沃得
WORLD

ENHANCING VALUE REALISATION

ANNUAL REPORT 2023

沃得
WORLD

CORPORATE MISSION, VISION AND VALUES

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

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

Values
- Integrity
- Pragmatic
- Collaboration
- Innovation

CONTENTS

COMPANY PROFILE

Based in Danyang City, Jiangsu Province, 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 the PRC. The Group manufactures both standard and customised stamping machines to suit the needs of a myriad of industries including automotive, home appliances, electronics, and etc.

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

The Group currently manufactures more than 400 models of stamping machines which are classified into more than 30 product series. Its stamping machines are marketed under the "World" trademark, divided into conventional and high-performance and high-tonnage stamping machines. Its latest range of products includes Computer Numeric 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 equipments from PAMA Group of Italy. In 2010, it has entered into a technological alliance with Aida Engineering Ltd. ("**Aida**"), a global leader in capital goods from Japan, and together, the Group aims to consistently develop better and more sophisticated stamping machines for its clients.

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

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

In 2023, total auto sales surged by 12.00% year-on-year to reach 30.09 million units, while output exceeded 30.16 million units, marking an 11.60% increase compared to 2022 levels according to China Association of Automobile Manufacturers (CAAM). Additionally, production and sales of New Energy Vehicles ("**NEVs**") surpassed 9.58 million and 9.49 million units, respectively, experiencing a significant surge of 35.80% and 37.90% year-on-year. The market share of NEVs stood at 31.60%[1].

In FY2023, the Group's revenue contributed by the automotive sector was around RMB296.36 million and accounted for 27.48% of the Group's overall sales.

ELECTRONICS

The consumer electronics market in China is poised to accelerate, with total revenue projected to reach RMB2.30 trillion (US$315.70 billion) in 2024, marking a 5.00% year-on-year increase. This growth is driven by the swift advancement of devices integrating internet of things and artificial intelligence technologies[2].

For FY2023, the Group's revenue from the electronics sector was RMB365.35 million and accounted for 33.88% of the Group's overall sales.

HOME APPLIANCES

China has emerged as the world's leading manufacturing hub for home appliance products, encompassing 60.00% to 70.00% of global production capacity. Specifically, air conditioners constitute 80.00% of this capacity, while refrigerators and small home appliances comprise about 60.00% and 50.00%, respectively[3]. China is also aiming to achieve a 15.00% increase in the volume of recycled disused or old home appliances and furniture by 2025, in comparison to the levels recorded in 2023. This initiative is expected to stimulate the country's consumption upgrade and foster growth in new home appliance consumption[4].

For FY2023, the Group's revenue from the home appliances sector was RMB236.71 million and accounted for 21.95% of the Group's overall sales.

OTHERS

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

China's machinery sector is projected to achieve 5.00% year-on-year growth in both revenue and profits in 2024, with exports expected to rise by about 2.00%. Despite uncertainties stemming from weakening global demand and geopolitical tensions, China's machinery industry's foreign trade growth, a crucial economic indicator, increased by 1.70% year-on-year to reach US$1.09 trillion in 2023. This maintains the industry's foreign trade value at the US$1.00 trillion mark for the third consecutive year, as reported by the China Machinery Industry Federation (CMIF). In 2023, China's exports of machinery products reached US$783.02 billion, marking a 5.80% year-on-year increase and accounting for 23.20% of the country's total export value[5].

For FY2023, the Group's revenue from this sector was RMB179.87 million and accounted for 16.68% of the Group's overall sales.

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2 *IoT, AI get household electronics sector buzzing with growth potential, https://investinchina.chinadaily.com.cn/s/202311/10/WS654dda6b498ed2d7b7e9fb0a/iot-ai-get-household-electronics-sector-buzzing-with-growth-potential.html*
3 *Home appliances on steady growth track despite COVID, https://english.www.gov.cn/archive/statistics/202201/04/content_WS61d39ba6c6d09c94e48a3196.html*
4 *China boosts industry that recycles old home appliances, furniture, https://english.www.gov.cn/news/202402/01/content_WS65bb966bc6d0868f4e8e3b3c.html*
5 *Stable growth forecast for China's machinery makers this year, https://www.chinadaily.com.cn/a/202402/06/WS65c1863fa3104efcbdae9da2.html*

MILESTONES

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

Established production area of approximately 6,600 sqm.

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

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

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

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

February 2005
Acquisition of WPM (China).

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

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

Expanded production area by a further 100,000 sqm.

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

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

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

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

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

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

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

May 2011
Company's wholly-owned subsidiary, WPMS, acquired a land use right over industrial land located at Xi He Jiu Bei Jie situated within the Shenyang Economic and Technological Zone (沈阳经济技术开发区细河九北街) with total land area of 364,922.74 sqm for a total consideration of RMB123.3 million.

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

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

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

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

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

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

December 2012
WPMS completing Phase 1 of its plant.

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

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

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

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

MILESTONES

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

New product launch, JX36-630.

December 2013
Divestment of SSP.

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

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

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

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

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

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

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

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

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

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

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

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

The proposed acquisition of industrial land in Thailand.

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

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.

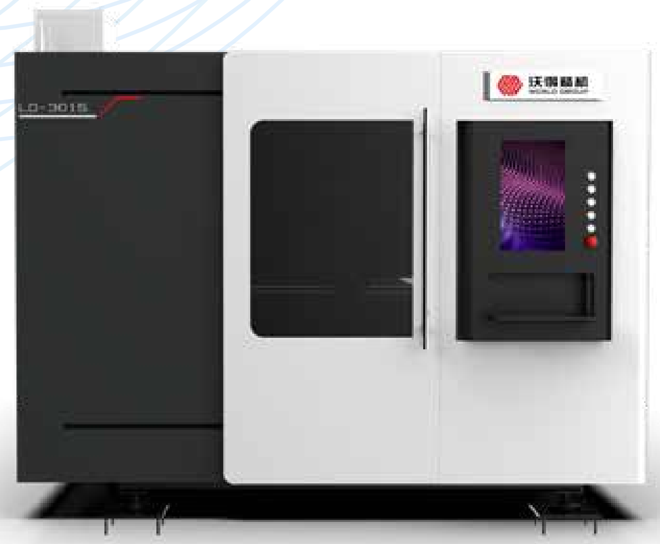
World Precise Machinery (Thailand) Co., Ltd entered into Land Purchase Agreement.

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

Incorporation of Subsidiary, Hainan World Tourism Invetsment Co., Ltd.

The proposed acquisition of 100% equity of a to-be incorporated project company with certain hospitality assets and liabilities transferred from Hainan Xinglong Pearl Investment Co., Ltd.

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



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 2023 ("**FY2023**").

2023: YEAR IN REVIEW

In 2023, China narrowly surpassed its economic growth target of 5.00%, achieving a gross domestic product growth of 5.20%, which stands as one of its lowest benchmarks in decades. The pace of recovery has been sluggish, accompanied by faltering business sentiment. Deepening property crises, escalating deflationary risks, and subdued demand had clouded the outlook for FY2023. Initial hopes for a robust post-COVID rebound were swiftly dashed as weak consumer and business confidence, mounting local government debts, and decelerating global growth exerted significant pressure on jobs, economic activities, and investments[1].

Financial Performance

The business landscape has been challenging, largely due to the sluggish economic conditions prevailing in China. The Group registered a decrease of 3.19% in revenue to RMB1,078.26 million in FY2023 from RMB1,113.85 million in FY2022. This was largely due to a decrease in number of units sold for conventional stamping machines and a downward revision in the average selling prices of stamping machines, which were partially offset by an increase in number of units sold in high performance and high tonnage stamping machines. Despite a drop in revenue, the Group's gross profit increased by 0.52% to RMB187.07 million in FY2023 from RMB186.11 million in FY2022, while the gross profit margin for FY2023 improved by 0.64 percentage points to 17.35% from 16.71% in FY2022. This improvement was mainly attributable to a decrease in raw materials costs and an increase in the production of high performance and high tonnage stamping machines, which were partially offset by a decrease in production of conventional stamping machines and a downward revision in the average selling prices of the stamping machines.

In FY2023, other income experienced a notable uptick of 7.46% to RMB20.41 million, primarily attributed to an increase in grants received from the Chinese Governmnet. Meanwhile, administrative expenses saw a 4.60% rise to RMB98.74 million from RMB94.39 million in FY2022, driven by an increase in entertainment expenses, depreciation of property, plant and equipment and amortisation of land use rights. In addition, depreciation and amortisation expenses increased by 15.58% to RMB78.98 million from RMB68.34 million in FY2022, primarily due to additional depreciation and amortisation of property, plant and equipment and intangible assets from a subsidiary acquired during the period. Other expenses increased by 12.56% to RMB12.80 million in FY2023 due to a donation to hospital of RMB4.20 million and an increase in foreign exchange loss.

As a result, the Group's net profit attributable to equity holder for FY2023 decreased by 75.52% to RMB6.02 million from RMB24.58 million in FY2022, translating into basic earnings per ordinary share of RMB0.02 for its shareholders.

Corporate Developments

The Group proposed to acquire 100.00% equity of a to-be-incorporated project company which will hold certain hospitality assets and liabilities transferred from Hainan Xinglong Pearl Investment Co., Ltd ("**Target Company**"). This acquisition will be fully funded by internally generated cash and bank borrowings of the Group. The Target Company possesses land use rights over a parcel of land situated on the south side of Pearl Avenue, Xinglong Hot Spring Tourism City, Wanning City, Hainan Province, covering an area of 52,668sqm ("**Land**"), with a tenure of 39 years and 3 months expiring on 31 December 2037. The Land is designated for tourism-related purposes only and features various building structures, including 40 hotel villa properties and other buildings. This proposed acquisition aligns with the Group Strategy Plan's objective to utilise cash in excess of the Group's short to medium term budgeted working capital and long-term capital expenditure requirements.

The Chinese government has unveiled its master plan to transform Hainan into a world-class free trade port ("**FTP**") by 2025, positioning it to rival established free trade ports such as Singapore and Hong Kong. As part of this initiative, a zero-tariff regime will be fully implemented by 2025, enabling a broad spectrum of goods to be imported into the FTP without tariffs. Additionally, import value-added tax and consumption tax exclusions may apply[2]. Thus, this favourable policy environment is expected to significantly benefit the Group's investments in Hainan.

Regarding the acquisition of three adjoining plots of land in Rojana Industrial Park Ayutthaya ("**Plots of Land**"), the Group has secured a certificate from the Thailand Board of Investment entitling it to tax incentives for investing in Thailand. The Group intends to build a factory on the Plots of Land for the manufacturing of its stamping machines, thus expanding its geographical footprint beyond its existing factories in China. This strategic move aims to diversify the Group's manufacturing locations, with facilities currently situated in Danyang and Shenyang, the northern and southern regions of the in China respectively. Additionally, the new factory serves to facilitate the export of the Group's stamping machines to Southeast Asia and other global markets.

INDUSTRY OUTLOOK

China is actively advancing new industrialisation and industrial upgrading initiatives which is in line with its commitment to fostering high-quality development in the manufacturing sector. Efforts are underway to implement advanced standards of the country's quality management system within manufacturing, aimed at enhancing overall product quality and competitiveness. Furthermore, the focus is on supporting small and medium-sized enterprises in improving their business performance through quality enhancement and brand building strategies[3].

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In 2023, China's automotive industry achieved significant milestones, with both sales and production of automobiles reaching unprecedented heights. According to the China Association of Automobile Manufacturers (CAAM), car sales and production volumes in China soared to 30.09 million and 30.16 million units, respectively, marking year-on-year ("**yoy**") increases of 12.00% and 11.60%. Additionally, China's total auto exports surged to RMB4.91 million units, representing a remarkable 58.00% increase compared to the previous year and surpassing Japan's RMB3.99 million units exports. This growth trajectory positions China on the path to potentially becoming the world's leading car exporter[4].

In 2023, China's new energy vehicles ("**NEVs**") sector experienced continuous and rapid expansion, propelled by a combination of supportive policies and a robust market. Sales and production of NEVs surged to 9.50 million and 9.59 million units, respectively, marking impressive yoy increases of 37.90% and 35.80%[5]. The central government has introduced a new initiative aims to stimulate the adoption of NEVs across various public sector entities and enhance their use in public services. This initiative spans 15 cities nationwide and underscores efforts to broaden the NEV market[6]. Other favourable policies includes exemption from vehicle purchase tax for NEVs purchased by 31 December 2025, amounting to as much as RMB30,000.00 (US$4,170.00) per vehicle, while NEVs bought between 1 January 2026 and 31 December 2027 will have their purchase tax reduced by half[7].

Furthermore, China has established itself as the world's largest consumer market for smart home devices, accounting for about a 50.00-60.00% share in the global smart home sector[8]. The demand for intelligent home appliance products, such as robot vacuum cleaners and smart dishwashers, has surged among Chinese consumers, marking a significant trend in the market. This is driven by continuous advancements in product functionalities and technologies as well as a series of supportive measures aimed at stimulating the consumption of home appliances. In addition, major Chinese home appliance manufacturers have also expanded their presence in lower-tier cities and townships to tap on the opportunities[9]. Thus, smart home appliances industry in China is poised for substantial growth in the coming years, with consumers increasingly embracing innovative solutions for their household needs.

Given the current complex domestic and global economic conditions, including ongoing conflicts such as the Russia-Ukraine war and the Israel-Hamas conflict, along with increased external uncertainties and downward pressure on the Chinese domestic economy, the business environment is anticipated to be challenging. The Group will closely monitor the evolving business landscape and will adjust existing strategies accordingly to better mitigate these challenges.

A WORD OF APPRECIATION

We are delighted to extend a warm welcome to our esteemed new directors, Ms. Yap Ming Choo and Mr. Ngo Yit Sung, as they join our esteemed team at World Precision Machinery. With a wealth of experience and expertise in their respective fields, Ms. Yap and Mr. Ngo bring valuable insights and fresh perspectives that will undoubtedly enrich our boardroom discussions and strategic decisions. We look forward to their contributions in steering the Group towards continued growth and success.

Our heartfelt gratitude goes to Ms. Low Mui Kee, who has stepped down from her role as the Lead Independent Director of the Company. We extend our best wishes to her for their future endeavours.

We would like to express our heartfelt gratitude to Mr. Lim Yoke Hean, who will be stepping down as an Independent Director of the Company at the conclusion of the Company' forthcoming annual general meeting, for his contributions and efforts driving the growth of the Group over the years.

We would also like to express appreciation to our fellow directors for their valuable contributions at the Board and Board Committees' meetings and steadfast support of the management team as we navigate through these difficult times together.

To our dedicated employees, we extend our deepest gratitude for your unwavering commitment during these challenging times. Your dedication forms the foundation of our success.

We also extend our sincere thanks to our business partners and customers for their steadfast support. Your collaboration and loyalty are greatly appreciated.

Last but not least, we thank our shareholders for their trust and support, especially during these trying times. Together, let us continue working towards achieving even greater success in the future.

Mr. Wang Weiyao
Executive Chairman

Mr. Wen Hui
Chief Executive Officer

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3 China to boost high-quality growth of manufacturing sector, https://en.ndrc.gov.cn/news/pressreleases/202302/t20230223_1350557.html
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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2023年12月31日（“2023财年”）的年度报告。

2023年财年回顾

2023年，中国的实际GDP同比增长5.20%，略高于预期目标5.00%的增长，这是几十年来最低的水平之一。中国的经济复苏步伐缓慢，商业信心疲软。加剧的房地产危机、不断升级的通缩风险和低迷的需求给今年的前景蒙上阴影。由于消费者和企业信心疲弱、地方政府债务增加以及全球增长放缓给就业、经济活动和投资带来了巨大压力，人们对疫情后强劲反弹的最初希望迅速破灭。

财务表现

商业环境一直充满挑战，主要是由于中国当前的经济疲软情况。本集团的2023财年的收入下降了3.19%，从2022财年的11.14亿元人民币下降至10.78亿元人民币。这主要是由于传统冲压机销售数量的下降和冲压机平均售价的下调，但部分被高性能、高吨位冲压机销售数量的增加所抵消。尽管收入下降，集团在2023财年的毛利润从2022财年的1.86亿元人民币上涨0.52%至1.87亿元人民币，而2023财年的毛利润率从2022财年的16.71%提升0.64个百分点至17.35%。这一改善主要归因于原材料成本的下降以及高性能、高吨位冲压机的产量增加，但部分地被传统冲压机的产量减少和冲压机平均售价的下调所抵消。

2023财年的其他收入上升7.46%至0.20亿元人民币。这主要是由于政府资助的提高。此外，管理费用从2022财年的0.94亿元人民币增长4.60%至0.99亿元人民币，主要是由于招待费用、物业、厂房及设备折旧以及土地使用权摊销费用的增加。此外，折旧与摊销费用从2022财年的0.68亿元人民币增长至0.79亿元人民币，增幅为15.58%，主要是由于在此期间收购的子公司的资产、设备以及无形资产的额外折旧与摊销费用所致。其他费用增长12.56%至0.13亿元人民币。这主要是由于向医院捐赠人民币420.00万元以及外汇损失增加所导致。

因此，集团于股东权益持有人的净利润从2022财年的0.25亿元人民币下降75.52%至602.00万元人民币，每股普通股基本盈利为0.02元人民币。

企业发展

本集团拟收购待成立的项目公司100.00%的股权，该项目公司将持有从海南兴隆明珠投资有限公司（「目标公司」）转让的酒店资产及负债。此次收购全都由内部资源现金及银行借款支付。目标公司拥有位于海南省万宁市兴隆温泉旅游城珍珠大道南侧一块土地的使用权，面积为52,668平方米，年期为39年3个月，于2037年12月31日届满。该地仅用于旅游相关用途，并拥有各种建筑结构，包括40栋酒店别墅物业及其他建筑物。此次拟议收购符合集团战略计划的目标，即妥善利用超出集团短期到中期预算营运资金和长期资本支出需求的现金。

中国政府已经公布了将海南岛打造成为世界级自由贸易港口的总体规划，预计在2025年实现，使其能够与新加坡和香港等成熟的自由贸易港相媲美。作为该倡议的一部分，零关税制度将在 2025 年全面实施，使广泛的货物能够免税进口到海南。此外，进口增值税和消费税也可能将会豁免。因此，这有利的政策环境预计将极大有利于本集团在海南的投资。

关于收购位于Rojana Industrial Park Ayutthaya的3块相邻的土地，本集团已获得泰国投资委员会（“BOI”）颁发的证书，有权享受在泰国投资的税收优惠。集团打算在这地块上兴建一座工厂，用于制造冲压机，从而将其地理足迹扩大到中国以外。这一战略举措旨在实现集团生产基地的多元化，目前集团的工厂分别位于中国北部地区丹阳和南部地区沈阳。此外，新工厂也会促进集团出口冲压机至东南亚和其他全球市场。

行业展望

中国正积极推进新型工业化和产业升级，符合推动制造业高质量发展的决心。政府正在努力实施在制造业领域的质量管理体系先进标准，旨在提高整体产品质量和竞争力。此外，重点是通过质量提升和品牌建设战略，支持中小企业改善业务绩效 。

2023年，中国汽车工业实现了重大里程碑，汽车销量和产量都达到了前所未有的高度。根据中国汽车工业协会的数据，中国汽车销量和产量分别飙升至3,009万辆和3,016万辆，同比增长12.00%和11.60%。此外，中国汽车出口总量激增至491万辆，同比增长58.00%，超过日本的399万辆。这一增长幅度使中国有望成为世界领先的汽车出口国 。

2023年，在政策支持和市场强劲的共同推动下，中国新能源汽车行业持续快速扩张。新能源汽车销量和产量分别激增至950万辆和959万辆，同比增长37.90%和35.80% 。中央政府推出了一项新举措，旨在刺激各公共部门实体采用新能源汽车并加强其在公共服务中的使用。该举措覆盖全国15个城市，凸显了政府在拓宽新能源汽车市场的努力。其他优惠政策包括2025年12月31日之前购买的新电动汽车免征车辆购置税，每辆车最高可达人民币30,000.00元（4,170.00美元），而2026年1月1日至2027年12月31日期间购买的新电动汽车购置税将减半 。

此外，中国已成为全球最大的智能家居设备消费市场，约占全球智能家居领域50.00%-60.00%的份额。中国消费者对机器人吸尘器、智能洗碗机等智能家电产品的需求激增，标志着市场的重大趋势。这是由产品功能和技术不断提升以及一系列旨在刺激家电消费的支持性措施驱动的趋势。此外，中国主要家电制造商也扩大了在低线城市和乡镇的业务，以抓住机遇。因此，随着消费者越来越愿意接受创新解决方案来满足他们的家庭需求，中国的智能家电行业有望在未来几年大幅增长。

鉴于当前复杂的国内外经济形势，包括俄乌战争和以巴冲突等持续发展，以及对的外部因素的不确定性和对中国国内经济下行压力增加，预计商业环境将面临挑战。集团将密切关注不断变化的商业格局，并相应调整现有战略，以更好地应对这些挑战。

致谢词

我们非常欢迎新任董事叶明珠女士和吴逸松先生的加入。叶女士和吴先生在各自领域拥有丰富的经验和专业知识，他们将为集团带来宝贵的见解和新鲜的观点，这无疑将丰富我们的董事会讨论和战略决策。我们期待他们在引领集团持续增长和成功方面所做出的贡献。

刘梅琪女士已辞去公司首席独立董事一职。我们借此机会衷心感谢刘女士所作出的的努力，祝愿刘女士未来一切顺利。

此外，林玉宪先生将于本公司即将举行的股东大会结束时辞任本公司独立董事一职，我们借此机会感谢林先生多年来为推动集团的发展所做的贡献和努力。

我们要感谢董事们通过定期举行的会议为我们提供意见以及管理团队的坚定支持，使我们共同度过这困难时期。

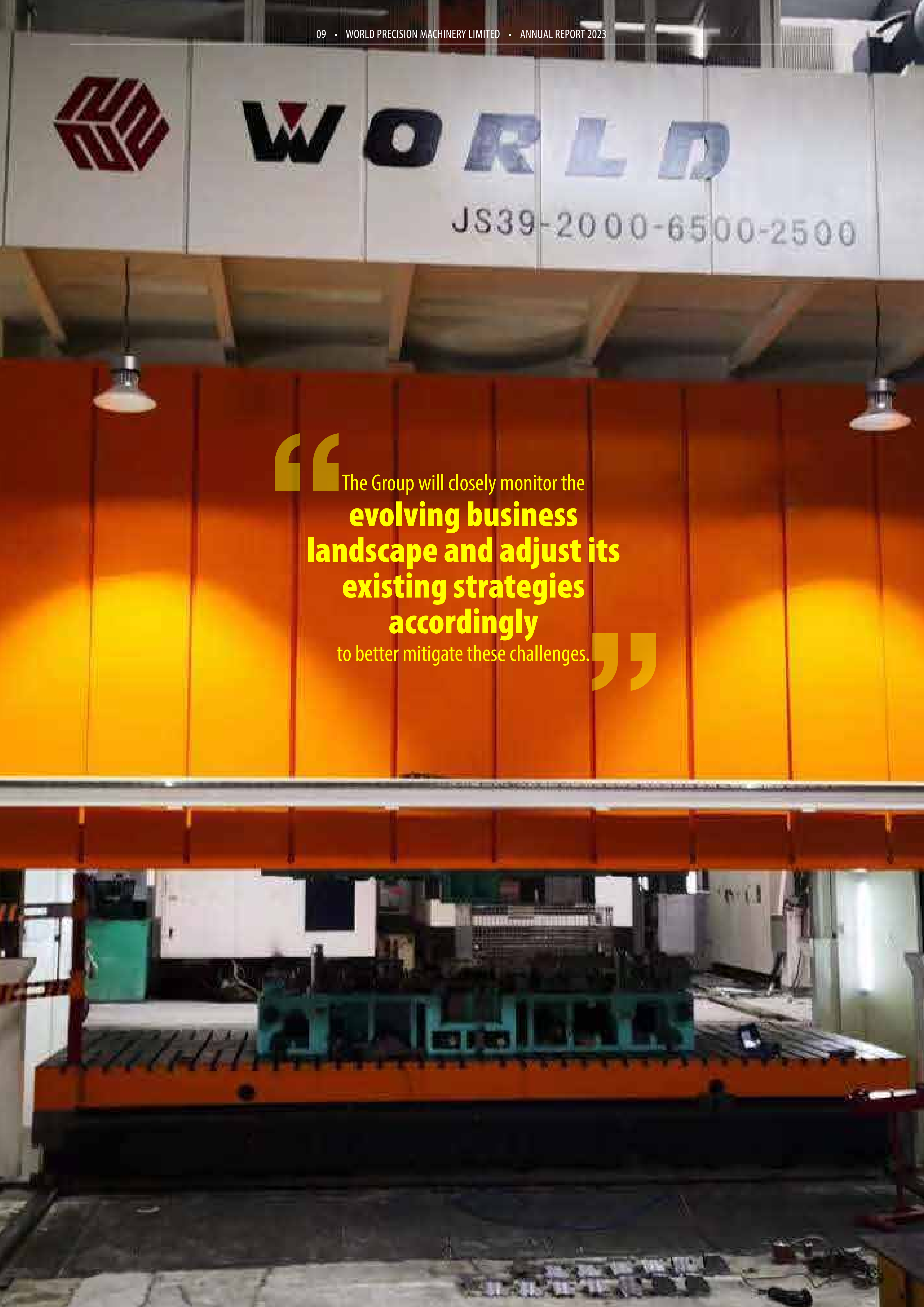
对于我们敬业的员工，我们对你们在这个充满挑战的时期坚定不移的付出表示最深切的感谢。你们的奉献精神是我们成功的基石。

我们也衷心感谢我们的业务合作伙伴和客户的坚定支持。非常感谢您的合作和忠诚。

最后，我们感谢股东们在这些艰难时期特别的信任和支持。让我们一起继续努力，共同实现更加辉煌的未来。

王伟耀
执行主席

文辉
首席执行官



"The Group will closely monitor the **evolving business landscape and adjust its existing strategies accordingly** to better mitigate these challenges."

OPERATIONS REVIEW

EARNINGS

The Group's revenue decreased by 3.19% from RMB1,113.85 million for the financial year ended 31 December 2022 ("**FY2022**") to RMB1,078.26 million for the financial year ended 31 December 2023 ("**FY2023**"). This was largely due to a decrease in number of units sold for conventional stamping machines and a downward revision in the average selling prices ("**ASP**") of stamping machines which were partially offset by an increase in number of units sold in high performance and high tonnage stamping machines ("**HPHT**").

Sales of conventional stamping machines decreased by 17.89% from 1,224 units in FY2022 to 1,005 units in FY2023 while its ASP decreased by 3.43% to RMB21.40 thousand per unit in FY2023. Sales of HPHT stamping machines increased by 1.43% from 5,929 units in FY2022 to 6,014 units in FY2023 while its ASP decreased by 4.23% to RMB161.73 thousand per unit in FY2023. In terms of change in sales mix, sales of HPHT stamping machines over the total Group's revenue increased by 0.3 percentage points to 90.20% in FY2023. Of the remaining sales, 2.00% came from conventional stamping machines and 7.80% came from sales of stamping machines parts and casting products.

The Group's gross profit in FY2023 increased by 0.52% to RMB187.07 million from RMB186.11 million in FY2022. The gross profit margin in FY2023 increased by 0.64 percentage points to 17.35% from 16.71% in FY2022. Overall, the increase in the Group's gross profit margin for FY2023 was mainly due to a decrease in raw materials costs and an increase in the production of HPHT stamping machines which were partially offset by a decrease in production of conventional stamping machines and a downward revision in the average selling prices of the stamping machines.

Gross profit margin for conventional stamping machines increased by 0.22 percentage points to 20.11% from 19.89% in FY2022 while gross profit margin for HPHT stamping machines increased by 0.76 percentage points to 17.24% from 16.48% in FY2022.

In FY2023, other income increased by 7.46% to RMB20.41 million from RMB18.99 million in FY2022. Overall, the increase was mainly due to an increase in grants received from the Chinese government.

In FY2023, distribution and selling expenses increased by 4.06% to RMB93.89 million from RMB90.22 million in FY2022. As a percentage of total revenue, distribution and selling expenses increased by 0.61 percentage point to 8.71% in FY2023 from 8.10% in FY2022. Overall, the increase was mainly due to an increase in consultancy and advisory services, marketing and advertisement expenses and repair and maintenance expenses, which were partially offset by a decrease in sales commission payable to sales personnel.

In FY2023, administrative expenses increased by 4.60% to RMB98.74 million from RMB94.39 million in FY2022. As a percentage of total revenue, administrative expenses increased by 0.69 percentage point to 9.16% in FY2023 from 8.47% in FY2022. Overall, the increase was mainly due to an increase in entertainment expenses, depreciation of property, plant and equipment and amortisation of land use rights.

In FY2023, depreciation and amortisation expenses increased by 15.58% to RMB78.98 million from RMB68.34 million in FY2022. The increase was mainly due to additional depreciation and amortisation of property, plant and equipment and intangible assets from a subsidiary acquired during the period.

In FY2023, other expenses increased by 12.56% to RMB12.80 million from RMB11.37 million in FY2022. The increase was mainly due to a donation to hospital of RMB4.20 million and an increase in foreign exchange loss.

In FY2023, the Group recorded net finance income of RMB7.38 million as compared to net finance income of RMB12.91 million in FY2022. This was mainly due to the interest income earned from a structured deposit placed with a financial institution and a loan to third party which were partially offset by interest paid for bank loans and early redemption of bills receivables.

As a result of the above, the Group's net profit after tax decreased by 75.52% to RMB6.02 million from RMB24.58 million in FY2022. Net profit margin decreased by 1.65 percentage points to 0.56% from 2.21% in FY2022. Consequently, the Group's earnings per ordinary share decreased 66.67% year-on-year to RMB0.02 in FY2023 from RMB0.06 in FY2022, based on 400,000,000 outstanding shares.

OPERATIONS REVIEW

FINANCIAL POSITION

Total assets were RMB2,165.91 million as at 31 December 2023, an increased by RMB114.21 million year-on-year from FY2022. The Group's non-current assets increased by approximately RMB154.27 million mainly due to assets from acquisition of a subsidiary, goodwill from acquisition of a subsidiary and an increase in prepayment for property, plant and equipment (mainly due to prepayment of commercial land purchased by subsidiary in Thailand). The increase was partially offset by depreciation and amortisation expenses. The Group's total current assets decreased by approximately RMB40.05 million from RMB1,260.93 million as at 31 December 2022 to RMB1,220.88 million as at 31 December 2023. This was mainly attributable to a decrease in inventories, trade receivables (mainly due to a decrease in bills receivables from customers), other receivables (mainly due to repayment of loan to a third party and its interest receivables which were partially offset by a deposit paid for an on-going acquisition of hotel, increase in advance payments to suppliers for raw materials) which were partially offset by an increase in cash and cash equivalents (as explained in the consolidated statement of cash flows).

Total liabilities stood at RMB1,119.85 million as at 31 December 2023, an increase by RMB242.80 million year-on-year from FY2022. The Group's non-current liabilities increased by RMB119.13 million mainly due to an increase in bank borrowings and deferred tax liabilities (mainly due to recognition of deferred tax liability of RMB33.32 million for the net fair value of assets of a subsidiary acquired). The Group's total current liabilities increased by approximately RMB123.67 million from RMB854.26 million as at 31 December 2022 to RMB977.93 million as at 31 December 2023. This was mainly attributable to an increase in other payables (mainly due to an increase in accrued operating expenses which were partially offset by a decrease in bonus payables), bank loans from financial institutions and income tax payables which were partially offset by a decrease in trade payables (mainly due to decrease in reclassification of bill receivables which was partially offset by a slow payment to suppliers) and amounts due to related parties (trade).

The Group was in a net current assets position as at 31 December 2023 of RMB242.94 million.

CASH FLOW

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents increased by RMB97.01 million to RMB431.55 million as at 31 December 2023, from RMB334.54 million as at 31 December 2022.

Net cash inflow arising from operating activities amounting to RMB83.34 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 amounting to RMB85.62 million mainly due to purchases of property, plant, purchases of investment properties and acquisition of a subsidiary which were partially offset by the repayment from loan to a third party and effect of foreign currency re-alignment on investing activities.

Net cash inflow arising from financing activities amounting to RMB93.82 million, mainly due to proceed from bank loans (for working capital purposes) which were partially offset by payment of lease liabilities, dividend paid and interest paid.

BOARD OF DIRECTORS

Lim Yoke Hean   Shao Jianjun   Wang Weiyao   Yap Ming Choo   Ngo Yit Sung

Mr. Wang Weiyao

Executive Chairman

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

Mr. Shao Jianjun

Non-Executive and Non-Independent Director

Mr. Shao Jianjun was appointed as a director of the Company on 28 July 2004 and was last re-elected on 28 April 2023. 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 was appointed as Lead Independent Director of the Company on 2 February 2024.

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

Ms. Yap is currently an 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. Lim Yoke Hean

Independent Director

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

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

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

Mr. Ngo Yit Sung

Independent Director

Mr. Ngo Yit Sung was appointed as Independent Director of the Company on 2 February 2024.

Mr. Ngo has over 15 years of extensive experience in corporate strategy, capital raising, business development, and investor relations. Prior to his appointment, 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. Prior to that, 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 Executive Director of Eneco Energy Limited, a company listed on the Main 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 is in charge of the overall operations of the Group. Mr. Wen was promoted to Chief Executive Officer of the Company and General Manager of WPM (China) in November 2022. In April 2022, Mr. Wen was appointed as the Chief Deputy General Manager of WPM (China) and 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 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 the 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 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. Ge Baoping

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

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

KEY MANAGEMENT

Mr. Shu Jianfei

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

Mr. Shu Jianfei 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 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 Danyang Picheng Secondary School (High School) from 1971 to 1973.

Mr. Zheng Yi

Finance Manager of WPM (China)

Mr. Zheng Yi is the 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 and was in charge of the accounting and finance matters of WPM (China). 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) serves 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.

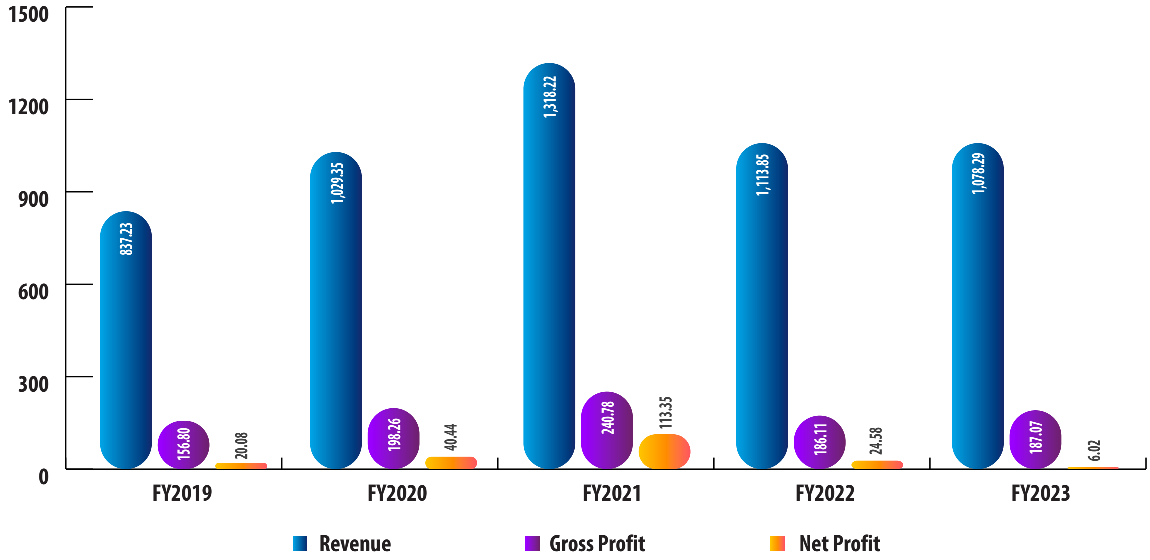
Mr. Ng is currently an Independent Director of Pan Hong Holdings Group Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

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, UK and a member of the Institute of Singapore Chartered Accountants.

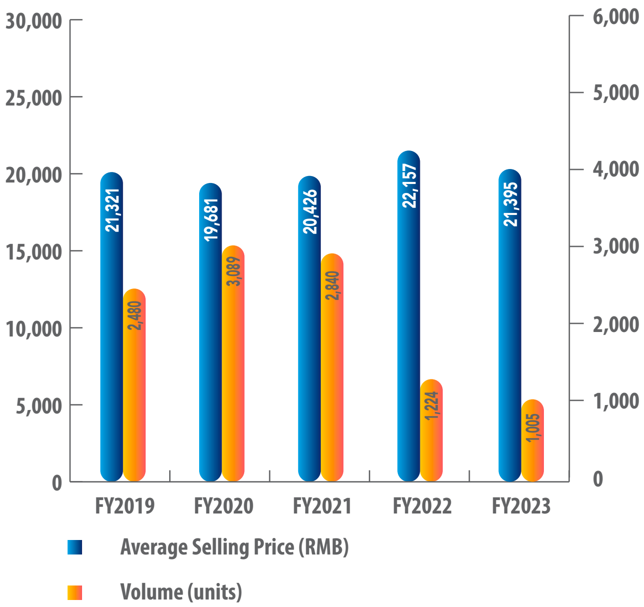

WORLD
JS36-1000-5000-1600

FINANCIAL HIGHLIGHTS

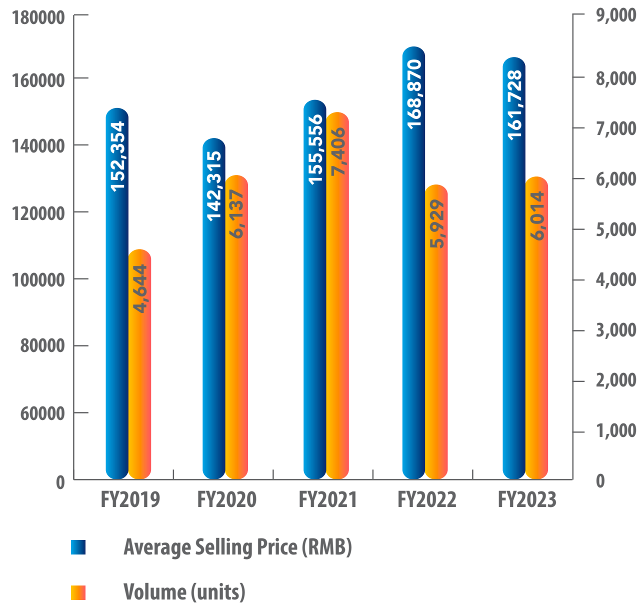
Revenue, Gross Profit and Net Profit
(RMB Million)



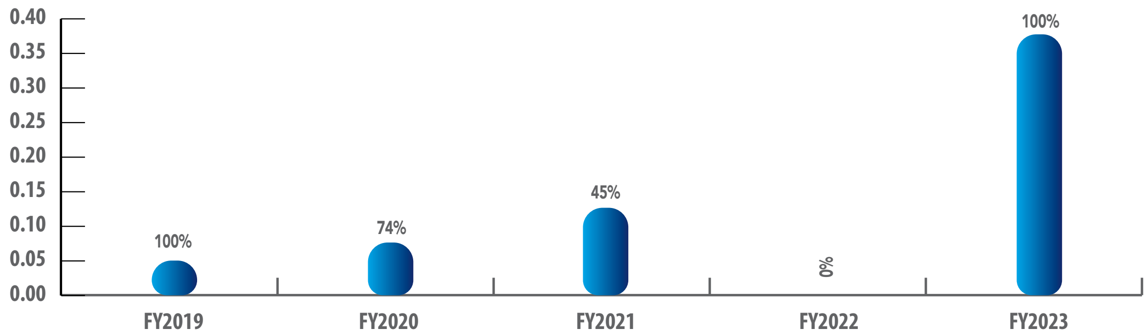
Conventional Stamping Machines



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 follows:

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

13/04/2023
Annual General Meeting::Voluntary

13/04/2023
Annual Reports and Related Documents::

13/04/2023
Financial Statements and Related Announcement::
Discrepancies between unaudited and audited accounts

13/04/2023
Change - Announcement of Cessation::
Retirement of Independent Director

24/04/2023
Financial Statements and Related Announcement::
Notification of Results Release

28/04/2023
REPL::Annual General Meeting::Voluntary

28/04/2023
Financial Statements and Related Announcement::
First Quarter Results

28/04/2023
REPL::Annual General Meeting::Voluntary

01/06/2023
Asset Acquisitions and Disposals::
UPDATE - THE PROPOSED ACQUISITION OF WANNING YINHU HOT SPRING HOLIDAY HOTEL CO., LTD.

28/06/2023
Asset Acquisitions and Disposals::UPDATE - THE PROPOSED ACQUISITION OF INDUSTRIAL LAND IN THAILAND

01/07/2023
General Announcement::LOAN FACILITY FROM SHANGHAI PUDONG DEVELOPMENT BANK CO. LTD.

14/07/2023
General Announcement::
UPDATE - DISCLOSEABLE TRANSACTION - LOAN TO YINCHENG REAL ESTATE GROUP CO., LTD.

17/07/2023
General Announcement::UPDATE - THE PROPOSED ACQUISITION OF INDUSTRIAL LAND IN THAILAND

20/07/2023
Response to SGX Queries::

01/08/2023
Financial Statements and Related Announcement::
Notification of Results Release

11/08/2023
Financial Statements and Related Announcement::
Second Quarter and/ or Half Yearly Results

21/08/2023
REPL::Cash Dividend/ Distribution::Mandatory

22/08/2023
Change - Change in Corporate Information::
INCORPORATION OF SUBSIDIARY

31/08/2023
General Announcement::
UPDATE - DISCLOSEABLE TRANSACTION - LOAN TO YINCHENG REAL ESTATE GROUP CO., LTD.

08/10/2023
Asset Acquisitions and Disposals::ACQ-EQTY.OF PROJ CO WITH HOSPITALITY ASSETS&LIABILITIES FR HAINAN XINGLONG PEARL INVESTMENT CO.,LTD.

13/10/2023
General Announcement::
TERM LOAN FROM BANK OF JIANGSU

18/10/2023
Response to SGX Queries::

06/11/2023
Financial Statements and Related Announcement::
Notification of Results Release

10/11/2023
Financial Statements and Related Announcement::
Third Quarter Results

29/11/2023
Response to SGX Queries::

14/12/2023
Extraordinary/ Special General Meeting::Voluntary

29/12/2023
Request for Trading Halt::Request for Trading Halt

29/12/2023
Change - Announcement of Cessation::
Resignation of Lead Independent Director

29/12/2023
General Announcement::
RESIGNATION OF THE LEAD INDEPENDENT DIRECTOR, AND CHANGES TO THE BOARD AND ITS COMMITTEES

29/12/2023
Request for Lifting of Trading Halt::
Request for Lifting of Trading Halt

29/12/2023
REPL::Extraordinary/ Special General Meeting::Voluntary

01/01/2024
Asset Acquisitions and Disposals::UPDATE - THE PROPOSED ACQUISITION OF INDUSTRIAL LAND IN THAILAND

04/01/2024
General Announcement::
1. RE-DESIGNATION OF DIRECTORS; AND 2. CHANGES IN THE COMPOSITION OF THE BOARD AND BOARD COMMITTEES

26/01/2024
Extraordinary/ Special General Meeting::Voluntary

02/02/2024
Change - Announcement of Appointment::
Appointment of Lead Independent Director of the Company

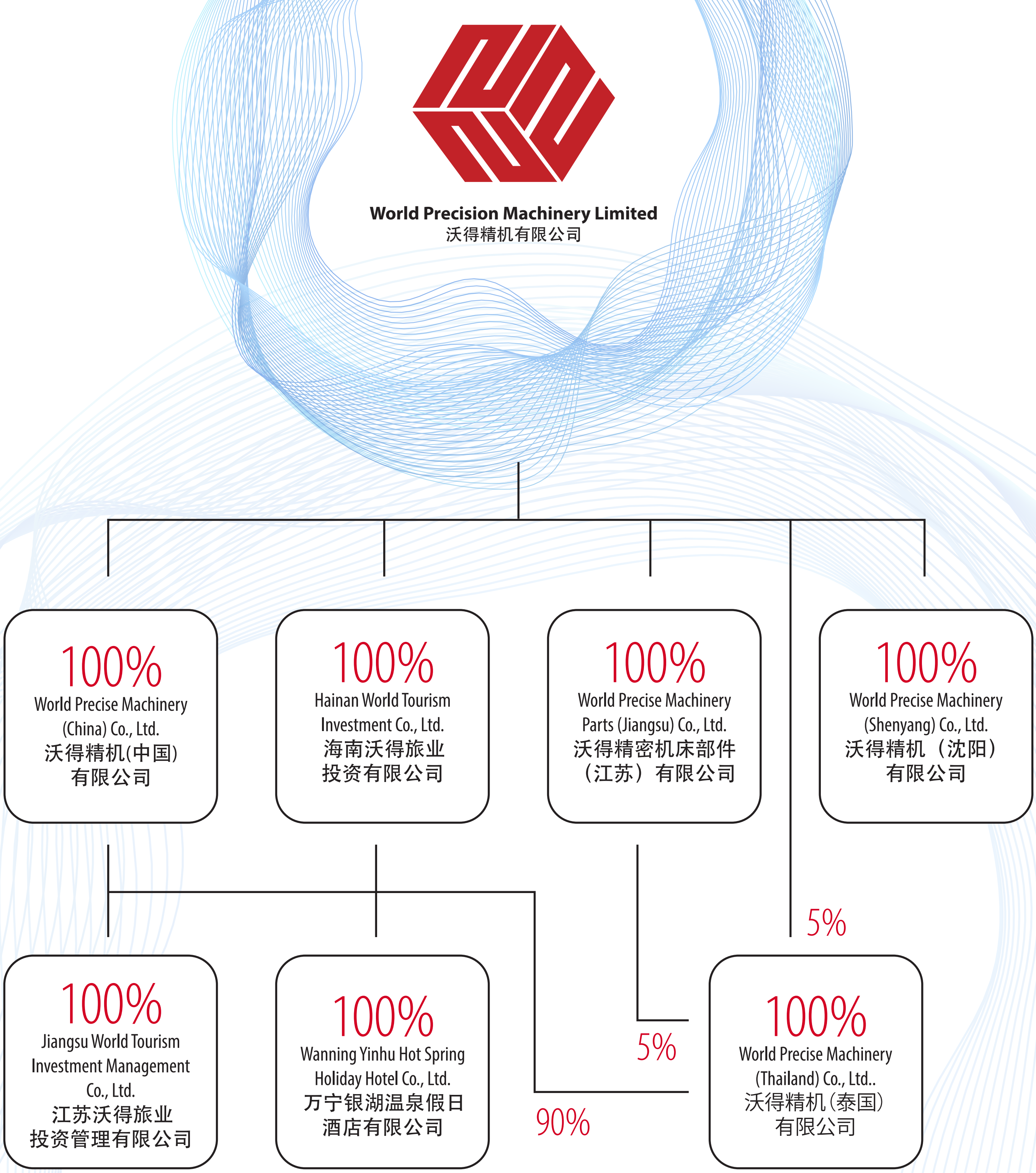
02/02/2024
General Announcement::1. APPOINTMENT OF INDEPENDENT DIRECTORS; & 2. CHANGES IN COMPOSITION OF BOARD AND BOARD COMMITTEES

22/02/2024
Financial Statements and Related Announcement::
Notification of Results Release

22/02/2024
Financial Statements and Related Announcement::
Profit Guidance

29/02/2024
Financial Statements and Related Announcement::
Full Yearly Results

CORPORATE STRUCTURE



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 2023 ("**FY2023**") and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Companies Act 1967 of Singapore ("**Companies Act**"). The Company has complied in all material respects with the principles and provisions in the Code. Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, instead of being read separately under each principle of the Code.

BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

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

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

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

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

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

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

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

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

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

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

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

REPORT ON 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.

Provision 1.1 – Director's conflict of interest

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

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

Provision 1.2 – Induction and training of Directors

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

Newly appointed Directors, if any, will be provided with background information about the history, Group's structure, business operations, vision and values, strategic direction, policies and governance practices. They will also have the opportunity to visit the Group's operational facilities and 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 or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary trainings and briefings.

Ms. Yap Ming Choo was appointed as Lead Independent Director of the Company and Mr. Ngo Yit Sung was appointed as Independent Director of the Company on 2 February 2024. Both of them are familiar with the duties and obligations required of a Director of a listed company in Singapore and currently sit on the board of other listed issuers on the SGX-ST.

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.

Provision 1.3 – Matters requiring Board's approval

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

REPORT ON CORPORATE GOVERNANCE

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

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

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

Notes:

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

Provision 1.4 – Delegation by the Board

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

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

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

Name of Director	AC	RC	NC
Wang Weiyao *(Executive Chairman)*(1)	-	-	-
Shao Jianjun *(Non-Executive and Non-Independent Director)*(2)	M	M	M
Phang Kin Seng (Lawrence) *(Lead Independent Director)*(3)	-	-	-
Low Mui Kee *(Lead Independent Director)*(4)	-	-	-
Yap Ming Choo *(Lead Independent Director)*(5)	C	M	M
Ngo Yit Sung *(Independent Director)*(6)	M	C	C
Lim Yoke Hean *(Independent Director)*(4)(7)	M	M	M

C - Chairman M – Member

(1) Mr. Wang Weiyao was re-designated from Non-Executive and Non-Independent Director of the Company to Executive Chairman of the Company on 4 January 2024. Concurrently, he stepped down as a member of the AC, the NC and the RC.

(2) Mr. Shao Jianjun was re-designated from Executive Chairman of the Company to Non-Executive and Non-Independent Director of the Company on 4 January 2024. Concurrently, he was appointed as a member of the AC, the NC and the RC.

(3) Mr. Phang Kin Seng (Lawrence) retired as Lead Independent Director of the Company, chairman of the AC and members of the NC and the RC at the conclusion of the Company's annual general meeting held on 28 April 2023.

(4) Ms. Low Mui Kee was appointed as Independent Director of the Company on 1 February 2023. Consequent to the retirement of Mr. Phang Kin Seng (Lawrence) on 28 April 2023, Ms. Low Mui Kee was appointed as the Lead Independent Director of the Company, chairman of the AC and members of the RC and the NC.

Ms. Low Mui Kee resigned as the Lead Independent Director, chairman of the AC and members of the NC and the RC on 28 December 2023. Concurrently, Mr. Lim Yoke Hean was appointed as chairman of the AC Chairman in place of Ms. Low Mui Kee on 29 December 2023.

(5) Ms. Yap Ming Choo was appointed as Lead Independent Director of the Company, chairman of the AC and members of the NC and the RC on 2 February 2024.

(6) Mr. Ngo Yit Sung was appointed as Independent Director of the Company, a member of the AC and chairman of the NC and the RC on 2 February 2024.

(7) Mr. Lim Yoke Hean stepped down as the chairman of the AC, the NC and the RC, and remained as members of these committees on 2 February 2024.

No alternate Director was appointed to the Board in FY2023 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.

REPORT ON CORPORATE GOVERNANCE

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 general meetings, i.e. annual general meeting ("**AGM**") and extraordinary general meeting ("**EGM**"), held from 1 January 2023 to 31 December 2023 as well as the details of Directors' attendance at those meetings are summarised in the table below:

Name of Directors	General meetings				Board Committees' meetings							
	AGM		EGM		Board		AC		NC		RC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Wang Weiyao[1]	1	1	1	1	7	2	5	2	1	1	1	1
Shao Jianjun[2]	1	1	1	1	7	7	-	-	-	-	-	-
Phang Kin Seng (Lawrence)[3]	1	1	-	-	3	3	3	3	1	1	1	1
Low Mui Kee[4]	1	1	-	-	5	4	2	2	-	-	-	-
Lim Yoke Hean[5]	1	1	1	1	7	7	5	5	1	1	1	1
Yap Ming Choo[6]	-	-	-	-	-	-	-	-	-	-	-	-
Ngo Yit Sung[7]	-	-	-	-	-	-	-	-	-	-	-	-

1 Mr. Wang Weiyao was re-designated from Non-Executive and Non-Independent Director of the Company to Executive Chairman of the Company on 4 January 2024. Concurrently, he stepped down as a member of the AC, the NC and the RC.

2 Mr. Shao Jianjun was re-designated from Executive Chairman of the Company to Non-Executive and Non-Independent Director of the Company on 4 January 2024. Concurrently, he was appointed as a member of the AC, the NC and the RC.

3 Mr. Phang Kin Seng (Lawrence) retired as Lead Independent Director of the Company, chairman of the AC and members of the NC and the RC at the conclusion of the Company's annual general meeting held on 28 April 2023. His attendance at the meetings held during the aforementioned period was recorded until the date of his retirement.

4 Ms. Low Mui Kee was appointed as Independent Director of the Company on 1 February 2023. Consequent to the retirement of Mr. Phang Kin Seng (Lawrence) on 28 April 2023, Ms. Low Mui Kee was appointed as the Lead Independent Director of the Company, chairman of the AC and members of the RC and the NC. Subsequently, she resigned as the Lead Independent Director, chairman of the AC and members of the NC and the RC on 28 December 2023. Her attendance at the meetings held during the aforementioned period was recorded until the date of her resignation.

5 Mr. Lim Yoke Hean was appointed as chairman of the AC Chairman in place of Ms. Low Mui Kee on 29 December 2023. Subsequently, he stepped down as the chairman of the AC, the NC and the RC, and remained as members of these committees on 2 February 2024.

6 Ms. Yap Ming Choo was appointed as Lead Independent Director of the Company, chairman of the AC and members of the NC and the RC on 2 February 2024.

7 Mr. Ngo Yit Sung was appointed as Independent Director of the Company, a member of the AC and chairman of the NC and the RC on 2 February 2024.

Provision 1.6 – Complete, adequate and timely information

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

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

REPORT ON CORPORATE GOVERNANCE

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 ("**Revised Definition on Director's Independence**").

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

The Board currently comprises one Executive Director (i.e. the Executive Chairman) and four Non-Executive Directors, three 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.

Currently, Independent Directors make up a majority of the Board where the Chairman is not independent.

Mr. Lim Yoke Hean, who was first appointed on 2 July 2010, had served on the Board for a period exceeding nine years from the date of his first appointment. In the spirit of good corporate governance, he is not seeking re-election, and will be retiring as a Director of the Company pursuant to Article 89 of the Constitution of the Company at the conclusion of the forthcoming AGM to be held on 29 April 2024.

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

REPORT ON CORPORATE GOVERNANCE

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

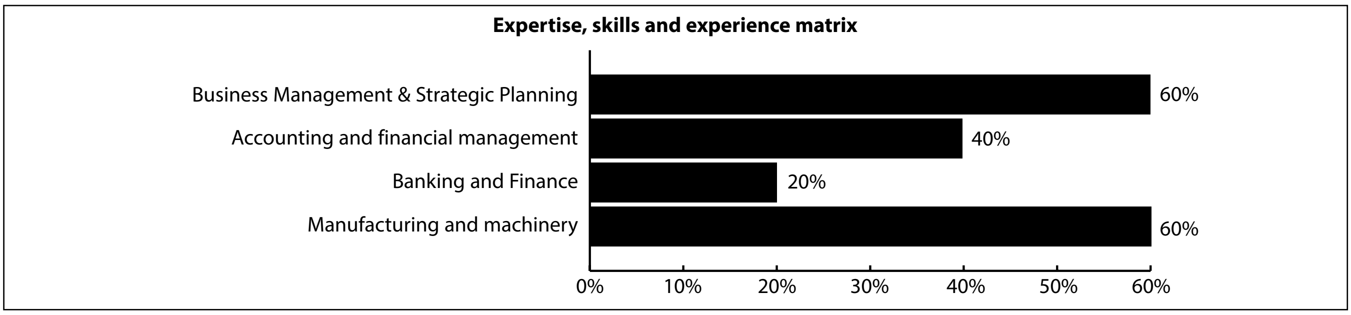
The Company is committed to building a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives for sustainable development, avoid groupthink and foster 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.

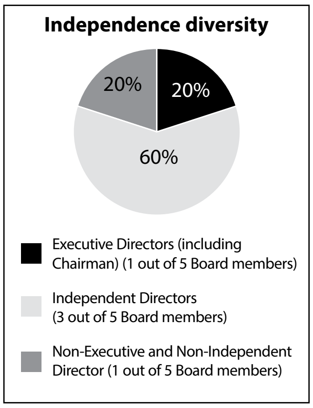
The size and composition of the Board is reviewed annually by the NC to ensure that the size and composition of the Board and the Board Committees is appropriate so as to facilitate effective decision making. The review will ensure that there is an appropriate mix of expertise, gender, skillset, knowledge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

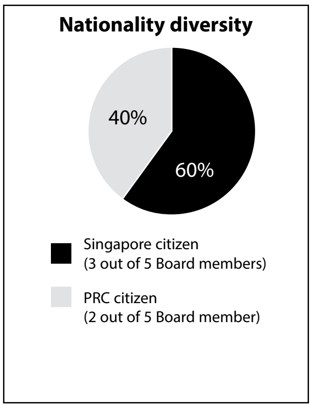
Pursuant to Provision 2.4 of the Code, the Board has adopted a Board Diversity Policy. Having regard to the guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, take into account factors, including but 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.

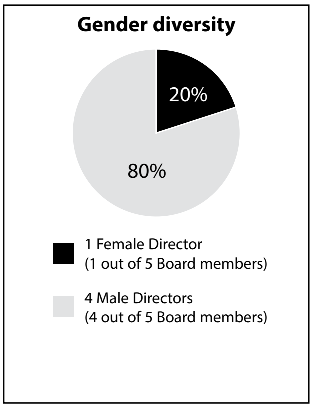
Each Director has been appointed based on his or her strength, experience and stature. They are expected to bring a valuable range of experience and expertise, and contribute to the development of the Group's strategy and business performance. Together, the Board and Board Committees comprise Directors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

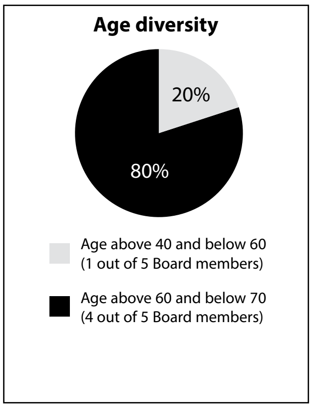
In evaluating the diversity of the Board, the following Board Skills Matrix and diversity criteria as of the date of this report were noted:











REPORT ON CORPORATE GOVERNANCE

Key information regarding the Directors is set out under the "Board of Directors" section of the Annual Report.

Accordingly, the combination of skills, talents and experience of the Directors are sufficiently diversed to serve the needs and plans of the Group, and to ensure the effective oversight of the Group's affairs. To ensure that the composition of the Board remains diverse, the Board aims to maintain a majority of its Board members to be made up of Non-Executive Directors, with at least half of the Board making up of Independent Directors and to ensure that there is at least one female Director on the Board, at all times.

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

Based on the current Board composition, the Company has met its independence and gender diversity targets as of the date of this report as it has appointed a female Independent Director on 2 February 2024. Consequently, Mr. Lim Yoke Hean, who was first appointed on 2 July 2010, is not seeking re-election and will be retiring as a Director of the Company pursuant to Article 89 of the Constitution of the Company at the conclusion of the forthcoming AGM to be held on 29 April 2024. Save for Mr. Lim. Yoke Hean, no director 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.

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.

REPORT ON CORPORATE GOVERNANCE

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 FY2023, the Independent Directors have met periodically without the presence of other Directors. The Lead Independent Director had also at each Board meeting, provided feedback of such meetings to the Chairman, if any, so as to facilitate effective discussion with the Chairman and between the Board, on strategic issues and any other issues that may arise.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Provision 3.1 and 3.2 – Chairman and CEO

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

Mr. Shao Jianjun has been appointed as Executive Chairman since 26 April 2013. He was re-designated from Executive Chairman of the Company to Non-Executive and Non-Independent Director of the Company and Mr. Wang Weiyao was re-designated from Non-Executive and Non-Independent Director of the Company to Executive Chairman of the Company on 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.

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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

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 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 *(Independent Director)*	–	NC Chairman
Ms. Yap Ming Choo *(Lead Independent Director)*	–	NC Member
Mr. Lim Yoke Hean *(Independent Director)*	–	NC Member
Mr. Shao Jianjun *(Non-Executive and Non-Independent Director)*	–	NC Member

For more information on the changes to the composition of the NC during FY2023, please refer to provision 1.4 above.
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.

REPORT ON CORPORATE GOVERNANCE

(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 during FY2023 are summarised below:

a. reviewed and recommended to the Board the proposed appointment of Independent Director;

b. reviewed and recommended to the Board the nomination of Directors for re-election and changes to the composition of the Board and the Board Committees upon the retirement of Director at the conclusion of the 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 findings of the assessments on the effectiveness of the Board as a whole, the Board Committees and the individual Directors and the Chairman;

e. reviewed the size, composition and balance, and the composition of the of the Board Committees;

f. reviewed the Company's diversity targets and its accompanying plans and timelines in accordance with Rule 710A(2) of the SGX-ST Listing Manual; and

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

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

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

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

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.

<u>Provision 4.3 - Process for selection and appointment of new Directors</u>

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.

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which was effective 1 January 2023 and prior to the deletion of this sub-rule with effect from 11 January 2023, provides that a director will not be independent if he has been a director for an aggregate period of more than nine years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the issuer, and associates of such directors and chief executive officer ("**Two-Tiered Voting**"). At the AGM of the Company for the financial year ended 31 December 2020 which was held on 30 April 2021, the shareholders had, through a Two-Tiered Voting, approved the ordinary resolutions in relation to the re-election and continued appointment of Mr. Lim Yoke Hean as an Independent Director. In accordance with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which was effective 1 January 2022 and prior to the deletion of this sub-rule with effect from 11 January 2023, such approval will remain valid until the conclusion of third AGM from such approval.

During FY2023, Mr. Lim Yoke Hean had served as Independent Director of the Company for a period exceeding nine years from his date of first appointment. The Board had conducted a rigorous review of the independence of Mr. Lim Yoke Hean to determine if he remains independent and carries out his duties objectively, taking into consideration the need for progressive refreshing of the Board. The Board noted that he is not a member of the Management and is free of relationship with the Company, its related companies, officers or its substantial shareholders of the Company that could interfere with their independent judgment or ability to act in the interest of the Company.

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

REPORT ON CORPORATE GOVERNANCE

In conjunction with the progressive renewal and succession planning of the Board, the NC and the Board had reviewed the composition of the Board and its committees:

- Mr. Lim Yoke Hean, who was first appointed on 2 July 2010, had served on the Board for a period exceeding nine years from the date of his first appointment. In the spirit of good corporate governance, he is not seeking re-election, and will be retiring as a Director of the Company pursuant to Article 89 of the Constitution of the Company at the conclusion of the forthcoming AGM to be held on 29 April 2024.

- Ms. Yap Ming Choo was appointed as Lead Independent Director of the Company, chairman of the AC and members of the NC and the RC on 2 February 2024.

- Mr. Ngo Yit Sung was appointed as Independent Director of the Company, a member of the AC and chairman of the NC and the RC on 2 February 2024.

Taking into consideration of the above, the NC, having considered the attendance and participation of the following Directors at Board and Board Committees' meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of the following Directors at the forthcoming AGM for FY2023 who will be retiring pursuant to Article 88 of the Company's Constitution:

(i) Ms. Yap Ming Choo; and
(ii) Mr. Ngo Yit Sung.

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 SGX-ST Listing Manual.

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

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, if any, as Director.

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

Provision 4.4 – Review of Directors' Independence

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

For FY2023, the NC had reviewed the independence of Board members with reference to the Revised Definition on Director's Independence. Mr. Wang Weiyao, who is the controlling shareholder of the Company, is considered not independent of the Management as contemplated by the Code. Both the NC and the Board have noted Mr. Wang's declaration and concluded that he is to be considered a Non-Executive and Non-Independent Director.

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

REPORT ON CORPORATE GOVERNANCE

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

The Board had observed the performance of Mr. Lim Yoke Hean at the Board and the Board Committees' meetings and other occasions and has no reasons to doubt his independence in the course of discharging his duties. Hence, the Board, with the concurrence of the NC, having considered the Declaration of Independence Form for FY2023 and the completed questionnaire of independence submitted by Mr. Lim Yoke Hean, concluded that he is independent in character and judgement despite having been on the Board for more than 9 years and free from any relationships outlined in the Code. The Board acknowledges his combined strength of characters, objectivity and wealth of useful and relevant experience bring himself to continue effectively as an Independent Director of the Company. The Board also acknowledges and recognises the benefits of the experience and stability brought by the long-serving Independent Director for his strength of character, objectivity and wealth of extensive business experience, and his knowledge on the Group's business which would enable him to be an effective Independent Directors, notwithstanding his long tenure.

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

<u>Provision 4.5 – Directors' time commitments and multiple Directorships</u>

Pursuant to the NC's terms of reference, the NC is required to determine if a Director has been adequately carrying out his duties as a Director of the Company, particularly if he has multiple Board representations in listed companies and other principal commitments. In view of this, the NC, having considered the confirmations received from Mr. Lim Yoke Hean, 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:

		Directorships in other listed companies	
Name of Director[1]	**Date of first appointment / Last re-election**	**Current**	**Past 3 Years**
Mr. Wang Weiyao (Executive Chairman)[2]	28 July 2004 / 30 April 2021	Nil	Nil
Mr. Shao Jianjun (Non-Executive and Non-Independent Director)[3]	28 July 2004 / 29 April 2023	Nil	Nil
Mr. Phang Kin Seng (Lawrence) (Lead Independent Director)[4]	28 April 2010 / 29 April 2023	Nil	Nil
Mr. Lim Yoke Hean (Independent Director)	2 July 2010 / 29 April 2024	Nil	Nil
Ms. Low Mui Kee (Lead Independent Director)[5]	1 February 2023 / Not applicable	Nil	Nil
Ms. Yap Ming Choo (Lead Independent Director)[6]	2 February 2024 / Not Applicable	1	1
Mr. Ngo Yit Sung (Independent Director)[7]	2 February 2024 / Not Applicable	2	2

REPORT ON CORPORATE GOVERNANCE

(1) The principal commitment of the current Directors, if any, is set out in the "Board of Directors" section in this Annual Report.
(2) Mr. Wang Weiyao was re-designated from Non-Executive and Non-Independent Director of the Company to Executive Chairman of the Company on 4 January 2024
(3) Mr. Shao Jianjun was re-designated from Executive Chairman of the Company to Non-Executive and Non-Independent Director of the Company on 4 January 2024
(4) Mr. Phang Kin Seng (Lawrence) retired as Lead Independent Director of the Company on 28 April 2023 at the conclusion of the Annual General Meeting.
(5) Ms. Low Mui Kee was appointed as Independent Director of the Company on 1 February 2023 and resigned on 28 December 2023.
(6) Ms. Yap Ming Choo was appointed as Lead Independent Director of the Company on 2 February 2024.
(7) Mr. Ngo Yit Sung was appointed as Independent Director of the Company on 2 February 2024.

BOARD PERFORMANCE

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

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

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

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

An evaluation of Board performance is conducted annually by the NC as a form of good Board management practice. For FY2023, each Director (save for Ms. Low Mui Kee who resigned on 28 December 2023, and Ms. Yap Ming Choo and Mr. Ngo Yit Sung who were appointed on 2 February 2024) 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 FY2023, the NC has also conducted a peer assessment of the individual Directors (save for Ms. Low Mui Kee who resigned on 28 December 2023, and Ms. Yap Ming Choo and Mr. Ngo Yit Sung who were appointed on 2 February 2024) 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.

REPORT ON CORPORATE GOVERNANCE

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 FY2023 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, the majority of whom, including the RC Chairman, shall be independent. The current composition of the RC of the Company is as follows:-

Mr. Ngo Yit Sung *(Independent Director)*	–	RC Chairman
Ms. Yap Ming Choo *(Lead Independent Director)*	–	RC Member
Mr. Lim Yoke Hean *(Independent Director)*	–	RC Member
Mr. Shao Jianjun *(Non-Executive and Non-Independent Director)*	–	RC Member

For more information on the changes to the composition of the RC during FY2023, please refer to provision 1.4 above.

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

REPORT ON CORPORATE GOVERNANCE

(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 during FY2023 are summarised below:

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

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

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

<u>Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any</u>

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

Mr. Shao Jianjun, the former 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. Shao Jianjiun was re-designated from Executive Chairman to Non-Executive and Non-Independent Director of the Company on 4 January 2024.

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

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 FY2023.

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.

REPORT ON CORPORATE GOVERNANCE

LEVEL AND MIX OF REMUNERATION DISCLOSURE OF REMUNERATION

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

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

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.

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 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 FY2023, 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.

REPORT ON CORPORATE GOVERNANCE

Directors' fees amounting to S$234,000.00 for the financial year ending 31 December 2024 ("**FY2024**") have been proposed for payment in arrears on a quarterly basis. This recommendation has been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval. The increase in the proposed Directors' fees for FY2024 compared to the amount of S$230,000.00 for FY2023 is due to the changes in the composition of the Board. The aggregate amount of Directors' fees for FY2024 is calculated on the assumption that all the Directors will hold office for the whole of FY2024. Should any Director hold office for only part of FY2024 and not the whole of FY2024, the Director's fee payable to him/her will be appropriately pro-rated.

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

Directors and CEO

A breakdown of the level and mix of the remuneration of the Directors and the CEO for FY2023 is as follows:

	Salary	Variable/ Performance-related Income/ Bonus	Benefits in Kind	Fees	Total
	%	%	%	%	%
Below S$250,000.00:					
Executive Chairman					
Shao Jianjun	100	–	–	–	100
Non-Executive Directors					
Wang Weiyao	–	–	–	100	100
Phang Kin Seng (Lawrence)(1)	–	–	–	100	100
Lim Yoke Hean	–	–	–	100	100
Low Mui Kee(2)	–	–	–	100	100
Yap Ming Choo(3)	–	–	–	–	–
Ngo Yit Sung(4)	–	–	–	–	–
CEO					
Wen Hui	17	83	–	–	100

Notes:

(1) Mr. Phang Kin Seng (Lawrence) retired as Lead Independent Director of the Company on 28 April 2023 at the conclusion of the Annual General Meeting.
(2) Ms. Low Mui Kee was appointed as Independent Director of the Company on 1 February 2023 and resigned on 28 December 2023.
(3) Ms. Yap Ming Choo was appointed as a Lead Independent Director of the Company on 2 February 2024. Accordingly, there was no Director's fee payable to her in respect of FY2023.
(4) Mr. Ngo Yit Sung was appointed as an Independent Director of the Company on 2 February 2024. Accordingly, there was no Director's fee payable to him in respect of FY2023.

Key management personnel

The top five key management personnel of the Group (in terms of remuneration) for FY2023 (who are not Directors or the CEO) are Messrs. Ng Keong Khoon (Samuell), Jin Zhaoguo, Shu Jianfei, Zhu Peng and Zheng Yi.

REPORT ON CORPORATE GOVERNANCE

A breakdown of the level and mix of the remuneration of top five key management personnel for FY2023 is as follows:-

	Salary	Variable/ Performance-related Income/ Bonus	Benefits in Kind	Total
	%	%	%	%
Below S$250,000.00:				
Ng Keong Khoon (Samuell)	100	–	–	100
Jin Zhaoguo	34	66	–	100
Shu Jianfei	29	71	–	100
Zhu Peng	19	81	–	100
Zheng Yi	34	66	–	100

The aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) is approximately RMB2.89 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 each individual Director, the CEO and the top five key management personnel. Instead, the disclosures had been provided in applicable bands of S$250,000.00 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(a) of the Code, the Board believes that consistent with the intent of Principle 8 of the Code, sufficient information has been disclosed for shareholders' understanding with respect to the Group's level and mix of remuneration.

For FY2023, 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.

<u>Provision 9.1 – Maintenance of a sound risk management system and internal controls</u>

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.

REPORT ON CORPORATE GOVERNANCE

For FY2023, 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 FY2023.

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

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

The Internal and External Auditors have, during the course of their audits, carried out a review of the effectiveness of key internal controls within the scope of their audits. Any material non-compliance and internal control weaknesses noted during their respective audits and their recommendations are reported to the AC. The AC has reviewed the CSA report and Internal and External Auditors' comments to ensure that there are adequate internal controls in the Group and follow up actions from the last audit reviews have been implemented. The AC will ensure that recommendations by the CSA report and Internal and External Auditors, arising from the FY2023 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.

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

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

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

The Board has received written assurance from the Group CEO and the CFO that as at 31 December 2023:-

(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.

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

Based on the internal controls including financial, operational and compliance controls, established and maintained by the Group, work performed by the internal and external auditors, and reviews undertaken by Management, the AC and the Board are of the opinion that the Group's internal controls addressing material financial, operational, compliance and information technology risks, and risk management systems are adequate and effective as at 31 December 2023 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.

<u>Provisions 10.1 to 10.3 and 10.5 – Duties and composition of the AC</u>

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:-

REPORT ON CORPORATE GOVERNANCE

Ms. Yap Ming Choo *(Lead Independent Director)*	–	AC Chairman
Mr. Ngo Yit Sung *(Independent Director)*	–	AC Member
Mr. Lim Yoke Hean *(Independent Director)*	–	AC Member
Mr. Shao Jianjun *(Non-Executive and Non-Independent Director)*	–	AC Member

For more information on the changes to the composition of the AC during FY2023, please refer to provision 1.4 above.

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

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

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

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

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

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

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

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

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

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

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

The AC meets with the Group's Internal and External Auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group. For FY2023, the AC has met 5 times and:

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

(ii) has undertaken a review of the audit services and is satisfied with the independence of the External Auditors for FY2023. For FY2023, the aggregate amount of fees paid to the external auditors was RMB930,000.00. There were no non-audit services or fees paid for non-audit services.

External Auditors had also confirmed their independence in this respect.

REPORT ON CORPORATE GOVERNANCE

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

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

(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;

(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) 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. Mazars LLP as External Auditors for FY2023 at the forthcoming AGM, based on their performance and quality of their audit. – Messrs. 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 themselves of accounting standards/financial updates.

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

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.

REPORT ON CORPORATE GOVERNANCE

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.

When a whistleblowing report is received:

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

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

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

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

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

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

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

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

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

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

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

No reports on whistle-blowing incidents were received in 2023.

REPORT ON CORPORATE GOVERNANCE

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.

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 FY2023, the AC is satisfied that the internal audit function by CLA Global is independent, effective and adequately resourced to meet the Group's internal audit obligations.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

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

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

Provision 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.

REPORT ON CORPORATE GOVERNANCE

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 Secretaries prepare 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.

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 2023 is disclosed under provision 1.5 above.

Poll voting at general meetings

The Company's general meetings in 2023 were held physically in Singapore and its forthcoming AGM for FY2023 would be held wholly in a physical format in Singapore ("**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 FY2023 has been declared/recommended as a special dividend amounting to RMB150 million was declared and paid in the third quarter of FY2023.

ENGAGEMENT WITH SHAREHOLDERS

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

Provisions 12.1 to 12.3 – Interaction/engagement with shareholders

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

REPORT ON CORPORATE GOVERNANCE

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.

MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

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

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

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

The key areas of focus in relation to the management of stakeholder relationships are set out in the Company's annual Sustainability Report for FY2023 to be issued by 29 April 2024.

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 FY2023, 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, 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.

REPORT ON CORPORATE GOVERNANCE

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

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

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than $100,000)
		(RMB'000)	(RMB'000)
Jiangsu World Machinery and Electronics Group Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials and parts.			347
Purchase of raw materials.			2
Jiangsu World Plant-Protecting Machinery Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			750
Purchase of raw materials.			105
Jiangsu World Agriculture Machinery Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, scrap materials, parts and machineries.			35,460
Processing fees paid and purchase of raw materials, scrap materials and equipment.			1,351
Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials and parts.			5,185
Purchase fees paid and purchase of raw materials and scrap materials.			6,192

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)
World Agriculture (Shenyang) Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sales of raw materials, parts and scrap materials.			3,229
Purchase of parts.			167
World Heavy Industry (China) Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fee received and sale of raw materials and parts.			2,605
Processing fees paid and purchase of raw materials, scrap materials and equipment.			35,087
Jiangsu World Crane Co., Ltd,	Associate of the Controlling Shareholder	N/A	
Processing fees paid and purchase of equipment.			202
Jiangsu World Precise Machinery Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Land rental paid.			600
Jiangsu World Furniture Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Sale of raw materials, parts and machineries.			1,097

REPORT ON CORPORATE GOVERNANCE

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than $100,000)
		(RMB'000)	(RMB'000)
Jiangsu World High End Agriculture Equipment Co., Ltd.	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			38,552
Purchase of scrap materials.			10,919
Danyang World Machinery Parts Manufacturing Co., Ltd.	Associate of the Controlling Shareholder		N/A
Processing fees received and sale of raw materials and parts.		29	
Purchase of raw materials and scrap materials.		1,949	
World High Precision Complete Equipment Co., Ltd.	Associate of the Controlling Shareholder		N/A
Sale of raw materials and parts.		69	
Purchase of raw materials.		8,498	
Jiangsu Zhenji Machinery Manufacturing Co., Ltd.	Associate of the Controlling Shareholder		N/A
Purchase of raw materials and scrap materials.		5	
Total		10,550	141,850

REPORT ON CORPORATE GOVERNANCE

MATERIAL CONTRACTS

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

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

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

(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 RMB96.00 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 RMB54.00 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 in relation to RMB100.00 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

The Group will be issuing its sustainability report for the financial year ended 31 December 2023 by 29 April 2024 to keep shareholders informed on the commitment made by the Group in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy. The Group is gradually placing emphasis on sustainability and would implement appropriate policies and programs when the opportunities arise.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of World Precision Machinery Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

In the opinion of the directors, the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended on that date, and there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. Directors

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

Wang Weiyao	(Executive Chairman)
Shao Jianjun	(Non-Executive and Non-Independent Director)
Yap Ming Choo	(Lead Independent Director) (Appointed on 2 February 2024)
Lim Yoke Hean	(Independent Director)
Ngo Yit Sung	(Independent Director) (Appointed on 2 February 2024)

2. Arrangements to enable directors to acquire shares or debentures

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

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the 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
Lim Yoke Hean	-	-	200,000	200,000
Ultimate Holding Company				
(Ordinary shares)				
World Sharehold Limited				
Wang Weiyao	50,000	50,000	-	-

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

DIRECTORS' STATEMENT

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

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2024.

4. Share options

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

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

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

5. Audit Committee

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

Yap Ming Choo	(Chairman)
Lim Yoke Hean	(Member)
Ngo Yit Sung	(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 2018. In performing those functions, the Audit Committee had, *inter alia*,:

(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 deemed appropriate.

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

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

DIRECTORS' STATEMENT

6. Auditors

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

On behalf of the directors

Shao Jianjun	**Wang Weiyao**
Director	Director

Singapore

28 March 2024

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 2023, and the consolidated 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, as set out on pages 62 to 120.

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 2023 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Basis for opinion

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

Overview

Audit Approach

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

Materiality

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

Scope of audit

For the audit of the current financial year's financial statements, we identified 5 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

Out of the 5 significant components, 4 were audited by other Mazars offices as component auditors under our instructions and the remaining component was audited by us. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Area of focus

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

INDEPENDENT AUDITORS' REPORT

Members of the Company World Precision Machinery Limited

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter

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

Key audit matter 1	Audit response
Valuation of inventories **(Refer to Note 13 to the financial statements)** The Group has inventories of RMB 352,656,000 (2022: RMB 397,393,000), which accounted for 16% (2022: 19%) of the Group's total assets as at 31 December 2023. Inventories are stated at the lower of cost and net realisable value ("NRV"). Management identifies the slow-moving and obsolete inventories, and also estimates the net realisable value for inventories by taking into consideration the current economic condition, historical sales record, aging analysis, alternative uses and subsequent selling prices of the inventories. We identified the valuation of inventories as a key audit matter, as it requires management to exercise judgement in identifying slow-moving and obsolete inventories to determine the net realisable value as well as the quantum of write-down required.	Our audit procedures included, and were not limited to the following: • Assessed the appropriateness of the Group's policy used in respect of inventory obsolescence in the context of our understanding of the Group's business with reference to the aging and nature of the inventory; • Assessed the reasonableness of the Group's allowance for inventory obsolescence by comparing the allowance for inventory obsolescence against the actual historical amounts written-off; and • Tested the net realisable value of inventory by comparing the costs to selling prices subsequent to the financial year end.

Key audit matter 2	Audit response
Valuation of trade and other receivables **(Refer to Note 12 to the financial statements)** As at 31 December 2023, the Group has trade and other receivables at amortised cost amounting to RMB 228,576,000 (2022: RMB 315,334,000). At each reporting date, the Group identifies trade receivables from third parties that are credit-impaired and measures loss allowance at an amount equal to lifetime expected credit losses ("ECL") using a provision matrix. For trade amount due from related companies and an affiliated corporation, and other receivables which are carried at amortised cost, the Group recognises the loss allowance at an amount equal to 12-month or lifetime expected credit losses, depending on whether management assessed there to be a significant increase in credit risk since initial recognition. Judgement is required in making assumptions about the risk of default and expected loss rates to determine if adequate loss allowance is made to account for those exposures.	Our audit procedures included, and were not limited to the following: • Assessed the reasonableness of the provision matrix applied by the Group in their measurement of ECL for trade receivables from third parties; • 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 Matter (Continued)

Key audit matter 3	Audit response
Accounting for Business Combination (Refer to Note 18 to the financial statements) During the financial year, the Group completed the acquisition of 100% interest in Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd. for a total cash consideration of RMB 148,810,000. The acquisition was accounted for using the acquisition method where the Group performed a Purchase Price Allocation ("PPA") exercise. An independent valuer was engaged by the management to assist the management in the PPA exercise and determination of the fair value of acquired assets and liabilities. The valuation of assets acquired and liabilities assumed requires significant judgement in applying estimations made by management. We focused on this area as the transaction relates to significant judgement that management exercised on the valuation of assets and liabilities acquired, the PPA and goodwill.	Our audit procedures included, and were not limited to, the following: • Obtained and reviewed of relevant contracts related to the acquisition; • Assessed the reasonableness of fair value assessment done by the external valuer engaged by management; • Evaluated the appropriateness of the Group's assessment on the fair value of identifiable assets and liabilities, with the involvement of our internal valuation specialist; • Assessed the competence, capabilities and objectivity of the management expert and evaluated the appropriateness of that expert's work; and • Obtained an understanding of the Group's process for determining fair value measurements and disclosures.

Other information

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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

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.

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

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company World Precision Machinery Limited

Report on Other Legal and Regulatory Requirements

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

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

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore

28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Revenue	4	1,078,285	1,113,849
Cost of sales		(891,215)	(927,744)
Gross profit		187,070	186,105
Other income	5	20,405	18,989
Distribution and selling expenses		(93,885)	(90,222)
Administrative expenses		(98,738)	(94,392)
Other expenses		(12,797)	(11,369)
Net reversal of impairment losses on trade and other receivables	7	535	7,545
Result from operating activities		2,590	16,656
Finance income		13,975	16,460
Finance costs		(6,596)	(3,546)
Net finance income	6	7,379	12,914
Profit before tax	7	9,969	29,570
Income tax expense	9	(3,951)	(4,990)
Profit for the year		6,018	24,580
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translation of foreign subsidiaries		15,399	8,357
Total comprehensive income for the year		21,417	32,937
Profit attributable to:			
Equity holders of the Company		6,018	24,580
Total comprehensive income for the year attributable to the owners of the Company		21,417	32,937
Earnings per share (RMB per share)			
Basic and diluted	10	0.02	0.06

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	11	431,549	334,543	201,817	193,864
Trade and other receivables	12	436,671	528,991	5,528	1,804
Inventories	13	352,656	397,393	-	-
Total current assets		1,220,876	1,260,927	207,345	195,668
Non-current assets					
Trade and other receivables	12	55,259	24,690	-	-
Property, plant and equipment	14	682,303	728,110	-	-
Investment property	15	153,050	2,825	-	-
Goodwill	16	25,035	-	-	-
Intangible assets	17	26,992	35,141	-	-
Investments in subsidiaries	18	-	-	662,266	626,453
Deferred tax assets	23	2,392	-	-	-
Total non-current assets		945,031	790,766	662,266	626,453
Total assets		2,165,907	2,051,693	869,611	822,121
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	19	718,880	759,765	8,619	1,124
Lease liabilities	20	1,543	1,031	-	-
Contract liabilities	21	94,576	93,468	-	-
Bank borrowings	22	160,000	-	-	-
Tax payables		2,935	-	-	-
Total current liabilities		977,934	854,264	8,619	1,124
Non-current liabilities					
Trade and other payables	19	321	721	-	-
Lease liabilities	20	15,180	15,934	-	-
Bank borrowings	22	90,000	-	-	-
Deferred tax liabilities	23	36,419	6,138	-	-
Total non-current liabilities		141,920	22,793	-	-
Equity attributable to owners of the Company					
Share capital	24	250,660	250,660	250,660	250,660
Currency translation reserve	25	33,978	18,579	78,623	38,509
Statutory reserves	26	130,902	128,801	-	-
Capital reserve	27	97,097	97,097	-	-
Retained earnings		533,416	679,499	531,709	531,828
Total equity		1,046,053	1,174,636	860,992	820,997
Total equity and liabilities		2,165,907	2,051,693	869,611	822,121

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 2023

	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 2023	250,660	18,579	128,801	97,097	679,499	1,174,636
Total comprehensive income for the year						
Profit for the year	-	-	-	-	6,018	6,018
Other comprehensive income						
Foreign currency translation differences on foreign operations	-	15,399	-	-	-	15,399
Total comprehensive income for the year	-	15,399	-	-	6,018	21,417
Transactions with owners, recognised directly in equity						
Distributions to owners						
Dividend paid (Note 28)	-	-	-	-	(150,000)	(150,000)
Total distributions to owners	-	-	-	-	(150,000)	(150,000)
Transfer to statutory reserve fund	-	-	2,101	-	(2,101)	-
Balance at 31 December 2023	250,660	33,978	130,902	97,097	533,416	1,046,053

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 2023

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Operating activities			
Profit before tax		9,969	29,570
Adjustments for:			
Amortisation of intangible assets	17	8,149	7,832
Bad debts (recovered)/written off	7	(3,150)	2,345
Depreciation of investment property	15	7,719	274
Depreciation of property, plant and equipment	14	63,115	60,229
Gain on disposal of property, plant and equipment	5	-	(130)
Interest expense	6	5,467	3,504
Interest income	6	(13,975)	(16,460)
Property, plant and equipment written off	7	127	225
Reversal of impairment losses on trade and other receivables	7	(535)	(7,545)
Write-down of inventories	7	1,986	4,320
Operating cash flows before movements in working capital		78,872	84,164
Changes in working capital			
- Inventories		42,751	14,650
- Trade and other receivables		1,033	62,365
- Trade and other payables		(42,924)	(33,843)
- Contract liabilities		1,108	8,170
Cash generated from operations		80,840	135,506
Interest received		8,947	3,664
Withholding tax paid		(7,826)	(2,851)
Income tax recovered/(paid)		1,383	(5,596)
Net cash generated from operating activities		83,344	130,723
Investing activities			
Purchases of property, plant and equipment		(47,772)	(73,002)
Purchases of investment properties	15	(818)	-
Purchases of intangible assets		-	(3,756)
Proceeds from disposal of property, plant and equipment		-	554
Acquisition of a subsidiary	18	(147,440)	-
Proceeds from other investment		-	300,000
Interest received from other investment		-	5,305
Repayment of loan from a third party		100,000	100,000
Provision of loan to a third party		-	(100,000)
Effect of foreign currency re-alignment on investing activities		10,406	8,709
Net cash flows (used in)/generated from investing activities		(85,624)	237,810

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 2023

	Note	2023 RMB'000	2022 RMB'000
Financing activities			
Proceeds from bank borrowings	22	250,000	-
Payment of lease liabilities		(1,032)	(438)
Bank deposit pledged	11	(475)	-
Dividend paid	28	(150,000)	(50,000)
Interest paid		(4,676)	(3,504)
Net cash flows generated from/(used in) financing activities		93,817	(53,942)
Net increase in cash and cash equivalents		91,537	314,591
Cash and cash equivalents at beginning of the year		334,543	28,661
Effect of exchange rate changes on cash and cash equivalents		4,994	(8,709)
Cash and cash equivalents at end of the year	11	431,074	334,543

Reconciliation of liabilities arising from financing activities

			Non-cash movements		
	1 January 2023 RMB'000	Financing cash outflows RMB'000	New leases RMB'000	Interest expense RMB'000	31 December 2023 RMB'000
Liabilities					
Lease liabilities	16,965	(1,857)	790	825	16,723
Bank borrowings	-	250,000	-	-	250,000

			Non-cash movements		
	1 January 2023 RMB'000	Financing cash outflows RMB'000	New leases RMB'000	Interest expense RMB'000	31 December 2023 RMB'000
Asset					
Pledged deposit	-	475	-	-	475

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 2023 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 Groupand 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 2023. 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.

The Group adopted the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies in the current financial year. The amendments require the disclosure of "material" instead of "significant" accounting policy information and provides guidance to assist the entity in providing useful, entity-specific accounting policy information for the users' understanding of the financial statements. Accordingly, management reviewed the accounting policies and updated the information disclosed in Note 2 Summary of material accounting policies in line with the amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non- current*	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Various	Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
SFRS(I) 1-7, SFRS(I) 7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*	1 January 2024
SFRS(I) 1-21, SFRS(I) 1	Amendments to SFRS(I) 1-21: *Lack of Exchangeability*	1 January 2025
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

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

2.2 Basis of consolidation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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

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

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

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously 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.

2.3 Business combinations

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

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

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

2.4 Revenue recognition

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

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

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

Sale of conventional stamping machines and metal parts

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.4 Revenue recognition (Continued)

Sale of high performance and high tonnage stamping machines (Continued)

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

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

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

2.5 Borrowing costs

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

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

2.6 Employee benefits

Defined contribution plans

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

Employee leave entitlement

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

Short-term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.7 Income tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.8 Earnings per share

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

2.9 Dividends

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

2.10 Foreign currency transactions and translation

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

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.11 Property, plant and equipment

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

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

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

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

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

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

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

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

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.

2.12 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 are made where there is a change in use, evidenced by:

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

2.13 Intangible assets

Research and development costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.13 Intangible assets (Continued)

Research and development costs (Continued)

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

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

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

2.14 Impairment of non-financial assets excluding goodwill

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

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

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

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is 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.

2.15 Contract assets and liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.16 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

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

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment of non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs and debt instruments at FVOCI.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to the ECLs at reporting date.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Impairment of non-derivative financial assets (Continued)

General approach (Continued)

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

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 instruments

Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis in finance costs. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

(a) currently has a legally enforceable right to set-off the recognized amounts; and
(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods, work-in-progress and component parts comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excluded borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and estimated costs necessary to make the sale.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with financial institutions maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

2.19 Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale or distribution.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

2.20 Leases (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Summary of material accounting policies (Continued)

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.

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 2023 is RMB 18,503,000 (2022: RMB 19,570,000) (Note 32).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

3.2 Key sources of estimation uncertainty (Continued)

(ii) Measurement of ECL of trade and other receivables

The Group uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. Loss allowances for amount due from employees are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the employee and an assessment of both the current and forecast general economic conditions at the reporting date. Impairment on loan to a third party has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group's assessment is based on qualitative and quantitative factors that are indicative of the risk of default. Remaining other receivables loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The expected loss allowance on the Group's other receivables as at 31 December 2023 is RMB 2,258,000 (2022: RMB 1,726,000) (Note 32).

(iii) Valuation of property, plant and equipment, investment property and intangible assets

Property, plant and equipment, investment property and intangible assets are assessed at the end of each financial year to ascertain whether there is an indication of impairment, if such indications are found, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Management judgement is required in the area of asset impairment, particularly in assessing (i) whether an event has occurred that may indicate that the related asset values may not been recoverable; (ii) whether the carrying value of an asset can be supported by the market value or the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key inputs and assumptions to be applied in estimating the market value of preparing the cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amount of the Group's property, plant and equipment, investment property and intangible assets as at 31 December 2023 was RMB 682,303,000 (2022: RMB 728,110,000), RMB 153,050,000 (2022: RMB 2,825,000) and RMB 26,992,000 (2022: RMB 35,141,000) respectively.

(iv) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 December 2023 was RMB 682,303,000 (2022: RMB 728,110,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

3.2 Key sources of estimation uncertainty (Continued)

(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 2023 was RMB 682,303,000 (2022: RMB 397,393,000). The allowance on the Group's inventory as at 31 December 2023 is RMB 18,071,000 (2022: RMB 16,183,000).

(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 2023 was RMB 2,392,000 (2022: Nil).

(vi) 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 value-in-use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of goodwill as at 31 December 2023 was RMB 25,035,000 (2022: Nil).

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	
	2023	2022
	RMB'000	RMB'000
Conventional stamping machines	21,502	27,120
High performance and high tonnage stamping machines	972,632	1,001,229
Metal parts	84,150	85,500
	1,078,285	1,113,849

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Other income

	Group	
	2023	**2022**
	RMB'000	**RMB'000**
Sale of raw, scrap materials and tooling	10,705	7,632
Cost of raw, scrap materials and tooling sold	(9,066)	(5,631)
Gain from disposals of raw and scrap materials	1,639	2,001
Gain on disposal of property, plant and equipment	-	130
Government grants and subsidies	15,805	13,103
Insurance claims	24	-
Penalty income	169	71
Processing income	1,485	2,302
Rental income from (net of depreciation expenses):		
- leasing of plant and machinery	306	306
- investment property	469	416
Others	508	660
	20,405	18,989

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.

6. Finance income and finance costs

	Group	
	2023	**2022**
	RMB'000	**RMB'000**
Finance income:		
Interest income on banks	13,975	7,090
Interest income from loan to a third party	-	9,370
	13,975	16,460
Finance costs:		
- interest expense on lease liabilities	(825)	(818)
- interest expense on discounting of bills receivable	(1,551)	(2,686)
- interest expense on bank borrowings	(4,171)	-
- others	(49)	(42)
	(6,596)	(3,546)
Net finance income	7,379	12,914

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Profit before tax

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

	Note	Group 2023 RMB'000	Group 2022 RMB'000
Amortisation of intangible assets	17	8,149	7,832
Audit fees paid/payable to:			
- auditors of the Company		450	400
- other auditors*		480	430
Bad debts (recovered)/written off			
- trade		(831)	-
- non-trade		(2,319)	2,345
Depreciation of investment property	15	7,719	274
Depreciation of property, plant and equipment	14	63,115	60,229
Directors' fees payable/paid to directors of the Company		1,393	1,288
Loss on foreign currency exchange - net		8,531	8,609
Reversal of impairment losses on trade and other receivables	32	(535)	(7,545)
Personnel expenses	8	235,634	255,183
Property, plant and equipment written off		127	225
Rental expenses	20	161	237
Write-down of inventories	13	1,986	4,320

* Includes independent member firm of Mazars.

8. Personnel expenses

	Group 2023 RMB'000	Group 2022 RMB'000
Wages, salaries and bonuses	214,949	238,270
Contribution to defined contribution plans	14,628	11,071
Other personnel expenses	6,057	5,842
	235,634	255,183

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. Income tax expense

	Group	
	2023	2022
	RMB'000	RMB'000
Income tax		
- current year	1,190	585
- under provision in respect of prior years	362	2,487
	1,552	3,072
Deferred tax credit		
- origination and reversal of temporary differences	(5,427)	(934)
	(5,427)	(934)
Withholding tax	7,826	2,852
	3,951	4,990

Reconciliation of effective tax rate

	Group	
	2023	2022
	RMB'000	RMB'000
Profit before tax	9,969	29,570
Tax using the PRC tax rate of 25% (2022: 25%)	2,492	7,393
Tax concessions arising from preferential income tax rate	(1,854)	(4,334)
Effect of tax rates in foreign jurisdictions	811	(3,705)
Expenses not deductible for tax purposes	31,399	17,170
Non-taxable income	(26,910)	(6,906)
Effect of tax incentives	(8,900)	(8,895)
Deferred tax assets not recognised	3,715	-
Utilisation of previously unrecognised deferred tax assets	(1,101)	(1,072)
Under provision of income tax in respect of prior years	362	2,487
Withholding tax	7,826	2,852
	3,951	4,990

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 2023 RMB'000	Tax effect 2023 RMB'000	Gross amount 2022 RMB'000	Tax effect 2022 RMB'000
Tax losses	17,040	4,260	6,583	1,646

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% (2022: 25%). In 2023 and 2022, World Precise Machinery (China) Co., Ltd. and World Precise Machinery (Shenyang) Co., Ltd., enjoys preferential income tax rate of 15% as it is regarded as high-tech enterprise.

10. Earnings per share

Basic earnings per share is calculated based on the Group's profit for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2023	2022
Profit for the year attributable to equity holders of the Company (RMB'000)	6,018	24,580
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 2023 and 2022.

11. Cash and cash equivalents

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Cash at banks and on hand	232,137	144,828	2,880	4,149
Fixed deposit	199,412	189,715	198,937	189,715
As disclosed in statements of financial position	431,549	334,543	201,817	193,864
Deposit pledged	(475)	-	-	-
As disclosed in statement of cash flows	431,074	334,543	201,817	193,864

The Group's fixed deposit placed with a financial institution matured within 1 month (2022: 1 month) from the end of the reporting period. The interest rate is 5.18% (2022: 3.10%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	152,613	140,295	-	-
Less: allowance for expected credit losses	(18,503)	(19,570)	-	-
	134,110	120,725	-	-
Amount due from related companies (trade)	84,877	85,742	-	-
Amount due from an affiliated corporation (trade)	64	56	-	-
Amount due from a subsidiary (non-trade)	-	-	501	352
Amount due from employees	4,474	1,410	-	-
Less: allowance for expected credit losses	(2,258)	(1,320)	-	-
	2,216	90	-	-
Loan to a third party	-	100,000	-	-
Interest receivable	5,027	7,491	5,027	1,437
Deposits	2,282	1,636	-	-
Less: allowance for expected credit losses	-	(406)	-	-
	2,282	1,230	-	-
Financial assets at amortised cost	228,576	315,334	5,528	1,789
Bills receivables	173,312	207,832	-	-
Prepayments for property, plant and equipment	55,922	24,690	-	-
Advance payments to suppliers	12,233	1,554	-	-
VAT receivables	526	428	-	-
Other prepayments	21,361	2,746	-	15
Tax recoverable	-	1,097	-	-
	491,930	553,681	5,528	1,804
Non-current	55,259	24,690	-	-
Current	436,671	528,991	5,528	1,804
	491,930	553,681	5,528	1,804

Trade receivables are non-interest bearing and the Group generally extend credit period of 6 months to 1 year (2022: 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 (2022: 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 RMB 13,500,000 and RMB 41,649,000 paid to third parties for equipment and the purchase of land respectively.

Other prepayments include an amount of RMB 20,000,000 paid to third parties on the proposed acquisition of certain assets and liabilities from Hainan Xinglong Pearl Investment Co., Ltd ("Target Company").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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.

Loan to a third party is secured with personal guarantee from a third party and also personal guarantees issued by the two controlling shareholders of the Company, namely, Mr. Wang Weiyao (Executive Chairman) and Mr. Shao Jianjun (Non-Executive Non-Independent Director), bears interest of 10% per annum. During the financial year ended 31 December 2023, the loan has been fully repaid.

13. Inventories

	Group	
	2023	**2022**
	RMB'000	**RMB'000**
Finished goods	89,238	56,583
Work-in-progress and components parts	194,204	268,546
Raw materials	69,214	72,264
	352,656	397,393

Raw materials, consumables and changes in finished goods, and work-in-progress and component parts included as cost of sales amounted to RMB 623,211,000 (2022: RMB 687,768,000) 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 2023, a write-down for slow-moving and obsolete inventories to net realisable value amounting to RMB 1,986,000 (2022: RMB 4,320,000) 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 2023

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 2022	484,009	751,836	9,077	112,996	15,160	2,402	1,375,480
Additions	10,768	58,230	968	6,618	1,780	11,186	89,550
Reclassifications	-	(3,143)	-	-	-	3,143	-
Disposals	-	(325)	-	(125)	(592)	-	(1,042)
Written off	-	(2,598)	(161)	-	(374)	-	(3,133)
At 31 December 2022	494,777	804,000	9,884	119,489	15,974	16,731	1,460,855
Additions	3,026	377	112	2,505	62	11,353	17,435
Acquisition of a subsidiary (Note 18)	122,957	34,169	-	-	-	-	157,126
Reclassifications (Note 15)	(122,957)	(18,066)	-	16	226	(16,345)	(157,126)
Written off	-	(322)	-	-	-	-	(322)
At 31 December 2023	497,803	820,158	9,996	122,010	16,262	11,739	1,477,968
Accumulated depreciation:							
At 1 January 2022	149,527	425,011	8,194	83,848	9,329	-	675,909
Charge for the year	15,392	36,712	1,181	5,250	1,827	-	60,362
Reclassifications	-	(7,605)	-	-	-	7,605	-
Disposals	-	(69)	-	(18)	(531)	-	(618)
Written off	-	(2,411)	(152)	-	(345)	-	(2,908)
At 31 December 2022	164,919	451,638	9,223	89,080	10,280	7,605	732,745
Charge for the year	11,640	40,049	362	9,249	1,815	-	63,115
Reclassifications	-	7,605	-	-	-	(7,605)	-
Disposals	-	-	-	-	-	-	-
Written off	-	(195)	-	-	-	-	(195)
At 31 December 2023	176,559	499,097	9,585	98,329	12,095	-	795.665
Carrying amount:							
At 31 December 2023	321,244	321,061	411	23,681	4,167	11,739	682,303
At 31 December 2022	329,858	352,362	661	30,409	5,694	9,126	728,110

During the financial year, depreciation charge of plant and machinery capitalised as development costs amounted to Nil (2022: RMB 133,000) (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

15. Investment property

	Note	Group 2023 RMB'000	Group 2022 RMB'000
Cost			
At 1 January		7,208	7,208
Reclassification from property, plant and equipment	14	157,126	-
Additions		818	-
At 31 December		165,152	7,208
Accumulated amortisation			
At 1 January		4,383	4,109
Amortisation charge for the year	7	7,719	274
At 31 December		12,102	4,383
Net carrying value			
At 31 December		153,050	2,825
Fair value			
At 31 December		173,388	8,816

Investment property comprises a commercial property that is leased to the third parties. The lease contains a non-cancellable period varying from 3 to 6 years (2022: 3 to 6 years), with a fixed annual rent.

The following amounts are recognised in profit or loss:

	Group 2023 RMB'000	Group 2022 RMB'000
Rental income from investment properties	743	1,710
Direct operating expenses (including repairs and maintenance) from:		
- rental-generating investment properties	(274)	(988)
- non-rental-generating investment properties	(749)	-

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 foot of RMB 22,733 (2022: RMB 24,154). A decrease in the price per square foot would result in a lower fair value. The fair value of the Group's investment properties is approximately RMB 173,388,000 (2022: RMB 8,816,000).

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For the financial year ended 31 December 2023

16. Goodwill

	Group	
	2023	2022
	RMB'000	RMB'000
Cost		
At 1 January	-	-
Arising on acquisition of a subsidiary	25,035	-
At 31 December	25,035	-
Carrying amount:		
At 31 December	25,035	-

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 RMB 25,035,000 was acquired through the purchase of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd.

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.

Details of valuation techniques and key inputs for the estimation of the recoverable amounts of CGU based on fair value less cost of disposal:

Type	Valuation technique and significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Leasehold buildings Plant and machinery Electrical fittings Tools and equipment Motor vehicles	***Depreciated replacement cost method:*** Aggregated amount of gross replacement cost of the building and plant and machinery from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors.	The estimated fair value would increase/(decrease) if: • replacement cost is higher/(lower); or • depreciation is lower/(higher)
Leasehold land	***Direct comparison method:*** The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the leasehold land.	The estimated fair value would increase/(decrease) if price psm was higher/(lower)

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.

There is no impairment for goodwill identified by the management for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

17. Intangible assets

Group	Development costs RMB'000
Cost:	
At 1 January 2022	102,304
Additions	3,889
At 31 December 2022 and 2023	106,193
Accumulated amortisation:	
At 1 January 2022	63,220
Amortisation charge for the year	7,832
At 31 December 2022	71,052
Amortisation charge for the year	8,149
At 31 December 2023	79,201
Carrying amount:	
At 31 December 2023	26,992
At 31 December 2022	35,141

During the financial year, depreciation charge of plant and machinery capitalised as development costs amounted to Nil (RMB 133,000) (Note 14).

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	
	2023 RMB'000	2022 RMB'000
Unquoted equity share, at cost	626,453	804,836
Additions	35,813	-
Capital reduction*	-	(201,654)
Currency translation differences	-	23,271
	662,266	626,453

* On 23 August 2022, the registered capital of World Precise Machinery (China) Co., Ltd. was reduced from USD 77,900,000 to USD 50,000,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Investment in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of effective equity held by the Group	
			2023	2022
			%	%
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	-
World Precise Machinery (Thailand) Co., Ltd. [2] ("WPMT")	Manufacture and supply of stamping machines and metal parts	Thailand	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	-
Held By WPMP:				
World Precise Machinery (Thailand) Co., Ltd. [2]	Manufacture and supply of stamping machines and metal parts	Thailand	5	-
Held By HWTI:				
Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd. [1] ("WYHSH")	Hotel operator and management services	PRC	100	-

(1) Audited by Mazars China

(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 USD 20,000,000, which has not been paid up as at 31 December 2023

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Investment in subsidiaries (Continued)

Acquisition of subsidiary

On 1 June 2023, the Group acquired 100% equity interest in Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd. for the purpose of investment, in line with the Group's long-term business and investment strategy so as to utilise cash in excess of the Group's short to medium term budgeted working capital and long term capital expenditure requirements.

Fair values of the identifiable assets and liabilities of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd. as at the date of acquisition

	Fair value recognised on date of acquisition RMB'000
Assets	
Property, plant and equipment	34,169
Land use rights	122,957
Cash and cash equivalents	23
	157,149
Liabilities	
Other payables	58
Deferred tax liabilities	33,316
	33,374
Net identifiable assets at fair value	123,775
Goodwill arising from acquisition	25,035
Total consideration	148,810

As of 31 December 2023, out of the consideration of RMB 148,810,000, RMB 147,463,000 has been paid in cash and the remaining RMB 1,370,000 is repayable within a year from the date of acquisition, which is included in the accrued operating expenses disclosed in Note 19.

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible assets.

Transaction costs related to the acquisition of RMB 547,500 have been recognised in the Group's profit or loss for the financial year ended 31 December 2023.

From the date of acquisition, Wanning Yinhu Hot Spring Holiday Hotel Co., which is the Group's recent investment, has not commenced operations, and accordingly there is no material financial impact on the results of the Group.

Effects of the acquisition of the subsidiary on cash flows

	RMB'000
Total consideration for 100% equity interest acquired	148,810
Consideration payable in cash (As above)	(1,370)
Consideration paid in cash	147,463
Less: Cash and cash equivalents of subsidiary acquired	(23)
Net cash outflow on acquisition during the financial year ended 31 December 2023	147,440

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	524,735	573,947	-	-
Amount due to related parties (trade)	13,456	21,240	-	-
Amount due to affiliated company (trade)	2,234	2,302	-	-
Accrued operating expenses	137,008	117,239	1,304	875
Loan interest payables	288	-	-	-
VAT payables	18,731	19,801	-	-
Other tax payables	1,894	1,397	-	-
Bonus payables	8,924	12,033	-	-
Payables relating to property, plant and equipment	10,268	10,034	-	-
Amount due to related companies (non-trade)	1,033	1,554	-	-
Amount due to a subsidiary (non-trade)	-	-	7,315	249
Deferred income from government grants	630	939	-	-
	719,201	760,486	8,619	1,124
Non-current	321	721	-	-
Current	718,880	759,765	8,619	1,124
	719,201	760,486	8,619	1,124

Trade payables are non-interest bearing with credit periods ranging from 3 to 6 months (2022: 3 to 6 months).

Trade payables included RMB 128,286,000 (2022: RMB 196,755,000) 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 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 RMB 1,680,000. The grants received by the Group were unconditional. The grants have been recognised as deferred income and is being amortised over the useful lives of the property, plant and equipment, ranging from 5 to 10 years. As at 31 December 2023, the carrying amount of deferred income from government grants is RMB 630,000 (2022: RMB 939,000).

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For the financial year ended 31 December 2023

20. Lease liabilities

	Group 2023 RMB'000	Group 2022 RMB'000
Lease liabilities		
Non-current	15,180	15,934
Current	1,543	1,031
	16,723	16,965

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	Group Carrying amount RMB'000
2023				
Lease liabilities	4.60 – 4.90	2024 to 2057	32,041	16,723
2022				
Lease liabilities	4.60 – 4.65	2023 to 2057	32,202	16,965

(a) Leases as lessee

The Group leases land and buildings. The leases typically run for a period of 2 to 50 years with renewal rights. Lease payments are renegotiated with landlords upon renewal of lease. There were no extension options granted in the lease agreements.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

	Leasehold land and buildings RMB'000	Investment properties RMB'000	Total RMB'000
Balance at 1 January 2022	57,184	-	57,184
Additions for the year	8,608	-	8,608
Depreciation charge for the year	(1,927)	-	(1,927)
Balance at 31 December 2022	63,865	-	63,865
Additions for the year	-	818	818
Depreciation charge for the year	(2,088)	(29)	(2,117)
Balance at 31 December 2023	61,777	789	62,566

The total cash outflow for leases during the financial year ended 31 December 2023 is RMB 1,857,000 (2022: RMB 1,256,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

20. Lease liabilities (Continued)

(a) Leases as lessee (Continued)

(ii) Amounts recognised in profit or loss

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	825	818
Expenses relating to short-term leases	161	237

(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.

	2023 RMB'000	2022 RMB'000
Less than one year	915	996
Two to five years	3,004	2,929
More than five years	2,420	2,740
	6,339	6,665

21. Contract liabilities

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

	Group	
	2023 RMB'000	2022 RMB'000
Balance as at 1 January	93,468	85,298
Increases due to advances received, excluding amounts recognised as revenue during the financial year	93,470	54,795
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	(92,363)	(46,625)
Balance as at 31 December	94,576	93,468

The contract liabilities primarily relate to advance considerations received from customers for sale of products.

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For the financial year ended 31 December 2023

22. Bank borrowings

	2023 RMB'000	2022 RMB'000
Secured		
Bank borrowings	250,000	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	(160,000)	-
Amount due for settlement after 12 months	90,000	-

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

(i) Bank loan A relates to a RMB 96,000,000 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 3.95% (2022: Nil) per annum and repayable in full 1 year from drawdown date.

(ii) Bank loan B relates to a RMB 54,000,000 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 3.95% (2022: Nil) per annum and repayable in full 1 year from drawdown date.

(iii) Bank loan C relates to a RMB 100,000,000 bank 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 3.65% (2022: Nil) per annum. Repayment commences on 21 March 2024 with the final repayment on 21 September 2025.

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.

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 2022 RMB'000	Recognised in profit or loss (Note 9) RMB'000	Balance as at 31 December 2022 RMB'000	Recognised in profit or loss (Note 9) RMB'000	Balance as at 31 December 2023 RMB'000
<u>Group</u>					
Trade and other receivables	3,419	514	3,933	1,969	5,902
Intangible assets	3,723	(247)	3,476	(278)	3,198
Lease liabilities	-	-	-	2,392	2,392
Donations	-	-	-	430	430
Inventories	1,959	566	2,525	(2431)	94
Deferred tax assets	9,101	833	9,934	2,082	12,016
Distributable earnings of PRC subsidiaries	(2,853)	1,590	(1,263)	764	(400)
Property, plant and equipment	(13,320)	(1,489)	(14,809)	914	(13,895)
Changes in fair value on acquisition of a subsidiary	-	-	-	(31,649)	(31,649)
Deferred tax liabilities	(16,173)	101	(16,072)	(29,971)	(46,043)
	(7,072)	934	(6,138)	(27,889)	(34,027)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

23. Deferred tax assets and liabilities (Continued)

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	
	2023	**2022**
	RMB'000	**RMB'000**
Deferred tax assets	2,392	-
Deferred tax liabilities	(36,419)	(6,138)
	(34,027)	(6,138)

Deferred tax liabilities not recognised

The total undistributed profits of the PRC subsidiaries are RMB 18,498,514 (2022: RMB 154,515,215). No deferred tax liability has been recognised for undistributed profits of RMB 8,543,142 (2022: RMB 100,119,511) 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.

24. Share capital

	Group and Company			
	2023	**2022**	**2023**	**2022**
	Number of ordinary shares		**RMB'000**	**RMB'000**
Issued and fully paid, with no par value				
At 1 January and 31 December	400,000	400,000	250,660	250,660

All issued shares are fully paid ordinary shares with no par value.

The holders of the ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary share carry one vote per share without restrictions.

25. Currency translation reserve

Currency translation reserve of the Company arises from the translation of the financial statements of the Company whose functional currency are different from that of the Company's presentation currency.

The translation reserves of the Group comprise all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

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For the financial year ended 31 December 2023

26. Statutory reserves

	Group	
	2023	2022
	RMB'000	RMB'000
Statutory reserve fund	130,902	128,801

Statutory reserve fund

The non-distributable statutory reserves represent amounts set aside in compliance with the local laws in the PRC where the PRC subsidiaries operate. The PRC subsidiaries are considered a foreign investment enterprise and the percentage of appropriation from the net profit after tax to the various reserve funds are determined by the Board of Directors of the PRC subsidiaries.

The total statutory reserves may be used to offset accumulated losses or increase the registered capital of the PRC subsidiaries, subject to approval from relevant PRC authorities and are not available for dividend distribution to the shareholders. The PRC subsidiaries are prohibited from distributing dividends unless the losses (if any) of prior years have been made good.

In accordance with the Foreign Enterprise Law applicable to the PRC subsidiaries, the PRC subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations should be allocated to the SRF until the cumulative total of SRF reached 50% of the registered capital of the respective PRC subsidiaries.

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 2023, the Company declared and paid special interim tax-exempt (one-tier) dividend of RMB 0.375 per ordinary share of the Company totalling approximately RMB 150,000,000 in respect of the financial year ended 31 December 2023.

During the financial year ended 31 December 2022, the Company declared and paid final tax-exempt dividend of RMB 0.125 per ordinary share of the Company totalling approximately RMB 50,000,000 in respect of the financial year ended 31 December 2021.

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	
	2023	2022
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment	39,602	49,450

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For the financial year ended 31 December 2023

30. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(iv) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(v) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(vi) Both entities are joint ventures of the same third party.
(vii) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(viii) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(ix) The entity is controlled or jointly controlled by a person identified in (a).
(x) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(xi) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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	
	2023 RMB'000	**2022 RMB'000**
Related companies		
Income		
Sales to related companies	83,397	95,313
Processing services to related companies	2,801	3,260
Expenses		
Lease of premises from a related company	600	600
Processing services from related companies	5,824	5,348
Purchases of machineries and parts form related companies	714	26,404
Purchases of raw materials from related companies	33,010	32,290
Purchases of scrap materials from related companies	22,974	29,129
Affiliated companies		
Income		
Sales to affiliated companies	1,118	798
Processing services to affiliated companies	8	13
Expenses		
Purchases of services from affiliated companies	1	-
Purchases of raw materials from affiliated companies	892	8,210
Purchases of scrap materials from affiliated companies	1,061	1,777

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 2023

30. Significant related party transactions (Continued)

Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2023	**2022**
	RMB'000	**RMB'000**
Directors of the Company:		
- short-term employee benefits	443	410
- defined contribution benefits	33	28
- directors' fees	1,393	1,288
	1,869	1,726
Other key management personnel:		
- short-term employee benefits	4,217	3,996
- defined contribution benefits	148	152
	4,365	4,148
	6,234	5,874

31. Segment information

The Group is principally engaged in manufacturing and selling of conventional and high performance and high tonnage stamping machines and metal parts. All business activities are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are mainly attributable to a single reportable operating segment.

Geographical information

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, the PRC, which is the Group's principal place of business and operations. Therefore, no analysis by geographical region is presented.

Information about major customer

No external customer individually contributed 10% or more of the Group's total revenue.

32. Financial instruments and financial risk

Overview

The Group's activities expose it to credit risk, market risks (including foreign currency risk 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. Financial instruments and financial risk (Continued)

Overview (Continued)

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.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses:

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Debtors has a low risk of default and does not have any past due amount	12-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

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For the financial year ended 31 December 2023

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

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.

Trade receivables

At 31 December 2023, the Group's trade receivables comprise 7 (2022: 7) debtors that represented approximately 18% (2022: 17%) of the trade receivables. The remaining trade receivables are made up of numerous debtors.

The carrying amounts of financial assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables from third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Trade receivables (Continued)

The Group categorises its trade receivables from third parties by its past due status and segregates debtors regarded as credit-impaired where one or more credit impairment events have occurred.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The Group's credit risk exposure in relation to trade receivables from third parties using simplified approach under SFRS(I) 9 as at 31 December is set out in the provision matrix below:

		Gross carrying amount		Impairment loss allowance		
	Weighted average loss rate	Not credit impaired	Credit impaired	Credit impaired	Expected credit loss	Net carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
2023						
Not past due	0.2	74,956	-	-	(120)	74,836
0 to 6 months past due	0.7	24,798	-	-	(171)	24,627
6 to 12 months past due	1.4	16,659	-	-	(232)	16,427
More than 1 year past due	19.9	22,766	13,434	(13,434)	(4,546)	18,220
		139,179	13,434	(13,434)	(5,069)	134,110
2022						
Not past due	0.9	78,591	-	-	(718)	77,873
0 to 6 months past due	2.1	27,541	-	-	(587)	26,954
6 to 12 months past due	7.8	8,264	-	-	(643)	7,621
More than 1 year past due	31.9	12,158	13,741	(13,741)	(3,881)	8,277
		126,554	13,741	(13,741)	(5,829)	120,725

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Other financial assets at amortised cost

Other financial assets at amortised costs include amount due from related companies (trade), amount due from an affiliated corporation (trade), amount due from a subsidiary (non-trade), amount due from employees, loan to a third party, interest receivables, other receivables and cash and cash equivalents.

Amount due from related companies, affiliated corporation and a subsidiary

The Group and Company held trade receivables due from related companies, affiliated corporation and a subsidiary. The Group uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to management and applying experienced credit judgement). There is no significant increase in credit risk for these exposures. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Amount due from employees

Loss allowances for amount due from employees are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the employee and an assessment of both the current and forecast general economic conditions at the reporting date.

Loan to a third party and interest receivable

Impairment on loan to a third party has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group's assessment is based on qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement). The loan is guaranteed by personal guarantee of a major shareholder of the borrower.

Others

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Movements in allowance for impairment in respect of trade and other receivables

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables, amount due from employees and other receivables is as follows:

Group	Trade receivables			Amount due from employees	Amount due from related corporations	Loan to a third party	Others
Internal credit risk grading	**Note (i)**	**Credit impaired**	**Total**	**Lifetime ECL**	**Lifetime ECL**	**Lifetime ECL**	**Lifetime ECL**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Loss allowance							
Balance at 1 January 2022	13,931	13,522	27,453	1,309	-	-	79
Net remeasurement of loss allowance	(8,102)	219	(7,883)	11	-	-	327
Balance at 31 December 2022	5,829	13,741	19,570	1,320	-	-	406
Net remeasurement of loss allowance	(760)	(307)	(1,067)	938	-	-	(406)
Balance at 31 December 2023	5,069	13,434	18,503	2,258	-	-	-
Gross carrying amount							
At 31 December 2022	126,554	13,741	140,295	1,410	85,742	100,000	1,636
At 31 December 2023	139,179	13,434	152,613	4,474	84,877	-	2,282
Net carrying amount							
At 31 December 2022	120,725	-	120,725	90	85,742	100,000	1,230
At 31 December 2023	134,110	-	134,110	2,216	84,877	-	2,282

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 2023

32. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Other financial assets at amortised cost (Continued)

Cash and cash equivalents

The Group and Company held cash and cash equivalents of RMB 431,549,000 and RMB 201,817,000 respectively at 31 December 2023 (2022: RMB 334,543,000 and RMB 193,864,000 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:

	2023		2022	
	USD	RMB	USD	RMB
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Cash and cash equivalents	311,667	-	193,050	-
Trade and other receivables	-	-	2,684	-
Net exposure	311,667	-	195,734	-
Company				
Cash and cash equivalents	199,812	-	192,477	-
Trade and other receivables	-	-	1,437	352
Trade and other payables	-	(7,315)	-	(249)
Net exposure	199,812	(7,315)	193,914	103

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. Financial instruments and financial risk (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

A reasonably possible 3% (2022: 3%) strengthening of the RMB, as indicated below, against the USD and RMB at 31 December would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Group Profit or loss		Company Profit or loss	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
USD	9,350	5,872	5,994	5,817
RMB	-	-	219	*

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 2023

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*	-	401,888	-	-	401,888
Cash and cash equivalents	5.18	431,549	-	-	431,549
As at 31 December 2023		833,437	-	-	833,437
Trade and other receivables*	-	523,166	-	-	523,166
Cash and cash equivalents	3.10	334,543	-	-	334,543
As at 31 December 2022	-	857,709	-	-	857,709
Undiscounted financial liabilities					
Trade and other payables#	-	697,657	-	-	697,657
Lease liabilities	4.60 - 4.90	1,937	4,244	25,860	32,041
Bank borrowings	3.65 - 3.95	166,613	92,464	-	259,077
As at 31 December 2023		866,207	96,708	25,860	988,775
Trade and other payables#	-	738,349	-	-	738,349
Lease liabilities	4.60 - 4.65	1,394	4,273	26,535	32,202
As at 31 December 2022		739,743	4,273	26,535	770,551
Total undiscounted net financial liabilities					
- at 31 December 2023		(32,770)	(96,708)	(25,860)	(155,338)
- at 31 December 2022		117,966	(4,273)	(26,535)	87,158

* 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 2023

32. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

	Effective interest rate %	Less than 1 year RMB'000
Company		
Undiscounted financial assets		
Trade and other receivables*	-	5,528
Cash and cash equivalents	5.18	201,817
As at 31 December 2023		207,345
Trade and other receivables*	-	1,789
Cash and cash equivalents	3.10	193,864
As at 31 December 2022		195,653
Undiscounted financial liabilities		
Trade and other payables#	-	1,304
As at 31 December 2023		1,304
Trade and other payables#	-	1,124
As at 31 December 2022		1,124
Total undiscounted net financial liabilities		
- at 31 December 2023		206,041
- at 31 December 2022		194,529

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

\# Excludes VAT payables, other tax payables and deferred income

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 2023 RMB'000	Group 2022 RMB'000	Company 2023 RMB'000	Company 2022 RMB'000
Financial assets at amortised cost					
Trade and other receivables*	12	228,576	315,334	5,528	1,789
Cash and cash equivalents	11	431,549	334,543	201,817	193,864
		660,125	649,877	207,345	195,653
Financial assets measured at FVOCI					
Bills receivables	12	173,312	207,832	-	-
Financial liabilities at amortised cost					
Trade and other payables#	19	697,657	738,349	1,304	1,124
Lease liabilities	20	16,723	16,965	-	-
Bank borrowings	22	250,000	-	-	-
		964,380	755,314	1,304	1,124

* 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 2023

33. Fair values of financial assets and financial liabilities

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active liquid markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities (excluding derivative instruments) are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Level 2 RMB'000
Recurring Fair Value Measurement	
Group	
2023	
Financial assets:	
Bills receivables	173,312
2022	
Financial assets:	
Bills receivables	207,832

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 2022.

	Group	
	2023	**2022**
	RMB'000	**RMB'000**
Total liabilities	1,119,854	877,057
Less: Cash and cash equivalents	(431,549)	(334,543)
Net debts	688,305	542,514
Equity attributable to the equity holders of the Company	1,046,053	1,174,636
Less:		
- Statutory reserves (Note 26)	(130,902)	(128,801)
- Capital reserve (Note 27)	(97,097)	(97,097)
Adjusted equity	818,054	948,738
Net debt to adjusted equity ratio	0.84	0.57

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6)

of the Listing Manual of the SGX-ST on Directors seeking for re-election (as at 12 April 2024)

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 under the "Board of Directors" section of this Annual Report.

	Yap Ming Choo	**Ngo Yit Sung**
Date of Appointment	2 February 2024	2 February 2024
Date of last re-appointment (if applicable)	Not applicable	Not applicable
Age	66	42
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election)	The Nominating Committee ("**NC**"), having considered the attendance and participation of the Director at Board and Board Committees' meetings, and taking into account Ms. Yap Ming Choo's track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election Ms. Yap Ming Choo who will be retiring pursuant to Article 88 of the Company's Constitution at the forthcoming Annual General Meeting ("**AGM**"). The Board supported the NC's recommendation. Ms. Yap Ming Choo had abstained from voting on any resolution and making any recommendation and/or participate in respect of her own re-election.	The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, and taking into account Mr. Ngo Yit Sung's track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election Mr. Ngo Yit Sung who will be retiring pursuant to Article 88 of the Company's Constitution at the forthcoming AGM. The Board supported the NC's recommendation. 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.
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 Nominating Committee ("**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 12 April 2024)

	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.
Other Present Directorships	Datapulse Technology Limited	Eneco Energy Limited Richland Logistics Services Pte 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 22 MARCH 2024

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	0.21	73	0.00
100 - 1,000	46	9.63	36,400	0.01
1,001 - 10,000	186	38.91	1229,400	0.31
10,001 - 1,000,000	235	49.16	18,712,499	4.68
1,000,001 and above	10	2.09	380,021,628	95.00
	478	100.00	400,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2024

(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 22 MARCH 2024

TWENTY LARGEST SHAREHOLDERS AS AT 22 MARCH 2024

No.	Name of Shareholders	Number of Shares	%
1.	WORLD SHAREHOLD LIMITED	295,391,000	73.85
2.	OCBC SECURITIES PRIVATE LTD	58,953,100	14.74
3.	DBS NOMINEES PTE LTD	8,000,100	2.00
4.	CHUA KUAN LIM CHARLES	7,326,000	1.83
5.	PHILLIP SECURITIES PTE LTD	2,764,528	0.69
6.	LIAN SENG INVESTMENT PTE LTD	2,000,000	0.50
7.	SHAO XIAOPU	1,498,000	0.37
8.	HONG LEONG FINANCE NOMINEES PTE LTD	1,400,000	0.35
9.	CHUA ZI EN ALEXANDRA JANE (CAI ZI'EN)	1,362,900	0.34
10.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,326,000	0.33
11.	ABN AMRO CLEARING BANK N.V.	903,900	0.23
12.	HSBC (SINGAPORE) NOMINEES PTE LTD	841,600	0.21
13.	LI HUNG	781,000	0.20
14.	CHUA ZI HUI CATHERINE MARY (CAI ZIHUI)	757,000	0.19
15.	DBSN SERVICES PTE LTD	706,500	0.18
16.	KIANG TIANG TAN OR KIANG WEN JIANG	565,300	0.14
17.	CITIBANK NOMINEES SINGAPORE PTE LTD	523,627	0.13
18.	CHENG HON SANG	499,000	0.12
19.	SAHA ANSHUMAN MANABENDRANATH	470,000	0.12
20.	TAN JIN SIN	457,000	0.11

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

12.15% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of WORLD PRECISION MACHINERY LIMITED (the "**Company**") will be held at Meeting Room 332, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Monday, 29 April 2024 at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 88 of the Company's Constitution:

   Ms. Yap Ming Choo **(Resolution 2)**
   Mr. Ngo Yit Sung **(Resolution 3)**
   [See Explanatory Note (i)]

3. To note the retirement of Mr. Lim Yoke Hean as a Director of the Company pursuant to Article 89 of the Constitution of the Company at the conclusion of the AGM.
   [See Explanatory Note (ii)]

4. To approve the payment of Directors' fees of S$234,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears (FY2023: S$230,000).
   [See Explanatory Note (iii)] **(Resolution 4)**

5 To re-appoint Mazars LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. **Share Issue Mandate**

   That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

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);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(b) new shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 6)**

8. **The Proposed Renewal of the Interested Person Transactions Mandate**

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Chapter 9**"):

(a) approval be and is hereby given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix A to the Company's Circular to Shareholders accompanying the Notice of Annual General meeting dated 12 April 2024 (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

NOTICE OF ANNUAL GENERAL MEETING

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

[See Explanatory Note (v)] **(Resolution 7)**

By Order of the Board

Yuen Pei Lur Perry
Company Secretary

12 April 2024

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, 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 Singapore Exchange Securities Trading Limited.

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, 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 Singapore Exchange Securities Trading Limited.

The information relating to Ms. Yap and Mr. Ngo as required under Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited is set out on pages 121 and 122 of the Annual Report.

(ii) Item 3 above is to note the retirement of Mr. Lim Yoke Hean as a Director of the Company pursuant to Article 89 of the Constitution of the Company. Mr. Lim Yoke Hean has served as an Independent Director of the Company for more than nine years from the date of his first appointment. In the spirit of good corporate governance, Mr. Lim Yoke Hean is not seeking re-election. Accordingly, Mr. Lim Yoke Hean shall also retire as members of the AC, the NC and the RC at the conclusion of the AGM.

(iii) The Ordinary Resolution 4 in item 4 above, if passed, is to approve the Directors' fees of S$234,000 for the financial year ending 31 December 2024 ("**FY2024**"), to be paid quarterly in arrears. The increase in the proposed Directors' fees for FY2024 compared to FY2023 is due to the changes in the composition of the Board.

The aggregate amount of Directors' fees provided in Ordinary Resolution 4 is calculated on the assumption that all the Directors will hold office for the whole of FY2024. Should any Director hold office for only part of FY2024 and not the whole of FY2024, the Director's fee payable to him/her will be appropriately pro-rated.

(iv) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Ordinary Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and any subsequent bonus issue, consolidation or subdivision of shares.

(v) The Ordinary Resolution 7 in item 8 above, if passed, will authorise the Interested Person Transactions as described in the Circular and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

General

1. The AGM of the Company will be held at Meeting Room 332, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 ("**Physical Meeting**"). Shareholders and other attendees who are feeling unwell on the date of the AGM are advised not to attend the Physical Meeting.

2. 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.

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.

NOTICE OF ANNUAL GENERAL MEETING

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 not less than forty-eight (48) hours before the time appointed for holding the Meeting in the following manner:

   (a) by depositing a physical copy at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896;

   (b) by sending a scanned signed PDF copy by email to main@zicoholdings.com,

   in either case, no later than 4.00 p.m. on 27 April 2024 ("**Proxy Deadline**"), 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 submitting it by post 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 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.

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. 17 April 2024 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), 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 4.00 p.m. on 20 April 2024 through any of the following means:

   (a) by depositing a physical copy at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or

   (b) by email to the Company at world@wpmlimited.com.

   If the questions are submitted by post, be deposited at the registered office of the Company's Share Registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form, the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

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.

WORLD PRECISION MACHINERY LIMITED
(Incorporated in the Republic of Singapore)
(Co. Reg. No: 200409453N)

PROXY FORM

This Proxy Form has been made available on the Company's corporate website (https://www.wpmlimited.com/) and SGXNET. A printed copy of this Proxy Form will not be despatched to members of the Company.

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting ("**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 send 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. 17 April 2024 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 332, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Monday, 29 April 2024 at 4.00 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 2023			
2	Re-election of Ms. Yap Ming Choo as a Director who is retiring pursuant to Article 88 of the Company's Constitution			
3	Re-election of Mr. Ngo Yit Sung as a Director who is retiring pursuant to Article 88 of the Company's Constitution			
4	Approval of Directors' fees amounting to S$234,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears			
5	Re-appointment of Mazars LLP as Auditors			
SPECIAL BUSINESS				
6	Share Issue Mandate			
7	The Proposed Renewal of 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 2024

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the form of proxy shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The completed and signed Proxy Form must be submitted to the Company in the following manner:

   a. by depositing a hard 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 PDF copy by email to main@zicoholdings.com,

   in either case, **no later than 4.00 p.m. on 27 April 2024, being 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 submitting it by depositing 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.

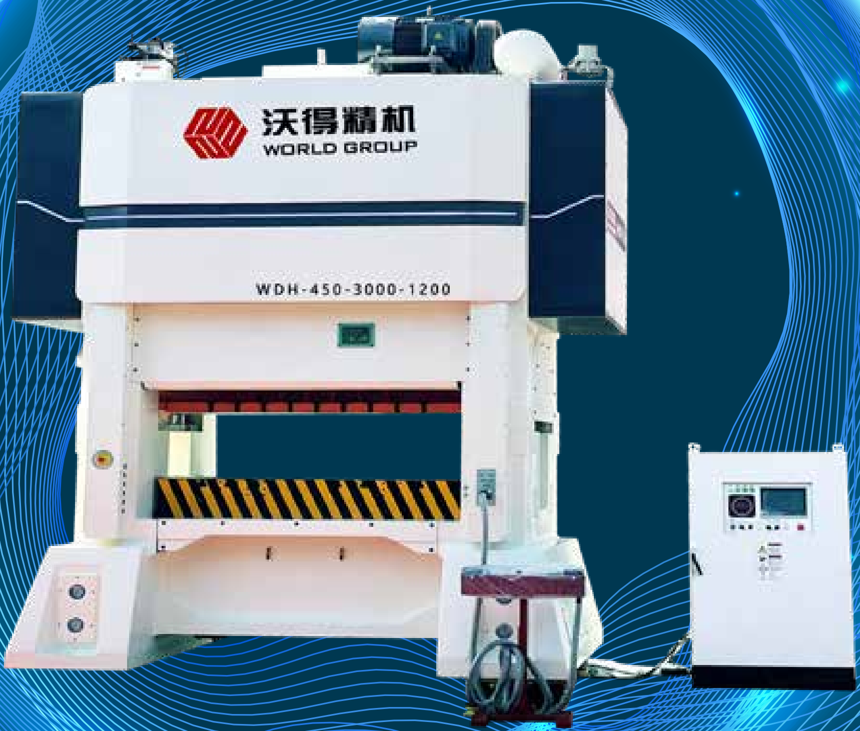
PERSONAL DATA PRIVACY:

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 12 April 2024.

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)*
Lim Yoke Hean *(Independent)*
Ngo Yit Sung *(Independent)*

AUDIT COMMITTEE
Yap Ming Choo *(Chairman)*
Lim Yoke Hean
Ngo Yit Sung
Shao Jianjun

NOMINATING COMMITTEE
Ngo Yit Sung *(Chairman)*
Lim Yoke Hean
Yap Ming Choo
Shao Jianjun

REMUNERATION COMMITEE
Ngo Yit Sung *(Chairman)*
Lim Yoke Hean
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
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SHARE REGISTRAR
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

EXTERNAL AUDITORS
Mazars LLP
Public Accountants and Chartered Accountants
135 Cecil Street #10-01
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)

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