



**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 third quarter from 1 July 2018 to 30 September 2018 (“3Q18”) and the results for the nine months from 1 January 2018 to 30 September 2018 (“9M18”). The comparatives are for the third quarter from 1 July 2017 to 30 September 2017 (“3Q17”) and the nine months from 1 January 2017 to 30 September 2017 (“9M17”). 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 or Loss and Other Comprehensive Income**

	Group					
	1.1.2018 to 30.9.2018 RMB '000	1.1.2017 to 30.9.2017 RMB '000	Change %	1.7.2018 to 30.9.2018 RMB '000	1.7.2017 to 30.9.2017 RMB '000	Change %
Turnover	679,733	614,279	10.7%	222,149	202,845	9.5%
Cost of sales	(573,352)	(484,539)	18.3%	(186,668)	(165,850)	12.6%
Gross profit	106,381	129,740	(18.0%)	35,481	36,995	(4.1%)
Gross profit margin (%)	15.7%	21.1%	(5.4%)	16.0%	18.2%	(2.2%)
Other income and gains	8,399	8,853	(5.1%)	2,755	3,251	(15.3%)
Distribution and selling expenses	(55,198)	(49,773)	10.9%	(19,830)	(17,113)	15.9%
Administrative expenses	(36,344)	(43,306)	(16.1%)	(13,823)	(13,106)	5.5%
Other expenses, net	(382)	(2,846)	(86.6%)	(243)	(251)	(3.2%)
Finance expenses	(1,263)	(2,923)	(56.8%)	(340)	(717)	(52.6%)
Profit before tax	21,593	39,745	(45.7%)	4,000	9,059	(55.8%)
Tax expense	(4,603)	(6,426)	(28.4%)	(777)	(1,014)	(23.4%)
Profit for the period	16,990	33,319	(49.0%)	3,223	8,045	(59.9%)
Net Profit margin (%)	2.5%	5.4%	(2.9%)	1.5%	4.0%	(2.5%)
Profit attributable to:						
Equity holders of the Company	16,990	33,319	(49.0%)	3,223	8,045	(59.9%)



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

	Group					
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit for the period	16,990	33,319	(49.0%)	3,223	8,045	(59.9%)
<i>Other comprehensive (loss)/income:</i>						
Items that are or may be reclassified subsequently to profit and loss:						
Currency translation differences arising on consolidation	(100)	(45)	122.2%	(99)	6	N.M
Total comprehensive income for the period	16,890	33,274	(49.2%)	3,124	8,051	(61.2%)
Total comprehensive income attributable to:						
Equity holders of the Company	16,890	33,274	(49.2%)	3,124	8,051	(61.2%)

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.



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

Page 3 of 19

(B) Profit Before Tax

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

	Group			
	RMB '000	RMB '000	RMB '000	RMB '000
Allowance for doubtful debts (trade)	1,500	2,000	300	-
Amortisation of land use rights	2,278	2,278	760	760
Amortisation of intangible assets	7,868	5,422	2,622	2,279
Bad debts written off (trade)	-	309	-	-
Depreciation of property, plant and equipment	40,301	39,137	12,295	13,122
Interest expenses	1,131	2,894	323	730
Interest income	(612)	(32)	(41)	(13)
(Gain)/loss on foreign currency	(83)	71	(86)	73
Property, plant and equipment written off	528	1,683	324	361
Write-back of allowance for doubtful 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	
	30.9.2018 RMB '000	31.12.2017 RMB '000	30.9.2018 RMB '000	31.12.2017 RMB '000
<b>Non-current assets</b>				
Property, plant and equipment	739,321	737,820	-	-
Land use rights	123,157	125,435	-	-
Investment in subsidiaries	-	-	809,421	780,669
Intangibles assets	36,282	33,802	-	-
Other receivables	14,062	8,106	-	-
	<u>912,822</u>	<u>905,163</u>	<u>809,421</u>	<u>780,669</u>
<b>Current assets</b>				
Inventories	388,379	384,119	-	-
Land use rights	3,003	3,003	-	-
Trade receivables	124,691	130,022	-	-
Other receivables	40,497	21,416	69	14
Due from related parties (trade)	67,914	46,830	-	-
Due from related parties (non-trade)	5	-	-	-
Cash and cash equivalents	21,618	16,510	98	249
	<u>646,107</u>	<u>601,900</u>	<u>167</u>	<u>263</u>
<b>Total assets</b>	<u>1,558,929</u>	<u>1,507,063</u>	<u>809,588</u>	<u>789,960</u>
<b>Non-current liabilities</b>				
Deferred tax liability	5,912	4,885	-	-
<b>Current liabilities</b>				
Trade payables	252,873	204,419	-	-
Bills payables	21,125	520	-	-
Other payables	170,832	195,773	932	559
Due to related parties (trade)	664	1,840	-	-
Due to related parties (non-trade)	150	243	-	-
Due to subsidiaries (non-trade)	-	-	1,143	1,565
Borrowings	29,100	38,000	-	-
	<u>474,744</u>	<u>440,795</u>	<u>2,075</u>	<u>2,124</u>
<b>Total liabilities</b>	<u>480,656</u>	<u>445,680</u>	<u>2,075</u>	<u>2,124</u>
<b>Net current assets/(liabilities)</b>	<u>171,363</u>	<u>161,105</u>	<u>(1,908)</u>	<u>(1,861)</u>
<b>Net Assets</b>	<u>1,078,273</u>	<u>1,061,383</u>	<u>807,513</u>	<u>778,808</u>



	Group		Company	
	30.9.2018	31.12.2017	30.9.2018	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	591,065	576,607	536,993	534,407
Currency translation reserve	9,801	9,901	19,860	(6,259)
Statutory reserves	129,650	127,118	-	-
Capital reserve	97,097	97,097	-	-
<b>Total Equity</b>	<b>1,078,273</b>	<b>1,061,383</b>	<b>807,513</b>	<b>778,808</b>

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

	As at 30 September 2018		As at 31 December 2017	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Current liabilities</b>				
Borrowings	29,100	-	38,000	-

**Details of any collateral**

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

- 1) RMB1.7 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.
- 3) RMB6.5 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 2Q2019.



**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			
	9M18	9M17	3Q18	3Q17
	1.1.2018 to 30.9.2018 RMB '000	1.1.2017 to 30.9.2017 RMB '000	1.7.2018 to 30.9.2018 RMB '000	1.7.2017 to 30.9.2017 RMB '000
<b>Cash flow from operating activities</b>				
Profit before tax	21,593	39,745	4,000	9,059
Adjustments for:				
Allowance for doubtful receivables (trade)	1,500	2,000	300	-
Amortisation of land use rights	2,278	2,278	760	760
Amortisation of intangible assets	7,868	5,422	2,622	2,279
Depreciation of property, plant and equipment	40,301	39,137	12,295	13,122
Interest expenses	1,131	2,894	323	730
Interest income	(612)	(32)	(41)	(13)
Property, plant and equipment written off	528	1,683	324	361
Operating profit before working capital changes	74,587	93,127	20,583	26,298
Inventories	(4,260)	(1,073)	(4,831)	24,103
Receivables	(36,339)	(27,666)	(9,229)	(7,860)
Payables	57,387	87,162	36,408	16,120
Currency translation adjustments	(188)	(46)	(201)	13
Cash generated from operations	91,187	151,504	42,730	58,674
Interest received	612	32	41	13
Income taxes paid	(3,709)	(3,503)	(704)	(693)
<b>Net cash from operating activities</b>	<b>88,090</b>	<b>148,033</b>	<b>42,067</b>	<b>57,994</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment (Note A)	(83,294)	(49,817)	(31,463)	(9,131)
Addition of intangible assets	(10,348)	(16,827)	(3,333)	(368)
<b>Net cash used in investing activities</b>	<b>(93,642)</b>	<b>(66,644)</b>	<b>(34,796)</b>	<b>(9,499)</b>
<b>Cash flow from financing activities</b>				
Proceeds from bank loans	37,400	38,000	6,500	28,000
Repayment of bank loans	(46,300)	(98,000)	(4,500)	(58,000)
Cash deposits released from pledge	570	570	8,371	570
Cash deposits pledged	(9,331)	(570)	(9,331)	(570)
Interest paid	(1,131)	(2,894)	(323)	(730)
Increase/(decrease) in bills payables to bank	20,605	(23,557)	(6,031)	(22,299)
<b>Net cash from/(used in) financing activities</b>	<b>1,813</b>	<b>86,451</b>	<b>(5,314)</b>	<b>(53,029)</b>



	Group			
	9M18	9M17	3Q18	3Q17
	1.1.2018 to 30.9.2018 RMB '000	1.1.2017 to 30.9.2017 RMB '000	1.7.2018 to 30.9.2018 RMB '000	1.7.2017 to 30.9.2017 RMB '000
Net (decrease)/increase in cash and cash equivalents	(3,739)	(5,062)	1,957	(4,534)
Cash and cash equivalents at beginning of the period	15,940	9,595	10,228	9,075
Effect of exchange rate changes on cash and cash equivalents	86	1	102	(7)
Cash and cash equivalents at end of the period	12,287	4,534	12,287	4,534
Cash and cash equivalents per consolidated statement of cash flows	12,287	4,534	12,287	4,534
Cash deposits pledged	9,331	570	9,331	570
<b>Cash and cash equivalents as per consolidated statement of financial positions</b>	<b>21,618</b>	<b>5,104</b>	<b>21,618</b>	<b>5,104</b>

**Note A**

	9M18	9M17	3Q18	3Q17
	1.1.2018 to 30.9.2018 RMB '000	1.1.2017 to 30.9.2017 RMB '000	1.7.2018 to 30.9.2018 RMB '000	1.7.2017 to 30.9.2017 RMB '000
	Total additions to property, plant and equipment	42,330	35,645	28,239
Add: Changes in unpaid portion	35,008	10,787	10,257	1,844
Add/(less): Changes in prepayments	5,956	3,385	(7,033)	(11,964)
Purchase of property, plant and equipment per consolidated statement of cash flows	83,294	49,817	31,463	9,131



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	Retained earnings	Currency translation reserve	Statutory reserves	Capital reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1.1.2018</b>		576,607	9,901	127,118		
Profit for the period	-	16,990	-	-	-	16,990
<i>Other comprehensive loss:</i>						
Currency translation differences arising on consolidation	-	-	(100)	-	-	(100)
Total comprehensive income/(loss) for the period	-	16,990	(100)	-	-	16,890
Transfer to statutory reserves	-	(2,532)	-	2,532	-	-
<b>Balance as at 30.9.2018</b>	<b>250,660</b>	<b>591,065</b>	<b>9,801</b>	<b>129,650</b>	<b>97,097</b>	<b>1,078,273</b>
	Share capital	Retained earnings	Currency translation reserve	Statutory reserves	Capital reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1.1.2017</b>		543,919	9,934	123,057		
Profit for the period	-	33,319	-	-	-	33,319
<i>Other comprehensive loss:</i>						
Currency translation differences arising on consolidation	-	-	(45)	-	-	(45)
Total comprehensive income/(loss) for the period	-	33,319	(45)	-	-	33,274
Transfer to statutory reserves	-	(4,175)	-	4,175	-	-
<b>Balance as at 30.9.2017</b>	<b>250,660</b>	<b>573,063</b>	<b>9,889</b>	<b>127,232</b>	<b>97,097</b>	<b>1,057,941</b>





**Company**

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Profit for the period	-	2,586	-	2,586
<i>Other comprehensive income:</i>				
Currency translation differences arising from translation into the presentation currency	-	-	26,119	26,119
Total comprehensive income for the period	-	2,586	26,119	28,705
<b>Balance as at 30.9.2018</b>	<b>250,660</b>	<b>536,993</b>	<b>19,860</b>	<b>807,513</b>

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Profit for the period	-	483	-	483
<i>Other comprehensive income:</i>				
Currency translation differences arising from translation into the presentation currency	-	-	16,573	16,573
Total comprehensive income for the period	-	483	16,573	17,056
<b>Balance as at 30.9.2017</b>	<b>250,660</b>	<b>534,614</b>	<b>(1,029)</b>	<b>784,245</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 are 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 nine months ended 30 September 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 the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 September 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	400,000,000	400,000,000

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the 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 Group'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 Reporting 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 significant 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 in 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 30.9.2018	1.1.2017 to 30.9.2017	1.7.2018 to 30.9.2018	1.7.2017 to 30.9.2017
(a) Based on weighted average number of ordinary shares on issue (RMB); and	0.04	0.08	0.01	0.02
(b) On a fully diluted basis (RMB)	0.04	0.08	0.01	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 total number of issued share capital 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	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017
Net asset value per ordinary share based on issued share capital at the end of the respective periods (RMB)	2.70	2.65	2.02	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) Turnover

For the 3 months ended 30 September 2018 ("3Q18"), the Group's turnover increased by 9.5% to RMB222.1 million from RMB202.8 million for the 3 months ended 30 September 2017 ("3Q17").

In terms of sales performance for 3Q18, sales of conventional stamping machines decreased by 15.7% while sales of high performance and high tonnage stamping machines increased by 7.6%.

For the 9 months ended 30 September 2018 ("9M18"), the Group's turnover increased by 10.7% to RMB679.7 million from RMB614.3 million for the 9 months ended 30 September 2017 ("9M17").

In terms of sales performance for 9M18, sales of conventional stamping machines decreased by 7.2% while sales of high performance and high tonnage stamping machines increased by 10.6%.

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 3Q18 decreased by 4.1% to RMB35.5 million from RMB37.0 million in 3Q17. Gross profit margin decreased by 2.2% to 16.0% in 3Q18 from 18.2% in 3Q17.



In terms of gross profit margin for 3Q18 year-on-year, gross profit margin for conventional stamping machines increased by 6.8% to 14.0% in 3Q18 from 7.2% in 3Q17 while gross profit margin for high performance and high tonnage stamping machines decreased by 3.1% to 16.0% in 3Q18 from 19.1% in 3Q17.

The Group's gross profit for 9M18 decreased by 18.0% to RMB106.4 million from RMB129.7 million in 9M17. The gross profit margin for 9M18 decreased by 5.4% to 15.7% from 21.1% in 9M17.

In terms of gross profit margin for 9M18, gross profit margin for conventional stamping machines decreased by 0.6% to 10.6% in 9M18 from 11.2% in 9M17 while gross profit margin for high performance and high tonnage stamping machines decreased by 3.6% to 17.8% in 9M18 from 21.4% in 9M17.

Overall, the decrease in the Group's gross profit margin for 3Q2018 and 9M2018 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 and gains**

The Group's other income and gains decreased by 15.3% to RMB2.8 million in 3Q18 compared to RMB3.3 million in 3Q17.

In 9M18, the Group's other income and gains decreased by 5.1% to RMB8.4 million from RMB8.9 million in 9M17.

The decrease was mainly due to no government grant received during 3Q2018 and 9M2018.

**(iv) Distribution and Selling Expenses**

In 3Q18, the Group's distribution and selling expenses increased by 15.9% to RMB19.8 million from RMB17.1 million in 3Q17.

In 9M18, the Group's distribution and selling expenses increased by 10.9% to RMB55.2 million from RMB49.8 million in 9M17. As a percentage of total revenue, distribution and selling expenses was constant at 8.1% in 9M18 and 9M17.

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 3Q18, the Group's administrative expenses increased by 5.5% to RMB13.8 million from RMB13.1 million in 3Q17.

In 9M18, the Group's administrative expenses decreased by 16.1% to RMB36.3 million from RMB43.3 million in 9M17. As a percentage of total revenue, administrative expenses decreased by 1.7% to 5.3% in 9M18 from 7.0% in 9M17.



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 3Q18, the Group's depreciation and amortisation expenses decreased by 3.0% to RMB15.7 million from RMB16.2 million in 3Q17.

In 9M18, the Group's depreciation and amortisation expenses increased by 7.7% to RMB50.4 million from RMB46.8 million in 9M17.

Overall, 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 9M2018.

**(vii) Other Expenses, net**

In 3Q18, the Group's net other expenses decreased by 3.2% to RMB0.2 million from RMB0.3 million in 3Q17.

In 9M18, the Group's net other expenses decreased by 86.6% to RMB0.4 million from RMB2.8 million in 9M17.

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

**(viii) Finance Expenses**

In 3Q18, the Group's finance expenses recorded a decrease of 52.6% to RMB0.3 million from RMB0.7 million in 3Q17.

In 9M18, the Group's finance expenses recorded a decrease of 56.8% to RMB1.3 million from RMB2.9 million in 9M17.

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**

Overall, the Group's profit before tax ("PBT") had decreased in tandem with the Group's gross profit for 3Q18 and 9M18.

In 3Q18, the Group's PBT decreased by 55.8% to RMB4.0 million from RMB9.1 million in 3Q17.



In 9M18, the Group's PBT decreased by 45.7% to RMB21.6 million from RMB39.7 million in 9M17.

**(x) Tax Expense**

In 3Q18, the Group's tax expense decreased by 23.4% to RMB0.8 million from RMB1.0 million in 3Q17.

In 9M18, the Group's tax expense decreased by 28.4% to RMB4.6 million from RMB6.4 million in 9M17.

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 3Q18, the Group's net profit after tax ("NPAT") decreased by 59.9% to RMB3.2 million from RMB8.0 million in 3Q17. Net profit margin decreased by 2.5% to 1.5% from 4.0% in 3Q17.

In 9M18, the Group's NPAT decreased by 49.0% to RMB17.0 million from RMB33.3 million in 9M17. Net profit margin decreased by 2.9% to 2.5% from 5.4% in 9M17.

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

For the period under review, the Group's non-current assets increased by approximately RMB7.7 million mainly due to an increase in prepayment for property, plant and equipment together with the acquisition of property, plant and equipment and addition of intangible assets net off the depreciation and amortisation expenses.

For the period under review, the Group's non-current liabilities increased by RMB1.0 million due to an increase in deferred tax liability.

The Group's total current assets increased by approximately RMB44.2 million from RMB601.9 million as at 31 December 2017 to RMB646.1 million as at 30 September 2018. This was attributable to an increase in inventories, other receivables (which was mainly due to an increase in prepayment for raw materials), amounts due from related parties (trade and non-trade related) and cash and cash equivalents (explained in the consolidated statement of cash flows) which was partially offset by a decrease in trade receivables (which was mainly due to management efforts in debt collections).

Concurrently, the Group's total current liabilities increased by approximately RMB33.9 million from RMB440.8 million as at 31 December 2017 to RMB474.7 million as at 30 September 2018. This was attributable to an increase in trade payables (mainly due to slower payment to suppliers) and bill payables (which were issued to suppliers) which were partially offset by a decrease in other payables (which was mainly due to payment made to suppliers for property, plant and equipment received and a decrease in advance payment received from customers), amounts due to related parties (trade and 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 September 2018 of RMB171.4 million.

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

For the 3 months ended 30 September 2018, the Group recorded a net cash increase of approximately RMB2.0 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB42.1 million. The reasons were discussed in the 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 amounting to RMB5.3 million which was mainly due to net bank deposits pledged with financial institution, interest paid and decrease in bills payables to bank which was partially offset by net proceeds from bank loans.
- c) the net cash outflow arising from investing activities amounting to RMB34.8 million which was mainly due to the acquisition of property, plant and equipment and intangible assets.

For the 9 months ended 30 September 2018, the Group recorded a net cash decrease of approximately RMB3.7 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB88.1 million. The reasons were discussed in the 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 amounting to RMB1.8 million which was mainly due to increase in bills payables to bank which was partially offset by net repayments of bank loans, net bank deposits pledged with financial institution and interest paid.
- c) the net cash outflow arising from investing activities amounting to RMB93.6 million which was mainly due to the acquisition of property, plant and equipment and intangible assets.

Cash and cash equivalents as at 30 September 2018 stood at RMB21.6 million (of which RMB9.3 million was pledged for letter of credit and 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 9M18 Financial Results announcement is in line with the statement made in Paragraph 10 of the 1H18 Financial Results announcement dated 13 August 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 RMB191.8 million as at 8 November 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 9M2018 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) (RMB'000)	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)



<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u>  Processing fees received, sale of raw materials, parts and machineries.  Processing fees paid and purchase of raw materials and scrap materials.	N/A	3,975  1,062
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>  Processing fees received, sale of raw materials, parts and machineries.  Purchase of scrap materials.	N/A	306  873
<u>Jiangsu World Agriculture Machinery Co., Ltd.</u>  Processing fees received, sale of raw materials, parts and machineries.  Processing fees paid and purchase of raw materials and scrap materials.	N/A	24,846  508
<u>Jiangsu World Agriculture Machinery &amp; Parts Manufacturing Co., Ltd.</u>  Processing fees received, sale of raw materials and parts.  Processing fees paid and purchase of raw materials and scrap materials.	N/A	8,907  3,960
<u>World Agriculture (Shenyang) Co., Ltd.</u>  Sales of raw materials, parts and machineries and rental income of factory.	N/A	6,027
<u>World Heavy Industry (China) Co., Ltd.</u>	N/A	2,718



Processing fee received and sale of raw materials and parts.		21,461
Processing fee paid and purchase of raw materials and equipment		
<u>Jiangsu World Precise Machinery Co., Ltd.</u>	N/A	
Land rental paid.		514
<u>Jiangsu World Furniture Co., Ltd.</u>	N/A	
Sale of raw materials and parts.		17
<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u>	N/A	
Processing fees received, sale of raw materials, parts, equipment and machineries.		5,318
<b>Total</b>		<b>80,492</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 nine months and third quarter results of the Group for the financial period ended 30 September 2018 to be false or misleading in any material aspect.

**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 November 2018