, which are measured at fair value through other comprehensive income (recycling). The fair values of the bills receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

Related companies comprise mainly entities which are effectively controlled by the Company's director, Mr. Wang Weiyao and his spouse. Mr. Wang Weiyao is also a controlling shareholder of the Company.

An affiliated corporation is defined as one:

- in which a director of the Company has a substantial financial interests or who is in a position to exercise significant influence; and/or
- which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

13. Trade and other receivables (Continued)

The amount due from employee, other receivables and non-trade amount due from a subsidiary are unsecured, interest-free and repayable on demand.

Loan to a third party is secured with personal guarantee from a third party and also personal guarantees issued by the two controlling shareholders of the Company, namely, Mr. Shao Jianjun (Executive Chairman) and Mr. Wang Weiyao (Non-Executive Non Independent Director), bears interest of 10% per annum and to be maturing within 5 months from the end of the reporting period.

14. Other investment

	Group	
	2022	**2021**
	RMB'000	**RMB'000**
Current investment		
Fair value through profit or loss		
- Bank structured deposit	-	300,000

In 2021, the Group invested in a principal protected currency linked structured investment. As at 2021 reporting date, the outstanding contract has a total notional principal value of RMB 300,000,000 and has a maturity period within 5 months from reporting date. The investment bears a base interest 1.30% per annum plus additional interest pegged to exchange rate movement during the investment period.

The fair value of bank structured deposit had been calculated using discounted cash flow model which considers the present value of expected cash flow estimated based on contracted interest rate should the exchange rates between US Dollar against Japanese Yen remain within the contracted upper and lower barrier rates during the contract period to maturity, discounted using a risk-adjusted discount rate. The fair values have been assessed to be approximate to their carrying amounts.

15. Inventories

	Group	
	2022	**2021**
	RMB'000	**RMB'000**
Finished goods	56,583	79,826
Work-in-progress and components parts	268,546	268,074
Raw materials	72,264	68,463
	397,393	416,363

Raw materials, consumables and changes in finished goods, and work-in-progress and component parts included as cost of sales amounted to RMB 687,768,000 (2021: RMB 781,405,000) during the financial year.

Write-down for slow-moving and obsolete inventories

The Group performs assessment on the condition of its inventories at the end of each reporting period and write down slow-moving and obsolete inventories identified. Management considers future demand, expected selling prices and aging analysis of the inventories as part of its assessment process to arrive at their best estimate of the net realisable value of inventories. Such evaluation process requires significant judgement and may affect the carrying amount of inventories at the balance sheet date.

In 2022, a write-down for slow-moving and obsolete inventories to net realisable value amounting to RMB 4,320,000 (2021: RMB 10,966,000) was recognised in "cost of sales" due to slow-moving inventories and obsolete raw materials.

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For the financial year ended 31 December 2022

16. Property, plant and equipment

Group	Leasehold land and buildings RMB'000	Plant and machinery RMB'000	Electrical fittings RMB'000	Tools and equipment RMB'000	Motor vehicles RMB'000	Construction work-in-progress RMB'000	Total RMB'000
Cost:							
At 1 January 2021	465,503	717,938	8,876	104,873	14,030	4,281	1,315,501
Additions	18,091	33,196	253	8,424	1,548	3,885	65,397
Reclassifications	3,431	2,306	16	11	-	(5,764)	-
Disposals	-	(1,604)	(29)	(312)	(68)	-	(2,013)
Written off	(3,016)	-	(39)	-	(350)	-	(3,405)
At 31 December 2021	484,009	751,836	9,077	112,996	15,160	2,402	1,375,480
Additions	10,768	58,230	968	6,618	1,780	11,186	89,550
Reclassifications	-	(3,143)	-	-	-	3,143	-
Disposals	-	(325)	-	(125)	(592)	-	(1,042)
Written off	-	(2,598)	(161)	-	(374)	-	(3,133)
At 31 December 2022	494,777	804,000	9,884	119,489	15,974	16,731	1,460,855
Accumulated depreciation:							
At 1 January 2021	135,523	389,354	7,697	79,923	7,986	-	620,483
Charge for the year	16,494	37,158	560	4,193	1,680	-	60,085
Disposals	-	(1,501)	(27)	(268)	(35)	-	(1,831)
Written off	(2,490)	-	(36)	-	(302)	-	(2,828)
At 31 December 2021	149,527	425,011	8,194	83,848	9,329	-	675,909
Charge for the year	15,392	36,712	1,181	5,250	1,827	-	60,362
Reclassifications	-	(7,605)	-	-	-	7,605	-
Disposals	-	(69)	-	(18)	(531)	-	(618)
Written off	-	(2,411)	(152)	-	(345)	-	(2,908)
At 31 December 2022	164,919	451,638	9,223	89,080	10,280	7,605	732,745
Carrying amount:							
At 31 December 2022	329,858	352,362	661	30,409	5,694	9,126	728,110
At 31 December 2021	334,482	326,825	883	29,148	5,831	2,402	699,571

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16. Property, plant and equipment (Continued)

During the financial year, depreciation charge of plant and machinery capitalised as development costs amounted to RMB 133,000 (2021: RMB 524,000) (Note 18).

Impairment of property, plant and equipment and intangible assets

The Group reviews the carrying amounts of the assets as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are determined based on the greater of its value in use and its fair value less costs of disposal for the allocated CGU.

Determination of fair value less cost of disposal

In 2021, the Group engaged external independent valuer to determine the fair value less cost of disposal of the property, plant and equipment, and intangible assets. The valuer has appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. In relying on the valuation reports, the Group has exercised its judgement and is satisfied that the valuation method and estimates are reflective of current market conditions. The recoverable amount of the CGU was estimated to be higher than its carrying amount, and no impairment was required in 2021. The fair value measurement was categorised as a Level 3 in the fair value hierarchy as it is derived from unobservable inputs.

Details of valuation techniques and key inputs for the estimation of the recoverable amounts of CGU based on fair value less cost of disposal:

Type	Valuation technique and significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Leasehold buildings Plant and machinery Electrical fittings Tools and equipment Motor vehicles	***Depreciated replacement cost method:*** Aggregated amount of gross replacement cost of the building and plant and machinery from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors.	The estimated fair value would increase/(decrease) if: • replacement cost is higher/(lower); or • depreciation is lower/(higher)
Leasehold land	***Direct comparison method:*** The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the leasehold land. Price per square metre ("psm") of comparable properties range from RMB 104 to RMB 2,611	The estimated fair value would increase/(decrease) if price psm was higher/(lower)
Intangible assets	***Relief-from-royalty method:*** The relief from royalty method considers the discounted estimated payments that are expected to be avoided as result of the intangible assets being owned.	The estimated fair value would increase/(decrease) if estimated payments that are expected to be avoided was higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16. Property, plant and equipment (Continued)

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of the assets and the Group's historical experience with similar assets, after taking into account anticipated technological changes, could impact the economic useful lives and the residual values of the assets, and therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the Group's results.

17. Investment property

	Note	Group	
		2022	2021
		RMB'000	RMB'000
Cost			
At 1 January and 31 December		7,208	7,208
Accumulated amortisation			
At 1 January		4,109	3,835
Amortisation charge for the year	7	274	274
At 31 January		4,383	4,109
Net carrying value			
A 31 December		2,825	3,099
Fair value			
At 31 December		13,870	15,790

Investment property comprises a commercial property that is leased to the third parties. The lease contains a non-cancellable period varying from 3 to 6 years (2021: 3 to 6 years), with a fixed annual rent.

Amounts recognised in profit or loss

Rental income recognised by the Company during 2022 was RMB 416,000 (RMB 435,000) and was included in 'other income' (Note 5)

Fair value hierarchy

The fair value of the investment property was determined by the Group using management's valuation using the direct comparison method with reference to other similar properties.

The fair value disclosure for the investment property has been categorised as a Level 3 fair value based on the input to the valuation techniques used. The significant unobservable input includes price per square foot of RMB 1,951 (2021: RMB 2,221). A decrease in the price per square foot would result in a lower fair value.

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18. Intangible assets

	Development costs RMB'000
Group	
Cost:	
At 1 January 2021	88,383
Additions	13,921
At 31 December 2021	102,304
Additions	3,889
At 31 December 2022	106,193
Accumulated amortisation:	
At 1 January 2021	54,181
Amortisation charge for the year	9,039
At 31 December 2021	63,220
Amortisation charge for the year	7,832
At 31 December 2022	71,052
Carrying amount:	
At 31 December 2022	35,141
At 31 December 2021	39,084

During the financial year, depreciation charge of plant and machinery capitalised as development costs amounted to RMB 133,000 (RMB 524,000) (Note 16).

Impairment of intangible assets

The Group reviews the carrying amounts of the assets as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount are determined based on the greater of its value in use and its fair value less costs of disposal for the allocated CGU. See Note 16 for the determination of recoverable amount of the property, plant and equipment and intangible assets for the CGU.

19. Investments in subsidiaries

	Group	
	2022 RMB'000	2021 RMB'000
Unquoted equity share, at cost	804,836	804,836
Capital reduction*	(201,654)	-
Currency translation differences	23,271	(47,011)
	626,453	757,825

* On 23 August 2022, the registered capital of World Precise Machinery (China) Co., Ltd. was reduced from USD 77,900,000 to USD 50,000,000.

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For the financial year ended 31 December 2022

19. Investment in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of effective equity held by the Group	
			2022	2021
			%	%
Held by the Company:				
World Precise Machinery (China) Co., Ltd. ("WPM (China)") *	Manufacture and supply of stamping machines and metal parts	PRC	100	100
World Precise Machinery (Shenyang) Co., Ltd. ("WPMS") *	Manufacture and supply of stamping machines and metal parts	PRC	100	100
World Precise Machinery Parts (Jiangsu) Co., Ltd. *	Research and development and manufacturing of key components of all types of precision machine tools	PRC	100	100
Held By WPM (China):				
Jiangsu World Tourism Investment Management Co., Ltd., **	Hotel investment and management services	PRC	100	-

* Audited by Mazars China

** Incorporated on 29 December 2022 with a registered capital of RMB 20,000,000, which has not been paid up as at 31 December 2022.

Disposal of subsidiary

On 4 September 2020, the Group announced that it had entered into a sale and purchase agreement with World Agriculture (Shenyang) Co., Ltd., a related company, to sell all the shareholding interest in Shenyang World High-End Equipment Manufacturing Co., Ltd, to a wholly-owned subsidiary for a consideration of RMB 263,143,000. The sale has been completed on 22 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. Investment in subsidiaries (Continued)

Effect of Disposal

Details of assets and liabilities of the subsidiary disposed were as follows:

	2021 RMB'000
Property, plant and equipment	209,814
Trade and other receivables	11,834
Cash and cash equivalents	12
Trade and other payables	(840)
Identified net assets	220,820
Gain on disposal of subsidiary, recognised in the consolidated statement of profit or loss	42,323
Selling proceeds	263,143
Selling proceeds are represented by:	
Cash consideration received	263,143
Net cash outflows arising from the disposal of subsidiary	
- Cash consideration received	263,143
- Cash and cash equivalents disposed off	(12)
	263,131

The gain on disposal of a subsidiary was recognised in "other income".

The subsidiary disposed in 2021 contributed a net loss of RMB 635,000 to the Group during the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	573,947	595,205	-	-
Amount due to related parties (trade)	21,240	2,498	-	-
Amount due to affiliated company (trade)	2,302	-	-	-
Accrued operating expenses	117,239	162,735	875	1,014
VAT payables	19,801	3,752	-	-
Other tax payables	1,397	817	-	-
Bonus payables	12,033	26,125	-	-
Payables relating to property, plant and equipment	10,034	21,747	-	-
Amount due to related companies (non-trade)	1,554	261	-	-
Amount due to a subsidiary (non-trade)	-	-	249	188
Deferred income from government grants	939	1,259	-	-
	760,486	814,399	1,124	1,202
Non-current	721	1,041	-	-
Current	759,765	813,358	1,124	1,202
	760,486	814,399	1,124	1,202

Trade payables are non-interest bearing with credit periods ranging from 3 to 6 months (2021: 3 to 6 months).

Trade payables included RMB 196,755,000 (2021: RMB 244,379,000) which pertains to undue bills receivable transferred to creditors for the payments of outstanding amounts. In accordance with the laws in the PRC, the holders of the bills have a right of recourse against the Group if the PRC banks default.

Non-trade amounts due to related companies and a subsidiary are unsecured, interest-free and repayable on demand.

Deferred income from government grants

The Group has been awarded government grants related to acquisition of property, plant and equipment and research and development project for flexibility stamping production line amounted to RMB Nil (2021: RMB 1,680,000). The grants received by the Group were unconditional. The grants have been recognised as deferred income and is being amortised over the useful lives of the property, plant and equipment, ranging from 5 to 10 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. Lease liabilities

	Group	
	2022	2021
	RMB'000	RMB'000
Lease liabilities		
Non-current	15,934	11,135
Current	1,031	429
	16,965	11,564

Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

			Group	
	Nominal interest rate	Year of maturity	Face value	Carrying amount
	%		RMB'000	RMB'000
2022				
Lease liabilities	4.60 - 4.65	2023 to 2057	32,202	16,965
2021				
Lease liabilities	4.75 – 6.37	2023 to 2056	25,370	11,564

(a) Leases as lessee

The Group leases land and buildings. The leases typically run for a period of 2 to 50 years with renewal rights. Lease payments are renegotiated with landlords upon renewal of lease. There were no extension options granted in the lease agreements.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

	Leasehold land and buildings
	RMB'000
Balance at 1 January 2021	51,733
Additions for the year	7,703
Depreciation charge for the year	(2,252)
Balance at 31 December 2021	57,184
Additions for the year	8,608
Depreciation charge for the year	(1,927)
Balance at 31 December 2022	63,865

The total cash outflow for leases during the financial year ended 31 December 2022 is RMB 1,256,000 (2021: RMB 1,082,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. Lease liabilities (Continued)

(a) Leases as lessee (Continued)

(ii) Amounts recognised in profit or loss

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	818	693
Expenses relating to short-term leases	237	95

(b) Leases as lessor

The Group leases out its investment properties consisting of its owned commercial properties. All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to ownership of the assets. Note 17 sets out information about the operating leases of investment properties.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2022 RMB'000	2021 RMB'000
Less than one year	996	742
Two to five years	2,929	2,418
More than five years	2,740	-
	6,665	3,160

22. Contract liabilities

Movement in the contract liabilities balances during the financial year are as follows:

	Group	
	2022 RMB'000	2021 RMB'000
Balance as at 1 January	85,298	111,867
Increases due to advances received, excluding amounts recognised as revenue during the financial year	54,795	78,019
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	(46,625)	(104,588)
Balance as at 31 December	93,468	85,298

The contract liabilities primarily relate to advance considerations received from customers for sale of products.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following categories and movements in deferred tax assets and liabilities during the year are as follows:

	Balance as at 1 January 2021 RMB'000	Recognised in profit or loss (Note 9) RMB'000	Balance as at 31 December 2021 RMB'000	Recognised in profit or loss (Note 9) RMB'000	Balance as at 31 December 2022 RMB'000
Group					
Trade and other receivables	5,881	(2,462)	3,419	514	3,933
Intangible assets	7,751	(4,028)	3,723	(247)	3,476
Inventories	224	1,735	1,959	566	2,525
Deferred tax assets	13,856	(4,755)	9,101	833	9,934
Distributable earnings of PRC subsidiaries	(1,883)	(970)	(2,853)	1,590	(1,263)
Property, plant and equipment	(12,918)	(402)	(13,320)	(1,489)	(14,809)
Deferred tax liabilities	(14,801)	(1,372)	(16,173)	101	(16,072)
	(945)	(6,127)	(7,072)	934	(6,138)

Distributable earnings of the PRC subsidiaries generated from 1 January 2008 onward are subjected to withholding tax when the subsidiary declares dividend to its foreign investor.

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The deferred tax determined after appropriate offsetting are included in the statement of financial position as follows:

	Group 2022 RMB'000	Group 2021 RMB'000
Deferred tax assets	-	42
Deferred tax liabilities	(6,138)	(7,114)
	(6,138)	(7,072)

Deferred tax liabilities not recognised

The total undistributed profits of the PRC subsidiaries are RMB 46,002,000 (2021: RMB 173,441,000). No deferred tax liability has been recognised for undistributed profits of RMB 46,002,000 (2021: RMB 116,379,000) because the Group controls the dividend policy of its subsidiaries and is of the opinion that these reserves will not be remitted back to the holding company in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. Share capital

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		RMB'000	RMB'000
Issued and fully paid, with no par value				
At 1 January and 31 December	400,000	400,000	250,660	250,660

All issued shares are fully paid ordinary shares with no par value.

The holders of the ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary share carry one vote per share without restrictions.

25. Currency translation reserve

Currency translation reserve of the Company arises from the translation of the financial statements of the Company whose functional currency are different from that of the Company's presentation currency.

The translation reserves of the Group comprise all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

26. Statutory reserves

	Group	
	2022	2021
	RMB'000	RMB'000
Statutory reserve fund	128,801	124,565

Statutory reserve fund

The non-distributable statutory reserves represent amounts set aside in compliance with the local laws in the PRC where the PRC subsidiaries operate. The PRC subsidiaries are considered a foreign investment enterprise and the percentage of appropriation from the net profit after tax to the various reserve funds are determined by the Board of Directors of the PRC subsidiaries.

The total statutory reserves may be used to offset accumulated losses or increase the registered capital of the PRC subsidiaries, subject to approval from relevant PRC authorities and are not available for dividend distribution to the shareholders. The PRC subsidiaries are prohibited from distributing dividends unless the losses (if any) of prior years have been made good.

In accordance with the Foreign Enterprise Law applicable to the PRC subsidiaries, the PRC subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations should be allocated to the SRF until the cumulative total of SRF reached 50% of the registered capital of the respective PRC subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. Capital reserve

On 1 December 2015, World Heavy Machine Tools (China) Co., Ltd. ("WHMT"), World CNC Machine Tool (Jiangsu) Co., Ltd. ("WCNC") and World Precise Machinery Marketing Company ("WPMM") were amalgamated into WPM (China). As a result, the retained earnings and statutory reserves of WHMT, WCNC and WPMM were transferred to capital reserve in accordance with the local laws in the PRC. This reserve is non-distributable.

28. Dividend

During the financial year ended 31 December 2022, the Company declared final tax-exempt dividend of RMB 0.125 per ordinary share of the Company totalling approximately RMB 50,000,000 in respect of the financial year ended 31 December 2021.

During the financial year ended 31 December 2021, the Company declared final tax-exempt dividend of RMB 0.075 per ordinary share of the Company totalling approximately RMB 30,000,000 in respect of the financial year ended 31 December 2020.

29. Capital commitments

Capital commitments contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2022	2021
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment	49,450	10,436

30. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (iv) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (v) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (vi) Both entities are joint ventures of the same third party.
- (vii) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (viii) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (ix) The entity is controlled or jointly controlled by a person identified in (a).
- (x) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (xi) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

30. Significant related party transactions (Continued)

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	Group	
	2022	2021
	RMB'000	RMB'000
Related companies		
Income		
Lease of premises to a related company	-	1,607
Sales to related companies	95,313	115,382
Processing services to related companies	3,260	3,012
Expenses		
Lease of premises from a related company	600	450
Processing services from related companies	5,348	14,381
Purchases of machineries and parts form related companies	26,404	2,329
Purchases of raw materials from related companies	32,290	24,054
Purchases of scrap materials from related companies	29,129	42,473
Affiliated companies		
Income		
Sales to affiliated companies	798	83
Processing services to affiliated companies	13	12
Expenses		
Purchases of raw materials from affiliated companies	8,210	37
Purchases of scrap materials from affiliated companies	1,777	1,981

Outstanding balances with related parties at the end of the reporting period are disclosed in Notes 13 and 20 respectively.

Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2022	2021
	RMB'000	RMB'000
Directors of the Company:		
- short-term employee benefits	410	403
- defined contribution benefits	28	26
- directors' fees	1,288	1,280
	1,317	1,709
Other key management personnel:		
- short-term employee benefits	3,996	3,586
- defined contribution benefits	152	143
	4,148	3,729
	5,465	5,438

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

31. Segment information

The Group is principally engaged in manufacturing and selling of conventional and high performance and high tonnage stamping machines and metal parts. All business activities are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are mainly attributable to a single reportable operating segment.

Geographical information

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, the PRC, which is the Group's principal place of business and operations. Therefore, no analysis by geographical region is presented.

Information about major customer

No external customer individually contributed 10% or more of the Group's total revenue.

32. Financial instruments and financial risk

Overview

The Group's activities expose it to credit risk, market risks (including foreign currency risk, interest rate risk and equity price risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes review of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposures to credit risk arises primarily from trade and other receivables. For other financial assets including cash and cash equivalents and bills receivables, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. For customers who wish to trade on credit terms, the Group will take into account the quantity of the customer order, background and creditworthiness of the customer, level of risk involved, payment history of the customer and relationship with the customer. The Group collects bills receivables to reduce credit risk exposure from trade receivables. In addition, receivable balances are monitored on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses:

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Debtors has a low risk of default and does not have any past due amount	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 180 days past due or here is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indication that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- historical and current payment patterns of the debtors;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtors.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Trade receivables

At 31 December 2022, the Group's trade receivables comprise 7 (2021: 6) debtors that represented approximately 17% (2021: 17%) of the trade receivables. The remaining trade receivables are made up of numerous debtors.

The carrying amounts of financial assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables from third parties.

The Group categorises its trade receivables from third parties by its past due status and segregates debtors regarded as credit-impaired where one or more credit impairment events have occurred.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The Group's credit risk exposure in relation to trade receivables from third parties using simplified approach under SFRS(I) 9 as at 31 December is set out in the provision matrix below:

		Gross carrying amount		Impairment loss allowance		
	Weighted average loss rate	Not credit impaired	Credit impaired	Credit impaired	Expected credit loss	Net carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
2022						
Not past due	0.9	78,591	-	-	(718)	77,873
0 to 6 months past due	2.1	27,541	-	-	(587)	26,954
6 to 12 months past due	7.8	8,264	-	-	(643)	7,621
More than 1 year past due	31.9	12,158	13,741	(13,741)	(3,881)	8,277
		126,554	13,741	(13,741)	(5,829)	120,725
2021						
Not past due	3.0	91,119	-	-	(2,730)	88,389
0 to 6 months past due	16.0	16,217	-	-	(2,593)	13,624
6 to 12 months past due	24.8	9,024	823	(823)	(2,234)	6,790
More than 1 year past due	31.4	2,031	18,436	(18,436)	(637)	1,394
		118,391	19,259	(19,259)	(8,194)	110,197

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Other financial assets at amortised cost

Other financial assets at amortised costs include amount due from related companies (trade), amount due from an affiliated corporation (trade), amount due from a subsidiary (non-trade), amount due from employees, loan to a third party, interest receivables, other receivables and cash and cash equivalents.

The table below details the credit quality of the Group's and the Company's financial assets (other than trade receivables from third parties and excluding cash and cash equivalents):

	Note	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Group				
2022				
Amount due from related companies (trade)	13	85,742	-	85,742
Amount due from an affiliated corporation (trade)	13	56	-	56
Amount due from employees	13	1,410	(1,320)	90
Loan to a third party	13	100,000	-	100,000
Interest receivable	13	7,491	-	7,491
Others	13	1,636	(406)	1,230
		196,335	(1,726)	194,609
2021				
Amount due from related companies (trade)	13	21,108	-	21,108
Amount due from an affiliated corporation (trade)	13	3	-	3
Amount due from employees	13	4,472	(1,309)	3,163
Loan to a third party	13	100,000	-	100,000
Interest receivable from loan to a third party	13	1,425	-	1,425
Others	13	1,915	(79)	1,836
		128,923	(1,388)	127,535
Company				
2022				
Interest receivable	13	1,437	-	1,437
Amount due from a subsidiary (non-trade)	13	352	-	352
		1,789	-	1,789
2021				
Amount due from a subsidiary (non-trade)	13	196	-	196

NOTES TO THE FINANCIAL STATEMENTS

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32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Other financial assets at amortised cost (Continued)

Amount due from related companies, affiliated corporation and a subsidiary

The Group and Company held trade receivables due from related companies, affiliated corporation and a subsidiary. The Group uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to management and applying experienced credit judgement). There is no significant increase in credit risk for these exposures. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Amount due from employees

Loss allowances for amount due from employees are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the employee and an assessment of both the current and forecast general economic conditions at the reporting date.

Loan to a third party and interest receivable

Impairment on loan to a third party has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group's assessment is based on qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement). The loan is guaranteed by personal guarantee of a major shareholder of the borrower.

Others

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Movements in allowance for impairment in respect of trade and other receivables

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables, amount due from employees and other receivables is as follows:

Group		Trade receivables		Amount due from employees		Others	
Internal credit risk grading	Note (i)	Credit impaired	Total	Lifetime ECL	Total	Lifetime ECL	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss allowance							
Balance at 1 January 2021	11,110	18,303	29,413	1,195	1,195	396	396
Net remeasurement of loss allowance	2,821	-	2,821	114	114	(317)	(317)
Allowance utilised	-	(4,781)	(4,781)	-	-	-	-
Balance at 31 December 2021	13,931	13,522	27,453	1,309	1,309	79	79
Net remeasurement of loss allowance	(2,365)	(5,518)	(7,883)	11	11	327	327
Balance at 31 December 2022	11,566	8,004	19,570	1,320	1,320	406	406
Gross carrying amount							
At 31 December 2021	118,391	19,259	137,650	4,472	4,472	1,915	1,915
At 31 December 2022	126,554	13,741	140,295	1,410	1,410	1,636	1,636
Net carrying amount							
At 31 December 2021	104,460	5,737	110,197	3,163	3,163	1,836	1,836
At 31 December 2022	114,988	5,737	120,725	90	90	1,230	1,230

Note (i) For trade receivables the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Other financial assets at amortised cost (Continued)

Cash and cash equivalents

The Group and Company held cash and cash equivalents of RMB 334,543,000 and RMB 193,864,000 respectively at 31 December 2022 (2021: RMB 28,661,000 and RMB 874,000 respectively). The cash and cash equivalents are held with banks, which are regulated.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Bills receivables and other investment

The Group's exposure to credit risk arising bills receivables and other investments are limited because the counterparties are mainly reputable financial institutions with high credit standing, for which the Group considers to have low credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings, including inter-company sales, purchases and inter-company balances, that are denominated in a currency other than the respective functional currencies of Group entities. The functional currencies of Group entities are primarily the RMB and SGD. The currencies in which these transactions primarily are denominated are the RMB and US dollar ("USD").

The summary of quantitative data about the exposure to currency risk of the Group and Company is as follows:

	2022		2021	
	USD	RMB	USD	RMB
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Cash and cash equivalents	193,050	-	384	-
Trade and other receivables	2,684	-	-	196
Trade and other payables	-	-	-	(188)
Net exposure	195,734	-	384	8
Company				
Cash and cash equivalents	192,477	-	-	-
Trade and other receivables	1,437	352	-	196
Trade and other payables	-	(249)	-	(188)
Net exposure	193,914	103	-	8

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

A reasonably possible 3% (2021: 3%) strengthening of the RMB, as indicated below, against the USD and RMB at 31 December would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Group Profit or loss		Company Profit or loss	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
USD	5,872	12	5,817	-
RMB	-	*	*	*

A weakening of the RMB against the above currencies would have the equal but opposite effect to the amounts shown above.

* Less than thousand.

Interest rate risk

The Group's and the Company's exposures to the risk of changes in interest rates relate primarily to the Group's structured deposits placed with financial institutions. The Group and the Company manage its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial assets and liabilities were as follows:

	2022	**2021**
	RMB'000	**RMB'000**
Group		
Other investment	-	300,000

The Group does not use derivative financial instruments to hedge its interest rate exposures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Interest rate sensitivity analysis

A change of 100 basis points in interest rates would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	2022	**2021**
	RMB'000	**RMB'000**
Group		
Interest rate		
- Increase by 100 basis points	-	3,000
- Decrease by 100 basis points	-	(3,000)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group and the Company maintains sufficient cash and bank balances and internally generated cash flows to finance its activities.

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

	Effective interest rate	Less than 1 year	2 to 5 years	Over 5 years	Total
	%	RMB'000	RMB'000	RMB'000	RMB'000
Group					
Undiscounted financial assets					
Trade and other receivables*	-	315,334	-	-	315,334
Cash and cash equivalents	3.1%	334,543	-	-	334,543
As at 31 December 2022		649,877	-	-	649,877
Trade and other receivables*	-	237,732	-	-	237,732
Cash and cash equivalents	-	28,661	-	-	28,661
As at 31 December 2021		266,393	-	-	266,393
Undiscounted financial liabilities					
Trade and other payables#	-	738,349	-	-	738,349
Lease liabilities	4.60 - 4.65	1,394	4,273	26,535	32,202
As at 31 December 2022		739,743	4,273	26,535	770,551
Trade and other payables#	-	808,571	-	-	808,571
Lease liabilities	4.75 – 6.37	1,099	3,431	20,840	25,370
As at 31 December 2021		809,670	3,431	20,840	833,941
Total undiscounted net financial liabilities					
- at 31 December 2022		(89,866)	(4,273)	(26,535)	(120,674)
- at 31 December 2021		(543,277)	(3,431)	(20,840)	(567,548)

* Excludes VAT receivables, advance payments to suppliers, prepayments and tax recoverable

\# Excludes VAT payables, other tax payables and deferred income

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

	Effective interest rate %	Less than 1 year RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Company					
Undiscounted financial assets					
Trade and other receivables*	-	1,789	-	-	1,789
Cash and cash equivalents	3.1%	193,864	-	-	193,864
As at 31 December 2022		195,653	-	-	195,653
Trade and other receivables*	-	196	-	-	196
Cash and cash equivalents	-	874	-	-	874
As at 31 December 2021		1,070	-	-	1,070
Undiscounted financial liabilities					
Trade and other payables#	-	1,124	-	-	1,124
As at 31 December 2022		1,124	-	-	1,124
Trade and other payables#	-	1,202	-	-	1,202
As at 31 December 2021		1,202	-	-	1,202
Total undiscounted net financial liabilities					
- at 31 December 2022		194,529	-	-	194,529
- at 31 December 2021		(132)	-	-	(132)

* Excludes VAT receivables, advance payments to suppliers, prepayments and tax recoverable

\# Excludes VAT payables, other tax payables and deferred income

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

		Group		Company	
	Note	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Financial assets at amortised cost					
Trade and other receivables*	13	315,334	237,732	1,789	196
Cash and cash equivalents	12	334,543	28,661	193,864	874
		649,877	266,393	195,653	1,070
Financial assets measured at FVOCI					
Bills receivables	13	207,832	329,620	-	-
Financial assets measured at FVTPL					
Other investment	14	-	300,000	-	-
Financial liabilities at amortised cost					
Trade and other payables#	20	738,349	808,571	1,124	1,202
Borrowings	21	16,965	11,564	-	-
		755,314	820,135	1,124	1,202

* Excludes VAT receivables, advance payments to suppliers, prepayments and tax recoverable

\# Excludes VAT payables, other tax payables and deferred income

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

33. Fair values of financial assets and financial liabilities

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active liquid markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities (excluding derivative instruments) are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring Fair Value Measurement			
Group			
2022			
Financial assets:			
Bills receivables	-	207,832	-
2021			
Financial assets:			
Bills receivables		329,620	
Other investment	-	300,000	-

Except as disclosed in the respective notes, the carrying amounts of the current financial assets and financial liabilities approximate their respective fair values.

The fair values of the bills receivable in Level 2 have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of other investment in Level 2 have been calculated using discounted cash flow model which considers the present value of expected cash flow estimated based on contracted interest rate should the exchange rates between US Dollar against Japanese Yen remain within the contracted upper and lower barrier rates during the contract period to maturity, discounted using a risk-adjusted discount rate. The fair values have been assessed to be approximate to their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. Capital management policies and objectives

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages capital by monitoring the level of net debt and capital. Net debt is calculated as total liabilities less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company less the statutory reserves and capital reserve. The Group's overall strategy remains unchanged from 2021.

	Group	
	2022	**2021**
	RMB'000	**RMB'000**
Total liabilities	877,057	920,856
Less: Cash and cash equivalents	(334,543)	(28,661)
Net debts	542,514	892,195
Equity attributable to the equity holders of the Company	1,174,636	1,191,699
Less:		
- Statutory reserves (Note 26)	(128,801)	(124,565)
- Capital reserve (Note 27)	(97,097)	(97,097)
Adjusted equity	948,738	970,037
Net debt to adjusted equity ratio	0.57	0.92

35. Development of COVID-19 outbreak and its corresponding impact on the Group

COVID-19 outbreak has brought about an unprecedented challenge for many entities, with increased uncertainty in the global economy. As the situation is still evolving, the full effect of the outbreak is still uncertain and the Group is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The Group continues to monitor and evaluate any possible impact on the Group´s business and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation. Based on management's latest assessment, there is no indicator that the going concern assumption used by the Group in preparing the financial statement is inappropriate.

36. Event subsequent to the reporting date

On 6 January 2023, Jiangsu World Tourism Investment Management Co., Ltd, a wholly-owned subsidiary of the Company has entered into a Share Transfer Agreement with (i) Wei Haitao, Wei Laiyun, Wu Jianguo, and Wang Yinjie (collectively, the "Sellers"), and (ii) Shandong Zhongda Industrial Group Co., Ltd (the "Obligor"), in relation to the acquisition of 100% shares in Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd (the acquisition, the "Proposed Acquisition") for a consideration of RMB 155,000,000. As the transaction is not yet completed, the Group is therefore unable to provide a quantitative estimate of the potential impact of the Proposed Acquisition on the Group.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6)

of the Listing Manual of the SGX-ST on Directors seeking for re-election (as at 13 April 2023)

The following additional information on Ms. Low Mui Kee and Mr. Shao Jianjun, all of whom are seeking re-election as Directors at this Annual General Meeting, is to be read in conjunction with their respective biographies on pages 12 to 13 of this Annual Report.

	Low Mui Kee	**Shao Jianjun**
Date of Appointment	1 February 2023	28 July 2004
Date of last re-appointment (if applicable)	Not applicable	30 April 2021
Age	47	67
Country of principal residence	Singapore	China
The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election)	The Nominating Committee ("**NC**"), having considered the attendance and participation of the Director at Board and Board Committees' meetings, and taking into account Ms. Low Mui Kee's track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election Ms. Low Mui Kee who will be retiring pursuant to Article 88 of the Company's Constitution at the forthcoming Annual General Meeting ("**AGM**"). The Board supported the NC's recommendation. Ms. Low Mui Kee had abstained from voting on any resolution and making any recommendation and/or participate in respect of her own re-election.	The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr. Shao Jianjun's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr. Shao Jianjun who will be retiring by rotation pursuant to Article 89 of the Company's Constitution at the forthcoming AGM. The Board supported the NC's recommendation. Mr. Shao Jianjun had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Responsible for overseeing the operations of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director	Executive Chairman
Professional qualifications	Please refer to the Directors' respective biographies on pages 12 to 13 of this Annual Report.	
Working experience and occupation(s) during the past 10 years	Please refer to the Directors' respective biographies on pages 12 to 13 of this Annual Report.	
Shareholding interest in the listed issuer and its subsidiaries	Nil	Deemed interest in 54,100,000 shares held by Minshun Private Limited, which is wholly-owned by him.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6)

of the Listing Manual of the SGX-ST on Directors seeking for re-election (as at 13 April 2023)

	Low Mui Kee	**Shao Jianjun**
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer – Yes / No	Yes	Yes
Other Principal Commitments*	Please refer to the Directors' respective biographies on pages 12 to 13 of this Annual Report.	
Other Directorships for the past 5 years	Noorvit Pte. Ltd. Algattas Pte. Ltd.	Nil
Other Present Directorships	Sage Artelier Pte. Ltd. Kikiwoods Pte. Ltd.	Minshun Private Limited
Disclosure applicable to appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable

The Company confirms that there is no change in the responses to declaration items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual concerning the Directors to be re-elected, which are a "no".

** The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

SHAREHOLDERS' INFORMATION

AS AT 23 MARCH 2023

Class of shares	:	Ordinary shares
Issued and fully paid-up capital	:	S$50,418,000
Number of shares issued	:	400,000,000
Voting rights	:	One vote per share

The Company does not hold any treasury shares and subsidiary holdings.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding			Number of Shareholders	%	Number of Shares	%
1	-	99	1	0.20	73	0.00
100	-	1,000	42	8.73	35,900	0.01
1,001	-	10,000	192	39.92	1,276,400	0.32
10,001	-	1,000,000	235	48.86	18,546,299	4.64
1,000,001	and above		11	2.29	380,141,328	95.03
			481	100.00	400,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 23 MARCH 2023

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
World Sharehold Limited[1]	295,391,000	73.85	-	-
Wang Weiyao[1]	200,000	0.05	295,391,000	73.85
Minshun Private Limited[2]	54,100,000	13.53	-	-
Shao Jianjun[2]	-	-	54,100,000	13.53

Notes:

(1) *World Sharehold Limited ("**World Sharehold**") is an investment holding company incorporated in the British Virgin Islands. As World Sharehold is wholly-owned by Wang Weiyao, Wang Weiyao is deemed interested in the shares held by World Sharehold by virtue of his 100% shareholdings in World Sharehold.*

(2) *Minshun Private Limited ("**Minshun**") is an investment holding company incorporated in Singapore. As Minshun is wholly-owned by Shao Jianjun, Shao Jianjun is deemed interested in the shares held by Minshun by virtue of his 100% shareholdings in Minshun.*

SHAREHOLDERS' INFORMATION

AS AT 23 MARCH 2023

TWENTY LARGEST SHAREHOLDERS AS AT 23 MARCH 2023

No.	Name of Shareholders	Number of Shares	%
1.	WORLD SHAREHOLD LIMITED	295,391,000	73.85
2.	OCBC SECURITIES PRIVATE LTD	58,787,000	14.70
3.	DBS NOMINEES PTE LTD	8,032,600	2.01
4.	CHUA KUAN LIM CHARLES	6,956,100	1.74
5.	PHILLIP SECURITIES PTE LTD	2,674,428	0.67
6.	LIAN SENG INVESTMENT PTE LTD	2,000,000	0.50
7.	SHAO XIAOPU	1,498,000	0.37
8.	HONG LEONG FINANCE NOMINEES PTE LTD	1,400,000	0.35
9.	CHUA ZI EN ALEXANDRA JANE (CAI ZI'EN)	1,345,000	0.34
10.	DBSN SERVICES PTE LTD	1,037,100	0.25
11.	UOB KAY HIAN PTE LTD	1,020,100	0.25
12.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	922,700	0.23
13.	ABN AMRO CLEARING BANK N.V.	903,900	0.23
14.	HSBC (SINGAPORE) NOMINEES PTE LTD	857,700	0.21
15.	LI HUNG	781,000	0.20
16.	CHUA ZI HUI CATHERINE MARY (CAI ZIHUI)	757,000	0.19
17.	KIANG TIANG TAN OR KIANG WEN JIANG	621,500	0.16
18.	CITIBANK NOMINEES SINGAPORE PTE LTD	523,627	0.13
19.	SAHA ANSHUMAN MANABENDRANATH	510,000	0.13
20.	TAN JIN SIN	457,000	0.11

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

12.15% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

This Notice has been made available on the Company's corporate website (https://www.wpmlimited.com/) and SGXNET. A printed copy of the Notice of Annual General Meeting will not be despatched to members of the Company.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of WORLD PRECISION MACHINERY LIMITED (the "**Company**") will be held at Meeting Room 332, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 28 April 2023 at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to the Company's Constitution:

   Ms. Low Mui Kee (retiring pursuant to Article 88) **(Resolution 2)**
   Mr. Shao Jianjun (retiring pursuant to Article 89) **(Resolution 3)**
   [See Explanatory Note (i)]

3. To note the retirement of Mr. Phang Kin Seng (Lawrence) as a Director of the Company pursuant to Article 89 of the Constitution of the Company at the conclusion of the AGM.
   [See Explanatory Note (ii)]

4. To approve the payment of Directors' fees of S$230,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears (FY2022: S$180,000).
   [See Explanatory Note (iii)] **(Resolution 4)**

5 To re-appoint Mazars LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. **Share Issue Mandate**

   That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(b) new shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 6)**

8. **The Proposed Renewal of the Interested Person Transactions Mandate**

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Chapter 9**"):

(a) approval be and is hereby given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix A to the Company's Circular to Shareholders accompanying the Notice of Annual General meeting dated 13 April 2022 (the "**Circular**"), with any party who is of the class of interested persons described in Appendix A to the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

[See Explanatory Note (v)] **(Resolution 7)**

By Order of the Board

Yuen Pei Lur Perry
Company Secretary

13 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ms. Low Mui Kee will, upon re-election as a Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The information relating to Ms. Low Mui Kee and Mr. Shao Jianjun as required under Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited is set out on pages 142 and 143 of the Annual Report.

(ii) Item 3 above is to note the retirement of Mr. Phang Kin Seng (Lawrence) as a Director of the Company pursuant to Article 89 of the Constitution of the Company. Mr. Phang Kin Seng (Lawrence) has served as an Independent Director of the Company for more than nine years from the date of his first appointment. In the spirit of good corporate governance, Mr. Phang Kin Seng (Lawrence) is not seeking re-election. Accordingly, Mr. Phang Kin Seng (Lawrence) shall also retire as the Lead Independent Director of the Company, chairman of the Audit Committee and members of the Remuneration Committee and Nominating Committee at the conclusion of the AGM.

(iii) The Ordinary Resolution 4 in item 4 above, if passed, is to approve the Directors' fees of S$230,000 for the financial year ending 31 December 2023 ("**FY2023**"), to be paid quarterly in arrears. The increase in the proposed Directors' fees for FY2023 compared to FY2022 is due to the appointment of an additional Independent Director with effect from 1 February 2023.

The aggregate amount of Directors' fees provided in Ordinary Resolution 4 is calculated on the assumption that all the Directors will hold office for the whole of FY2023. Should any Director hold office for only part of FY2023 and not the whole of FY2023, the Director's fee payable to him/her will be appropriately pro-rated.

(iv) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Ordinary Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and any subsequent bonus issue, consolidation or subdivision of shares.

(v) The Ordinary Resolution 7 in item 8 above, if passed, will authorise the Interested Person Transactions as described in the Circular and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

General

1. The AGM of the Company will be held at Meeting Room 332, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 ("**Physical Meeting**"). Shareholders and other attendees who are feeling unwell on the date of the AGM are advised not to attend the Physical Meeting.

2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), there will be no despatch of printed copies and this Notice of AGM together with the following documents are made available to shareholders on 13 April 2023 via SGXNet at the following URL: https://www.sgx.com/securities/company-announcements and the Company's website at the following URL: https://www.wpmlimited.com/:

   (a) Annual Report;
   (b) Circular accompanying the Notice of AGM in relation to the Proposed Renewal of the IPT Mandate; and
   (c) Proxy Form in relation to the AGM.

3. Authenticated shareholders and proxy(ies) will be able to ask questions in person at the Physical Meeting. Arrangements have also been put in place to permit shareholders to submit their questions ahead of the AGM. Please refer to Notes 13 and 14 below for further details.

4. Live voting by poll will be conducted during the AGM for shareholders and proxy(ies) attending the Physical Meeting.

Voting by proxy

5. A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the AGM.

6. A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

7. A proxy need not be a member of the Company.

8. The instrument appointing a proxy ("**Proxy Form**") must be submitted to the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting in the following manner:

   (a) by depositing a physical copy at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896;

   (b) by sending a scanned signed PDF copy by email to main@zicoholdings.com,

   in either case, no later than 4.00 p.m. on 26 April 2023 ("**Proxy Deadline**"), and failing which, the Proxy Form will not be treated as valid.

9. The Proxy Form must be executed under the hand of the appointed or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

NOTICE OF ANNUAL GENERAL MEETING

11. In the case of a member of the Company whose shares are entered against his/her name in the Depositor Register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company. The Company shall also be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible (such as in the case where the appointor submits more than one Proxy Form).

12. A member who holds the Company's shares through a Relevant Intermediary, including Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") Investment Account Holders, should not use the Proxy Form and should instead approach their respective Relevant Intermediary as soon as possible to specify voting instructions, submit questions ahead of the AGM and/or participate in the AGM.

Submission of Questions prior to the AGM

13. A member may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. To do so, all questions must be submitted by 4.00 p.m. on 21 April 2023 through any of the following means:

    (a) if submitted by email, be received by the Company at world@wpmlimited.com; or
    (b) if submitted by post, be deposited at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896.

    If the questions are submitted by post, be deposited at the registered office of the Company's Share Registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form, the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

14. The Company will address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations by publishing its responses to such questions, if any, on the Company's corporate website (https://www.wpmlimited.com/) and on SGXNET at the following URL: https://www.sgx.com/securities/company-announcements at least 48 hours prior to the deadline for submission of Proxy Forms. Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company will address those substantial and relevant questions prior to the AGM through publication on SGXNET, or at the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

WORLD PRECISION MACHINERY LIMITED
(Incorporated in the Republic of Singapore)
(Co. Reg. No: 200409453N)

PROXY FORM

This Proxy Form has been made available on the Company's corporate website (https://www.wpmlimited.com/) and SGXNET. A printed copy of this Proxy Form will not be despatched to members of the Company.

IMPORTANT:
1. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "**Relevant Intermediary**").
2. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF or SRS investors who wish to exercise their votes by appointing the Chairman of the AGM as proxy, should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM by 5.00 p.m. on 19 April 2023.

I/We*, ______________________ (Name), NRIC/Passport number* ______________
of ____ (Address)
being a member/members of World Precision Machinery Limited (the "Company"), hereby appoint:

Name:	**NRIC/Passport Number:**	**Proportion of Shareholding**	
		Number of Shares	**%**
Address:			

and/or (delete as appropriate)

Name:	**NRIC/Passport Number:**	**Proportion of Shareholding**	
		Number of Shares	**%**
Address:			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**" or the "**Meeting**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be held at Meeting Room 332, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 28 April 2023 at 4.00 p.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolution set out in the Notice of Annual General Meeting (the "**Notice of AGM**") dated 13 April 2023 as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion, as he/she/they* will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	For(1)	Against(1)	Abstain(1)
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022			
2	Re-election of Ms. Low Mui Kee as a Director who is retiring pursuant to Article 88 of the Company's Constitution			
3	Re-election of Mr. Shao Jianjun as a Director who is retiring pursuant to Article 89 of the Company's Constitution			
4	Approval of Directors' fees amounting to S$230,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears			
5	Re-appointment of Mazars LLP as Auditors			
6	Share Issue Mandate			
7	The Proposed Renewal of Interested Person Transactions Mandate			

(1) If you wish to abstain or exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of April 2023

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the form of proxy shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The completed and signed copy of this Proxy Form must be submitted (a) by depositing a physical copy at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or (b) by sending a scanned signed PDF copy by email to main@zicoholdings.com, in each case, **not later than 4.00 p.m. on 26 April 2023, and failing which, the Proxy Form will not be treated as valid.**

6. Completion and return of this Proxy Form shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

7. This Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2023.

GENERAL:

The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Shao Jianjun *(Executive Chairman)*
Wang Weiyao *(Non-Executive and Non-Independent)*
Phang Kin Seng (Lawrence) *(Lead Independent)*
Lim Yoke Hean *(Independent)*
Low Mui Kee *(Independent)*

AUDIT COMMITTEE
Phang Kin Seng (Lawrence) *(Chairman)*
Lim Yoke Hean
Wang Weiyao

NOMINATING COMMITTEE
Lim Yoke Hean *(Chairman)*
Phang Kin Seng (Lawrence)
Wang Weiyao

REMUNERATION COMMITEE
Lim Yoke Hean *(Chairman)*
Phang Kin Seng (Lawrence)
Wang Weiyao

COMPANY SECRETARY
Yuen Pei Lur Perry

REGISTERED OFFICE
9 Straits View #06-07
Marina One West Tower
Singapore 018937
Tel: (65) 6535 3600

BUSINESS OFFICE
World Industrial Park, Picheng Village,
Danbei Town, Danyang City, Jiangsu Province
People's Republic of China
Postal Code 212311
Tel: (86) 511 8634 6999
Fax: (86) 511 8634 2767

SHARE REGISTRAR
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

EXTERNAL AUDITORS
Mazars LLP
Public Accountants and Chartered Accountants
135 Cecil Street #10-01
Singapore 069536

AUDIT PARTNER-IN-CHARGE
Chin Chee Choon
(Appointed wef financial year ended 31 December 2022)

INTERNAL AUDITORS
CLA TS Risk Advisory Pte. Ltd.
80 Robinson Road
#25-00, Singapore 068898

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WORLD

WORLD PRECISION MACHINERY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200409453N)

World Industrial Park, Picheng Village,
Danbei Town, Danyang City, Jiangsu Province
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