



**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF-YEAR AND FULL YEAR RESULTS**

The directors are pleased to announce the results for the second quarter from 1 April 2018 to 30 June 2018 (“2Q18”) and the results for the first half year from 1 January 2018 to 30 June 2018 (“1H18”). The comparatives are for the second quarter from 1 April 2017 to 30 June 2017 (“2Q17”) and the first half year from 1 January 2017 to 30 June 2017 (“1H17”). These figures have not been audited.

1(a) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Profit and Loss and Other Comprehensive Income**

|                                   | Group                    |                          |         |                          |                          |         |
|-----------------------------------|--------------------------|--------------------------|---------|--------------------------|--------------------------|---------|
|                                   | 1.1.2018 to<br>30.6.2018 | 1.1.2017 to<br>30.6.2017 | Change  | 1.4.2018 to<br>30.6.2018 | 1.4.2017 to<br>30.6.2017 | Change  |
|                                   | RMB '000                 | RMB '000                 | %       | RMB '000                 | RMB '000                 | %       |
| Revenue                           | 457,584                  | 411,434                  | 11.2%   | 261,771                  | 213,540                  | 22.6%   |
| Cost of sales                     | (386,684)                | (318,689)                | 21.3%   | (216,666)                | (165,885)                | 30.6%   |
| Gross profit                      | 70,900                   | 92,745                   | (23.6%) | 45,105                   | 47,655                   | (5.4%)  |
| Gross profit margin (%)           | 15.5%                    | 22.5%                    | (7.0%)  | 17.2%                    | 22.3%                    | (5.1%)  |
| Other income                      | 5,644                    | 5,602                    | 0.7%    | 3,188                    | 2,492                    | 27.9%   |
| Distribution and selling expenses | (35,368)                 | (32,660)                 | 8.3%    | (20,800)                 | (18,588)                 | 11.9%   |
| Administrative expenses           | (22,521)                 | (30,200)                 | (25.4%) | (10,495)                 | (15,202)                 | (31.0%) |
| Other expenses, net               | (139)                    | (2,595)                  | (94.6%) | (1,282)                  | (2,455)                  | (47.8%) |
| Financial expenses                | (923)                    | (2,206)                  | (58.2%) | (497)                    | (988)                    | (49.7%) |
| Profit before tax                 | 17,593                   | 30,686                   | (42.7%) | 15,219                   | 12,914                   | 17.8%   |
| Tax expense                       | (3,826)                  | (5,412)                  | (29.3%) | (2,630)                  | (2,925)                  | (10.1%) |
| Profit for the period             | 13,767                   | 25,274                   | (45.5%) | 12,589                   | 9,989                    | 26.0%   |
| Net profit margin (%)             | 3.0%                     | 6.1%                     | (3.1%)  | 4.8%                     | 4.7%                     | 0.1%    |
| Profit attributable to:           |                          |                          |         |                          |                          |         |
| Equity holders of the Company     | 13,767                   | 25,274                   | (45.5%) | 12,589                   | 9,989                    | 26.0%   |



**Consolidated Statement of Profit and Loss and Other Comprehensive Income (cont'd)**

|  | Group                    |                          |                |                          |                          |              |
|--|--------------------------|--------------------------|----------------|--------------------------|--------------------------|--------------|
|  | 1.1.2018 to<br>30.6.2018 | 1.1.2017 to<br>30.6.2017 | Change         | 1.4.2018 to<br>30.6.2018 | 1.4.2017 to<br>30.6.2017 | Change       |
|  | RMB '000                 | RMB '000                 | %              | RMB '000                 | RMB '000                 | %            |
| Profit for the period  | 13,767                   | 25,274                   | (45.5%)        | 12,589                   | 9,989                    | 26.0%        |
| <i>Other comprehensive<br/>(loss)/income</i>                                 |                          |                          |                |                          |                          |              |
| Items that are or may be<br>reclassified subsequently to<br>profit and loss: |                          |                          |                |                          |                          |              |
| Currency translation<br>differences arising on<br>consolidation              | (1)                      | (51)                     | (98.0%)        | (30)                     | 25                       | N.M.         |
| Total comprehensive<br>income for the period                                 | <u>13,766</u>            | <u>25,223</u>            | <u>(45.4%)</u> | <u>12,559</u>            | <u>10,014</u>            | <u>25.4%</u> |
| Total comprehensive<br>income attributable to:                               |                          |                          |                |                          |                          |              |
| Equity holders of the Company  | <u>13,766</u>            | <u>25,223</u>            | <u>(45.4%)</u> | <u>12,559</u>            | <u>10,014</u>            | <u>25.4%</u> |

N.M. denotes Not Meaningful

**Explanatory Notes**

On 12 April 2006, the Company was converted to a public limited company. The Company was admitted to the Official List of the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 27 April 2006. World Precise Machinery (China) Co., Ltd. ("WPMC"), World Heavy Machine Tools (China) Co., Ltd. ("WHMT"), World CNC Machine Tool (Jiangsu) Co., Ltd. ("WCNC"), World Precise Machinery Marketing Company ("WPMM"), World Precise Machinery (Shenyang) Co., Ltd. ("WPMS") and World Precise Machinery Parts (Jiangsu) Co., Ltd. ("WPMP") which are incorporated in the China, are wholly-owned subsidiaries of the Company. With effect from 1 December 2015, WHMT, WCNC and WPMM have been amalgamated into WPMC.



(B) Profit Before Tax

This is determined after charging/ (crediting) the following:

|   | Group                    |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 1.1.2018 to<br>30.6.2018 | 1.1.2017 to<br>30.6.2017 | 1.4.2018 to<br>30.6.2018 | 1.4.2017 to<br>30.6.2017 |
|   | RMB '000                 | RMB '000                 | RMB '000                 | RMB '000                 |
| Allowance for doubtful debts (trade)                        | 1,200                    | 2,000                    | 1,200                    | 2,000                    |
| Amortisation of land use rights                             | 1,518                    | 1,518                    | 759                      | 759                      |
| Amortisation of intangible assets                           | 5,246                    | 3,143                    | 2,623                    | 1,087                    |
| Bad debts written off (trade)                               | -                        | 309                      | -                        | 309                      |
| Depreciation of property, plant and<br>equipment            | 28,006                   | 26,015                   | 14,061                   | 12,987                   |
| Interest expenses   | 808                      | 2,164                    | 391                      | 958                      |
| Interest income   | (571)                    | (19)                     | (31)                     | (9)                      |
| Loss/(gain) on foreign currency exchange                    | 3                        | (2)                      | (17)                     | 47                       |
| Property, plant and equipment written off                   | 204                      | 1,322                    | 3                        | 35                       |
| Write-back of allowance for doubtful<br>receivables (trade) | (1,440)                  | -                        | -                        | -                        |



**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

|   | Group            |                  | Company        |                |
|---|------------------|------------------|----------------|----------------|
|   | 30.6.2018        | 31.12.2017       | 30.6.2018      | 31.12.2017     |
|   | RMB '000         | RMB '000         | RMB '000       | RMB '000       |
| <b>Non-current assets</b>               |                  |                  |                |                |
| Property, plant and equipment           | 723,702          | 737,820          | -              | -              |
| Investment in subsidiaries              | -                | -                | 781,289        | 780,669        |
| Land use rights                         | 123,916          | 125,435          | -              | -              |
| Intangible assets                       | 35,572           | 33,802           | -              | -              |
| Other receivables                       | 21,095           | 8,106            | -              | -              |
| <b>Total non-current assets</b>         | <b>904,285</b>   | <b>905,163</b>   | <b>781,289</b> | <b>780,669</b> |
| <b>Current assets</b>                   |                  |                  |                |                |
| Inventories                             | 383,548          | 384,119          | -              | -              |
| Land use rights                         | 3,003            | 3,003            | -              | -              |
| Trade receivables                       | 131,131          | 130,022          | -              | -              |
| Other receivables                       | 25,114           | 21,416           | -              | 14             |
| Due from related parties (trade)        | 67,854           | 46,830           | -              | -              |
| Due from related parties (non-trade)    | 79               | -                | -              | -              |
| Due from subsidiaries (non-trade)       | -                | -                | 48             | -              |
| Cash and cash equivalents               | 18,599           | 16,510           | 254            | 249            |
| <b>Total current assets</b>             | <b>629,328</b>   | <b>601,900</b>   | <b>302</b>     | <b>263</b>     |
| <b>Total assets</b>                     | <b>1,533,613</b> | <b>1,507,063</b> | <b>781,591</b> | <b>780,932</b> |
| <b>Non-current liabilities</b>          |                  |                  |                |                |
| Deferred tax liability                  | 5,742            | 4,885            | -              | -              |
| <b>Current liabilities</b>              |                  |                  |                |                |
| Trade payables                          | 231,026          | 204,419          | -              | -              |
| Bills payables                          | 27,156           | 520              | -              | -              |
| Other payables                          | 165,114          | 195,773          | 907            | 559            |
| Due to related parties (trade)          | 2,079            | 1,840            | -              | -              |
| Due to related parties (non-trade)      | 150              | 243              | -              | -              |
| Due to a subsidiary (non-trade)         | -                | -                | 1,152          | 1,565          |
| Income tax payable                      | 97               | -                | -              | -              |
| Borrowings                              | 27,100           | 38,000           | -              | -              |
| <b>Total current liabilities</b>        | <b>452,722</b>   | <b>440,795</b>   | <b>2,059</b>   | <b>2,124</b>   |
| <b>Total liabilities</b>                | <b>458,464</b>   | <b>445,680</b>   | <b>2,059</b>   | <b>2,124</b>   |
| <b>Net current assets/(liabilities)</b> | <b>176,606</b>   | <b>161,105</b>   | <b>(1,757)</b> | <b>(1,861)</b> |
| <b>Net assets</b>                       | <b>1,075,149</b> | <b>1,061,383</b> | <b>779,532</b> | <b>778,808</b> |



|   | Group            |                  | Company        |                |
|---|------------------|------------------|----------------|----------------|
|   | 30.6.2018        | 31.12.2017       | 30.6.2018      | 31.12.2017     |
|   | RMB '000         | RMB '000         | RMB '000       | RMB '000       |
| <b>Equity attributable to the equity holders of the Company</b> |                  |                  |                |                |
| Share capital   | 250,660          | 250,660          | 250,660        | 250,660        |
| Retained earnings   | 588,159          | 576,607          | 537,045        | 534,407        |
| Currency translation reserve                                    | 9,900            | 9,901            | (8,173)        | (6,259)        |
| Statutory reserves  | 129,333          | 127,118          | -              | -              |
| Capital reserve   | 97,097           | 97,097           | -              | -              |
| <b>Total equity</b>   | <b>1,075,149</b> | <b>1,061,383</b> | <b>779,532</b> | <b>778,808</b> |

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

|                            | As at 30 June 2018 |           | As at 31 December 2017 |           |
|----------------------------|--------------------|-----------|------------------------|-----------|
|                            | Secured            | Unsecured | Secured                | Unsecured |
|                            | RMB '000           | RMB '000  | RMB '000               | RMB '000  |
| <b>Current liabilities</b> |                    |           |                        |           |
| Borrowings                 | 27,100             | -         | 38,000                 | -         |

**Details of any collateral**

As at 30 June 2018, bank loans comprised the following:

- 1) RMB6.2 million is secured by personal guarantee by the Group's non-executive director, Mr. Wang Weiyao and his spouse, Mrs. Zhang Ahmei, all of whom are related parties of the Group. The loan is repayable in 4Q2018.
- 2) RMB20.9 million is secured by personal guarantee by the Group's non-executive director, Mr. Wang Weiyao and his spouse, Mrs. Zhang Ahmei, all of whom are related parties of the Group. The loan is repayable in 1Q2019.



**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|   | Group                                |                                      |                                      |                                      |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|   | 1H18                                 | 1H17                                 | 2Q18                                 | 2Q17                                 |
|   | 1.1.2018 to<br>30.6.2018<br>RMB '000 | 1.1.2017 to<br>30.6.2017<br>RMB '000 | 1.4.2018 to<br>30.6.2018<br>RMB '000 | 1.4.2017 to<br>30.6.2017<br>RMB '000 |
| <b>Cash flow from operating activities</b>          |                                      |                                      |                                      |                                      |
| Profit before tax                                   | 17,593                               | 30,686                               | 15,219                               | 12,914                               |
| Adjustments for:                                    |                                      |                                      |                                      |                                      |
| Allowance for doubtful receivables (trade)          | 1,200                                | 2,000                                | 1,200                                | 2,000                                |
| Amortisation of land use rights                     | 1,518                                | 1,518                                | 759                                  | 759                                  |
| Amortisation of intangible assets                   | 5,246                                | 3,143                                | 2,623                                | 1,087                                |
| Depreciation of property, plant and equipment       | 28,006                               | 26,015                               | 14,061                               | 12,987                               |
| Interest expense                                    | 808                                  | 2,164                                | 391                                  | 958                                  |
| Interest income                                     | (571)                                | (19)                                 | (31)                                 | (9)                                  |
| Property, plant and equipment written off           | 204                                  | 1,322                                | 3                                    | 35                                   |
| Operating cash flow before working capital changes  | 54,004                               | 66,829                               | 34,225                               | 30,731                               |
| Inventories   | 570                                  | (25,175)                             | 19,223                               | (39,856)                             |
| Receivables   | (27,110)                             | (19,807)                             | (1,306)                              | 1,166                                |
| Payables  | 20,979                               | 71,041                               | (16,168)                             | 58,773                               |
| Currency translation adjustments                    | 15                                   | (55)                                 | (25)                                 | 36                                   |
| Cash generated from operations                      | 48,458                               | 92,833                               | 35,949                               | 50,850                               |
| Interest received                                   | 571                                  | 19                                   | 31                                   | 9                                    |
| Income taxes paid                                   | (3,005)                              | (2,810)                              | (1,871)                              | (748)                                |
| <b>Net cash from operating activities</b>           | <b>46,024</b>                        | <b>90,042</b>                        | <b>34,109</b>                        | <b>50,111</b>                        |
| <b>Cash flow from investing activities</b>          |                                      |                                      |                                      |                                      |
| Purchase of property, plant and equipment (Note A)  | (51,831)                             | (40,686)                             | (23,757)                             | (20,419)                             |
| Addition of intangible assets                       | (7,016)                              | (16,458)                             | (4,166)                              | 1,530                                |
| <b>Net cash used in investing activities</b>        | <b>(58,847)</b>                      | <b>(57,144)</b>                      | <b>(27,923)</b>                      | <b>(18,889)</b>                      |
| <b>Cash flow from financing activities</b>          |                                      |                                      |                                      |                                      |
| Proceeds from bank loans                            | 30,900                               | 10,000                               | 20,900                               | 10,000                               |
| Repayment of bank loans                             | (41,800)                             | (40,000)                             | (31,800)                             | (25,000)                             |
| Bank deposits released from pledge                  | 570                                  | 570                                  | 570                                  | 570                                  |
| Bank deposits pledged                               | (8,371)                              | (570)                                | (8,371)                              | (570)                                |
| Interest paid                                       | (808)                                | (2,164)                              | (391)                                | (958)                                |
| Increase/(decrease) in bills payables to bank       | 26,636                               | (1,258)                              | 15,656                               | (9,311)                              |
| <b>Net cash from/(used in) financing activities</b> | <b>7,127</b>                         | <b>(33,422)</b>                      | <b>(3,436)</b>                       | <b>(25,269)</b>                      |



|  | Group   |   |   |   |
|--|---|---|---|---|
|  | 1H18  | 1H17  | 2Q18  | 2Q17  |
|  | <b>1.1.2018 to<br/>30.6.2018<br/>RMB '000</b> | <b>1.1.2017 to<br/>30.6.2017<br/>RMB '000</b> | <b>1.4.2018 to<br/>30.6.2018<br/>RMB '000</b> | <b>1.4.2017 to<br/>30.6.2017<br/>RMB '000</b> |
| Net (decrease)/increase in cash and cash equivalents                                 | (5,696)                                       | (524)   | 2,750   | 5,953   |
| Cash and cash equivalents at beginning of the period                                 | 15,940  | 9,595   | 7,483   | 3,134   |
| Effect of exchange rate changes on cash and cash equivalents                         | (16)  | 4   | (5)   | (12)  |
| Cash and cash equivalents at end of the period                                       | 10,228  | 9,075   | 10,228  | 9,075   |
| Cash and cash equivalents per consolidated statement of cash flows                   | 10,228  | 9,075   | 10,228  | 9,075   |
| Bank deposits pledged  | 8,371   | 570   | 8,371   | 570   |
| <b>Cash and cash equivalents as per consolidated statement of financial position</b> | <b>18,599</b>                                 | <b>9,645</b>                                  | <b>18,599</b>                                 | <b>9,645</b>                                  |

**Note A**

|  | 1H18  | 1H17  | 2Q18  | 2Q17  |
|--|---|---|---|---|
|  | <b>1.1.2018 to<br/>30.6.2018<br/>RMB '000</b> | <b>1.1.2017 to<br/>30.6.2017<br/>RMB '000</b> | <b>1.4.2018 to<br/>30.6.2018<br/>RMB '000</b> | <b>1.4.2017 to<br/>30.6.2017<br/>RMB '000</b> |
| Total additions to property, plant and equipment                                   | 14,091  | 16,394  | 9,328   | 10,775  |
| Add: changes in unpaid portion   | 24,751  | 8,943   | 7,028   | 2,664   |
| Add: changes in prepayments  | 12,989  | 15,349  | 7,401   | 6,980   |
| Purchase of plant, property and equipment per consolidated statement of cash flows | 51,831  | 40,686  | 23,757  | 20,419  |



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Group**

|  | Share capital<br>RMB'000 | Retained<br>earnings<br>RMB'000 | Currency<br>translation<br>reserve<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | Capital<br>reserve<br>RMB'000 | Total equity<br>RMB'000 |
|--|--------------------------|---------------------------------|---|----------------------------------|-------------------------------|-------------------------|
| <b>Balance as at 1.1.2018</b>                                | 250,660                  | 576,607                         | 9,901   | 127,118                          | 97,097                        | 1,061,383               |
| Profit for the period  | -                        | 13,767                          | -   | -                                | -                             | 13,767                  |
| <i>Other comprehensive loss</i>                              |                          |                                 |   |                                  |                               |                         |
| Currency translation differences<br>arising on consolidation | -                        | -                               | (1)   | -                                | -                             | (1)                     |
| Total comprehensive<br>income/(loss) for the period          | -                        | 13,767                          | (1)   | -                                | -                             | 13,766                  |
| Transfer to statutory reserves<br>fund                       | -                        | (2,215)                         | -   | 2,215                            | -                             | -                       |
| <b>Balance as at 30.6.2018</b>                               | 250,660                  | 588,159                         | 9,900   | 129,333                          | 97,097                        | 1,075,149               |

|  | Share capital<br>RMB'000 | Retained<br>earnings<br>RMB'000 | Currency<br>translation<br>reserve<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | Capital<br>reserve<br>RMB'000 | Total equity<br>RMB'000 |
|--|--------------------------|---------------------------------|---|----------------------------------|-------------------------------|-------------------------|
| <b>Balance as at 1.1.2017</b>                                | 250,660                  | 543,919                         | 9,934   | 123,057                          | 97,097                        | 1,024,667               |
| Profit for the period  | -                        | 25,274                          | -   | -                                | -                             | 25,274                  |
| <i>Other comprehensive loss</i>                              |                          |                                 |   |                                  |                               |                         |
| Currency translation differences<br>arising on consolidation | -                        | -                               | (51)  | -                                | -                             | (51)                    |
| Total comprehensive<br>income/(loss) for the period          | -                        | 25,274                          | (51)  | -                                | -                             | 25,223                  |
| Transfer to statutory reserves<br>fund                       | -                        | (3,283)                         | -   | 3,283                            | -                             | -                       |
| <b>Balance as at 30.6.2017</b>                               | 250,660                  | 565,910                         | 9,883   | 126,340                          | 97,097                        | 1,049,890               |





**Company**

|  | Share capital<br>RMB'000 | Retained<br>earnings<br>RMB'000 | Currency<br>translation reserve<br>RMB'000 | Total<br>equity<br>RMB'000 |
|--|--------------------------|---------------------------------|--|----------------------------|
| <b>Balance as at 1.1.2018</b>  | 250,660                  | 534,407                         | (6,259)                                    | 778,808                    |
| Profit for the period  | -                        | 2,638                           | -  | 2,638                      |
| <i>Other comprehensive loss</i>  |                          |                                 |  |                            |
| Currency translation differences arising from translation into the presentation currency | -                        | -                               | (1,914)                                    | (1,914)                    |
| Total comprehensive income/(loss) for the period   | -                        | 2,638                           | (1,914)                                    | 724                        |
| <b>Balance as at 30.6.2018</b>   | <b>250,660</b>           | <b>537,045</b>                  | <b>(8,173)</b>                             | <b>779,532</b>             |

|  | Share capital<br>RMB'000 | Retained<br>earnings<br>RMB'000 | Currency<br>translation reserve<br>RMB'000 | Total<br>equity<br>RMB'000 |
|--|--------------------------|---------------------------------|--|----------------------------|
| <b>Balance as at 1.1.2017</b>  | 250,660                  | 534,131                         | (17,602)                                   | 767,189                    |
| Profit for the period  | -                        | 580                             | -  | 580                        |
| <i>Other comprehensive income</i>  |                          |                                 |  |                            |
| Currency translation differences arising from translation into the presentation currency | -                        | -                               | 19,813                                     | 19,813                     |
| Total comprehensive income for the period  | -                        | 580                             | 19,813                                     | 20,393                     |
| <b>Balance as at 30.6.2017</b>   | <b>250,660</b>           | <b>534,711</b>                  | <b>2,211</b>                               | <b>787,582</b>             |

**Explanatory Notes:**

**Capital Reserve**

Capital reserve arises from amalgamation of subsidiaries. With effect from 1 December 2015, WHMT, WCNC and WPMM were amalgamated into WPMC. This reserve is non-distributable.

**Statutory Reserves**

The non-distributable statutory reserves represent amounts set aside in compliance with the local laws in China where the subsidiaries operate. The 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 subsidiaries.

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

The SRF may be used to offset accumulated losses or increase the registered capital of the company, subject to approval from relevant Chinese authorities and is not available for dividend distribution to the shareholders. The Chinese enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made good.



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the six months ended 30 June 2018, there has been no change in the issued and paid-up share capital of the Company. There are also no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company does not have any treasury shares and there are no subsidiary holdings.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.**

|   | As at 30 June 2018 | As at 31 December 2017 |
|---|--------------------|------------------------|
| Total number of issued shares                           | 400,000,000        | 400,000,000            |
| Less: treasury shares                                   | -                  | -                      |
| Total number of issued shares excluding treasury shares | <u>400,000,000</u> | <u>400,000,000</u>     |

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current period reported on.**

The Company does not have any outstanding treasury shares as at the end of the current period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current period reported on.**

Not applicable as the Company does not have any subsidiary that holds shares issued by the Company.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.



**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements as of 31 December 2017.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group's financial statements for the financial year ending 31 December 2018 is prepared in accordance with the Singapore Financial Standards (International) ("SFRS(I)").

The Group has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there are no change to the Group's current accounting policies under the financial reporting standards in Singapore or material adjustment on the initial transition of the new framework.

Other than the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

|  | 1.1.2018 to<br>30.6.2018 | 1.1.2017 to<br>30.6.2017 | 1.4.2018 to<br>30.6.2018 | 1.4.2017 to<br>30.6.2017 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| (a) Based on weighted average number of ordinary share on issue (RMB); and | 0.03                     | 0.06                     | 0.03                     | 0.02                     |
| (b) On a fully diluted basis (RMB)   | 0.03                     | 0.06                     | 0.03                     | 0.02                     |
| Weighted average number of shares  | 400,000,000              | 400,000,000              | 400,000,000              | 400,000,000              |

**7. Net asset value (for the issuer and group) per ordinary share based on issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

|  | Group       |             | Company     |             |
|--|-------------|-------------|-------------|-------------|
|  | 30.6.2018   | 31.12.2017  | 30.6.2018   | 31.12.2017  |
|  | RMB         | RMB         | RMB         | RMB         |
| Net asset value ("NAV") per ordinary share based on issued share capital at the end of the respective periods: | 2.69        | 2.65        | 1.95        | 1.95        |
| No. of shares in computing NAV   | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 |



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

## REVIEW OF PERFORMANCE

### (A) Consolidated Statement of Profit or Loss and Other Comprehensive Income

#### (i) Revenue

For the 3 months ended 30 June 2018 ("2Q18"), the Group's turnover increased by 22.6% to RMB261.8 million from RMB213.5 million for the 3 months ended 30 June 2017 ("2Q17").

In terms of sales performance for 2Q18, sales of conventional stamping machines increased by 0.8% while sales of high performance and high tonnage stamping machines increased by 22.2%.

For the 6 months ended 30 June 2018 ("1H18"), the Group's turnover increased by 11.2% to RMB457.6 million from RMB411.4 million for the 6 months ended 30 June 2017 ("1H17").

In terms of sales performance for 1H18, sales of conventional stamping machines decreased by 3.2% while sales of high performance and high tonnage stamping machines increased by 12.2%.

The increase in number of units sold in high performance and high tonnage stamping machines and an upward revision in the average selling prices of the stamping machines which was partially offset by a decrease in number of units sold in conventional stamping machines, contributed to the overall increase in turnover.

The Group's turnover was mainly derived from sales in Jiangsu, Zhejiang, Guangdong and Guangxi.

#### (ii) Gross Profit

The Group's gross profit for 2Q18 decreased by 5.4% to RMB45.1 million from RMB47.7 million in 2Q17. The gross profit margin decreased by 5.1% to 17.2% in 2Q18 from 22.3% in 2Q17.

In terms of gross profit margin for 2Q18, gross profit margin for conventional stamping machines increased by 1.0% to 12.1% from 11.1% in 2Q17 while gross profit margin for high performance and high tonnage stamping machines decreased by 1.8% to 19.5% from 21.3% in 2Q17.

The Group's gross profit for 1H18 decreased by 23.6% to RMB70.9 million from RMB92.7 million in 1H17. The gross profit margin for 1H18 decreased by 7.0% to 15.5% from 22.5% in 1H17.



In terms of gross profit margin for 1H18, gross profit margin for conventional stamping machines decreased by 3.9% to 9.1% from 13.0% in 1H17 while gross profit margin for high performance and high tonnage stamping machines decreased by 3.9% to 18.7% from 22.6% in 1H17.

Overall, the decrease in the Group's gross profit margin for 1H2018 was mainly due to an increase in raw materials costs which was partially offset by an upward revision in the average selling prices of the stamping machines and an increase in production of high performance and high tonnage stamping machines.

**(iii) Other Income**

In 2Q18, other income increased by 27.9% to RMB3.2 million from RMB2.5 million in 2Q17.

In 1H18, other income increased by 0.7% to RMB5.6 million from RMB5.6 million in 1H17.

The increase was mainly due to the deposit forfeited from a customer and a decrease in payables written-back which was partially offset by a decrease in processing fees received and sale of raw materials.

**(iv) Distribution and Selling Expenses**

In 2Q18, distribution and selling expenses increased by 11.9% to RMB20.8 million from RMB18.6 million in 2Q17.

In 1H18, distribution and selling expenses increased by 8.3% to RMB35.4 million from RMB32.7 million in 1H17. As a percentage of total revenue, distribution and selling expenses decreased by 0.2% to 7.7% in 1H18 from 7.9% in 1H17.

The increase was mainly due to an increase in sales commission payable to sales personnel in tandem with the increase in turnover and an increase in transport expenses and travelling expenses which was partially offset by a decrease in after sales services expenses.

**(v) Administrative Expenses**

In 2Q18, administrative expenses decreased by 31.0% to RMB10.5 million from RMB15.2 million in 2Q17.

In 1H18, administrative expenses decreased by 25.4% to RMB22.5 million from RMB30.2 million in 1H17. As a percentage of total revenue, administrative expenses decreased by 2.4% to 4.9% in 1H18 from 7.3% in 1H17.

Overall, the decrease was mainly due to a decrease in research and development costs for stamping machines which was partially offset by an increase in staff related costs.

Nevertheless, the Group continues to enhance its technical capabilities to launch higher value added stamping machines through its research and development.

**(vi) Depreciation and amortisation expenses**

In 2Q18, depreciation and amortisation expenses increased by 17.6% to RMB17.4 million from RMB14.8 million in 2Q17.



In 1H18, depreciation and amortisation expenses increased by 13.3% to RMB34.8 million from RMB30.7 million in 1H17.

The increase was mainly due to an increase in depreciation of property, plant and equipment and amortisation charge for intangible assets acquired in FY2017 and 1H2018.

**(vii) Other Expenses, net**

In 2Q18, other expenses decreased by 47.8% to RMB1.3 million from RMB2.5 million in 2Q17.

In 1H18, other expenses decreased by 94.6% to RMB0.1 million from RMB2.6 million in 1H17.

Overall, the decrease was mainly due to a decrease in allowance for doubtful trade receivables which was partially offset by a write-back of allowance for doubtful trade receivables in 1H2018.

**(viii) Financial Expenses**

In 2Q18, the Group's finance expenses recorded a decrease of 49.7% to RMB0.5 million from RMB1.0 million in 2Q17.

In 1H18, the Group's finance expenses recorded a decrease of 58.2% to RMB0.9 million from RMB2.2 million in 1H17.

The decrease was mainly due to a gradual decrease in interest expenses in tandem with a gradual decrease in bank loans which was partially offset by an interest paid for early redemption of bills receivables.

**(ix) Profit Before Tax**

In 2Q18, the Group's PBT increased by 17.8% to RMB15.2 million from RMB12.9 million in 2Q17.

In 1H18, the Group's PBT decreased by 42.7% to RMB17.6 million from RMB30.7 million in 1H17.

**(x) Tax Expense**

In 2Q18, the Group's tax expense decreased by 10.1% to RMB2.6 million from RMB2.9 million in 2Q17.

In 1H18, the Group's tax expense decreased by 29.3% to RMB3.8 million from RMB5.4 million in 1H17.

WPMC enjoyed preferential income tax rate of 15% as WPMC has been regarded as a High-Tech Enterprise.

WPMS and WPMP were subjected to tax at the statutory tax rate of 25%.

**(xi) Net Profit After Tax**

In 2Q18, the Group's NPAT increased by 26.0% to RMB12.6 million from RMB10.0 million in 2Q17. Net profit margin increased by 0.1% to 4.8% from 4.7% in 2Q17.



In 1H18, the Group's NPAT decreased by 45.4% to RMB13.8 million from RMB25.3 million in 1H17. Net profit margin decreased by 3.1% to 3.0% from 6.1% in 1H17.

**(B) Consolidated Statement of Financial Position (30 June 2018 vs 31 December 2017)**

For the period under review, the Group's non-current assets decreased by approximately RMB0.9 million mainly due to the depreciation and amortisation expenses net of the acquisition of property, plant and equipment and intangible assets. The decrease was partially offset by an increase in prepayment for property, plant and equipment.

For the period under review, the Group's non-current liabilities increased by RMB0.9 million due to an increase in deferred tax liabilities.

The Group's total current assets increased by approximately RMB27.4 million from RMB601.9 million as at 31 December 2017 to RMB629.3 million as at 30 June 2018. This was attributable to an increase in trade receivables, other receivables (which was mainly due to an increase in prepayment for raw materials) and amounts due from related parties (trade and non-trade related) and cash and cash equivalents (explained in the consolidated statement of cash flows) which were partially offset by a decrease in inventories.

Concurrently, the Group's total current liabilities increased by approximately RMB11.9 million from RMB440.8 million as at 31 December 2017 to RMB452.7 million as at 30 June 2018. This was attributable to an increase in trade payables (which was mainly due to increase in purchase of raw materials for production), bills payables (which was mainly issued to pay suppliers), amounts due to related parties (trade related) and income tax payable which were partially offset by a decrease in other payables (which was mainly due to payment for property, plant and equipment which was partially offset by an increase in advance payment received from customers), amounts due to related parties (non-trade related) and bank loans (which was mainly due to net repayments of bank loans).

The Group is in a net current assets position as at 30 June 2018 of RMB176.6 million.

**(C) Consolidated Statement of Cash Flows**

For the 3 months ended 30 June 2018, the Group recorded a net cash increase of approximately RMB2.8 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB34.1 million. The reasons were mainly disclosed in the commentary under consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.
- b) the net cash outflow arising from financing activities which amounted to RMB3.4 million mainly due to net repayments of bank loans, net bank deposits pledges with financial institution and interest paid which was partially offset by increase in bills payables to bank.
- c) the net cash outflow arising from investing activities which amounted to RMB27.9 million mainly due to the acquisition of property, plant and equipment and addition of intangible assets.

For the 6 months ended 30 June 2018, the Group recorded a net cash decrease of approximately RMB5.7 million. This was mainly due to: -



- a) the net cash inflow arising from operating activities which amounted to RMB46.0 million. The reasons were mainly disclosed in the commentary under consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.
- b) the net cash inflow arising from financing activities which amounted to RMB7.1 million mainly due to increase in bills payables to bank which was partially offset by net repayments of bank loans, net bank deposits pledges with financial institution and interest paid.
- c) the net cash outflow arising from investing activities which amounted to RMB58.8 million and which was mainly due to the acquisition of property, plant and equipment and addition of intangible assets.

Cash and cash equivalents as at 30 June 2018 stood at RMB18.6 million (of which RMB8.4 million was pledged for performance guarantee).

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The 1H18 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the 1Q18 Financial Results announcement dated 27 April 2018 i.e. Barring any unforeseen circumstances, the Group is cautiously optimistic to remain profitable in FY2018.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Barring any unforeseen circumstances, the Group is cautiously optimistic to remain profitable in FY2018.

The Group's order book stood at RMB194.8 million as at 4 August 2018.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) Date payable**

Not Applicable.





**(d) Books closure date**

Not Applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommended for the current financial period reported on.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has obtained a general mandate from shareholders for IPTs.

The IPTs for 1H2018 are as follows: -

| Name of Interested Person   | Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all IPTs conducted under shareholders' mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than \$100,000) |
|---|---|---|
|   | (RMB'000)   | (RMB'000)   |
| <u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u>          | N/A   |   |
| Processing fees received and sale of parts and machineries.             |   | 2,078   |
| Processing fees paid and purchase of raw materials and scrap materials. |   | 968   |
| <u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>               | N/A   |   |
| Processing fees received, sale of raw materials, parts and machineries. |   | 293   |
| Purchase of scrap materials.  |   | 741   |
| <u>Jiangsu World Agriculture Machinery Co., Ltd.</u>                    | N/A   |   |
| Processing fees received, sale of raw materials, parts and machineries. |   | 14,761  |
| Processing fees paid and purchase of raw materials and scrap materials. |   | 258   |
| <u>Jiangsu World Agriculture Machinery</u>                              | N/A   |   |



|  |     |                 |
|--|-----|-----------------|
| <u>&amp; Parts Manufacturing Co., Ltd.</u><br>Processing fees received, sale of raw materials and parts.<br>Purchase fees paid and purchase of raw materials.                    |     | 6,306<br>2      |
| <u>World Agriculture (Shenyang) Co., Ltd.</u><br>Sales of raw materials, parts and machineries and rental income of factory.   | N/A | 4,094           |
| <u>World Heavy Industry (China) Co., Ltd.</u><br>Processing fees received and sale of raw materials and parts.<br>Processing fees paid, purchase of raw materials and equipment. | N/A | 2,462<br>16,353 |
| <u>Jiangsu World Precise Machinery Co., Ltd.</u><br>Land rental paid.  | N/A | 343             |
| <u>Jiangsu World Furniture Co., Ltd.</u><br>Sale of raw materials and parts.   | N/A | 4               |
| <u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u><br>Processing fees received, sale of raw materials, parts and machineries.   | N/A | 4,719           |
| <b>Total</b>   |     | <b>53,382</b>   |

**14. Statement Pursuant to Rule 705(5) of the Listing Manual**

The Directors confirm that, to the best of their knowledge and belief, nothing has come to the attention of the Board of Directors which may render the unaudited half year and second quarter results of the Group for the financial period ended 30 June 2018 to be false or misleading in any material aspect.



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

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15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of Listing Manual**

The Company confirms that the undertakings required under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

**Shao Jianjun**  
Executive Chairman  
13 August 2018