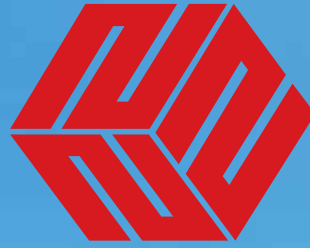




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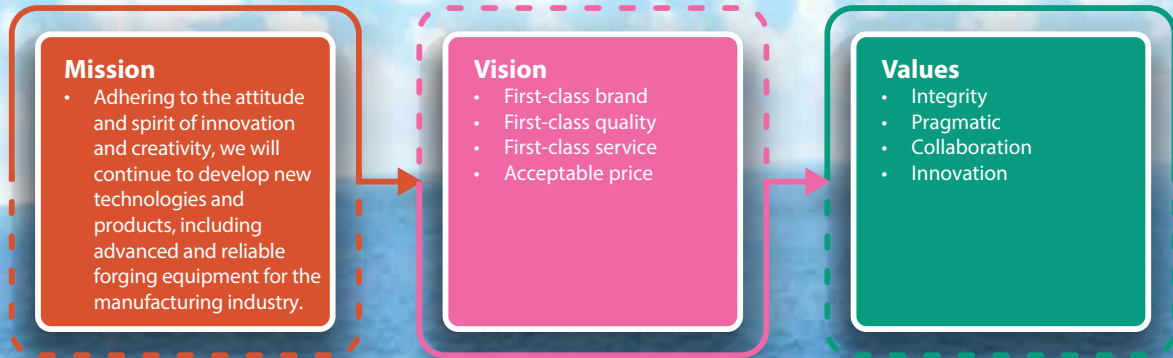
ENDURING
CHALLENGES,
BUILDING
LONG-TERM VALUE

ANNUAL REPORT 2025



沃得
WORLD

CORPORATE MISSION, VISION AND VALUES



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COMPANY PROFILE

Based in Danyang City, Jiangsu Province, The People's Republic of China ("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 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 and high performance and high tonnage stamping machines. Its latest range of products includes Computer Numerical Control ("**CNC**") laser cutting machines and CNC high speed stamping 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 equipment from PAMA Group of Italy. In 2010, it has entered into a technological alliance with Aida Engineering Ltd., 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.



ABOUT US

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

China's automotive industry delivered a record performance in 2025, with vehicle production and sales reaching 34.53 million and 34.40 million units, respectively, representing year-on-year growth of 10.4% and 9.4%. Annual output and sales have now exceeded 30 million units for three consecutive years. This milestone marked China's 17th straight year as the world's largest auto market, with exports emerging as a key growth driver as automakers accelerated their overseas expansion.

New energy vehicles ("**NEVs**") continued to post strong growth, with production and sales rising to 16.63 million and 16.49 million units, respectively. NEVs accounted for 50.8% of total domestic vehicle sales, reflecting year-on-year increases of 29.0% and 28.2% in production and sales, and cementing China's global leadership in the segment for the 11th consecutive year¹.

In the financial year ended 31 December 2025 ("**FY2025**"), the Group's revenue contributed by the automotive sector was around RMB293.67 million and accounted for 39.4% of the Group's overall sales.



ELECTRONICS

The trade-in policy generated strong consumer enthusiasm, resulting in high replacement rates and substantial volumes for digital devices. Under the initiative, more than 91 million mobile phones and other digital products were traded in². Sales of communication devices reached nearly RMB1.01 million in 2025. Mid- to high-end smartphones accounted for 72.5% of all digital products purchased under the programme last year, while AI-enabled models represented 83% of total mobile phone sales³.

For FY2025, the Group's revenue from the electronics sector was RMB25.34 million and accounted for 3.4% of the Group's overall sales.

¹ China's 2025 auto market hits new highs in both annual sales, output, <https://autonews.gasgoo.com/articles/news/chinas-2025-auto-market-hits-new-highs-in-both-annual-sales-output-2011438280283627520>
² New trade-in policy boosting retail sector, <https://www.chinadaily.com.cn/a/202601/20/WS696ec116a310d6866eb349a9.html>
³ China reports policy-led record highs in sales of home appliances, communication devices in 2025, https://english.www.gov.cn/archive/statistics/202601/21/content_WS69702fbcc6d00ca5f9a08b27.html



HOME APPLIANCES

Driven by China's consumer goods trade-in policy, retail sales of home appliances climbed to nearly RMB1.17 trillion, reaching a record high. The programme has supported industrial upgrading and accelerated China's green transition, with products meeting top-tier energy or water efficiency standards accounting for more than 90% of home appliances traded last year.

Since the policy was introduced in 2024, uptake has been strong. In 2025 alone, more than 360 million applications were submitted for trade-in subsidies, driving related product sales to over RMB2.6 trillion and lifting China's annual retail sales of consumer goods by 0.6 percentage points⁴.

For FY2025, the Group's revenue from the home appliances sector was RMB118.51 million and accounted for 15.9% of the Group's overall sales.



OTHERS

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

China plans to expand its high-speed rail network by 19% over the next five years as part of a broader effort to enhance nationwide connectivity. Under the country's 2026–2030 Five-Year plan, the operational rail network is set to reach approximately 180,000 km by 2030, with high-speed rail lines totalling 60,000 km and accounting for one-third of the entire network⁵.

China has unveiled a plan to ensure steady growth in its machinery industry over 2025–2026. The plan covers 14 key areas, including major technological upgrades in manufacturing, large-scale equipment renewal initiatives, digital transformation and upgrading, breakthroughs in industrial mother machines, robotics and intelligent inspection equipment, as well as the research and development of general-purpose and industry-specific large models for the machinery sector. Under this initiative, China expects the machinery industry's operating revenue to reach RMB10 trillion during the 2025–2026 period⁶.

For FY2025, the Group's revenue from this sector was RMB307.83 million and accounted for 41.3% of the Group's overall sales.

⁴ China reports policy-led record highs in sales of home appliances, communication devices in 2025, https://english.www.gov.cn/archive/statistics/202601/21/content_WS69702fbcc6d00ca5f9a08b27.html

⁵ China plans 19% high-speed rail expansion by 2030 amid global dominance in the sector, <https://www.scmp.com/economy/china-economy/article/3338778/china-plans-19-high-speed-rail-expansion-2030-amid-global-dominance-sector>

⁶ China unveils plan to promote stable growth of machinery industry, https://english.www.gov.cn/news/202509/30/content_WS68db2911c6d00ca5f9a0689d.html

MILESTONES

Mar-99

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.

Aug-00

Expanded production area to approximately 14,700 sqm.

Aug-02

Expanded production area to approximately 36,800 sqm.

Oct-03

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

May-04

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

Feb-05

Acquisition of WPM (China).

Jun-05

Expanded production area of approximately 130,000 sqm.

Apr-06

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

Expanded production area by a further 100,000 sqm.

Mar-07

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.

Aug-07

Joint venture and incorporation of new 60% owned subsidiary - Shanghai Shangduan Press Co., Ltd. ("**SSP**") to manufacture, 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.

Mar-09

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-09

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).

Oct-10

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

Apr-11

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-11

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 RMB123.3 million.

Oct-11

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**").

Nov-11

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

Dec-11

Increased investment in 60% owned subsidiary, SSP.

Feb-12

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

Jul-12

Increased investment in wholly-owned subsidiary, WHMT.

Sep-12

Increased investment in wholly-owned subsidiary, WPMS.

12-Dec

WPMS completing Phase 1 of its plant.

Jan-13

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.

Feb-13

Increased investment in wholly-owned subsidiary, WHMT.

Mar-13

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

Apr-13

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

New product launch, JX36-630.

Dec-13

Divestment of SSP.

FY2014

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

MILESTONES

FY2015

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

Dec-15

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 wholly-owned subsidiary, Jiangsu World Tourism Investment Management Co., Ltd.

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

FY2023

New products launch, JL-6020, PSP-110, JH21B-500, JW31-110, JH25-400, YWK34-800, WE67k-1000/7000 and WDH-125.

Completion of acquisition of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd.

Incorporation of 90% owned World Precise Machinery (Thailand) Co., Ltd.

World Precise Machinery (Thailand) Co., Ltd entered into Land Purchase Agreement.

Capital reduction in World Precise Machinery (Thailand) Co., Ltd.

Incorporation of wholly-owned subsidiary, Hainan World Tourism Investment Co., Ltd. (the "HWTI")

The proposed acquisition of 100% equity of a to-be incorporated project company (the "Project Company") with certain hospitality assets and liabilities transferred from Hainan Xinglong Pearl Investment Co., Ltd. (the "Proposed Acquisition")

Equity transfer of 10% of World Precise Machinery (Thailand) Co., Ltd. to the Group.

FY2024

New products launch, JL-3020, WGP-3150, YW98-800, WDH-350 and WDH-450.

The Project Company has been incorporated by the Sellers as Hainan Xingmei Spring Hotel Co., Ltd. (海南兴梅温泉酒店有限公司).

As a result of delays to the completion of the Proposed Acquisition, the Sellers and the HWTI have pursuant to a supplemental agreement to the SPA, agreed to lower the Purchase Price from RMB160 million to RMB150 million, with revised payment tranches.

Payment of the Second Tranche Payment was made by way of injection of equity into the Project Company, resulting in the Project Company's registered capital of RMB52,800,000 being fully paid-up, with HWTI having an equity interest of 45.45% of the enlarged Project Company equity, and accordingly, the Project Company had become an associated company of the HWTI.

FY2025

New products launch, LG-6020, JH21B-800, JH25-80, YW78-2500, YW78-3500, SNCB-400, GO-400 and NCS-400.

Payment of the Third Tranche Payment was made by way of injection of equity into the Project Company, Hainan Xingmei Spring Hotel Co., Ltd. (海南兴梅温泉酒店有限公司), resulting in the Project Company's registered capital of RMB81,381,202 being fully paid-up, with HWTI having an equity interest of 100.00% of the enlarged Project Company equity, and accordingly, the Project Company had become wholly-owned by HWTI.

Payment of Fourth Tranche Payment amounting to RMB30,000,000, balance of payments amounting to RMB47,418,798 would be payable in two more tranches.

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 2025 (“**FY2025**”).

2025: YEAR IN REVIEW

China’s Gross Domestic Product (“**GDP**”) expanded by 5.0% in 2025, meeting the Chinese government’s official growth target despite a challenging operating environment marked by stress in the real estate sector and external headwinds from ongoing trade tensions with the United States. Growth momentum moderated towards the latter part of the year, with GDP growth easing from 5.4% year-on-year in the first quarter to 4.5% in the fourth quarter ended 31 December 2025, reflecting the diminishing impact of stimulus measures and continued softness in domestic demand¹.

Retail sales, a key indicator of household demand, rose by only 0.9% year-on-year in December 2025, falling short of market expectations. In response to subdued retail activity and soft consumer confidence, the Chinese government has rolled out targeted policy measures to support household spending, including enhanced coordination between commerce and financial regulators and expanded access to credit. Nonetheless, the economy continues to face structural challenges characterised by a persistent imbalance between strong supply and relatively weak demand².

In 2026, China has set one of its lowest growth targets in decades, announcing a GDP growth target of 4.5%–5%, reflecting mounting domestic challenges and rising global uncertainty. This marks the first time since 1991 that the target has fallen below the 5% threshold. The move signals a more cautious outlook as China grapples with deflationary pressures, a prolonged downturn in the property sector, and escalating trade tensions with the United States³.

Financial Performance

The Group recorded a 26.9% decline in revenue to RMB745.4 million in FY2025 compared to RMB1,018.9 million in the financial year ended 31 December 2024 (“**FY2024**”). This was primarily attributable to a decrease in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines which were partially offset by an upward revision in the average selling prices of stamping machines. In line with the decrease in revenue, the Group’s gross profit decreased by 41.3% to RMB98.7 million in FY2025 from RMB168.2 million in FY2024 while the gross profit margin decreased by 3.3 percentage points to 13.2% in FY2025 from 16.5% in FY2024. The drop in gross profit margin was largely due to a decrease in production of conventional stamping machines and high performance and high tonnage stamping machines which were partially offset by an upward revision in the average selling prices of the stamping machines.

In FY2025, other income decreased by 19.3% to RMB20.1 million from RMB24.8 million in FY2024, primarily attributable to a decrease in government grants and subsidies received, gain from disposal of raw and scrap materials and gain on stock count, which were partially offset by an increase in processing income and labour service fees. In addition, distribution and selling expenses declined by 29.0% to RMB53.1 million from RMB74.8 million in FY2024. This decrease was mainly attributed to higher sales to related parties which resulted in a decrease in sales commission payable to sales personnel, transport expenses, exhibition and advertising expenses, travelling expenses, entertainment expenses and after sales services which were partially offset by an increase in marketing expenses. Depreciation and amortisation expenses increased by 9.8% to RMB88.1 million from RMB80.2 million in FY2024. The increase was mainly due to an increase in amortisation and depreciation of hotel assets, which were partially offset by some intangible assets that were fully amortised this year.

Other expenses increased significantly by 372.3% to RMB13.4 million in FY2025 from RMB2.8 million in FY2024, primarily due to an increase in foreign exchange loss which was partially offset by a decrease in goodwill impairment and quality compensation. Net provision of impairment losses on trade and other receivables increased by 19.3% to RMB13.6 million in FY2025 from RMB11.4 million in FY2024. The increase in net provision of impairment losses on trade and other receivables was mainly due to slower collections from customers.

As a result of the above, the Group recorded a net loss attributable to equity holder of RMB55.4 million in FY2025 as compared to a net profit attributable to equity holder of RMB7.0 million in FY2024.

INDUSTRY OUTLOOK

China has strengthened its position as a global leader in advanced manufacturing, hosting 101 of the world’s 224 lighthouse factories widely recognised as the standard for manufacturing excellence. These factories use advanced technologies such as artificial intelligence (AI), big data and automation to improve efficiency, flexibility and sustainability. This achievement underscores not only the widespread adoption of smart manufacturing in China, but also the country’s strong capabilities in large-scale implementation, technological innovation, scenario expansion and efficient commercialisation. China’s lighthouse factories span a diverse range of industries, including steel, new energy, automotive, electronics and telecommunications⁴. The integration of AI with advanced manufacturing is emerging as a key driver of China’s industrial transformation, as intelligent technologies increasingly reshape factory operations and industrial systems across the country⁵.

China’s automotive industry delivered a record performance in 2025, with vehicle production and sales reaching 34.53 million and 34.40 million units, respectively, representing year-on-year growth of 10.4% and 9.4%. This marked China’s 17th consecutive year as the world’s largest auto market, with exports emerging as a key driver of growth⁶.

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

New energy vehicles (“NEVs”) continued to expand strongly, with production and sales rising to 16.63 million and 16.49 million units respectively, accounting for 50.8% of total domestic vehicle sales. This marked respective year-on-year increases of 29% and 28.2%, and maintaining the top position in the world for 11 straight years. However, the gradual scaling back of policy support, including reduced tax incentives and trade-in subsidies, signals a shift towards a more demand-driven market, which is expected to moderate NEV growth.

Looking ahead, following a robust 2025 that absorbed much of the pent-up demand, growth in China’s automotive market is expected to moderate in 2026, with domestic demand remaining fragile amid ongoing concerns over income visibility and job security⁷.

China’s trade-in policy has significantly boosted consumer goods sales, reaching RMB3.92 trillion and benefiting 494 million consumers during the 2024–2025 period. Over the same timeframe, 18.3 million vehicles were traded in, with new energy vehicles accounting for nearly 60% of the total. In addition, 192 million home appliances were replaced through the programme. The strong uptake of new energy vehicles and smart home appliances has steadily expanded the scale of China’s green consumption market. At the same time, the supply of green products has become increasingly abundant, green consumption models continue to evolve, and the overall ecosystem supporting sustainable consumption has been further strengthened⁸.

China’s demographic transition continues to reshape industry dynamics. The elderly population is projected to expand by more than 10 million annually over the next decade, with the silver economy expected to account for approximately 9% of national GDP by 2035. In tandem, the senior-friendly home appliance market is forecast to reach RMB1 trillion by 2030, underscoring the scale and longevity of the opportunity. In response to this structural shift, leading home appliance manufacturers are accelerating investments in research and development and advancing technological innovation in senior-centric products. The integration of artificial intelligence into home appliances is increasingly central to meeting the evolving and diversified needs of an ageing population, positioning the sector for sustainable long-term growth⁹.

FUTURE PLANS

China’s domestic demand and consumer confidence are expected to remain subdued, which is likely to weigh on overall economic growth. The Group also continues to face significant external headwinds arising from geopolitical uncertainties, including the Russia–Ukraine conflict, the Israel–Hamas war, USA–Iran War and heightened U.S. tariff measures, factors that collectively contribute to a more volatile global environment. These conditions may dampen consumer sentiment, disrupt international trade flows, and constrain capital expenditure across manufacturing sectors. Given these challenges, the Group expects business conditions to remain subdued. The Group will continue to closely monitor the evolving macroeconomic landscape and adjust its strategies where necessary to mitigate risks and safeguard operational resilience.

Despite ongoing uncertainties, the Group remains firmly committed to investing in research and development, with a clear focus on maintaining high product quality to stay competitive against both local and international peers. This commitment to technology and product innovation is reflected in its collaborations with local universities and knowledge exchanges with overseas counterparts, which have significantly strengthened the Group’s research and developments (“R&D”) capabilities and long-term competitiveness.

In response to evolving customer needs and market trends, the Group plans to launch new products in the coming year, including High-Speed Precision Presses and Forging Presses, which are in strong demand across the automotive and renewable energy sectors. While approximately 95% of the Group’s revenue is currently derived from the domestic Chinese market, it aims to achieve sustainable growth by expanding its international presence, with a strategic focus on Southeast Asia, Europe, South America and South Africa.

Against the backdrop of ongoing geopolitical tensions and economic uncertainties, the Group remains firmly focused on long-term value creation. As it navigates an increasingly complex and volatile global environment, it continues to prioritise agility and adaptability. By leveraging its strong R&D capabilities, maintaining a steadfast commitment to innovation, and expanding its international footprint, it is well positioned to sustain growth. Guided by a clear strategic vision both domestically and globally, the Group will continue to respond to evolving customer needs and strengthen its competitive position within the industry.

A WORD OF APPRECIATION

On behalf of the Board, we extend our deepest appreciation to our dedicated employees, whose perseverance, professionalism, and unwavering commitment have enabled the Group to navigate a demanding and fast-changing operating environment. Their hard work and resilience continue to be the driving force behind our progress.

We also wish to express our sincere gratitude to our fellow Directors for their invaluable guidance, strategic counsel, and steadfast leadership throughout the year. Their insights have been instrumental in shaping the Group’s direction.

Our heartfelt thanks go to our business partners, suppliers, and customers for their trust, collaboration, and continued support. Most importantly, we are profoundly grateful to our shareholders for standing by us during this tough period. Your support strengthens our resolve as we work toward sustainable growth.

As we enter a new financial year, the Group remains firmly committed to advancing its transformation, driving innovation, and enhancing long-term value for all stakeholders. Together, we look forward to achieving meaningful milestones and charting a path toward sustained growth.

Mr Wang Weiyao
Executive Chairman

Mr Wen Hui
Chief Executive Officer

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2025年12月31日（“2025财年”）的年度报告。

2025年财年回顾

2025年中国国内生产总值（GDP）同比增长5.0%，如期实现全年增长目标。这是在房地产领域持续承压、中美贸易摩擦等外部挑战交织的复杂环境下取得的。从全年走势看，经济增长呈现前高后低态势：一季度GDP同比增长5.4%，至四季度增速放缓至4.5%，折射出前期政策刺激效应渐次减退、国内需求复苏基础尚不稳固的现实状况¹。

2025年12月，反映家庭消费需求的关键指标——社会消费品零售总额同比仅微增0.9%，增幅低于市场预期。面对消费市场趋冷与信心偏弱的态势，中国政府已出台针对性举措以提振居民消费，包括强化商务与金融监管部门协同联动、拓宽普惠信贷支持渠道等。但当前经济仍面临深层次结构性矛盾，主要表现为供给体系持续强劲与终端需求相对不足之间的长期失衡²。

2026年，中国在数十年来设定了其中一个较低的经济增长目标，宣布国内生产总值（GDP）增长目标为4.5%至5.0%，反映出国内挑战加剧以及全球不确定性上升。这也是自1991年以来，中国首次将增长目标设定在5%以下。此举显示，在通缩压力、房地产市场持续低迷以及中美贸易紧张局势加剧的背景下，中国对未来经济前景持更为审慎的态度³。

财务表现

集团的收入在2025财年下降了26.9%，从2024财年的10.1亿元人民币下降至7.5亿元人民币。主要受传统冲压机及高性能、高吨位冲压机销售下滑的影响，但部分降幅则被冲压机平均销售价格的上调所抵消。由于收入的下滑，集团的毛利同比下降41.3%，从2024财年的1.7亿元人民币降至2025财年的1.0亿元人民币，毛利率则由16.5%下降3.3个百分点至13.2%。毛利率下滑主要由于传统、高性能及高吨位冲压机产量的减少，但部分影响则被冲压机平均售价的提升所缓解。

2025财年的其他收入大幅下滑19.3%，从2024财年的2,484.5万元人民币降至2,005.2万元人民币，主要由于收到的政府补助及补贴减少、处置原材料及废料的收益减少以及盘点收益减少，但部分减少被加工收入及劳务服务费增加所抵销。此外，销售及分销费用同比下降29.0%，从2024财年的7,477.6万元人民币降至2025财年的5,306.4万元人民币，主要由于关联方销售额的增加，导致支付给销售人员的佣金减少，同时运输、展览及广告费用、商务差旅、招待费用及售后服务支出也有所下降，但部分影响则被市场推广费用的增加所抵消。折旧及摊销费用由2024财年的8,020万元人民币增加9.8%至8,810万元人民币。该增加主要由于酒店资产的折旧及摊销费用上升所致，但部分被本年度若干已完成全额摊销的无形资产所抵销。

其他费用大幅提高372.3%，从2024财年的284.0万元人民币上升至2025财年的1,341.4万元人民币，主要由于外汇损失，但部分影响则被商誉减值及质量赔偿减少所抵消。2025财年应收账款及其他应收款项的减值损失净拨备由2024财年的1,138.5万元人民币增加19.3%至1,358.3万元人民币。该增加主要由于向客户收款速度放缓所致。

因此，集团于2025年财年取得归属股东权益持有人的净亏损5,539.1万元人民币，而2024年财年则取得归属于股东权益持有人的净利润698.1万元人民币。

行业展望

中国在全球先进制造领域的引领地位得到进一步巩固。目前全球224家被誉为制造业卓越标杆的“灯塔工厂”中，中国拥有101家。这些工厂广泛运用人工智能、大数据和自动化等先进技术，显著提升了生产效率、运营灵活性与可持续发展水平。这一成就不仅展现了智能制造在中国的深入普及，更凸显了中国在技术规模化应用、前沿创新突破、多场景融合拓展及高效商业转化等方面的综合实力。中国灯塔工厂的产业布局覆盖钢铁、新能源、汽车、电子通信等多个关键领域⁴。随着智能技术持续赋能全国范围内的生产运营与产业生态，人工智能与先进制造的深度融合正加速成为中国工业转型升级的核心驱动力⁵。

中国汽车产业在2025年创造了历史性业绩，汽车产销量分别达到3453万辆和3440万辆，同比分别增长10.4%和9.4%。这标志着中国连续17年保持全球最大汽车市场的地位，其中汽车出口已成为行业增长的关键驱动力⁶。

2025年，中国新能源汽车产销量延续强劲增长态势，分别达到1663万辆和1649万辆，占国内汽车总销量的50.8%，同比增幅分别为29%和28.2%。这标志着中国新能源汽车产销规模连续第11年位居全球第一。值得关注的是，随着税收优惠、以旧换新补贴等政策支持逐步有序退坡，市场正加速向需求驱动转型，预计新能源汽车行业增速将趋于平稳。

展望未来，中国汽车市场在经历2025年强劲释放积压需求的增长阶段后，预计将于2026年步入增速趋缓的调整期。当前居民收入预期尚不稳定、就业保障隐忧持续，国内汽车消费需求仍显脆弱⁷。

中国实施的以旧换新政策对消费品市场形成了显著拉动效应。2024至2025年间，该政策累计带动消费品销售额达3.92万亿元，惠及消费者4.94亿人次。同期全国共完成1830万辆汽车的置换更新，其中新能源汽车占比接近60%；家电领域则以旧换新达1.92亿台。新能源汽车与智能家电的旺盛置换需求，有力推动了中国绿色消费市场规模的持续扩张。在此过程中，绿色产品供给日趋丰富，消费模式持续创新，支撑可持续消费的生态体系日益完善⁸。

中国人口结构的深刻变迁正持续重塑产业生态。未来十年，老年人口预计每年新增超过1000万；至2035年，银发经济规模有望达到国内生产总值的9%左右。适老家电市场预计将于2030年前突破万亿元大关，凸显出这一赛道广阔而持久的发展潜力。面对结构性变革，头部家电企业正加大研发投入，加快推进面向老年群体的产品技术创新。人工智能与家电产品的深度融合，日益成为满足老龄化社会多元化、动态化需求的核心引擎，持续为行业高质量发展注入长期动能⁹。

未来计划

当前中国国内需求与消费者信心预计仍将处于低位，这可能会对整体经济增长形成制约。与此同时，本集团持续面临地缘政治不确定性带来的外部压力：俄乌冲突持续、巴以局势紧张、美伊战争和美国加征关税等多项因素相互叠加，进一步加剧了全球环境的复杂性与波动性。在此背景下，市场消费情绪可能持续承压，国际贸易往来存在干扰风险，制造业资本开支亦面临收缩压力。面对多重挑战，集团预计未来一段时期经营环境仍将面临压力。我们将保持对宏观经济动态的密切跟踪，适时优化经营策略，以有效应对风险，确保企业运营的韧性与稳定性。

尽管外部环境仍存不确定性，本集团始终坚定推进研发投入，并将持续提升产品品质作为应对外部竞争的核心立足点。我们通过本土高校建立深度合作、积极参与国际同行知识交流，将技术与产品创新的承诺转化为切实行动，这些举措有力巩固了集团的研发基础，构筑起长期竞争优势。

¹ China hits 2025 GDP growth target on export boom, but can't shake domestic chill, <https://www.reuters.com/world/asia-pacific/chinas-g4-gdp-grows-45-yy-jst-ahead-market-forecast-2026-01-19/>

² China issues 11-point policy package to boost consumer spending amid slowing retail sales, <https://www.scmp.com/economy/china-economy/article/3336515/china-issues-11-point-policy-package-boost-consumer-spending-amid-slowness-retail-sales>

³ China lowers 2026 growth target to 4.5-5%, first cut in three years amid mounting headwinds, <https://www.channelnewsasia.com/east-asia/china-two-sessions-economy-gdp-target-15th-five-year-plan-5969961>

⁴ Nation widens edge in advanced manufacturing, <https://www.chinadaily.com.cn/a/202601/20/W5696ed9b8a310d6866eb34a62.html>

⁵ Experts: AI driving transformation of manufacturing in China, <https://www.chinadaily.com.cn/a/202601/22/W56971cd6ba310d6866eb35313.html>

⁶ China's 2025 auto market hits new highs in both annual sales, output, <https://autonews.gasgoo.com/articles/news/chinas-2025-auto-market-hits-new-highs-in-both-annual-sales-output-2011438280283627520>

⁷ China Auto Market Boomed in 2025: Why Growth May Be Softer in 2026, <https://finance.yahoo.com/news/china-auto-market-boomed-2025-16000821.html>

⁸ China's trade-in policy drives consumer goods sales to reach 3.92 trillion yuan: Official, <https://news.cgtn.com/news/2026-01-06/China-s-trade-in-policy-drives-3-92-trillion-yuan-in-goods-sales-1JjY7FhVU/p.html>

⁹ China's home appliance makers tap silver economy with AI-driven products, creating growth drivers, <https://www.straitstimes.com/asia/east-asia/chinas-home-appliance-makers-tap-into-silver-economy-with-high-tech-ai-driven-products>



为满足不断变化的客户需求及市场趋势，集团计划在未来一年推出多款新产品，包括高速精密热模锻压机和高速精密热模锻压机，这两类产品在汽车及可再生能源行业均有旺盛需求。目前，集团约95.0%的销售额来自中国国内市场。为实现可持续增长，集团正积极拓展国际业务，重点布局东南亚、欧洲、南美及南非市场，推动全球化发展。

当前地缘政治形势持续紧张，全球经济不确定性依然存在。在此背景下，本集团始终坚持长期价值创造的战略定力。面对日趋复杂多变的国际环境，我们始终将组织敏捷性与战略适应性置于发展首位。凭借扎实的研发实力、对技术创新的持续投入以及日益完善的全球化布局，集团已构建起支撑可持续发展的坚实基础。依托清晰的国内外战略规划指引，我们将持续深化对客户需求变化的洞察与响应，不断巩固并强化行业竞争优势。

致谢词

谨代表董事会，向全体员工致以最深切的感谢。正是凭借各位坚毅的精神、专业的素养与不变的承诺，集团方能在充满挑战、快速变化的环境中稳步前行。全体同仁的辛勤付出与坚韧不拔，始终是我们持续进步的核心动力。

同时，衷心感谢董事会各位成员在过去一年中给予的宝贵指导、战略建言与带领。诸位的高瞻远瞩，为集团发展方向的把握起到了关键作用。

我们亦诚挚感谢所有业务伙伴、供应商和客户长期以来的信任、协作与支持。特别要感谢各位股东在此艰难时期对我们的坚定支持。这份信赖，进一步坚定了我们推动可持续增长的决心。

步入新财年，本集团将继续坚定推进战略转型、加速创新突破、提升长期价值，以回馈所有利益相关方。我们期待与大家携手并肩，共同实现具有深远意义的里程碑，开辟可持续增长的新篇章。

王伟耀
执行主席

文辉
首席执行官

OPERATIONS REVIEW

EARNINGS

The Group's revenue decreased by 26.9% to RMB745.4 million for the financial year ended 31 December 2025 ("FY2025") from RMB1,018.9 million for the financial year ended 31 December 2024 ("FY2024"). The decrease in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines ("HPHT") which were partially offset by an upward revision in the average selling prices ("ASP") of stamping machines, resulted in the overall decrease in turnover.

Sales of conventional stamping machines decreased by 30.4% from 815 units in FY2024 to 567 units in FY2025 while its ASP decreased by 3.0% to RMB20.2 thousand per unit in FY2025. Sales of HPHT decreased by 32.4% from 4,188 units in FY2024 to 2,829 units in FY2025 while its ASP increased by 6.3% to RMB223.9 thousand per unit in FY2025. In terms of change in sales mix, sales of HPHT over the total Group's revenue decreased by 1.6 percentage points to 85.0% in FY2025. Of the remaining sales, 1.5% came from conventional stamping machines and 13.5% came from sales of stamping machines parts and casting products.

The Group's gross profit in FY2025 decreased by 41.3% to RMB98.7 million from RMB168.2 million in FY2024. The gross profit margin decreased by 3.3 percentage points to 13.2% in FY2025 from 16.5% in FY2024. Gross profit margin for conventional stamping machines decreased by 6.3 percentage points to 14.7% from 21.0% in FY2024 while gross profit margin for HPHT decreased by 5.6 percentage points to 11.2% from 16.8% in FY2024. Overall, the decrease in the Group's gross profit margin for FY2025 was mainly due to a decrease in production of conventional stamping machines and HPHT which was partially offset by an upward revision in the average selling prices of the stamping machines.

In FY2025, other income decreased by 19.3% to RMB20.1 million from RMB24.8 million in FY2024. Overall, the decrease was mainly due to a decrease in government grants and subsidies received, gain from disposal of raw and scrap materials and gain on stock count, which were partially offset by an increase in processing income and labour service fees.

Distribution and selling expenses decreased by 29.0% to RMB53.1 million in FY2025 from RMB74.8 million in FY2024. As a percentage of total revenue, distribution and selling expenses decreased by 0.2 percentage points to 7.1% in FY2025 from 7.3% in FY2024. Overall, the decrease was mainly due to higher sales to related parties which resulted in a decrease in sales commission payable to sales personnel, transport expenses, exhibition and advertising expenses, travelling expenses, entertainment expenses and after sales services which were partially offset by an increase in marketing expenses.

Administrative expenses increased by 1.6% to RMB101.4 million in FY2025 from RMB99.8 million in FY2024. As a percentage of total revenue, administrative expenses increased by 3.8 percentage points to 13.6% in FY2025 from 9.8% in FY2024. Overall, the increase was mainly due to an increase in hotel assets' amortisation and depreciation of RMB25.2 million, which was partially offset by a decrease in staff salaries and research and development costs for stamping machines.

Depreciation and amortisation expenses increased by 9.8% to RMB88.1 million in FY2025 from RMB80.2 million in FY2024. The increase was mainly due to an increase in amortisation and depreciation of hotel assets, which were partially offset by some intangible assets that were fully amortised this year.

Other expenses increased by 372.3% to RMB13.4 million in FY2025 from RMB2.8 million in FY2024. The increase was mainly due to an increase in foreign exchange loss which was partially offset by a decrease in goodwill impairment and quality compensation.

Net provision of impairment losses on trade and other receivables increased by 19.3% to RMB13.6 million in FY2025 from RMB11.4 million in FY2024. The increase in net provision of impairment losses on trade and other receivables was mainly due to slower collections from customers.

The Group recorded net finance expense of RMB2.2 million in FY2025 as compared to net finance expenses of RMB0.1 million in FY2024. This was due to interest paid for bank borrowings and early redemption of bills receivables, which was partially offset by the interest income from the interest-bearing bank accounts and/or fixed deposit placed with financial institutions.

As a result of the above, the Group recorded a net loss after tax of RMB55.4 million in FY2025 as compared to a net profit after tax of RMB7.0 million in FY2024. Consequently, the Group registered loss per ordinary share of RMB0.1385 in FY2025 as compared to earning per share of RMB0.0175 in FY2024, based on 400,000,000 outstanding shares.

OPERATIONS REVIEW

FINANCIAL POSITION

Total assets were RMB1,830.9 million as at 31 December 2025, representing a decrease of RMB159.5 million compared to FY2024. The Group's non-current assets increased by approximately RMB82.7 million mainly due to the acquisition of investment property and purchases of property, plant and equipment which were partially offset by the depreciation and amortisation expenses and decrease in prepayment for property, plant and equipment. The Group's total current assets decreased by approximately RMB242.1 million from RMB1,088.0 million as at 31 December 2024 to RMB845.9 million as at 31 December 2025. This was attributable to a decrease in inventories (mainly due to a decrease in sales orders), trade receivables (mainly due to a decrease in sales and bills receivables from customers), other receivables (mainly due to a reclassification of RMB44.0 million prepayment for an on-going acquisition of hotel to investment properties and a decrease in advance payments to suppliers for raw materials which were partially offset by an increase in amount due to employee (mainly advances to sales personnel as travelling expenses), amount due from related parties (trade) and cash and cash equivalents (as explained in the consolidated statement of cash flows).

Total liabilities stood at RMB969.3 million as at 31 December 2025, representing a decrease of RMB111.3 million compared to FY2024. The Group's non-current liabilities increased by RMB69.8 million due to an addition of non-current bank borrowings which was partially offset by a decrease in deferred tax liabilities. The Group's total current liabilities decreased by approximately RMB181.1 million from RMB1,035.9 million as at 31 December 2024 to RMB854.8 million as at 31 December 2025. This was attributable to a decrease in contract liabilities (mainly due to a decrease in advances received from customers), trade payables (mainly due to a decrease in purchases of raw materials from suppliers as sales order dropped and a decrease in reclassification of bill receivables), amount due to related parties (trade and non-trade), amount due from affiliated company (trade), repayment of bank borrowings and income tax payables which were partially offset by an increase in other payables (mainly due to recognition of deferred consideration for hotel assets purchased, an increase in accrued operating expenses and payables relating to property, plant and equipment which were partially offset by a decrease in bonus payables).

CASH FLOW

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents decreased by RMB86.7 million to RMB178.2 million as at 31 December 2025, from RMB264.9 million as at 31 December 2024.

Net cash inflow arising from operating activities amounted to RMB59.4 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 outflow arising from investing activities amounted to RM137.8 million, mainly due to purchases of property, plant and equipment and acquisition of investment properties.

Net cash outflow arising from financing activities amounted to RMB14.4 million, mainly due to net repayment of bank loans, payment of lease liabilities and interest paid.



BOARD OF DIRECTORS



Yap Ming Choo

Wang Weiyao

Shao Jianjun

Ngo Yit Sung

Mr Wang Weiyao

Executive Chairman

Mr Wang Weiyao ("**Mr Wang**") was appointed as a director of the Company on 28 July 2004 and was last re-elected on 28 April 2025. Mr Wang relinquished his position as the Non-Executive Chairman on 26 April 2013 and remained as a Non-Executive and Non-Independent Director of the Company. He was re-designated from Non-Executive and Non-Independent Director of the Company to Executive Chairman of the Company on 4 January 2024.

Mr Wang is currently the Chairman of Jiangsu World Machinery and Electronics Group Co., Ltd ("**JWMEG**"), Jiangsu World Agricultural Machinery Co., Ltd. ("**JWAM**") and Jiangsu World Precise Machinery Co., Ltd ("**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 China Europe International Business School ("**CEIBS**") from September 2003 to February 2004 and obtained an Executive Masters of Business Administration from CEIBS in February 2004.

BOARD OF DIRECTORS

Mr Shao Jianjun

Non-Executive and Non-Independent Director

Mr Shao Jianjun ("**Mr Shao**") was appointed as a director of the Company on 28 July 2004 and was last re-elected on 28 April 2025. Mr Shao was appointed as the Executive Chairman of the Company on 26 April 2013 and re-designated from Executive Chairman of the Company to Non-Executive and Non-Independent Director of the Company on 4 January 2024.

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 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 the CEO of WPM (China).

Mr Shao studied at 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 CEIBS from September 2006 to February 2007 and obtained an Executive Masters of Business Administration from CEIBS in February 2007.

Ms Yap Ming Choo

Lead Independent Director

Ms Yap Ming Choo ("**Ms Yap**") was appointed as Lead Independent Director of the Company on 2 February 2024 and was last re-elected on 29 April 2024.

Ms Yap has more than 40 years' experience in finance and was Chief Financial Officer of TA Corporation Ltd from 2011 to 2022 prior to her retirement. Through the course of her career, Ms Yap was Head of Finance for Banyan Tree Capital, Amara Holdings Ltd and BBR Holdings Ltd.

Ms Yap is currently a Lead Independent Director of Datapulse Technology Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

Ms Yap holds a Master degree in Business Administration from the University of Leicester, United Kingdom. She is also a Fellow member of the Association of Chartered Certified Accountants, United Kingdom. Ms Yap is an accredited director with Singapore Institute of Directors.

Mr Ngo Yit Sung

Independent Director

Mr Ngo Yit Sung ("**Mr Ngo**") was appointed as Independent Director of the Company on 2 February 2024 and was last re-elected on 29 April 2024.

Mr Ngo has over 15 years of extensive experience in corporate strategy, capital raising, business development, and investor relations. He was the Executive Director of Eneco Energy Limited and was responsible for the group's strategic direction, establishing policies for management and governance, and overseeing the operations of the group. Prior to that, he was the Executive Director of TOTM Technologies Limited, where he successfully led the implementation of key corporate strategies, including mergers and acquisitions, investments, and equity fundraising.

He served as a Director at Sino-Lion Communications Pte Ltd. In this capacity, he provided strategic consultancy to listed companies across the Asia Pacific region, spanning diverse industries such as technology, real estate, REITs, healthcare, consumer goods, industrials, and construction.

Mr Ngo is currently an Independent Director of China Shenshan Orchard Holdings Co. Ltd., a company listed on the Catalist Board of the SGX-ST.

Mr Ngo graduated with a Bachelor of Engineering (First Class Honours) in Electrical (Mechatronics) from Universiti Teknologi Malaysia, and a Ph.D. degree in Electrical and Computer Engineering from the National University of Singapore (NUS).

KEY MANAGEMENT

Mr Wen Hui

Chief Executive Officer and General Manager of WPM (China)

Mr Wen Hui (“**Mr Wen**”) is in charge of overall operation of the Group. Mr Wen was promoted to Chief Executive Officer of the Company and General Manager of WPM (China) in November 2022. Mr Wen was appointed as the Chief Deputy General Manager of WPM (China) and was in charge of research and development of stamping machines and modification of machinery and equipment of the Group. Since April 2019, Mr Wen 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 (“**Mr Jin**”) is in charge of marketing and sales of the Group. Mr Jin was appointed as Chief Marketing Officer and Deputy General Manager of WPM (China) in March 2019. Since February 2016, Mr Jin 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 a 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 (“**Mr Zhu**”) is in charge of technology and product development of the Group. Mr Zhu was promoted to Chief Technology Officer and Chief Engineer of WPM (China) in April 2022. He first started with WPM (China) in February 2006 as an equipment staff in the Equipment department. He was then transferred to the 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 Specialisation in Electromechanical Technology Application in July 2006.

Mr Shu Jianfei

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

Mr Shu Jianfei (“**Mr Shu**”) has been the General Manager of World Precise Machinery Parts (Jiangsu) Co., Ltd. (“**WPMP**”) since December 2012 and is in charge of overall operation of WPMP. Prior to that, Mr Shu was the Casting Manager of WHMT and is 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 at the Danyang Picheng Secondary School (High School) from 1971 to 1973.



KEY MANAGEMENT

Mr Zheng Yi

Finance Manager of WPM (China)

Mr Zheng Yi ("**Mr Zheng**") 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 was appointed as Executive Officer of the Company and a member of the key management team of the Group. He began his career at Jiangsu Regal Kitchen Equipment Co., Ltd. in June 1996 as an accountant. Later, he worked at Jiangsu Changcai Cobine Harvester Co., Ltd in April 1998 as an accountant. Subsequently, he worked at Jiangsu Liangjiu Light Industry Machinery Co., Ltd. in June 1999 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. Mr Zheng graduated from Jiangnan University Network College with a Specialisation in Accounting in January 2019.

Mr Ng Keong Khoon (Samuell)

Chief Financial Officer

Mr Ng Keong Khoon (Samuell) ("**Mr Ng**") serve as 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, progressing to the role 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 is currently an Independent Director of Pan Hong Holdings Group Limited, a company listed on the Main Board of the SGX-ST.

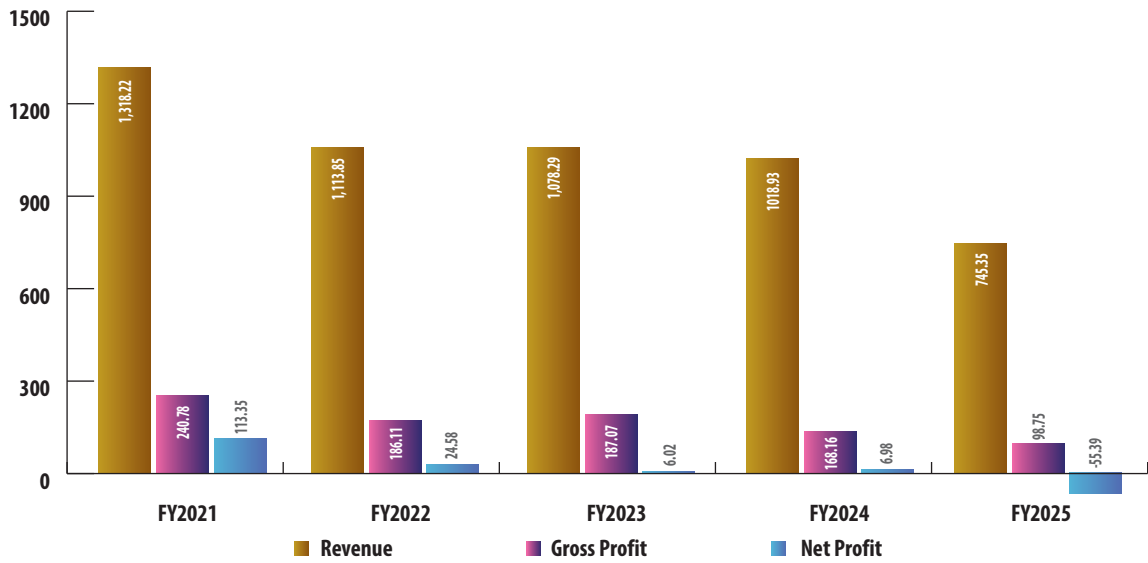
Mr Ng graduated from TAR College Kuala Lumpur, Malaysia in 2001 with an Advance Diploma in Commerce (Financial Accounting) and completed his Association of Chartered Certified Accountants examinations. Mr Ng is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a member of the Institute of Singapore Chartered Accountants and Singapore Chartered Tax Professionals.



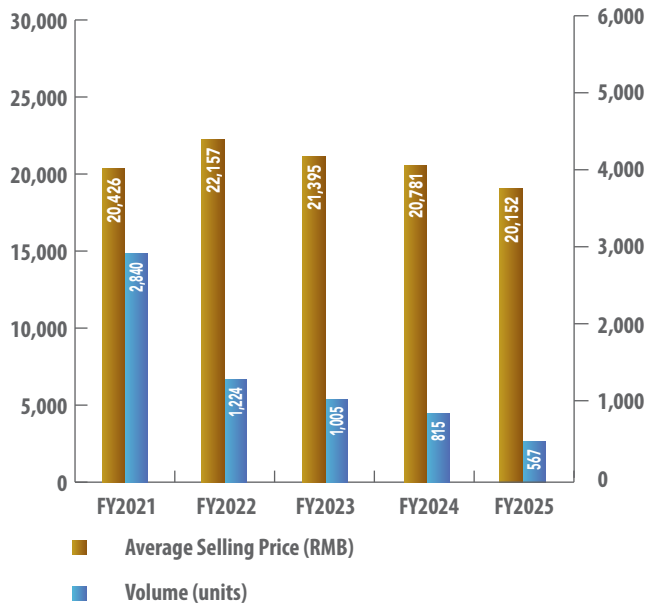


FINANCIAL HIGHLIGHTS

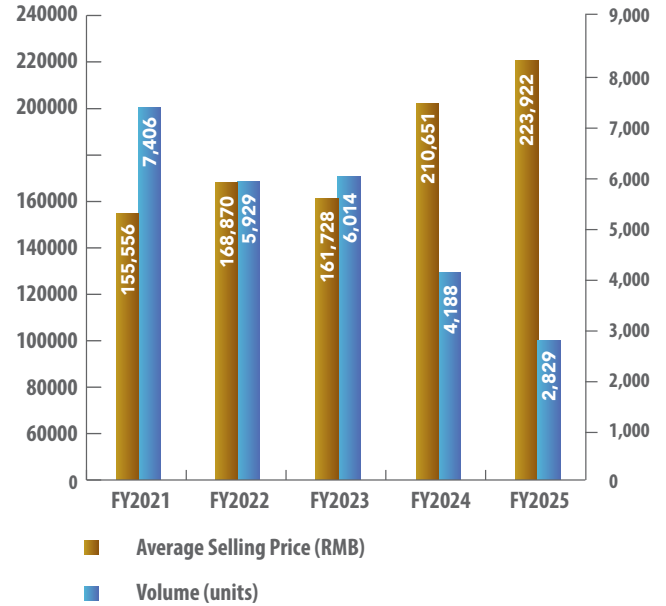
Revenue, Gross Profit and Net Profit (RMB Million)



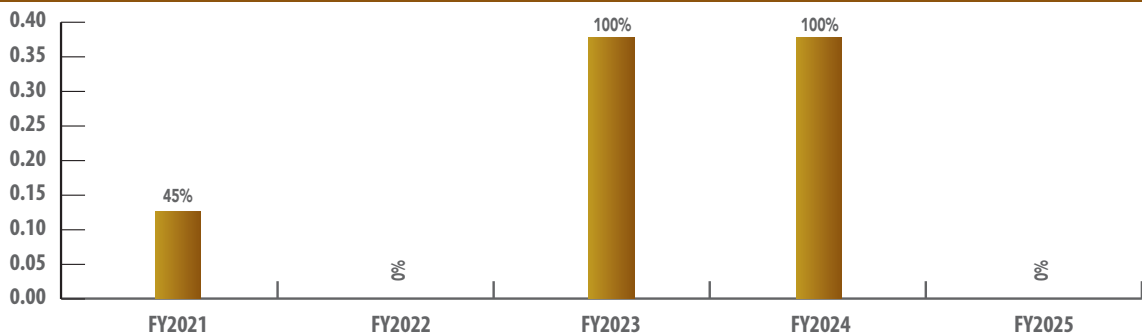
Conventional Stamping Machines



High Performance and High Tonnage Stamping Machines



Dividend payout



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 follow:

World Precision Machinery Limited
Samuell Ng
Chief Financial Officer
Tel: 65-81802482
Email: world@wpmlimited.com
Website: www.wpmlimited.com



11/04/2025

Annual General Meeting::Voluntary

11/04/2025

Annual Reports and Related Documents::

28/04/2025

REPL::Annual General Meeting::Voluntary

29/04/2025

Financial Statements and Related Announcement::
First Quarter Results

30/04/2025

Response to SGX Queries::

29/07/2025

Asset Acquisitions and Disposals::
Update on Acquisition of Hainan Xinglong Pearl
Investment Co., Ltd

30/07/2025

Financial Statements and Related Announcement::
Notification of Results Release

07/08/2025

Financial Statements and Related Announcement::
Profit Guidance

12/08/2025

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

31/10/2025

Financial Statements and Related Announcement::
Notification of Results Release

06/11/2025

Financial Statements and Related Announcement::
Profit Guidance

11/11/2025

Financial Statements and Related Announcement::
Third Quarter Results



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 2025 ("**FY2025**") 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; and
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. They 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/she might have a conflict of interest, in relation to any matter, he/she is required to send a written notice to the Company containing details of his/her 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/herself 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 a newly appointed Non-Executive Director (including Independent Director), setting out the Director’s duties and obligations and terms of appointment whereas an Executive Director will be provided with a Service Agreement setting out his 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 meet with Management and the relevant senior management personnel 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 as a director of an issuer listed on the SGX-ST (a “**First-time Director**”) are required to undergo training in the roles and responsibilities of a director of a listed issuer by attending one of the training programmes conducted by a training provider as specified in Schedule 1 to Practice Note 2.3 of the SGX-ST Listing Manual within one year from the date of his/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.

All Directors of the Company have undergone training on sustainability matters as prescribed by the SGX-ST in accordance with Rule 720(7) of the SGX-ST Listing Manual.

No new Directors or First-Time Directors were appointed during FY2025.

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.

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.

REPORT ON CORPORATE GOVERNANCE

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;
- Joint venture, merger, acquisition, divestment, liquidation or other changes in the Company's assets¹;
- 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 Director²;
- Share Buyback;
- Share Option or share schemes;
- Scrip Dividend Scheme;
- Interested Person Transactions³;
- 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 Written Policies and Procedures for Interested Person Transaction to ensure that all transactions with an interested person are on an arms' length basis 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.

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 Nominating Committee ("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.

REPORT ON CORPORATE GOVERNANCE

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

The composition of the Directors in the Board and the Board Committees as at the date of this report is as follows:-

Name of Director	AC	RC	NC
Wang Weiyao (<i>Executive Chairman</i>)	-	-	-
Shao Jianjun (<i>Non-Executive and Non-Independent Director</i>)	M	M	M
Yap Ming Choo (<i>Lead Independent Director</i>)	C	M	M
Ngo Yit Sung (<i>Independent Director</i>)	M	C	C

C – Chairman

M – Member

No alternate Director was appointed to the Board in FY2025 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.

The number of Board and Board Committees’ meetings and the annual general meeting (“**AGM**”) of the Company held from 1 January 2025 to 31 December 2025 as well as the details of Directors’ attendance at those meetings are summarised in the table below:

Name of Directors	General meeting*				Board Committees’ meetings					
	AGM		Board		AC		NC		RC	
	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended
Wang Weiyao	1	1	4	2	-	-	-	-	-	-
Shao Jianjun	1	1	4	4	5	4	1	1	1	1
Yap Ming Choo	1	1	4	4	5	5	1	1	1	1
Ngo Yit Sung	1	1	4	4	5	5	1	1	1	1

* There was no extraordinary general meeting of the Company held in 2025.

REPORT ON CORPORATE GOVERNANCE

Provision 1.6 – Complete, adequate and timely information

Management is required to provide complete, adequate and timely information to the Board regarding 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.

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 ("**Declaration of Independence Form**").

REPORT ON CORPORATE GOVERNANCE

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

The Board currently comprises one Executive Director (i.e. the Executive Chairman) and three Non-Executive Directors, two of whom are independent. Pursuant to Provision 2.3 of the Code, Non-Executive Directors of the Company make up a majority of the Board.

Although 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, the Non-Executive Directors make up a majority of the Board and the Independent Directors make up at least one-third of the Board in accordance with Rule 210(5)(c) of the SGX-ST Listing Manual. 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.

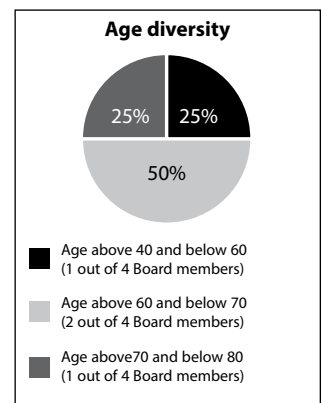
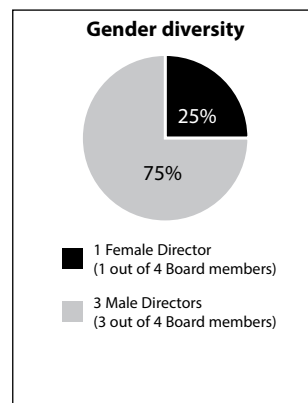
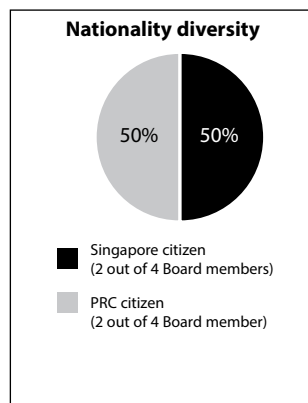
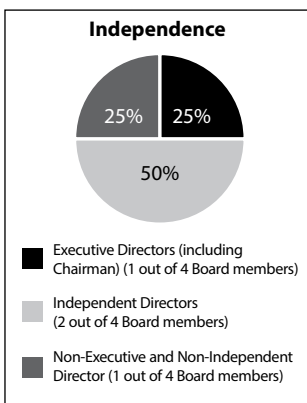
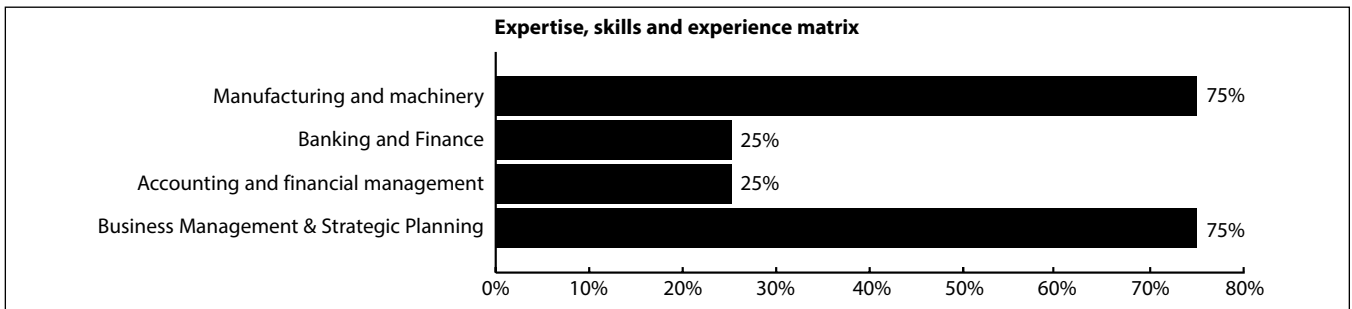
The size and composition of the Board is reviewed annually by the NC to ensure that the size and composition of the Board and the Board Committees is appropriate so as to facilitate effective decision making. The review will ensure that there is an appropriate mix of expertise, gender, skillset, knowledge 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.

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 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.

REPORT ON CORPORATE GOVERNANCE

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



Key information regarding the Directors is set out under the “Board of Directors” section in this Annual Report.

Accordingly, the combination of skills, talents and experience of the Directors are sufficiently diversified 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.

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 of the opinion that there is a strong and independent element on the Board.

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 since 2 February 2024. None of the Independent Directors has served on the Board beyond nine years.

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.

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.

REPORT ON CORPORATE GOVERNANCE

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.

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.

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 FY2025, 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, 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 UNFETTERED POWERS OF DECISION-MAKING.

Provisions 3.1 and 3.2 – Chairman and CEO

The roles and responsibilities between the Chairman of the Board and the Group's 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 Wang Weiyao was re-designated from Non-Executive and Non-Independent Director of the Company to Executive Chairman of the Company with effect from 4 January 2024.

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 Wang Weiyao 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 the 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 Wang Weiyao does not have any familial relationship with Mr Wen Hui.

Provision 3.3 – Lead Independent Director

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, Ms Yap Ming Choo, an Independent Director of the Company and the AC Chairman, was appointed as the Lead Independent Director.

Ms Yap Ming Choo, 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.

Provisions 4.1 and 4.2 – NC's duties and composition

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 current composition of the NC of the Company is as follows: -

Mr Ngo Yit Sung (<i>Independent Director</i>)	– NC Chairman
Ms Yap Ming Choo (<i>Lead Independent Director</i>)	– NC Member
Mr Shao Jianjun (<i>Non-Executive and Non-Independent Director</i>)	– NC Member

REPORT ON CORPORATE GOVERNANCE

The NC is regulated by a set of written terms of reference, which is 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.
- (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 Committees. 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 in 2025 are summarised below:

- a. 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;
- b. reviewed and recommended to the Board the nomination of Directors for re-election at the forthcoming AGM;
- c. 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;
- d. reviewed the structure, size, composition and balance, and composition of the Board Committees; and
- e. reviewed the Company's diversity targets and its accompanying plans and timelines in accordance with Rule 710A(2) of the SGX-ST Listing Manual.

REPORT ON CORPORATE GOVERNANCE

Provision 4.1(a) – Succession Planning

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.

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.

REPORT ON CORPORATE GOVERNANCE

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.

The NC, having considered the attendance and participation of the Directors at Board and Board Committees' meetings, and taking into account Ms Yap Ming Choo's and Mr Ngo Yit Sung's track records, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board their re-election as Directors pursuant to Article 89 of the Company's Constitution at the forthcoming AGM for FY2025.

Ms Yap Ming Choo and Mr Ngo Yit Sung had consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, Ms Yap Ming Choo and Mr Ngo Yit Sung will be offering themselves for re-election at the forthcoming AGM.

Ms Yap Ming Choo will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company, chairman of the AC and members of the NC and the RC, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Ngo Yit Sung will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, a member of the AC and chairman of the NC and the RC, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

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

The requirements under Rule 720(6) of the SGX-ST Listing Manual are set out under "Additional Information Required Pursuant to Rule 720(6)" section in this Annual Report.

Provision 4.4 – Review of Directors' Independence

The NC has adopted a Declaration of Independence Form and 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 FY2025, the NC had reviewed the independence of Board members. Mr Shao Jianjun, who is a substantial shareholder of the Company and was employed by the Company in the past three financial years, is considered not independent pursuant to Rule 210(5)(d)(i) of the SGX-ST Listing Manual and as contemplated by the Code. Both the NC and the Board have noted Mr Shao Jianjun'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.

Each of the Non-Executive Directors had recused themselves from the NC's and the Board's deliberations on his/her own independence.

REPORT ON CORPORATE GOVERNANCE

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/her duties as a Director of the Company, particularly if he/she has multiple Board representations in listed companies and other principal commitments. In view of this, the NC, having considered the confirmations received from Ms Yap Ming Choo and Mr Ngo Yit Sung and concluded that such multiple Board representations (where applicable) do not hinder each Director from carrying out his/her duties as Director of the Company. The NC is satisfied that sufficient time and attention have been accorded by the Director to the affairs of the Company. The Board concurred with the NC’s views.

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 Wang Weiyao (Executive Chairman)	28 July 2004 / 28 April 2025	Nil	Nil
Mr Shao Jianjun (Non-Executive and Non-Independent Director)	28 July 2004 / 28 April 2025	Nil	Nil
Ms Yap Ming Choo (Lead Independent Director)	2 February 2024 / 29 April 2024	1	Nil
Mr Ngo Yit Sung (Independent Director)	2 February 2024 / 29 April 2024	1	2

(1) The principal commitment of the current 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.

Provisions 5.1 and 5.2 – Assessment of the Board, Board Committees and Individual Directors

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.

REPORT ON CORPORATE GOVERNANCE

An evaluation of Board performance is conducted annually by the NC as a form of good Board management practice. For FY2025, 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.

For FY2025, the NC has also 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 FY2025 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.

Provisions 6.1 and 6.2 – RC's duties and composition

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, all of whom shall be Non-Executive Directors and a majority of whom, including the RC Chairman, shall be independent. The current composition of the RC of the Company is as follows: -

REPORT ON CORPORATE GOVERNANCE

Mr Ngo Yit Sung (<i>Independent Director</i>)	– RC Chairman
Ms Yap Ming Choo (<i>Lead Independent Director</i>)	– RC Member
Mr Shao Jianjun (<i>Non-Executive and Non-Independent Director</i>)	– 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.
- (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 ensure 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 expense 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 in 2025 are summarised below:

- a. reviewed and recommended to the Board the remuneration of the Executive Director of the Company and the CEO;
- b. reviewed and recommended to the Board the remuneration of the key management personnel of the Group;
- c. reviewed and recommended to the Board the Directors' fees; and
- d. reviewed and recommended to the Board the supplemental service agreement of the CEO ("**Supplemental Service Agreement**").

REPORT ON CORPORATE GOVERNANCE

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 Wang Weiyao, the 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 Wen Hui had entered into a service agreement with the Company for his employment as the CEO 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. He had entered into the Supplemental Service Agreement to renew his employment for a period of three years commencing 21 November 2025.

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 FY2025.

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 ARE 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.

Provisions 7.1 to 7.3 and Provision 8.3 – Level and mix of remuneration

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.

REPORT ON CORPORATE GOVERNANCE

Framework for remuneration of Executive Directors and key management personnel

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.

Remuneration of Non-Executive Directors

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.

Provisions 8.1 and 8.2 – Directors' remuneration/fees and remuneration of the Group's 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 FY2025, 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\$184,000.00 for the financial year ending 31 December 2026 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.

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

REPORT ON CORPORATE GOVERNANCE

Directors and CEO

A breakdown of the level and mix of the remuneration of the Directors and the CEO for FY2025 is as follows:

	Salary	Variable/ Performance- related Income/ Bonus	Benefits in Kind	Fees	Total
	%	%	%	%	S\$

Executive Chairman

Wang Weiyao	100	–	–	–	360,000
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Non-Executive Directors

Shao Jianjun	–	–	–	100	84,000
Yap Ming Choo	–	–	–	100	50,000
Ngo Yit Sung	–	–	–	100	50,000

CEO

Wen Hui	38	62	–	–	500,000
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RMBKey management personnel

The top five key management personnel of the Group (in terms of remuneration) for FY2025 (who are not Directors or the CEO) are Messrs. Ng Keong Khoon (Samuell), Zhu Peng, Shu Jianfei, Zheng Yi and Jin Zhaoguo.

A breakdown of the level and mix of the remuneration of top five key management personnel for FY2025 is as follows:-

	Salary	Variable/ Performance- related Income/ Bonus	Benefits in Kind	Total
	%	%	%	S\$

Below S\$250,000.00:

Ng Keong Khoon (Samuell)	100	–	–	100
Zhu Peng	21	79	–	100
Zheng Yi	36	64	–	100
Jin Zhaoguo	80	20	–	100
Shu Jianfei	100	–	–	100

The aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) is approximately RMB1.89 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 the top five key management personnel. Instead, the disclosures had been provided in applicable bands of S\$250,000.00 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(b) 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.

REPORT ON CORPORATE GOVERNANCE

For FY2025, 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\$100,000.00.

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 for ensuring that the Company puts in place adequate safeguards to address and mitigate any financial, operating and compliance risks.

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. ("**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 FY2025, 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 FY2025.

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 the AC on an annual basis.

The AC, with the assistance of the Internal Auditors and the 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 Auditors and the 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 the Internal Auditors and the 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 in the CSA report and by the Internal Auditors and the External Auditors, arising from the FY2025 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 in this Annual Report.

REPORT ON CORPORATE GOVERNANCE

Provision 9.1 – Risks relating to Sanctions Law

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.

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

The Board has received written assurance from the Group's CEO and the CFO that as at 31 December 2025: -

- (a) the finance function is adequately staffed and the key personnel responsible for preparing or overseeing the preparation of financial statements are experienced, competent and appropriately qualified;
- (b) the relevant functions responsible for implementing, operating and monitoring the Group's internal controls and policies are competent and adequately resourced; and
- (c) there is no uncertainty on any accounting treatment due to changes to accounting policies or occurrence of significant events.

The Group's CEO and the CFO further confirmed to the best of their knowledge and belief that as at 31 December 2025: -

- (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
- (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, including implementing, operating and monitoring the Group's internal controls and policies that as at 31 December 2025:

- (a) the relevant functions responsible for implementing, operating and monitoring the Group's internal controls and policies are competent and adequately resourced;
- (b) 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
- (c) 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.

REPORT ON CORPORATE GOVERNANCE

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.

An 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.

Rule 1207(10) of the SGX-ST Listing Manual

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal auditors and the 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 2025 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.

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 current composition of the AC of the Company is as follows:-

Ms Yap Ming Choo (<i>Lead Independent Director</i>)	– AC Chairman
Mr Ngo Yit Sung (<i>Independent Director</i>)	– AC Member
Mr Shao Jianjun (<i>Non-Executive and Non-Independent Director</i>)	– 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. Forvis 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.

REPORT ON CORPORATE GOVERNANCE

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 External Auditors. It shall then recommend to the Board the appointment, reappointment and removal of the External Auditors, 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 FY2025, the AC has met five 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 the 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;
- (ii) has undertaken a review of the audit services and is satisfied with the independence of the External Auditors for FY2025. For FY2025, the aggregate amount of fees paid to the external auditors was RMB900,000.00. There were no non-audit services or fees paid for non-audit services.

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. Forvis 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. Forvis 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;

- (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 18 of the Notes to the Financial Statements in this Annual Report;

REPORT ON CORPORATE GOVERNANCE

- (v) received quarterly updates from the Risk Management Committee;
- (vi) reviewed whether the internal audit function is independent, effective and adequately resourced;
- (vii) reviewed and approved IPTs and Related Party Transactions on a quarterly basis;
- (viii) received updates on capital commitment of the Group on a quarterly basis;
- (ix) reviewed and approved the updated whistle blowing policy and inquired the receipt of whistle blowing reports, if any, on a quarterly basis;
- (x) reviewed and received the assurance letters pursuant to Provision 9.2 of the Code annually; and
- (xi) reviewed and recommended to the Board the re-appointment of external auditors.

Having taken into consideration the Audit Quality Indicators Disclosure Framework published by ACRA, the AC, with the concurrence of the Board, had recommended the re-appointment of Messrs. Forvis Mazars LLP as External Auditors for FY2025 at the forthcoming AGM, based on their performance and quality of their audit. Messrs. Forvis Mazars LLP and the audit engagement partner have experience auditing SGX-listed companies.

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 itself 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, the Lead Independent Director 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 on a quarterly basis with a compilation of problems and solutions which have been raised through the whistle blowing mechanism, if any. 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 matter.

No reports on whistle-blowing incidents were received in 2025.

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 FY2025, 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' 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.

Provisions 11.1 to 11.5 – Participation and voting at general meetings of shareholders

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 engaging 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. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications.

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. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company Secretary prepares minutes of general meetings, which record substantial comments and queries from shareholders relating to the agenda of such meetings. The minutes of general meetings will be published on the SGXNET and its corporate website within one month after such general meeting.

REPORT ON CORPORATE GOVERNANCE

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. The Directors' attendance at the general meetings of the Company held in 2025 is disclosed under provision 1.5 above.

Poll voting at general meetings

The Company's general meetings in 2025 were held wholly in a physical format in Singapore ("**Physical Meeting**") and its forthcoming AGM for FY2025 would also be a Physical Meeting and 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 has 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.

All resolutions tabled by the Company at a general meeting are put to vote 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.

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.

No final dividend for FY2025 has been declared/recommended as the Board intends to reserve funds for future capital expenditure requirements and investment purposes.

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12: THE COMPANY COMMUNICATES REGULARLY WITH ITS SHAREHOLDERS AND FACILITATES 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 world@wpmlimited.com.

REPORT ON CORPORATE GOVERNANCE

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.

Provisions 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 Sustainability Report for FY2025 in 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 FY2025, the Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

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, the 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.

REPORT ON CORPORATE GOVERNANCE

Save as disclosed below, there are no interested person 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)
<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Sale of raw materials, parts and machineries.			5,036
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			2,898
Purchase of raw materials.			295
<u>Jiangsu World Agriculture Machinery Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			194,976
Processing fees paid and purchase of raw materials, scrap materials and equipment.			10,690
<u>Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			48,380
Purchase fees paid and purchase of raw materials and scrap materials.			3,944
<u>World Agriculture (Shenyang) Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sales of raw materials, parts, scrap materials and machineries.			3,925
Processing fees paid and purchase of parts.			4

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)
<u>World Heavy Industry (China) Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fee received and sale of raw materials, parts and machineries.			7,880
Purchase of raw materials, scrap materials and equipment.			4,164
<u>Jiangsu World Crane Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Purchase of equipment.			38
<u>Jiangsu World Precise Machinery Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Land rental paid.			600
<u>Jiangsu World Furniture Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received, sale of raw materials, parts and machineries.			662
<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			41,939
Processing fees paid and purchase of raw materials and scrap materials.			10,501
<u>Danyang World Machinery Parts Manufacturing Co., Ltd.</u>	Associate of the Controlling Shareholder		N/A
Processing fees received and sale of raw materials, parts and machineries.		584	
Purchase of raw materials and scrap materials.		374	
<u>World High Precision Complete Equipment Co., Ltd.</u>	Associate of the Controlling Shareholder		N/A
Processing fees received, sale of parts.		(2)	
Purchase of raw materials and scrap materials.		3,762	
Total		4,718	335,932

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 Wang Weiyao who was re-designated as Executive Chairman with effect from 4 January 2024, for a period of three (3) years commencing 4 January 2024, which will expire on 3 January 2027.
- (ii) 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. He had entered into Supplemental Service Agreement to renew his employment for a period of three (3) years commencing 21 November 2025, which will expire on 20 November 2028.
- (iii) 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.
- (iv) 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.
- (v) Purchase Agreement dated 20 April 2023 in relation to the acquisition of the land-use rights for the setting up of a new production facility in Ayutthaya, Thailand.
- (vi) Bank loan dated 28 June 2023 in relation to RMB96.0 million is secured over the land and building of WPMC and corporate guarantees issued by Jiangsu World Plant-Protecting Machinery Co., Ltd. ("**JWPPM**") and Jiangsu World Furniture Co., Ltd., ("**JWFC**"). JWPPM and JWFC are associates of Mr Wang Weiyao, the Executive Chairman of the Company.
- (vii) Bank loan dated 30 June 2023 in relation to RMB54.0 million is secured over the land and building of WPMC and corporate guarantees issued by JWPPM and JWFC. JWPPM and JWFC are associates of Mr Wang Weiyao, Executive Chairman of the Company.
- (viii) Bank loan dated 22 September 2023 with a remaining balance of RMB85.0 million is secured over the land use rights of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd., and a corporate guarantee issued by Jiangsu World Machinery & Electronics Group Co., Ltd. ("**JWMEG**"). JWMEG is associate of Mr Wang Weiyao, the Executive Chairman of the Company.

SUSTAINABILITY REPORT 2025

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SUSTAINABILITY REPORT 2025

MESSAGE FROM THE BOARD

Dear Stakeholders,

On behalf of the Board of Directors (the **“Board”**), I am pleased to present the 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 2025 (**“FY2025”**).

Throughout FY2025, our organisation has sustained its momentum on sustainability initiatives, placing particular focus on advancing climate-related disclosures. Our commitment remains steadfast in providing transparent, reliable, and balanced sustainability reporting to stakeholders, ensuring that our environmental impacts are managed and communicated effectively. The Board of Directors views sustainability as integral to our business operations and strategy, aiming to create long-term value for stakeholders through robust governance, environmental stewardship, and social responsibility. The Board actively incorporates sustainability concerns into strategic deliberations, determines material environmental, social and governance (**“ESG”**) factors, and oversees their management.

Looking forward, both the Board and senior management will maintain vigilant oversight of critical sustainability trends and challenges, while proactively seeking opportunities to enhance our sustainability practices. We remain dedicated to embedding sustainability within our core business activities and are confident in our capacity to respond to evolving circumstances with resilience and integrity.

On behalf of the Board, I wish to extend our sincere appreciation to our employees for their ongoing dedication, as well as to our customers, suppliers, partners, and shareholders for their continued trust and support. Collectively, we will pursue the goal of building a sustainable future for World Precision and all its stakeholders.

MR. WANG WEIYAO
Executive Chairman

SUSTAINABILITY REPORT 2025

ABOUT THIS REPORT

This Report covers World Precision Machinery Group's sustainability performance, including our operations in Singapore, China, and Thailand, from 1 January 2025 to 31 December 2025. In line with SGX regulations, our emissions inventory has expanded to include all companies in the consolidated accounting group. There are no other investees like associates, joint ventures, and unconsolidated subsidiaries.

Reporting Framework

The Group has prepared this Report with reference to the Global Reporting Initiative ("GRI") Standards and the International Financial Reporting Standards ("IFRS") S2 Climate-related Disclosures issued by the International Sustainability Standards Board ("ISSB standards"). We have continued to use the GRI Standards as it remains the most widely used sustainability reporting standard across the world, while our use of the ISSB framework is in line with our commitment to engage in climate reporting. We have adopted a phased approach to climate reporting and intend to become progressively more compliant with the ISSB disclosure requirements over subsequent reporting periods.

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 has also been prepared in adherence to the Singapore Exchange Securities Trading Limited's ("SGX-ST") Rules 711A and 711B of the Mainboard Listing Manual and with reference to the guidelines outlined in Practice Note 7.6 on the six primary components of a sustainability report.

Assurance

We have not sought external assurance for this report. The data presented herein has been reported to the best of our knowledge and verified by internal mechanisms.

Feedback

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

SUSTAINABILITY REPORT 2025

ORGANISATIONAL PROFILE

Background

World Precision Machinery Limited, based in Danyang City, Jiangsu Province, People’s Republic of China (“PRC”), is a leading producer of stamping machines and related metal parts. Founded in Singapore on 28 July 2004, the Company was listed on the SGX-ST Mainboard (stock code: B49) in 2006.

The Group manufactures both standard and customised stamping machines for a range of industries, including automotive, home appliances, and electronics. Its production facility covers roughly 130,000 square metres, enabling the Group to produce over 400 models organised into more than 30 different product series.

Marketed under the “World” brand, the company’s stamping machines include conventional, high-performance, and high-tonnage categories. With an extensive sales network and service centres located in major cities across the PRC, the Group also exports its products to Southeast Asia, Europe, South America, and South Africa.

OUR MISSION

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

OUR VISION

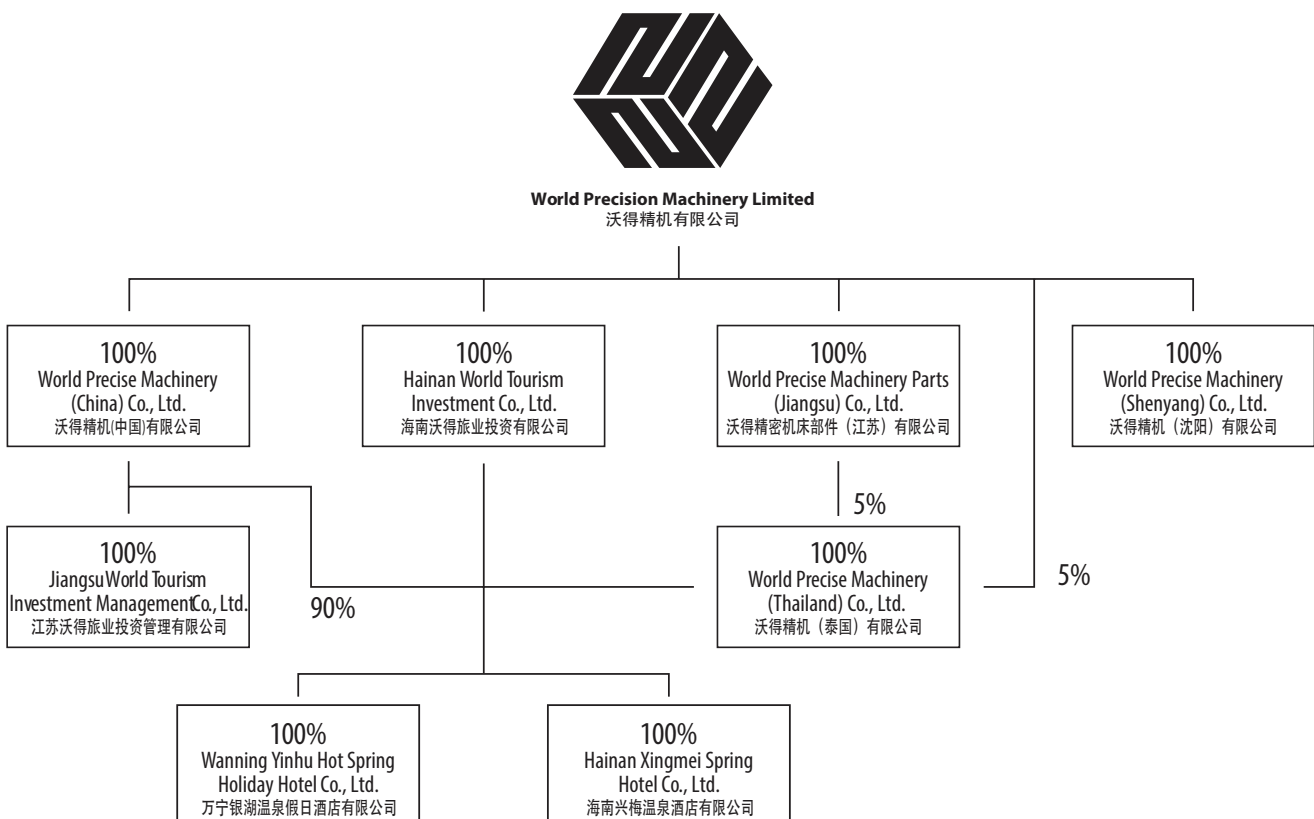
First-class brand
First-class quality
First-class service
Acceptable price

OUR VALUES

Integrity
Pragmatic
Collaboration
Innovation

Corporate Structure

The following diagram illustrates our Group Structure, as of 31 December 2025:



SUSTAINABILITY REPORT 2025

ORGANISATIONAL PROFILE

Our Value Chain

We acknowledge the significance of cultivating robust, enduring, and mutually advantageous relationships throughout both the upstream and downstream segments of our value chain. Upstream, we enter into long-term procurement agreements to secure consistent supplier partnerships and facilitate access to high-quality materials at competitive prices. Furthermore, all prospective and current suppliers are required to comply with our code of ethics; regular assessments are conducted prior to agreement initiation and throughout the term to ensure sustained adherence.

Downstream, we are committed to strengthening customer relationships by prioritising exceptional customer satisfaction, supported by dedicated service and comprehensive after-sales assistance. Our open communication policy enables customers to contact us via multiple channels, including WeChat, email, face-to-face meetings, and our customer hotline, where we guarantee a follow-up within 24 hours.

Certificates of Enterprise Awards

The Group is committed to upholding exemplary management standards and has consistently maintained accreditation under ISO 9001:2005, ISO 14001:2004, and ISO 45001:2018 for quality, environmental, and occupational health and safety management since 2003. In addition, reflecting a strong emphasis on innovation and research and development, the Group has been recognised with the High-Tech Enterprise Certificate (高新技术企业证书) awarded by the Chinese Ministry of Industry and Information Technology since 2006.

SUSTAINABILITY REPORT 2025

SUSTAINABILITY APPROACH

At World Precision, we recognise that robust corporate governance forms the basis of our sustainability initiatives. Accordingly, our principal ESG commitments are aligned with all applicable legal requirements governing our operations and are guided by the principles of transparency, accountability, and integrity. The Group's key ESG commitments are outlined in the table below.

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 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 complying with all applicable local employment laws and regulations, and we actively seek to maintain a high proportion of local hires within our workforce.
Governance	The Group adopts a strict zero-tolerance approach towards bribery and corruption. To safeguard the interests of all stakeholders, we have implemented policies and procedures to monitor interested person transactions and to identify and manage potential conflicts of interest as they arise. In addition, whistleblowing channels are in place to enable employees and other stakeholders to report suspected breaches, fraud, or misconduct to the Chief Executive Officer's (“CEO”) office or the Audit Committee on an anonymous basis and without fear of retaliation. These policies are subject to regular review, updating, and communication to all employees.

We continuously monitor changes in government legislation and industry standards to ensure our sustainability strategy aligns with a robust compliance framework. For FY2025, the Group recorded no incidents of non-compliance with relevant laws and regulations, nor any confirmed cases of corruption. We are dedicated to upholding this exemplary record moving forward.

Sustainability Governance

The Board holds ultimate responsibility for overseeing World Precision's sustainability strategy, with the CEO handling the daily execution of related policies and practices. The CEO provides regular updates to the Board on the Group's sustainability progress, ensuring that activities remain aligned with the overarching strategy. In developing the Group's approach to sustainability, the Board takes into account current trends, economic conditions, and geopolitical influences that could affect operations, so that objectives stay consistent with broader business goals. In FY2022, all Board members completed SGX-required sustainability training for directors of listed companies, further strengthening the Board's ability to govern sustainability and address ESG risks effectively.

SUSTAINABILITY REPORT 2025

STAKEHOLDER ENGAGEMENT

We recognise that our key stakeholders—those individuals and groups either affected by our business activities or capable of influencing our success—provide valuable perspectives vital to meeting our business and sustainability goals. In line with our commitment to addressing stakeholder interests, we proactively sustain open communication channels to better understand concerns and viewpoints, ensuring these are meaningfully integrated into our operations.

The following table outlines our primary stakeholders, the methods by which we engage them, and the principal expectations or areas of concern for each group. For FY2025, stakeholder feedback did not reveal any new material ESG issues or significant adverse impacts related to our business activities.

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

SUSTAINABILITY REPORT 2025

MATERIALITY ASSESSMENT

To identify the Group’s material topics, we employ a systematic two-step materiality assessment process. This process commences with the identification of a set of potentially significant issues, followed by a ranking and validation phase to establish their relevance to the Group.

The preliminary list of issues was developed through an internal review and benchmarking against industry peers. These sustainability topics were subsequently refined and expanded based on input collected from key stakeholder consultations. We assessed and prioritised these issues according to their impact on the Group’s operations and their significance for stakeholder decision-making. Upon completion of this evaluation, the Board reviewed and endorsed the final list of material topics.

Our materiality assessment, conducted in 2018, identified five material topics, which are illustrated in the materiality matrix below. Since then, we have performed annual reviews to ensure continued relevance and alignment with the Group’s ESG objectives. Taking into account ongoing business activities, the evolving risk environment, developments in sustainability, and feedback from stakeholders, we conclude that our material topics and their respective rankings remain relevant for FY2025.



ECONOMIC PERFORMANCE

At World Precision, we are dedicated to ensuring the Group’s long-term resilience through environmentally responsible operations, proactive engagement with key stakeholders, and the creation of sustainable financial value for shareholders and investors. Central to our economic strategy are robust investments in research and development (“R&D”) and the alignment of our activities with government-led business initiatives.

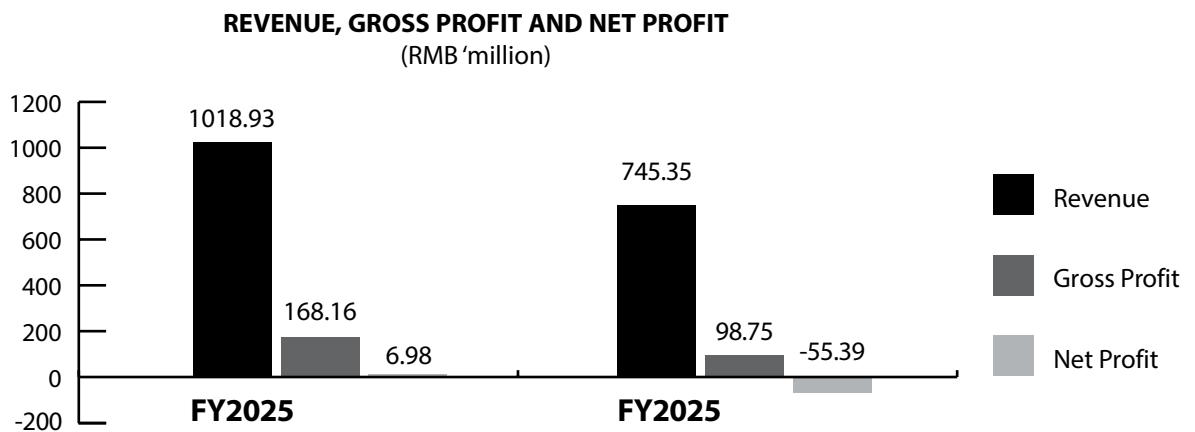
Reflecting our core value of Innovation, we have intensified our R&D initiatives to strengthen technical capabilities and drive the development of new product categories and high value-added stamping machines. Concurrently, we align our business strategy with major national initiatives in the PRC, including “Made in China 2025” and “Go Global,” supporting expansion both domestically and internationally. These strategic actions have enhanced our economic competitiveness and positioned us for enduring success.

SUSTAINABILITY REPORT 2025

ECONOMIC PERFORMANCE

Economic performance indicators	FY2024 (RMB'000)	FY2025 (RMB'000)
a. Economic Value Generated:		
i. Revenue:	1,018,931	745,353
b. Economic Value Distributed:		
- Operating costs ¹	1,025,321	801,084
- Payments to providers of capital ²	157,415	8,641
- Payments to government by country ³	(2,892)	(9,471)
- Community investments	-	-
Economic Value Retained (EVG - EVD)	(160,913)	(54,901)

In FY2025, the Group recorded a decline in turnover compared to the previous financial year. The decrease was primarily attributable to lower sales volumes across both conventional stamping machines and high-performance, high-tonnage stamping machines. While the reduction in unit sales was partially mitigated by adjustments to average selling prices, this was insufficient to offset the overall decline in turnover. The Group's revenue continued to be derived mainly from sales in Jiangsu, Zhejiang, overseas markets and related parties.



Looking ahead, the Group expects the operating environment to remain challenging, amid subdued domestic economic conditions in the People's Republic of China and continued external uncertainties arising from geopolitical developments and heightened trade tensions. In response, management is closely monitoring market conditions and will continue to refine its business strategies to mitigate potential risks and manage operational challenges.

Notwithstanding these conditions, the Group remains committed to strengthening its economic performance through the pursuit of sustainable revenue growth. The Group will also continue to evaluate suitable investment opportunities to optimise the deployment of its cash resources, which are assessed to be adequate to support short- to medium-term working capital needs as well as longer-term capital expenditure requirements.

For further information regarding the Group's financial performance and business outlook, please refer to pages XXX of the Annual Report for FY2025.

¹ Operating costs include cost of sales, distribution and selling expenses, administrative expenses, and employee wages and benefits

² FY2024 figure was restated due to a change in calculation methodology. Payments to providers of capital = dividend paid + interest paid

³ Includes withholding tax and deferred tax

SUSTAINABILITY REPORT 2025

EMPLOYMENT

At World Precision, employees are integral to our organisation’s ongoing success and development. We recognise that each team member, irrespective of background or personal characteristics, makes meaningful contributions. Accordingly, we are committed to fostering an inclusive workplace where all individuals are treated with respect and valued. This approach is fundamental to enhancing performance and achieving superior business outcomes.

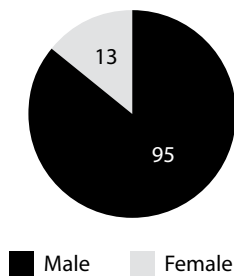
Our Workforce

As of 31 December 2025, the Group employed 1,381 permanent, full-time staff members in the PRC. Consistent with our growth strategy to expand automated manufacturing within our operations, we are enhancing workforce capabilities by fostering advanced technological proficiency. Consequently, positions that require less specialised skill or knowledge will be gradually phased out over the coming years, which is anticipated to result in a moderate reduction of overall headcount. Our new hire rate⁴ decreased from 14.64% in FY2024⁵ to 6.36 % in FY2025, while the employee turnover rate⁶ decreased from 26.09% to 25.13 % during the same period. The table below provides a summary of the Group’s employment statistics for FY2024 and FY2025.

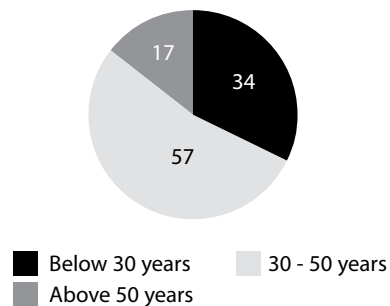
Year	FY2024	FY2025
Headcount at the start of the reporting period	1,920	1,699
Total number of new hires	281	108
Total number of resigned/terminated employees	501	427
Headcount at the end of the reporting period	1,699	1,381
Percentage change in total headcount	- 11.51%	-18.72%

A breakdown of our new employee hires and employee turnover in FY2025, by gender and age group, is as follows:

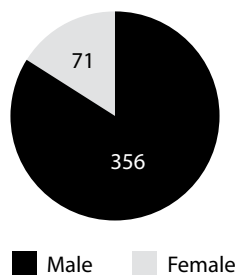
NEW HIRES BY GENDER



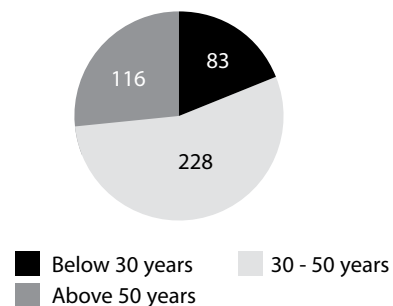
NEW HIRES BY AGE GROUP



TURNOVER BY GENDER



TURNOVER BY AGE GROUP



4 New hire rate = total number of new hires / total number of employees as at the end of previous reporting period

5 FY2024 new hire and turnover rates were restated due to a change in calculation formula

6 Turnover rate = total number of resignations and terminations / total number of employees as at the end of previous reporting period

SUSTAINABILITY REPORT 2025

EMPLOYMENT**Diversity and Fair Practices**

In order to cultivate an exemplary workforce, we are dedicated to a merit-based process for both recruitment and promotion. Our decisions are guided by candidates' and employees' qualifications, competencies, and demonstrated performance. We are committed to ensuring that all individuals, prospective and current employees alike, are treated equitably and are not disadvantaged or discriminated against based on personal attributes such as race, gender, or religion. This commitment underpins our efforts to foster a fair environment and promotes diversity within our organisation, thereby enriching the collective expertise and perspectives of our team. Furthermore, we conduct annual performance reviews to recognise outstanding contributions to the Group's success and provide advancement opportunities and salary increases for those who distinguish themselves.

The gender distribution among management-level employees is as follows:

FY	Males		Females	
	Number	Percentage	Number	Percentage
2025	58	82.9	12	17.1
2024	71	87.7	10	12.3

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

FY	Males		Females	
	Number	Percentage	Number	Percentage
2025	1,037	79.1	274	20.9
2024	1,285	79.4	333	20.6

The Group is committed to achieving a long-term reduction of its total workforce by 5%, while simultaneously striving to improve gender balance across the organisation. Employees are encouraged to provide constructive feedback on the work environment and operational processes, and to offer suggestions for enhancement. Feedback may be submitted via various channels, including email, telephone, and mobile applications such as WeChat and QQ.

SUSTAINABILITY REPORT 2025

OCCUPATIONAL HEALTH AND SAFETY

At World Precision, we are committed to maintaining a safe working environment and prioritising the health and safety of our employees. To this end, we have established an Occupational Health and Safety Management System (“OHSMS”) that defines clear procedures for identifying workplace hazards, reducing exposure, and implementing robust corrective and preventive measures.

Our OHSMS is fully aligned with all applicable health and safety regulations across the jurisdictions in which we operate and is certified under GB/T24001-2016/ISO14001:2015, GB/T19001-2016/ISO9001:2015, and GB/T45001-2020/ISO45001:2018, underscoring the effectiveness and integrity of our approach. The following policies and practices form the core of our OHSMS:

- Routine site inspections and safety patrols are performed by our Civilisation Team to proactively identify and address potential hazards.
- All frontline employees are equipped with essential personal protective equipment (“PPE”), including helmets and reinforced safety boots, to minimise injury risks during machinery operation or high-risk activities.
- We ensure consistent communication of health and safety regulations to all staff and encourage prompt reporting of any concerns to supervisory personnel.
- Supervisors receive specialised training in first aid and emergency evacuation procedures, as well as in documenting and reporting safety incidents to management.
- Management is responsible for investigating reported incidents, implementing corrective actions, and determining appropriate compensation for affected employees.

As part of our employee benefits, we offer annual health screenings and comprehensive medical insurance, alongside the provision of personal hygiene masks for workplace use.

The table below details work-related injuries, rates⁷, and associated compensation payouts for FY2024 to FY2025:

	FY2025	FY2024
Number of recordable work-related injuries	46	82
Number of high-consequence work-related injuries (excluding fatalities)	5	-
Number of fatalities as a result of work-related injury	1	-
Rate of recordable work-related injuries	2.61	3.64
Rate of high-consequence work-related injuries	0.28	-
Rate of fatalities	0.06	-
Monetary compensation pay-out (RMB)	1,874,480	533,384
Average compensation paid out per employee (RMB)	36,048	6,505

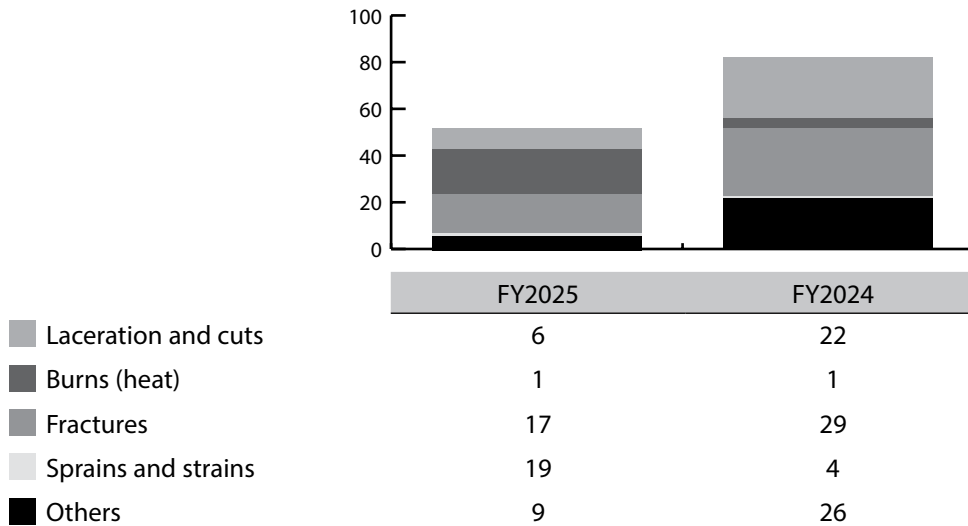
⁷ The rate of work-related injuries is computed using the following formula:

$$\text{Rate of recordable work-related injuries} = \frac{\text{Number of recordable work-related injuries}}{\text{Number of hours worked}} \times 200,000$$

SUSTAINABILITY REPORT 2025

OCCUPATIONAL HEALTH AND SAFETY

A breakdown of the total number of work-related injuries, by type of injury sustained, between FY2024 and FY2025 is as follows:



In FY2025, a total of 46 recordable work-related injuries, representing a reduction compared to the previous year. However, there were 5 high-consequence work-related injuries and 1 fatality among Group employees during this period. The average compensation per safety incident and/or affected worker rose from FY2024.

Management has investigated the root cause of the fatality incident, and taken actions to strengthen and step up the workplace safety trainings for all employees.

We remain committed to upholding a safe and healthy workplace environment for our employees and will continue to strengthen our OHSMS wherever feasible. Our ongoing efforts are focused on minimising work-related injuries and, when incidents do occur, ensuring that affected employees receive appropriate care and compensation.

SUSTAINABILITY REPORT 2025

TRAINING AND EDUCATION

Our employees are fundamental to our organisation's achievements, and their expertise is vital to our continued growth. To maintain readiness for new business opportunities, we remain dedicated to advancing the skills and knowledge of our workforce through comprehensive training and development initiatives.

These programmes are tailored to correspond with each employee's role and level of experience within the Group, ensuring training remains pertinent and supports increased effectiveness and efficiency in daily operations. The table below outlines the types of training and skills development programmes undertaken by our employees during FY2024 and FY2025.

Training Program	Required Attendees	Number of Attendees	
		FY2025	FY2024
New Employee Training Program	New Frontline Employees	30	58
Quality, Environment, Occupational Health and Safety System	All Key Personnel	13	17
Basic Press Knowledge	New Technicians	-	5
Product Non-Conformances Handling Process	All Quality Inspectors	17	39
Business negotiation skills	All salesmen	97	112

The number and composition of employees participating in training programs may vary annually, as these initiatives are designed to align with the Group's operational objectives and the evolving needs of our workforce. In the past two years, the expanded availability of online training resources has enabled broader employee participation in pertinent courses, a practice we intend to maintain.

Moving forward, we remain committed to offering continuous and relevant training and development opportunities for our employees. We will continue to leverage digital tools to enhance both the accessibility and flexibility of our training programmes, ensuring that employees can engage in learning activities with greater convenience.

SUSTAINABILITY REPORT 2025

ENERGY CONSUMPTION

World Precision is committed to mitigating climate change by minimising its environmental impact wherever feasible. Energy consumption represents the most significant component of the Group's environmental footprint, and we are proactively working to enhance its sustainability. We have implemented extensive LED lighting throughout our facilities and increased our utilisation of solar energy. The rooftops of our buildings have been leased to external solar energy providers, from whom we procure solar power. Currently, we do not claim any emissions-offsetting renewable energy certificates associated with this arrangement. In FY2025, we purchased 3.99 GWh of electricity generated by solar panels installed on our premises, representing approximately 10% of the Group's total electricity consumption. Our energy management system is certified under ISO 14001:2015, underscoring its rigour and efficiency.

The Group's primary sources of energy consumption are natural gas, motor gasoline, diesel, and electricity. We obtain electricity from both the local grid and solar energy suppliers, while also generating a portion through on-site solar panels. The figures below illustrate the Group's electricity and gas consumption relative to total revenue, as well as the breakdown of energy consumption by source for FY2024 and FY2025.

Year	FY2025	FY2024
Energy Source:	Energy Consumption (GJ)⁸	
Natural Gas	28,322.74	49,234.61
Motor gasoline	5,552.64	7,504.75
Diesel	3,379.99	4,046.34
Electricity Purchased from the Grid	125,407.91	181,512.00
Electricity Purchased from Solar Companies (without RECs⁹)	14,381.40	15,768.00

Overall energy consumption declined across all energy sources in FY2025 compared to FY2024, reflecting a general reduction in energy demand during the reporting period.

Natural gas consumption decreased significantly from 49,234.61 GJ in FY2024 to 28,322.74 GJ in FY2025, representing a 42.5% reduction. Motor gasoline consumption also declined, falling from 7,504.75 GJ to 5,552.64 GJ, a 26.0% decrease, while diesel consumption reduced from 4,046.34 GJ to 3,379.99 GJ, reflecting a 16.5% year on year decrease.

Electricity consumption followed a similar downward trend. Electricity purchased from the grid decreased from 181,512.00 GJ in FY2024 to 125,407.91 GJ in FY2025, a 30.9% reduction. Electricity purchased from solar companies declined more moderately, from 15,768.00 GJ in FY2024 to 14,381.40 GJ in FY2025, representing an 8.8% decrease.

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

⁸ Energy consumption in FY2024 has been restated to GJ in accordance with ISSB disclosure requirements. Energy conversion factors were taken from the UK DEFRA Conversion Factors 2025 v1.0

⁹ Renewable Energy Certificates

SUSTAINABILITY REPORT 2025

CLIMATE-RELATED DISCLOSURES**Governance**

The Board is responsible for overseeing all sustainability matters within the Group, including those related to climate risks and opportunities. Under the Board's guidance, WPM's management team formulates and executes strategies to address climate-related issues, ensuring these considerations are thoroughly integrated into the Group's operations and decision-making processes. The team also establishes targets to track the Group's performance on climate-related objectives. Management submits an annual report to the Board outlining climate-related activities and outcomes and solicits feedback for ongoing improvement.

Strategy

WPM acknowledges that climate change poses substantial risks as well as potential opportunities for the organisation. We are dedicated to providing transparent disclosure of these considerations through our reporting, supporting informed decision-making by our stakeholders. The following tables outline the climate-related risks and opportunities identified by the Group:

Type of Risk	Description of Risk	Timeframe	Potential (Financial) Impact	Risk Management and Mitigation
Policy and Legal - Enhanced disclosure requirements	Governments increasingly enhance disclosure requirements for emissions and other climate-related topics	Short-long term	There may be an increase in compliance costs to meet mandatory climate-related disclosure requirements, as well as potential litigation risks in case of non-compliance	The group will closely monitor relevant compliance requirements and plan ahead to ensure we are ready for any changes in disclosure requirements
Technology - Costs of replacing existing equipment with new technologies	There may be a need to phase out existing equipment for lower emission options	Short-long term	The group may need to incur large capital investments and risk operational disruptions due to integration problems with new technologies	The group will look into strategies to mitigate potential costs and disruptions throughout the implementation process

Type of Opportunity	Name	Timeframe	Potential (Financial) Impact
Resource Efficiency	Investment in new equipment to increase efficiency and lower cost of production.	Short-long term	Investing in new equipment to boost efficiency and cut production costs can lead to significant financial benefits, including increased profit margins and a stronger competitive position.
Energy Source	We earn revenue by leasing roof space for solar panels, with billing from the supplier tied to our solar energy usage.	Short-long term	Potential extra source of income from solar panels, as well as possible savings from reduced electricity costs

SUSTAINABILITY REPORT 2025

CLIMATE-RELATED DISCLOSURES

Metrics and Targets

We track specific metrics to promote accountability and evaluate the success of our climate initiatives:

- We measure our total energy consumption by source; more details on these metrics and goals can be found in the “Energy Consumption” section of this report.
- We report Scope 1 greenhouse gas (“GHG”) emissions from our direct operations involved in producing goods and services.
- We disclose Scope 2 GHG emissions tied to electricity purchases from the grid in the PRC. We do not claim emissions offsets for renewable energy certificates from rooftop solar panels, as these are owned and managed by third parties.

Additionally, our manufacturing processes utilise various industrial gases, including oxygen, acetylene, and carbon dioxide. In FY2025, we used 22,605 cylinders of such industrial gases, resulting in 406.89 tCO₂e of emissions.¹⁰

The following tables depict the Group’s Scope 1 and Scope 2 GHG emissions for FY2024 and FY2025:

Emissions Type	Amount of GHG emissions in tonnes of CO ₂ equivalent (tCO ₂ e)	
	FY2024	FY2025
Scope 1 ¹¹	3,720.80	2,645.96
Scope 2 ¹²	32,522.76	29,911.03
Total Emissions	36,243.56	32,556.98

To calculate our GHG emissions, we adopted the methodologies outlined in the GHG Protocol, developed collaboratively by the World Resources Institute and the World Business Council for Sustainable Development.

Scope 1 emissions declined from 3,720.80 tCO₂e in FY2024 to 2,645.96 tCO₂e in FY2025, representing a 28.9% reduction year on year. This decrease indicates lower direct emissions from owned or controlled sources during the reporting period.

Scope 2 emissions also decreased, falling from 32,522.76 tCO₂e in FY2024 to 29,911.03 tCO₂e in FY2025, an 8.0% reduction. The decline reflects reduced indirect emissions associated with purchased electricity consumption.

As a result of these reductions, total GHG emissions decreased from 36,243.56 tCO₂e in FY2024 to 32,556.98 tCO₂e in FY2025, representing an overall 10.2% reduction year on year.

Taken together, the decline in emissions indicates an overall improvement in emissions performance in FY2025 compared to FY2024, consistent with lower energy consumption and changes in operational activity during the period.

We are currently assessing the relationship between our operations and GHG emissions and have not yet established specific reduction targets for Scope 1 and Scope 2 emissions. In addition, Scope 3 GHG emissions from the Group’s value chain have not yet been quantified. As we continue to build expertise in climate governance and management, our objective is to develop a comprehensive GHG inventory, including Scope 3 emissions, and to set reduction targets that are specific, measurable, achievable, realistic, and time bound.

¹⁰ Calculated from direct CO₂ emissions from use of CO₂ gas cylinders. Other industrial gases used were not controlled under the Montreal Protocol or identified by the IPCC AR6 as reportable gases.

¹¹ Emission factors taken from United Kingdom Department for Energy Security and Net Zero Greenhouse gas reporting: conversion factors 2025 Version 1.1 <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025>

¹² Grid Emissions Factor taken from http://www.mee.gov.cn/xxgk2018/xxgk/xxgk01/202404/t20240412_1070565.html?keywords=%E4%BA%8C%E6%B0%A7%E5%8C%96%E7%A2%B3%E6%8E%92%E6%94%BE

SUSTAINABILITY REPORT 2025

GRI CONTENT INDEX

Statement of Use World Precision Machinery Limited has reported the information cited in this GRI content index for the period 1 January to 31 December 2025 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure	Page Reference	
GENERAL DISCLOSURE			
GRI 2: General Disclosures 2021	The organisation and its reporting practices		
	2-1 Organisational details	53-55	
	2-2 Entities included in the organisation's sustainability reporting	53	
	2-3 Reporting period, frequency and contact point	53	
	2-4 Restatements of information	59 - 60, 65	
	2-5 External assurance	53	
	Activities and Workers		
	2-6 Activities, value chain and other business relationships	54-55	
	2-7 Employees	60 - 61	
	2-8 Workers who are not employees	NA	
	Governance		
	2-9 Governance structure and composition	56	
	2-10 Nomination and selection of the highest governance body	31-32	
	2-11 Chair of the highest governance body	24	
	2-12 Role of the highest governance body in overseeing the management of impacts	52, 56, 66	
	2-13 Delegation of responsibility for managing impacts	23, 52, 56, 66	
	2-14 Role of the highest governance body in sustainability reporting	52, 56, 66	
	2-15 Conflicts of interest	22, 56	
	2-16 Communication of critical concerns	56	
	2-17 Collective knowledge of the highest governance body	22, 56	
	2-18 Evaluation of the performance of the highest governance body	33 - 34	
	2-19 Remuneration policies	34 - 39	
	2-20 Process to determine remuneration	34 - 39	
	2-21 Annual total compensation ratio	34 - 39	
	2-22 Statement on sustainable development strategy	52	
	2-23 Policy commitments	56	
	2-24 Embedding policy commitments	55, 56	
	2-26 Mechanisms for seeking advice and raising concerns	56	
	2-27 Compliance with laws and regulations	56	
	2-28 Membership associations	NA	
Stakeholder engagement			
2-29 Approach to stakeholder engagement	57		
2-30 Collective bargaining agreements	Nil		

SUSTAINABILITY REPORT 2025

GRI CONTENT INDEX

GRI Standard	Disclosure	Page Reference
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	58
	3-2 List of material topics	58
Economic Performance		
GRI 201: Economic Performance 2016	3-3 Management of material topics	58 - 59
	201-1 Direct economic value generated and distributed	58 - 59
Energy		
GRI 302: Energy 2016	3-3 Management of material topics	65
	302-1 Energy consumption within the organisation	65
Employment		
GRI 401: Employment 2016	3-3 Management of material topics	60 - 61
	401-1 New employee hires and employee turnover	60 - 61
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	60 - 61
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	62 - 63
	403-1 Occupational health and safety management systems	62 - 63
	403-2 Hazard identification, risk assessment, and incident investigation	62 - 63
	403-6 Promotion of worker health	62 - 63
	403-9 Work-related injuries	62 - 63
Training and Education		
GRI 404: Training and Education 2016	3-3 Management of material topics	64
	404-2 Programs for upgrading employee skills and transition assistance programs	64

FINANCIAL CONTENTS

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DIRECTORS' STATEMENT

The directors present their statement to the members 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 2025 and the statement of financial position of the Company as at 31 December 2025.

1. Opinion of the directors

In the opinion of the directors,

- (i) 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 2025 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Wang Weiyao	(Executive Chairman)
Shao Jianjun	(Non-Executive and Non-Independent Director)
Yap Ming Choo	(Lead Independent Director)
Ngo Yit Sung	(Independent Director)

3. 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 4 and 5 below.

4. 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:

Name of directors and companies in which interests are held	Direct interest		Deemed interest	
	At the beginning of the year	At the end of the year	At the beginning of the year	At the end of the year
The Company				
(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
Ultimate Holding Company				
(Ordinary shares)				
World Sharehold Limited				
Wang Weiyao	50,000	50,000	-	-

DIRECTORS' STATEMENT

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

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

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 2026.

5. 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.

6. Audit Committee

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

Yap Ming Choo	(Chairman)
Ngo Yit Sung	(Member)
Shao Jianjun	(Member)

The Audit Committee has convened five 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

6. 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 Forvis Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7. Auditors

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

On behalf of the directors

Shao Jianjun

Director

Singapore
6 April 2026

Wang Weiyao

Director

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 2025, and the statement 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 material accounting policy information.

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 2025 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 Auditors' 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 (the "ACRA code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also 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 of our opinion.

Key Audit Matters

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
<p>Valuation of inventories (Refer to Note 13 to the financial statements)</p> <p>As at 31 December 2025, the Group has inventories of RMB287,852,000, which accounted for 15.72% of the Group's total assets.</p> <p>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 NRV for inventories by taking into consideration the current economic condition, historical sales record, aging analysis, alternative uses and subsequent selling prices of the inventories.</p> <p>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, estimating NRV and assessing the adequacy of related write-downs.</p>	<p>Our audit procedures included, and were not limited to the following:</p> <ul style="list-style-type: none"> – 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 NRV of inventories on a sample basis by comparing the recorded costs to subsequent selling prices after the financial year end or where such information was unavailable, to current market prices, and evaluated the Group's application of the weighted average cost method.

INDEPENDENT AUDITORS' REPORT

Members of the Company World Precision Machinery Limited

Report on the Audit of the Financial Statements (Continued)*Key Audit Matters (Continued)*

Key audit matter 2	Audit response
<p>Valuation of trade and other receivables (Refer to Note 12 to the financial statements)</p> <p>As at 31 December 2025, the Group has trade and other receivables at amortised cost amounting to RMB298,882,000.</p> <p>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.</p> <p>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.</p> <p>We identified this as a key audit matter, as judgement is required in making assumptions about the risk of default and expected loss rates to determine if appropriate loss allowance is made to account for those exposures.</p>	<p>Our audit procedures included, and were not limited to the following:</p> <ul style="list-style-type: none"> – Assessed the reasonableness of the provision matrix applied by the Group in their measurement of ECL for trade receivables from third parties; – Reviewed the accuracy and completeness of the trade receivables aging as at year end, and performed independent checks on the historical collection pattern for customers with past due receivables and the subsequent collection from customers; – 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)*Key Audit Matters (Continued)*

Key audit matter 3	Audit response
<p>Valuation of non-financial assets (goodwill, property, plant and equipment, investment properties and intangible assets) (Refer to Notes 14, 15, 16 and 17 to the financial statements)</p> <p>Goodwill is required to be tested for impairment at least annually, while other non-financial assets are assessed for impairment when indicators exist. During the financial year, the Group identified indicators of impairment as it reported losses of RMB 55,391,000 and was in a net current liability position of RMB 8,873,000.</p> <p>Management determined the recoverable amounts of the relevant cash-generating units ("CGUs"), including those to which goodwill is allocated, based on fair value less costs of disposal using external valuations. The valuation process involved significant judgement, particularly in determining the appropriate valuation approach and key assumptions and inputs, including replacement costs, depreciation rates and prices per square metre, which are subject to estimation uncertainty. Accordingly, this matter was identified as a key audit matter.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none"> – Evaluated management's assessment of whether indicators of impairment existed for the Group's non-financial assets; – Evaluated the competence, capabilities and objectivity of management's external valuation expert; – Obtained an understanding of the work performed by management's external valuation expert and, with the assistance of our internal valuation specialist, assessed the appropriateness of the valuation methodology and evaluated the reasonableness of the key assumptions and inputs applied in determining the recoverable amounts, with reference to the relevant supporting documentation; and – Reviewed the adequacy and appropriateness of the related disclosures in the financial statements in accordance with the requirements of SFRS(I) 1-36 <i>Impairment of Assets</i>.

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.

INDEPENDENT AUDITORS' REPORT

Members of the Company World Precision Machinery Limited

Report on the Audit of the Financial Statements (Continued)*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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any 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 financial 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.

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.

FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	745,353	1,018,931
Cost of sales		(646,604)	(850,767)
Gross profit		98,749	168,164
Other income	5	20,052	24,845
Distribution costs		(53,064)	(74,776)
Administrative expenses		(101,416)	(99,788)
Other expenses		(13,414)	(2,840)
Provision of impairment losses on trade and other receivables	7	(13,583)	(11,385)
Result from operating activities		(62,676)	4,220
Finance income		7,267	10,953
Finance costs		(9,453)	(11,084)
Net finance costs	6	(2,186)	(131)
(Loss)/profit before tax	7	(64,862)	4,089
Income tax credit	9	9,471	2,892
(Loss)/profit for the year		(55,391)	6,981
Other comprehensive income for the year, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Exchange differences on translation of foreign subsidiaries		7,227	4,773
Total comprehensive (loss)/income for the year		(48,164)	11,754
(Loss)/profit attributable to:			
Equity holders of the Company		(55,391)	6,981
Total comprehensive (loss)/income for the year attributable to the owners of the Company		(48,164)	11,754
Earnings per share (RMB per share)			
Basic and diluted	10	(0.14)	0.02

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025

	Note	Group		Company	
		2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	11	178,245	264,926	145,431	153,889
Trade and other receivables	12	379,792	490,879	806	686
Inventories	13	287,852	332,217	-	-
Total current assets		845,889	1,088,022	146,237	154,575
Non-current assets					
Trade and other receivables	12	10,771	42,944	-	-
Property, plant and equipment	14	667,254	674,609	2,777	3,051
Investment property	15	266,164	141,623	-	-
Goodwill	16	21,413	21,413	-	-
Intangible assets	17	16,671	19,303	-	-
Investments in subsidiaries	18	-	-	670,311	658,976
Deferred tax assets	23	2,770	2,497	-	-
Total non-current assets		985,043	902,389	673,088	662,027
Total assets		1,830,932	1,990,411	819,325	816,602
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	19	631,108	708,942	101,431	100,926
Lease liabilities	20	1,636	1,448	-	-
Contract liabilities	21	62,014	78,552	-	-
Bank borrowings	22	160,000	240,000	-	-
Tax payables		4	6,952	-	-
Total current liabilities		854,762	1,035,894	101,431	100,926
Non-current liabilities					
Trade and other payables	19	-	12	-	-
Lease liabilities	20	14,785	14,946	-	-
Bank borrowings	22	75,000	-	-	-
Deferred tax liabilities	23	24,742	29,752	-	-
Total non-current liabilities		114,527	44,710	-	-
Equity attributable to owners of the Company					
Share capital	24	250,660	250,660	250,660	250,660
Currency translation reserve	25	45,978	38,751	87,171	74,760
Statutory reserves	26	132,064	132,064	-	-
Capital reserve	27	97,097	97,097	-	-
Retained earnings		335,844	391,235	380,063	390,256
Total equity		861,643	909,807	717,894	715,676
Total equity and liabilities		1,830,932	1,990,411	819,325	816,602

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 2025

	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
Group						
Balance at 1 January 2025	250,660	38,751	132,064	97,097	391,235	909,807
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(55,391)	(55,391)
Other comprehensive income						
Foreign currency translation differences on foreign operations	-	7,227	-	-	-	7,227
Total comprehensive loss for the year	-	7,227	-	-	(55,391)	(48,164)
Transfer to statutory reserve fund	-	-	-	-	-	-
Balance at 31 December 2025	250,660	45,978	132,064	97,097	335,844	861,643

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 2025

	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
Group						
Balance at 1 January 2024	250,660	33,978	130,902	97,097	533,416	1,046,053
Total comprehensive income for the year						
Profit for the year	-	-	-	-	6,981	6,981
Other comprehensive income						
Foreign currency translation differences on foreign operations	-	4,773	-	-	-	4,773
Total comprehensive income for the year	-	4,773	-	-	6,981	11,754
Transactions with owners, recognised directly in equity						
Distributions to owners						
Dividend paid (Note 28)	-	-	-	-	(148,000)	(148,000)
Total distributions to owners	-	-	-	-	(148,000)	(148,000)
Transfer to statutory reserve fund	-	-	1,162	-	(1,162)	-
Balance at 31 December 2024	250,660	38,751	132,064	97,097	391,235	909,807

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 2025

Note	2025 RMB'000	2024 RMB'000
Operating activities		
(Loss)/profit before tax	(64,862)	4,089
Adjustments for:		
Amortisation of intangible assets	17 2,632	7,689
Bad debts written off	7 2	176
Amortisation of investment property	15 25,459	11,427
Depreciation of property, plant and equipment	14 59,964	61,103
Gain on disposal of property, plant and equipment	5 (22)	-
Impairment loss on goodwill	7 -	3,622
Interest expense	6 9,396	10,200
Interest income	6 (7,267)	(10,953)
Provision of impairment losses on trade and other receivables	7 13,583	11,385
Property, plant and equipment written off	14 1	-
Write-down of inventories, net	7 3,750	270
Operating cash flows before movements in working capital	42,636	99,008
Changes in working capital		
- Inventories	40,617	20,169
- Trade and other receivables	97,630	(65,770)
- Trade and other payables	(109,278)	(23,990)
- Contract liabilities	(16,537)	(16,024)
Cash generated from operations	55,068	13,393
Interest received	7,138	10,953
Withholding tax paid	(1,891)	(586)
Income tax (paid)/recovered	(871)	723
Net cash generated from operating activities	59,444	24,483
Investing activities		
Purchases of property, plant and equipment	(15,241)	(38,589)
Purchases of investment properties	18 (122,580)	-
Proceeds from disposal of property, plant and equipment	24	5
Net cash flows used in investing activities	(137,797)	(38,584)
Financing activities		
Proceeds from bank borrowings	22 235,000	150,000
Repayment of bank borrowings	(240,000)	(160,000)
Payment of lease liabilities	(728)	(1,114)
Bank deposit discharged	11 -	475
Dividend paid	28 -	(148,000)
Interest paid	(8,641)	(9,415)
Net cash flows used in financing activities	(14,369)	(168,054)

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 2025

	Note	2025 RMB'000	2024 RMB'000
Net decrease in cash and cash equivalents		(92,722)	(182,155)
Cash and cash equivalents at beginning of the year		264,926	431,074
Effect of exchange rate changes on cash and cash equivalents		6,041	16,007
Cash and cash equivalents at end of the year	11	<u>178,245</u>	<u>264,926</u>

Reconciliation of asset/liabilities arising from financing activities

	1 January 2025 RMB'000	Financing cash outflows RMB'000	Non-cash movements		31 December 2025 RMB'000
			New leases RMB'000	Interest expense RMB'000	
Liabilities					
Lease liabilities	16,394	(728)	-	755	16,421
Bank borrowings	240,000	(5,000)	-	-	235,000
Loan interest payables	272	(8,263)	-	8,235	244

	1 January 2024 RMB'000	Financing cash outflows RMB'000	Non-cash movements		31 December 2024 RMB'000
			New leases RMB'000	Interest expense RMB'000	
Liabilities					
Lease liabilities	16,723	(1,114)	-	785	16,394
Bank borrowings	250,000	(10,000)	-	-	240,000
Loan interest payables	288	(9,183)	-	9,167	272

	1 January 2024 RMB'000	Financing cash inflows RMB'000	Non-cash movements		31 December 2024 RMB'000
			New leases RMB'000	Interest expense RMB'000	
Asset					
Pledged deposits	475	(475)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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 9 Straits View, #06-07 Marina One West Tower, Singapore 018937.

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 18.

The financial statements of the Group and statement of financial position of the Company for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors of the Company on the date of Directors’ Statement.

2. Summary of material 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 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 2025. 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 2025

2. Summary of material 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) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: <i>Amendments to the Classification and Measurement of Financial Statements</i>	1 January 2026
Various	Annual improvements to SFRS(I)s – Volume 11	1 January 2026
SFRS(I) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
SFRS(I) 18	Presentation and Disclosure in Financial Statements	1 January 2027
SFRS(I) 19	Subsidiaries without public accountability: Disclosures	1 January 2027
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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, with the exception of SFRS(I) 18 Presentation and Disclosure in Financial Statements, will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

SFRS(I) 18, effective for annual periods beginning on or after 1 January 2027, replaces SFRS(I) 1-1 Presentation of Financial Statements and introduces new requirements for presentation and disclosure in financial statements. SFRS(I) 18 mandates a new structure for the statement of profit or loss and also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. As a consequential result of SFRS(I) 18 requirements, all entities are required to use the operating profit subtotal, instead of profit or loss, as the starting point for presenting operating cash flows under the indirect method. The classification of cash flows from dividends and interests in either operating, investing and financing cash flows is also fixed.

SFRS(I) 18 will apply retrospectively. The Group is still in the process of assessing the corresponding impact on the primary financial statements and notes to the financial statements.

2.2 Going Concern

The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a net loss of RMB55,391,000 for the financial year ended 31 December 2025 and, as at 31 December 2025, the Group's current liabilities exceeded its current assets by RMB8,873,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.2 Going Concern (Continued)**

Notwithstanding these indicators, the Directors have assessed that there is no material uncertainty related to these conditions, based on the following factors:

- (a) the Group has prepared cash flow forecasts covering the 24-month period from January 2026 to December 2027, which take into account the Group's expected operating performance, working capital requirements, ongoing and scheduled capital repayments, and available financing arrangements; and
- (b) the Group continues to receive support from financial institutions in respect of the facilities granted to the Group, as well as financial support from a major shareholder and a major related party.

Having considered the above, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis and that no material uncertainty exists in relation to the Group's ability to continue as a going concern.

2.3 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 them 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.

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.

Intra-group 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 of the Group 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 recognized directly in equity and attributed to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)

2.3 Basis of consolidation (Continued)

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 recognized 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 recognized in profit or loss in the Company's separate financial statements.

2.4 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.4 Business combinations (Continued)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)

2.5 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.5 Revenue recognition (Continued)**

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.

2.6 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 recognized in profit or loss in the period in which they are incurred.

2.7 Employee benefitsDefined 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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)

2.8 Income tax (Continued)

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 and does not give rise to equal taxable and deductible temporary differences.

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 recognized 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.

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 realize 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 recognized 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 recognized 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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.10 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.

2.11 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 recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized 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.

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 recognized 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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.12 Property, plant and equipment (Continued)**

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

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 20.

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.

Reclassification to investment property

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.13 Investment properties**Recognition and measurement

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 is 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.

2.14 Intangible assetsResearch 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)

2.14 Intangible assets (Continued)

Research and development costs (Continued)

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.

2.15 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 recognized 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 recognized for the asset (CGU) in prior financial years. A reversal of an impairment loss is recognized 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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.17 Financial instruments**

The Group recognizes 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)

2.17 Financial instruments (Continued)

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.

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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.17 Financial instruments (Continued)**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

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 lossesFinancial 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.17 Financial instruments (Continued)**Impairment of non-derivative financial assets (Continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.17 Financial instruments (Continued)**Impairment of non-derivative financial assets (Continued)

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.

Financial liabilities and equity instrumentsFinancial liabilitiesInitial 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.17 Financial instruments (Continued)****Financial liabilities and equity instruments (Continued)**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 recognized amounts; and
- (b) intends either to settle on a net basis, or to realize 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.

2.18 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.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**2.20 Leases (Continued)**

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.

The Group as a lessor

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 recognized 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 recognized on a straight-line basis over the lease term.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Summary of material accounting policies (Continued)**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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)**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 due from third parties

The Group uses an allowance matrix to measure ECL for trade receivables due from third parties. 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 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 2025 is RMB41,545,000 (2024: RMB29,276,000) (Note 32).

(ii) Measurement of ECL of other receivables

The Group and Company applies an individual assessment approach to estimate ECL on other receivables. Loss allowances for amounts due from employees and amount due from related parties are measured either at an amount equal to lifetime ECL or 12-month ECL, determined on an individual basis, depending on whether there is significant increase in credit risk of the individual receivables, considering also the Group's historical credit loss experience. This assessment is adjusted for specific factors such as counterparty risk and an evaluation of both current and forecasted general economic conditions at the reporting date. The ECL allowance on the Group's other receivables as at 31 December 2025 is RMB2,306,000 (2024: RMB2,289,000) (Note 32). The ECL allowance on the Company's amount due from related parties as at 31 December 2025 is RMB NIL (2024: RMB NIL) as at 31 December 2025.

(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 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 2025 was RMB667,254,000 (2024: RMB674,609,000), RMB266,164,000 (2024: RMB141,623,000) and RMB16,671,000 (2024: RMB19,303,000) respectively.

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For the financial year ended 31 December 2025

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)**3.2 Key sources of estimation uncertainty (Continued)**

(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 2025 was RMB667,254,000 (2024: RMB674,609,000).

(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 2025 was RMB287,852,000 (2024: RMB332,217,000). The allowance on the Group's inventory as at 31 December 2025 is RMB20,457,000 (2024: RMB16,720,000).

(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 2025 was RMB4,000 (2024: RMB6,952,000).

(vii) Impairment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the fair value less cost of disposal of the cash-generating units (CGU) to which goodwill has been allocated. The determination of fair value less cost of disposal requires the entity to apply appropriate valuation techniques, such as the depreciated replacement cost method and the direct comparison method, to estimate the fair value of the CGU based on unobservable inputs. An impairment loss of RMB NIL (2024: RMB3,622,000) was recognised as at 31 December 2025. The carrying amount of goodwill as at 31 December 2025 was RMB21,413,000 (2024: RMB21,413,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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	
	2025 RMB'000	2024 RMB'000
Conventional stamping machines	11,426	16,936
High performance and high tonnage stamping machines	633,475	882,208
Metal parts	100,452	119,787
	745,353	1,018,931

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	
	2025 RMB'000	2024 RMB'000
Sale of raw, scrap materials and tooling	6,095	7,262
Cost of raw, scrap materials and tooling sold	(5,048)	(5,296)
Gain from disposals of raw and scrap materials	1,047	1,966
Government grants and subsidies	10,863	15,421
Insurance claims	-	18
Penalty income	202	14
Processing income	6,197	2,310
Gain on disposal of property, plant and equipment	22	-
Labour service fees	679	-
Gain on stocktake	-	4,237
Rental income from (net of depreciation expenses):		
- leasing of plant and machinery	302	306
- investment property	469	469
Others	271	104
	20,052	24,845

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.

Processing income relates to fees charged for processing work performed for related parties using the Group's production facilities. As this does not form part of the Group's principal revenue-generating activities, it is presented under other

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

6. Finance income and finance costs

	Group	
	2025	2024
	RMB'000	RMB'000
Finance income:		
Interest income on banks	7,267	10,953
Finance costs:		
- interest expense on lease liabilities	(755)	(785)
- interest expense on discounting of bills receivable	(320)	(1,033)
- interest expense on bank borrowings	(8,235)	(9,167)
- others	(143)	(99)
	<u>(9,453)</u>	<u>(11,084)</u>
Net finance costs	<u>(2,186)</u>	<u>(131)</u>

7. Profit before tax

The following charges/(credit) were included in the determination of profit before taxation:

	Note	Group	
		2025	2024
		RMB'000	RMB'000
Amortisation of intangible assets	17	2,632	7,689
Audit fees paid/payable to:			
- auditors of the Company		480	450
- other auditors		420	450
Bad debts provision			
- trade		2	176
Amortisation of investment property	15	25,459	11,427
Depreciation of property, plant and equipment	14	59,964	61,103
Directors' fees payable/paid to directors of the Company		1,012	1,035
Loss/(gain) on foreign currency exchange - net		12,766	(5,030)
Provision of impairment losses on trade and other receivables	32	13,583	11,385
Personnel expenses	8	149,972	206,303
Loss on disposal of property, plant and equipment		-	10
Rental expenses	20	51	161
Write-down of inventories - net	13	3,750	270
Impairment loss on goodwill	16	-	3,622

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For the financial year ended 31 December 2025

8. Personnel expense

	Group	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonuses	132,544	185,547
Contribution to defined contribution plans	12,204	16,032
Other personnel expenses	5,224	4,724
	<u>149,972</u>	<u>206,303</u>

9. Income tax expense/(credit)

	Group	
	2025	2024
	RMB'000	RMB'000
Income tax		
- current year	2	3,535
- Over provision in respect of prior years	(6,081)	(228)
	<u>(6,079)</u>	<u>3,307</u>
Deferred tax credit		
- origination and reversal of temporary differences	(5,283)	(6,785)
	<u>(5,283)</u>	<u>(6,785)</u>
Withholding tax	1,891	586
	<u>(9,471)</u>	<u>(2,892)</u>

Reconciliation of effective tax rate

	Group	
	2025	2024
	RMB'000	RMB'000
(Loss)/profit before tax	(64,862)	4,089
Tax using the PRC tax rate of 25% (2024: 25%)	(16,216)	1,022
Tax concessions arising from preferential income tax rate	2,471	(663)
Effect of tax rates in foreign jurisdictions	2,628	397
Expenses not deductible for tax purposes	4,258	4,097
Non-taxable income	(2,499)	(6,901)
Effect of tax incentives	(5,606)	(6,827)
Deferred tax assets not recognised	9,683	5,625
Over provision of income tax in respect of prior years	(6,081)	(228)
Withholding tax	1,891	586
	<u>(9,471)</u>	<u>(2,892)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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	Tax effect	Gross amount	Tax effect
	2025	2025	2024	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	89,110	22,275	39,540	9,885

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.

The statutory income tax rate applicable to PRC subsidiaries is 25% (2024: 25%). In 2025 and 2024, 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. Earnings per share

Basic earnings per share is calculated based on the Group's (loss)/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	
	2025	2024
(Loss)/profit for the year attributable to equity holders of the Company (RMB'000)	(55,391)	6,981
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 2025 and 2024.

11. Cash and cash equivalents

	Group		Company	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks and on hand	160,705	264,658	145,431	153,889
Fixed deposit	17,540	268	-	-
	178,245	264,926	145,431	153,889

The Group's fixed deposit placed with a financial institution matured within 2 months (2024: 2 months) from the end of the reporting period. The interest rate is 3% (2024: 3%) per annum.

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For the financial year ended 31 December 2025

12. Trade and other receivables

	Group		Company	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	169,691	165,437	-	-
Less: allowance for expected credit losses	(41,545)	(29,276)	-	-
	128,146	136,161	-	-
Amount due from related companies (trade)	163,891	172,331	-	-
Amount due from an affiliated corporation (trade)	154	124	-	-
Amount due from a subsidiary (non-trade)	-	-	806	686
Amount due from employees	7,325	5,580	-	-
Less: allowance for expected credit losses	(2,306)	(2,289)	-	-
	5,019	3,291	-	-
Interest receivable	62	-	-	-
Deposits	1,610	1,607	-	-
Financial assets at amortised cost	298,882	313,514	806	686
Bills receivables	70,487	121,608	-	-
Prepayments for property, plant and equipment	10,771	43,009	-	-
Advance payments to suppliers	6,058	10,662	-	-
VAT receivables	-	1	-	-
Other asset	-	44,000	-	-
Other receivables	3,663	1,026	-	-
Tax recoverable	702	3	-	-
	390,563	533,823	806	686
Non-current	10,771	42,944	-	-
Current	379,792	490,879	806	686
	390,563	533,823	806	686

Trade receivables are non-interest bearing and the Group generally extend credit period of 6 months to 1 year (2024: 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 (2024: 1 year) from date of invoice. They are recognised at the transaction price which represent their fair value on initial recognition.

Prepayments for property, plant and equipment included an amount of RMB650,000 and RMB10,121,000 (2024: RMB64,000 and RMB42,764,000) paid to third parties for equipment and the purchase of land respectively.

For the financial year ended 31 December 2024, other asset includes a 45.45% equity interest, amounting to RMB44,000,000, in a Hainan Xingmei Spring Hotel Co., Ltd. (the "Project Company") which holds certain assets and liabilities transferred from Hainan Xinglong Pearl Investments Co., Ltd for the purpose of acquiring these assets and liabilities. The agreed purchase price for the acquisition is structured to be paid in six tranches and scheduled to be paid to the seller. These payments are refundable under the terms of the agreement. Upon the payment of the third tranche on 18 February 2025, the Group obtained 100% equity interest in the Project Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

12. Trade and other receivables (Continued)

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.

The amount due from employee, other receivables and non-trade amount due from a subsidiary are unsecured, interest-free and repayable on demand.

13. Inventories

	Group	
	2025 RMB'000	2024 RMB'000
Finished goods	49,613	65,736
Work-in-progress and components parts	181,094	215,824
Raw materials	57,145	50,657
	287,852	332,217

Raw materials, consumables and changes in finished goods, and work-in-progress and component parts included as cost of sales amounted to RMB551,157,000 (2024: RMB598,483,000) 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 2025, a net write-down for slow-moving and obsolete inventories to net realisable value amounting to RMB3,737,000 (2024: RMB270,000) was recognised in "cost of sales" due to slow-moving inventories and obsolete raw materials.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

14. 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 2024	497,803	820,158	9,996	122,010	16,262	11,739	1,477,968
Additions	3,408	2,904	44	1,725	4,012	41,321	53,414
Disposal	-	-	-	-	(278)	-	(278)
At 31 December 2024	501,211	823,062	10,040	123,735	19,996	53,060	1,531,104
Additions	34,006	4,857	44	1,604	-	12,100	52,611
Acquisition of subsidiary (Note 18)	150,000	-	-	-	-	-	150,000
Reclassification (Note 15)	(150,000)	-	-	-	-	-	(150,000)
Disposal	-	(2)	(15)	-	(46)	-	(63)
At 31 December 2025	535,217	827,917	10,069	125,339	19,950	65,160	1,583,652
Accumulated depreciation:							
At 1 January 2024	176,559	499,097	9,585	98,329	12,095	-	795,665
Charge for the year	16,130	38,748	197	4,618	1,410	-	61,103
Disposal	-	-	-	-	(273)	-	(273)
At 31 December 2024	192,689	537,845	9,782	102,947	13,232	-	856,495
Charge for the year	12,630	38,690	142	7,011	1,491	-	59,964
Disposal	-	(2)	(14)	-	(45)	-	(61)
At 31 December 2025	205,319	576,533	9,910	109,958	14,678	-	916,398
Carrying amount:							
At 31 December 2024	329,898	251,384	159	15,381	5,272	65,160	667,254
At 31 December 2025	308,522	285,217	258	20,788	6,764	53,060	674,609

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

14. Property, plant and equipment (Continued)

	Note	Company	
		2025 Motor vehicles RMB'000	2024 Motor vehicles RMB'000
Cost			
At 1 January		3,211	-
Additions		-	3,211
At 31 December		<u>3,211</u>	<u>3,211</u>
Accumulated depreciation			
At 1 January		160	-
Charge for the year		274	160
At 31 December		<u>434</u>	<u>160</u>
Net carrying value			
At 31 December		<u>2,777</u>	<u>3,051</u>

15. Investment properties

	Note	Group	
		2025 RMB'000	2024 RMB'000
Cost			
At 1 January		165,152	165,152
Acquisition of land and buildings	14	150,000	-
At 31 December		<u>315,152</u>	<u>165,152</u>
Accumulated amortisation			
At 1 January		23,529	12,102
Charge for the year	7	25,459	11,427
At 31 December		<u>48,988</u>	<u>23,529</u>
Net carrying value			
At 31 December		<u>266,164</u>	<u>141,623</u>
Fair value			
At 31 December		<u>324,388</u>	<u>174,388</u>

Investment properties comprise a commercial property that is leased to the third parties. The lease contains a non-cancellable period varying from 3 to 6 years (2024: 3 to 5 years), with a fixed annual rent.

During the year, there was acquisition of land and building RMB150 million due to Group acquired 100% effective interest of Hainan Xingmei Spring Hotel Co., Ltd.

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For the financial year ended 31 December 2025

15. Investment properties (Continued)

The following amounts are recognised in profit or loss:

	Group	
	2025 RMB'000	2024 RMB'000
Rental income from investment property	743	743
Direct operating expenses (including repairs and maintenance) from:		
- rental-generating investment property	(274)	(274)
- non-rental-generating investment property	(1,596)	(771)

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 measurement 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 feet of RMB1,060 (2024: RMB1,060). An increase in the price per square feet would result in a higher fair value. The fair value of the Group's investment property is approximately RMB324,388,000 (2024: RMB174,388,000).

16. Goodwill

	Group	
	2025 RMB'000	2024 RMB'000
Cost		
At 1 January	25,035	25,035
Impairment losses	(3,622)	(3,622)
At 31 December	21,413	21,413
Carrying amount		
At 31 December	21,413	21,413

Goodwill acquired in a business combination is allocated to the cash-generating units that are expected to benefit from the business combination.

During the financial year ended 31 December 2023, goodwill with carrying amount of RMB25,035,000 was acquired through the purchase of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd ("WYHSH").

The Group tests cash-generating units for impairment annually, or more frequently when there is an indication for impairment.

The Group has measured the recoverable amount of the CGU, which comprised of the land and property, plant and equipment acquired on the business combination, based on fair value less cost of disposal. The Group has determined the fair value of CGU based on the valuation performed by an external professional valuer. 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 fair value measurement was categorised as a Level 3 in the fair value hierarchy as it is derived from unobservable inputs.

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For the financial year ended 31 December 2025

16. Goodwill (Continued)

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: <ul style="list-style-type: none"> • 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.	The estimated fair value would increase/(decrease) if price psm was higher/(lower)

In assessing the fair value less cost of disposal of the CGU, management also considered the net asset value of current assets and liabilities, which are approximated to their fair values due to their short-term nature.

Management is of the view that no reasonable possible changes in any of the key assumptions would cause the CGU's carrying amount to exceed its recoverable amount or result in the CGU's carrying amount to be equal to its recoverable amount.

During the financial year, the Group carried out a review of the recoverable amount of its CGU. The review led to the recognition of an impairment loss of RMB NIL (2024: 3,622,000) that has been recognised in profit or loss, representing the write down of the CGU to its recoverable amount based on fair value less cost of disposal.

17. Intangible assets

<u>Group</u>	Development costs RMB'000
<u>Cost:</u>	
At 1 January 2024 and 31 December 2024 and 31 December 2025	106,193
<u>Accumulated amortisation:</u>	
At 1 January 2024	79,201
Amortisation charge for the year	7,689
At 31 December 2024	86,890
Amortisation charge for the year	2,632
At 31 December 2025	89,522
<u>Carrying amount:</u>	
At 31 December 2025	16,671
At 31 December 2024	19,303

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17. Intangible assets (Continued)**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.

18. Investments in subsidiaries

	Company	
	2025	2024
	RMB'000	RMB'000
Unquoted equity share, at cost	658,976	662,266
Currency translation differences	11,335	(3,290)
	670,311	658,976

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	
			2025	2024
			%	%
Held by the Company:				
World Precise Machinery (China) Co., Ltd. ⁽¹⁾ ("WPM (China)")	Manufacture and supply of stamping machines and metal parts	PRC	100	100
World Precise Machinery (Shenyang) Co., Ltd. ⁽¹⁾ ("WPMS") *	Manufacture and supply of stamping machines and metal parts	PRC	100	100
World Precise Machinery Parts (Jiangsu) Co., Ltd. ⁽¹⁾ ("WPMP") *	Research and development and manufacturing of key components of all types of precision machine tools	PRC	100	100
Hainan World Tourism Investment Co., Ltd. ⁽¹⁾⁽³⁾ ("HWTI")	Hotel investment and management services	PRC	100	100
World Precise Machinery (Thailand) Co., Ltd. ⁽²⁾ ("WPMT")	Manufacture and supply of stamping machines and metal parts	Thailand	5	5
Held By WPM (China):				
Jiangsu World Tourism Investment Management Co., Ltd. ⁽¹⁾ ("JWTIM")	Hotel investment and management services	PRC	100	100
World Precise Machinery (Thailand) Co., Ltd. ⁽²⁾	Manufacture and supply of stamping machines and metal parts	Thailand	90	90
Held By WPMP:				
World Precise Machinery (Thailand) Co., Ltd. ⁽²⁾	Manufacture and supply of stamping machines and metal parts	Thailand	5	5
Held By HWTI:				
Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd. ⁽¹⁾ ("WYHSH")	Hotel operator and management services	PRC	100	100
Hainan Xingmei Spring Hotel Co., Ltd. ⁽¹⁾ ("HNXM")	Hotel operator and management services	PRC	100	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

18. Investments in subsidiaries (Continued)

- (1) Audited by member firm under ZSZH-Mazars International Alliance
- (2) Not required to be audited under the laws of the country of incorporation. Incorporated on 27 June 2023 with a registered share capital of THB 1,050,000,000. Wholly owned subsidiary of the Group through shareholdings held by the Company, WPMP and WPM China
- (3) Incorporated on 18 August 2023 with a registered capital of USD20,000,000

Acquisition of a subsidiary

On 8 October 2023, pursuant to Share Transfer Agreement, the Group acquired 100% equity interest in Hainan Xingmei Spring Hotel Co., Ltd. from Zhejiang Haiti Investment Real Estate Co., Ltd. and Zhoushan Ailifen Building Materials Co., Ltd. for a net cash consideration of RMB150,000,000.

On 17 February 2025, the Group acquired 100% effective interest of Hainan Xingmei Spring Hotel Co., Ltd. in Hainan.

The acquisition was accounted for as an acquisition of assets.

Fair values of the identifiable assets and liabilities of Hainan Xingmei Spring Hotel Co., Ltd. as at the date of acquisition:

	Fair value recognised on date of acquisition RMB'000
Assets	
Property, plant and equipment	91,051
Land use rights	59,242
Cash and cash equivalents	1
Other payables	(294)
Net identifiable assets acquired	<u>150,000</u>

The assets above were classified as investment properties in Note 15.

Effects of the acquisition of the subsidiary on cash flows

	RMB'000
Total purchase consideration	150,000
Consideration payable in cash	(27,419)
Consideration paid in cash	<u>122,581</u>
Less: Cash and cash equivalents of subsidiary acquired	(1)
Net cash outflow on acquisition during the financial year ended 31 December 2025	<u><u>122,580</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

19. Trade and other payables

	Group		Company	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	388,046	492,944	-	-
Amount due to related parties (trade)	6,053	19,748	-	-
Amount due to affiliated company (trade)	1,439	3,087	-	-
Accrued operating expenses	170,907	154,385	2,314	3,132
Loan interest payables	244	272	-	-
VAT payables	11,737	12,583	-	-
Other tax payables	1,123	717	-	-
Bonus payables	7,120	10,259	-	-
Deferred consideration	27,419	-	-	-
Payables relating to property, plant and equipment	16,432	12,796	-	-
Amount due to related companies (non-trade)	373	1,842	-	-
Amount due to a subsidiary (non-trade)	-	-	99,117	97,794
Deferred income from government grants	215	321	-	-
	631,108	708,954	101,431	100,926
Non-current	-	12	-	-
Current	631,108	708,942	101,431	100,926
	631,108	708,954	101,431	100,926

Trade payables are non-interest bearing with credit periods ranging from 3 to 6 months (2024: 3 to 6 months).

Trade payables included RMB56,930,000 (2024: RMB84,179,000) which pertains to undue bills payable 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 consideration

Pertain to unpaid cash consideration for hotel assets acquisition of Hainan Xingmei Spring Hotel Co., Ltd which is due for payment on 30 October 2026.

Deferred income from government grants

In 2021, 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 RMB1,680,000. 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. As at 31 December 2025, the carrying amount of deferred income from government grants is RMB215,000 (2024: RMB321,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

20. Lease liabilities

	Group	
	2025 RMB'000	2024 RMB'000
Lease liabilities		
Non-current	14,785	14,946
Current	1,636	1,448
	16,421	16,394

Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

	Nominal interest rate %	Year of maturity	Group	
			Face value RMB'000	Carrying amount RMB'000
2025				
Lease liabilities	3.60 – 4.90	2026 to 2057	30,205	16,421
2024				
Lease liabilities	3.85 – 4.90	2026 to 2057	30,921	16,394

(a) Leases as lessee

The Group leases land and buildings. The leases typically run for a period of 3 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	Investment properties RMB'000	Total RMB'000
Balance at 1 January 2024	61,777	789	62,566
Additions for the year	105	-	105
Depreciation charge for the year	(745)	(29)	(774)
Balance at 31 December 2024	61,137	760	61,897
Additions for the year	492	-	492
Depreciation charge for the year	(3,250)	(58)	(3,308)
Balance at 31 December 2025	58,379	702	59,081

The total cash outflow for leases during the financial year ended 31 December 2025 is RMB728,000 (2024: RMB1,114,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

20. Lease liabilities (Continued)**(a) Leases as lessee (Continued)****(ii) Amounts recognised in profit or loss**

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	755	785
Expenses relating to short-term leases	51	161

(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 15 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.

	2025 RMB'000	2024 RMB'000
Less than one year	1,049	1,049
Two to five years	1,701	2,958
More than five years	1,809	2,114
	4,559	6,121

21. Contract liabilities

Movement in the contract liabilities balances during the financial year are as follows:

	Group	
	2025 RMB'000	2024 RMB'000
Balance as at 1 January	78,552	94,576
Increases due to advances received, excluding amounts recognised as revenue during the financial year	54,488	66,497
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	(71,026)	(82,521)
Balance as at 31 December	62,014	78,552

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 2025

21. Contract liabilities (Continued)

The Group's revenue recognised in the financial years that was included in the contract liabilities balance at the beginning of the respective financial years and that related to performance obligations satisfied in previous years is as follows:

	Group	
	2025 RMB'000	2024 RMB'000
Amounts included in contract liabilities at the beginning of the financial year		
- Machine tools	78,552	94,516
- Laser cutting machines	-	60
	78,552	94,576
Performance obligations satisfied in previous financial years		
- Machine tools	71,026	82,461
- Laser cutting machines	-	60
	71,026	82,521

22. Bank borrowings

	2025 RMB'000	2024 RMB'000
	Secured	
Bank borrowings	235,000	240,000
Less: Amount due for settlement within 12 months (shown under current liabilities)	(160,000)	(240,000)
Amount due for settlement after 12 months	75,000	-

The Group's secured bank borrowings consist mainly of the following loans:

- (i) Bank loan A relates to a RMB96,000,000 bank loan that are secured over land and building of WPMC and corporate guarantees issued by associates of the Executive Chairman of the Company. The effective interest rate of the bank loans at the reporting date is 3.55% (2024: 3.75%) per annum and repayable in full 1 year from drawdown date.
- (ii) Bank loan B relates to a RMB54,000,000 bank loan that are secured over land and building of WPMC and corporate guarantees issued by associates of the Executive Chairman of the Company. The effective interest rate of the bank loans at the reporting date is 3.55% (2024: 3.75%) per annum and repayable in full 1 year from drawdown date.
- (iii) Bank loan C relates to a refinanced RMB85,000,000 (Original RMB100,000,000) loan that are secured over land use rights of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd. and a corporate guarantee issued by an associate of the Executive Chairman of the Company. The effective interest rate of the bank loans at the reporting date is 3.45% (2024: 3.65%) per annum. As at the end of the reporting period, the outstanding borrowing amounted to RMB85,000,000 (2024: RMB90,000,000)

The carrying amount of bank loans approximate their fair values due to either the relatively short-term maturity of these loans or the interest rates approximate the market rates prevailing at end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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 2024 RMB'000	Recognised in profit or loss (Note 9) RMB'000	Balance as at 31 December 2024 RMB'000	Recognised in profit or loss (Note 9) RMB'000	Balance as at 31 December 2025 RMB'000
Group					
Trade and other receivables	5,902	1,484	7,386	1,712	9,098
Intangible assets	3,198	(103)	3,095	(944)	2,151
Lease liabilities	2,392	105	2,497	(67)	2,430
Donations	430	(149)	281	-	281
Inventories	94	(46)	48	252	300
Deferred tax assets	12,016	1,291	13,307	953	14,260
Distributable earnings of PRC subsidiaries	(499)	294	(205)	205	-
Property, plant and equipment	(13,895)	2,687	(11,208)	1,625	(9,583)
Changes in fair value on acquisition of a subsidiary	(31,649)	2,500	(29,149)	2,500	(26,649)
Deferred tax liabilities	(46,043)	5,481	(40,562)	4,330	(36,232)
	(34,027)	6,772	(27,255)	5,283	(21,972)

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	
	2025 RMB'000	2024 RMB'000
Deferred tax assets	2,770	2,497
Deferred tax liabilities	(24,742)	(29,752)
	(21,972)	(27,255)

Deferred tax liabilities not recognised

The total undistributed profits of the PRC subsidiaries are RMB19,344,945 (2024: RMB27,798,703). No deferred tax liability has been recognised for undistributed profits of RMB19,344,945 (2024: RMB27,593,703) 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 2025

24. Share capital

	Group and Company			
	2025	2024	2025	2024
	Number of ordinary shares		RMB'000	RMB'000
<u>Issued and fully paid, with no par value</u>				
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 shares 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	
	2025	2024
	RMB'000	RMB'000
Statutory reserve fund	132,064	132,064

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 2025

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 2024, the Company declared and paid special interim tax-exempt (one-tier) dividend of RMB0.370 per ordinary share of the Company totalling approximately RMB148,000,000 in respect of the financial year ended 31 December 2024.

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	
	2025 RMB'000	2024 RMB'000
Capital commitments in respect of property, plant and equipment	19,294	26,104

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:
- (i) 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).
 - (ii) 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).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) 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.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) 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).
 - (viii) 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 2025

30. Significant related party transactions (Continued)

A related party is defined as follows: (Continued)

(b) An entity is related to the Company if any of the following conditions applies: (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	
	2025	2024
	RMB'000	RMB'000
<i>Related companies</i>		
<u>Income</u>		
Sales to related companies	294,350	304,209
Processing services to related companies	10,682	4,033
<hr/>		
<u>Expenses</u>		
Lease of premises from a related company	600	600
Processing services from related companies	1,199	4,463
Purchases of machineries and parts form related companies	183	3,992
Purchases of raw materials from related companies	16,132	199,847
Purchases of scrap materials from related companies	15,883	22,435
<hr/>		
<i>Affiliated companies</i>		
<u>Income</u>		
Sales to affiliated companies	1,230	14,620
Processing services to affiliated companies	17	97
<hr/>		
<u>Expenses</u>		
Purchases of raw materials from affiliated companies	293	375
Purchases of scrap materials from affiliated companies	81	3,171
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Outstanding balances with related parties at the end of the reporting period are disclosed in Notes 12 and 19 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

30. Significant related party transactions (Continued)***Key management personnel compensation***

Key management personnel compensation is analysed as follows:

	Group	
	2025	2024
	RMB'000	RMB'000
Directors of the Company:		
- short-term employee benefits	1,980	1,937
- defined contribution benefits	59	50
- directors' fees	1,012	1,035
	3,051	3,022
Other key management personnel:		
- short-term employee benefits	2,402	3,005
- defined contribution benefits	174	164
	2,576	3,169
	5,627	6,191

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

For the financial year ended 31 December 2025, the Group had one external customer which individually contributed more than 10% of the Group's total revenue. Revenue amounted to RMB194,947,000 and was attributable to the Group's single reportable operating segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32. Financial instruments and financial risk**Overview**

The Group's activities expose it to credit risk, market risks (including foreign currency risk and interest rate 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 2025

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 have a low risk of default and do not have any past due amount	12-months 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 there is evidence of credit impairment	Credit-impaired – Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
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 2025

32. Financial instruments and financial risk (Continued)***Credit risk (Continued)***Trade receivables

At 31 December 2025, the Group's trade receivables comprise 3 (2024: 7) debtors that represented approximately 37% (2024: 16%) 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:

	Weighted average loss rate %	Gross carrying amount		Impairment loss allowance		Net carrying amount RMB'000
		Not credit impaired	Credit impaired	Credit impaired	Expected credit loss	
		RMB'000	RMB'000	RMB'000	RMB'000	
Group						
2025						
Not past due	0.28	93,892	-	-	(261)	93,631
0 to 6 months past due	5.61	16,242	-	-	(912)	15,330
6 to 12 months past due	13.31	9,593	-	-	(1,277)	8,316
More than 1 year past due	68.10	34,073	15,891	(15,891)	(23,204)	10,869
		153,800	15,891	(15,891)	(25,654)	128,146
2024						
Not past due	0.77	52,423	-	-	(404)	52,019
0 to 6 months past due	3.09	50,650	-	-	(1,567)	49,083
6 to 12 months past due	14.15	23,579	-	-	(3,337)	20,242
More than 1 year past due	37.96	23,883	14,902	(14,902)	(9,066)	14,817
		150,535	14,902	(14,902)	(14,374)	136,161

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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 corporations (trade), amount due from a subsidiary (non-trade), amount due from employees, other receivables and cash and cash equivalents.

Amount due from related corporations

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.

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 2025

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:

<u>Group</u>	Trade receivables		Amount due from employees		Amount due from related corporations		Others	
	Note (i) RMB'000	Credit impaired RMB'000	Total RMB'000	Lifetime ECL RMB'000	12-months ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL RMB'000
Balance at 1 January 2024	5,069	13,434	18,503	2,258	-	-	-	-
Net remeasurement of loss allowance	9,305	1,468	10,773	31	-	-	-	-
Balance at 31 December 2024	14,374	14,902	29,276	2,289	-	-	-	-
Net remeasurement of loss allowance	11,280	989	12,269	17	-	-	-	-
Balance at 31 December 2025	25,654	15,891	41,545	2,306	-	-	-	-
<u>Gross carrying amount</u>								
At 31 December 2024	150,535	14,902	165,437	5,580	172,331	1,607		
At 31 December 2025	153,800	15,891	169,691	7,325	163,891	1,610		
<u>Net carrying amount</u>								
At 31 December 2024	136,161	-	136,161	3,291	172,331	1,607		
At 31 December 2025	128,146	-	128,146	5,019	163,891	1,610		

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 2025

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 RMB178,245,000 and RMB145,431,000 respectively at 31 December 2025 (2024: RMB264,926,000 and RMB153,889,000 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, THB 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:

	2025		2024	
	USD RMB'000	RMB RMB'000	USD RMB'000	RMB RMB'000
Group				
Cash and cash equivalents	167,522	-	185,651	-
Net exposure	167,522	-	185,651	-
Company				
Cash and cash equivalents	142,046	-	144,845	-
Trade and other payables	-	(99,117)	-	(97,794)
Net exposure	142,046	(99,117)	144,845	(97,794)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32. Financial instruments and financial risk (Continued)**Market risk (Continued)**Foreign currency risk (Continued)*Foreign currency sensitivity analysis*

A reasonably possible 3% (2024: 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		Company	
	Profit or loss		Profit or loss	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
USD	5,026	5,570	4,261	4,345
RMB	-	-	2,974	2,934

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, there are no variable interest-bearing financial assets and liabilities.

The Group does not use derivative financial instruments to hedge its interest rate exposures.

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 2025

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 RMB'000	2 to 5 Years RMB'000	Over 5 years RMB'000	Total RMB'000
Group					
Undiscounted financial assets					
Trade and other receivables*	-	369,369	-	-	369,369
Cash and cash equivalents	3.00	178,245	-	-	178,245
As at 31 December 2025		547,614	-	-	547,614
Trade and other receivables*	-	435,122	-	-	435,122
Cash and cash equivalents	3.00	264,926	-	-	264,926
As at 31 December 2024		700,048	-	-	700,048
Undiscounted financial liabilities					
Trade and other payables#	-	590,614	-	-	590,614
Lease liabilities	3.60 - 4.90	1,238	4,293	24,674	30,205
Bank borrowings	3.45 - 3.55	240,595	76,941	-	317,536
As at 31 December 2025		832,447	81,234	24,674	938,355
Trade and other payables#	-	695,333	-	-	695,333
Lease liabilities	3.85 - 4.90	1,069	4,148	25,705	30,922
Bank borrowings	3.65 - 3.75	166,098	92,190	-	258,288
As at 31 December 2024		862,500	96,338	25,705	984,543
Total undiscounted net financial liabilities					
- at 31 December 2025		(284,833)	(81,234)	(24,674)	(390,741)
- at 31 December 2024		(162,452)	(96,338)	(25,705)	(284,495)

* Excludes VAT receivables, advance payments to suppliers, prepayments and tax recoverable

Excludes VAT payables, other tax payables, deferred consideration and deferred income

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32. Financial instruments and financial risk (Continued)***Liquidity risk (Continued)***

	Effective interest rate %	Less than 1 year RMB'000
<u>Company</u>		
<u>Undiscounted financial assets</u>		
Trade and other receivables*	-	806
Cash and cash equivalents	3.00	145,431
As at 31 December 2025		146,237
Trade and other receivables*	-	686
Cash and cash equivalents	3.00	153,889
As at 31 December 2024		154,575
<u>Undiscounted financial liabilities</u>		
Trade and other payables#	-	101,431
As at 31 December 2025		101,431
Trade and other payables#	-	100,926
As at 31 December 2024		100,926
<u>Total undiscounted net financial liabilities</u>		
- at 31 December 2025		44,806
- at 31 December 2024		53,649

* 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 2025

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:

	Note	Group		Company	
		2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost					
Trade and other receivables*	12	298,882	313,514	806	686
Cash and cash equivalents	11	178,245	264,926	145,431	153,889
		477,127	578,440	146,237	154,575
Financial assets measured at FVOCI					
Bills receivables	12	70,487	121,608	-	-
Financial liabilities at amortised cost					
Trade and other payables#	19	590,614	695,333	101,431	100,926
Lease liabilities	20	16,421	16,394	-	-
Bank borrowings	22	235,000	240,000	-	-
		842,035	951,727	101,431	100,926

* Excludes VAT receivables, advance payments to suppliers, prepayments and tax recoverable

Excludes VAT payables, other tax payables and deferred income

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:

- 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).
- 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

33. Fair values of financial assets and financial liabilities (Continued)**Level 2**
RMB'000**Recurring Fair Value Measurement****Group****2025****Financial assets:**

Bills receivables	<u>70,487</u>
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2024**Financial assets:**

Bills receivables	<u>121,608</u>
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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.

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 2024.

	Group	
	2025	2024
	RMB'000	RMB'000
Total liabilities	969,289	1,080,604
Less: Cash and cash equivalents	(178,245)	(264,926)
Net debts	<u>791,044</u>	<u>815,678</u>
Equity attributable to the equity holders of the Company	861,643	909,807
Less:		
- Statutory reserves (Note 26)	(132,064)	(132,064)
- Capital reserve (Note 27)	(97,097)	(97,097)
Adjusted equity	<u>632,482</u>	<u>680,646</u>
Net debt to adjusted equity ratio	<u>1.25</u>	<u>1.20</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

35. Events subsequent to the reporting date

- (a) Subsequent to the financial year ended, on 5 February 2026, the Company incorporated a wholly-owned subsidiary, World Precise Machinery TAS, in Uzbekistan. The subsidiary was incorporated with an issued share capital of UZS600 million (equivalent to RMB3,500,000). The principal activities of World Precise Machinery TAS include the manufacture and sale of cotton ginning equipment and its related spare parts.
- (b) Subsequent to the financial year ended 31 December 2025, geopolitical tensions in the Middle East involving Israel, the United States and Iran have increased global economic uncertainty. Based on management's assessment, the conflict would not have direct impact on the Group's operations, financial position or performance as at the issuance date of the financial statements as the Group does not have exposure to the affected regions. As the situation is still evolving, management will continue to monitor and evaluate any possible impact to the Group's operations and financial results in future periods.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6)

of the Listing Manual of the SGX-ST on Directors seeking for re-election (as at 10 April 2026)

The following additional information on Ms Yap Ming Choo and Mr Ngo Yit Sung, all of whom are seeking re-election as Directors at this Annual General Meeting, is to be read in conjunction with their respective biographies in the Annual Report.

	Yap Ming Choo	Ngo Yit Sung
Date of Appointment	2 February 2024	2 February 2024
Date of last re-appointment (if applicable)	29 April 2024	29 April 2024
Age	68	44
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment/ re-election (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>The Nominating Committee ("NC"), having considered the attendance and participation of the Director at Board and Board Committees' meetings, and taking into account Ms Yap Ming Choo's track record, experience and capabilities to, amongst others, provide insight and guidance to Group's business and strategies, had recommended to the Board the re-election of Ms Yap Ming Choo who will be retiring by rotation pursuant to Article 89 of the Company's Constitution at the forthcoming Annual General Meeting ("AGM").</p> <p>The Board supported the NC's recommendation.</p> <p>Ms Yap Ming Choo had abstained from voting on any resolution and making any recommendation and/or participate in respect of her own re-election.</p>	<p>The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, and taking into account Mr Ngo Yit Sung's track record, experience and capabilities to, amongst others, provide insight and guidance to Group's business and strategies, had recommended to the Board the re-election of Mr Ngo Yit Sung who will be retiring by rotation pursuant to Article 89 of the Company's Constitution at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr Ngo Yit Sung had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, chairman of the Audit Committee (" AC ") and members of the NC and the Remuneration Committee (" RC ").	Independent Director, member of the AC, and chairman of the NC and the RC.
Professional qualifications Working experience and occupation(s) during the past 10 years	Please refer to the Directors' respective biographies under the "Board of Directors" section of this Annual Report.	
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6)

of the Listing Manual of the SGX-ST on Directors seeking for re-election (as at 10 April 2026)

	Yap Ming Choo	Ngo Yit Sung
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 under the "Board of Directors" section of this Annual Report.	
Other Directorships for the past 5 years	-	TOTM Technologies Limited International Biometrics Pte. Ltd. Netlink VJ Pte Ltd Sino-Lion Communications Pte. Ltd. Eneco Energy Limited Richland Logistics Services Pte Ltd
Other Present Directorships	Datapulse Technology Limited	China Shenshan Orchard Holdings Co. Ltd.
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 20 MARCH 2026

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	0.22	33	0.00
100 - 1,000	42	9.25	33,973	0.01
1,001 - 10,000	172	37.89	1,107,500	0.28
10,001 - 1,000,000	230	50.66	18,055,099	4.51
1,000,001 and above	9	1.98	380,803,395	95.20
	454	100.00	400,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2026

(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 20 MARCH 2026

TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2025

No.	Name of Shareholders	Number of Shares	%
1.	WORLD SHAREHOLD LIMITED	295,391,000	73.85
2.	OCBC SECURITIES PRIVATE LTD	62,605,967	15.65
3.	CHUA KUAN LIM, CHARLES	8,000,000	2.00
4.	PHILLIP SECURITIES PTE LTD	4,031,928	1.01
5.	DBS NOMINEES PTE LTD	3,676,000	0.92
6.	CGS INTERNATIONAL SECURITIES SINGAPORE PTE LTD	2,200,500	0.55
7.	LIAN SENG INVESTMENT PTE LTD	2,000,000	0.50
8.	SHAO XIAOPU	1,498,000	0.38
9.	HONG LEONG FINANCE NOMINEES PTE LTD	1,400,000	0.35
10.	ABN AMRO CLEARING BANK N.V.	886,500	0.22
11.	LI HUNG	781,000	0.20
12.	CHUA ZI HUI CATHERINE MARY (CAI ZIHUI)	757,000	0.19
13.	HSBC (SINGAPORE) NOMINEES PTE LTD	714,200	0.18
14.	KIANG TIANG TAN OR KIANG WEN JIANG	699,600	0.17
15.	SAHA ANSHUMAN MANABENDRANATH	597,400	0.15
16.	CHENG HON SANG	499,000	0.12
17.	TAN JIN SIN	457,000	0.11
18.	LYNN LOW EU LIEN	447,000	0.11
19.	MAYBANK SECURITIES PTE. LTD.	391,000	0.10
20.	RAFFLES NOMINEES (PTE) LIMITED	357,900	0.09

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

12.20% 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

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 327, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Monday, 27 April 2026 at 2.00 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 2025 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 89 of the Company’s Constitution:

Ms Yap Ming Choo **(Resolution 2)**
Mr Ngo Yit Sung **(Resolution 3)**
[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of S\$184,000 for the financial year ending 31 December 2026, to be paid quarterly in arrears (FY2025: S\$184,000). **(Resolution 4)**
4. To re-appoint Forvis Mazars LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. 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:

6. Share Issue Mandate

That pursuant to Section 161 of the Companies Act 1967 of Singapore and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**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 SGX-ST) 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 SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) 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 (ii)]

(Resolution 6)

7. The Proposed Renewal of the Interested Person Transactions Mandate

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST ("**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 10 April 2026 (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 (iii)]

(Resolution 7)

By Order of the Board

Yuen Pei Lur Perry
Company Secretary

10 April 2026

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 2 proposed in item 2. above is to re-elect Ms Yap Ming Choo ("**Ms Yap**") as a Director of the Company. Ms Yap will, upon re-election as a Director of the Company, will remain as the Lead Independent Director of the Company, chairman of the Audit Committee ("**AC**") and members of the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

The Ordinary Resolution 3 proposed in item 2. above is to re-elect Mr Ngo Yit Sung ("**Mr Ngo**") as a Director of the Company. Mr Ngo will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, a member of the AC and chairman of the NC and the RC, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

The information relating to Ms Yap and Mr Ngo as required under Rule 720(6) of the Listing Manual of the SGX-ST is set out under "Additional Information Required Pursuant to Rule 720(6)" of the Annual Report.

- (ii) The Ordinary Resolution 6 in item 6 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.

- (iii) The Ordinary Resolution 7 in item 7 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.

Notes:General

1. The AGM of the Company will be held in a wholly physical format at Meeting Room 327, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 and there will be no option for shareholders to participate virtually ("**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. 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 to 15 below for further details.
3. Live voting by poll will be conducted during the AGM for shareholders and proxy(ies) attending the Physical Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Voting by proxy

4. A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the AGM. Where a member who is not a relevant intermediary 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.
5. 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 of Singapore 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; or
 - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore (the “**CPF Act**”), in respect of shares purchased under the subsidiary legislation made under the CPF 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 Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. A proxy need not be a member of the Company.
 7. The instrument appointing a proxy (“**Proxy Form**”) must be submitted to the Company in the following manner:
 - (a) by depositing a physical copy (whether in person or by post) 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 either case, no later than 2.00 p.m. on 25 April 2026, being not less than forty-eight (48) hours before the time appointed for the AGM, and failing which, the Proxy Form will not be treated as valid.

8. A member who wishes to submit a Proxy Form must first **complete and sign** the Proxy Form, before depositing a physical copy to the address provided above, or scanning and sending it by email to the email address provided above.
9. The Proxy Form must be executed under the hand of the appointor 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 of Singapore 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. An investor who holds shares under the Central Provident Fund (“CPF”) Investment Scheme and/or the Supplementary Retirement Scheme (“SRS”) (as may be applicable) and wishes to appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. 15 April 2026 at 5.00 p.m.).
12. 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 of Singapore), 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).

Submission of Questions prior to the AGM

13. A member (including CPF and SRS Investors) may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company’s businesses and operations ahead of the AGM.
14. To do so, all questions must be submitted no later than 2.00 p.m. on 18 April 2026 through any of the following manner:
 - (a) by depositing a physical copy (whether in person or by post) 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 an email to the Company at world@wpmlimited.com.

If the questions are 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.

15. 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 at the following URL: <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, or otherwise at the AGM. 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 a Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (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.

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PROXY FORM

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting ("AGM" or "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 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") and wishes to vote should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the AGM as their proxy, at least seven (7) working days before the AGM (i.e. 15 April 2026 at 5.00 p.m.).
4. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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 Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held at Meeting Room 327, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Monday, 27 April 2026 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting 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 Meeting and at any adjournment thereof.

No.	Ordinary Resolutions relating to:	For**	Against**	Abstain**
ORDINARY BUSINESS				
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2025			
2	Re-election of Ms Yap Ming Choo as a Director who is retiring pursuant to Article 89 of the Company's Constitution			
3	Re-election of Mr Ngo Yit Sung as a Director who is retiring pursuant to Article 89 of the Company's Constitution			
4	Approval of Directors' fees amounting to S\$184,000 for the financial year ending 31 December 2026, to be paid quarterly in arrears			
5	Re-appointment of Forvis Mazars LLP as Auditors			
SPECIAL BUSINESS				
6	Share Issue Mandate			
7	The Proposed Renewal of the Interested Person Transactions Mandate			

* Delete where inapplicable

**If you wish to use all your votes "For", "Against" or "Abstain", please indicate with a "✓" within the box provided. Otherwise, please indicate number of votes "For", "Against" or "Abstain" for each resolution within the box provided. If you mark "✓" in the "Abstain" box for a particular resolution, you are directing your proxy(ies) not to vote on that resolution.

Dated this _____ day of April 2026

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



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 of Singapore), 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 of Singapore 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 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, 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 Proxy Form must be submitted to the Company in the following manner:
 - a. by depositing a physical copy (whether in person or by post) 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 either case, **no later than 2.00 p.m. on 25 April 2026, being not less than forty-eight (48) hours before the time appointed for the AGM.**

A member who wishes to submit a Proxy Form must first **complete and sign the Proxy Form**, before by depositing it to the address provided above, or scanning and sending it by email to the email address provided above.

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 Proxy Form 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 10 April 2026.

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

Wang Weiyao (*Executive Chairman*)
Shao Jianjun (*Non-Executive and Non-Independent*)
Yap Ming Choo (*Lead Independent*)
Ngo Yit Sung (*Independent*)

AUDIT COMMITTEE

Yap Ming Choo (*Chairman*)
Ngo Yit Sung
Shao Jianjun

NOMINATING COMMITTEE

Ngo Yit Sung (*Chairman*)
Yap Ming Choo
Shao Jianjun

REMUNERATION COMMITTEE

Ngo Yit Sung (*Chairman*)
Yap Ming Choo
Shao Jianjun

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

Forvis Mazars LLP
Public Accountants and Chartered Accountants
135 Cecil Street #10-01
Philippine Airlines Building
Singapore 069536

AUDIT PARTNER-IN-CHARGE

Chin Chee Choon
(Appointed wef financial year ended 31 December 2022)

INTERNAL AUDITORS

CLA Global 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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Postal Code 212311

Tel: (86) 511 8634 6999

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