



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

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## DISCREPANCY BETWEEN UNAUDITED FINANCIAL RESULTS AND AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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World Precision Machinery Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcement dated 28 February 2023 in relation to the Company’s Unaudited Financial Results for the financial year ended 31 December 2022 (“**FY2022 Unaudited FS**”) and the Company’s Audited Financial Results for the financial year ended 31 December 2022 released on 13 April 2023 (the “**FY2022 Audited FS**”).

The Company notes that there are some discrepancies between the FY2022 Unaudited FS and the FY2022 Audited FS. Please see Appendix A below where the Statement of Financial Position and the Consolidated Statement of Cash Flows of the Group for FY2022 Unaudited FS are presented with the same for the FY2022 Audited FS, with the variances set out. Please refer to the FY2022 Audited FS released on 13 April 2023 for the full set of financial statements, including the accompanying notes.

### Main Reasons for the Material Discrepancies

The discrepancies mainly arise out of the difference in treatment of prepayment for property, plant and equipment of RMB12,038,000 (the “**Purchased PPE**”) in the FY2022 Unaudited FS and FY2022 Audited FS.

In the FY2022 Unaudited FS, the prepayment for the Purchased PPE was recorded as “Trade and other receivables” in the non-current assets. When the Purchased PPE was received by the Group, and while pending receipt of the invoice from the vendor of the Purchased PPE, this expected invoice amount was accrued and recorded as a “Trade and Other Payables” in current liabilities.

In the FY2022 Audited FS, whilst the Purchased PPE would, up until before delivery, be recorded as “Trade and other receivables” in non-current assets, upon delivery of the Purchased PPE, this sum would be knocked off, which resulted in the Group not having to provide for an accrual under “Trade and Other Payables” in current liabilities.

Most of the material variances to the line items of the Consolidated Statement of Cash Flows reflect the consequential changes as a result of the discrepancy to the Statement of Financial Position. Of note however, there is no variance to the “Cash and cash equivalents at end of the year” in the Consolidated Statement of Cash Flow.

There is an additional material variance for the line items “Proceed from realisation of other investment” and “Payment for other investment” appearing in the Consolidated Statement of Cashflows under “Investing activities”, This “other investment” is a bank structured deposit of total notional principal value of RMB 300,000,000 as at 31 December 2021, which has matured as at 31 December 2022. In the FY2022 Unaudited FS, the Group had accounted for the gross value of each maturity and each rollover of the structured deposit. In the FY2022 Audited FS, the net amount is reflected instead.

By Order of the Board  
World Precision Machinery Limited

Shao Jianjun  
Executive Chairman  
13 April 2023

## APPENDIX A



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WORLD PRECISION MACHINERY LIMITED  
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**Statements of Financial Position**  
**As at 31 December 2022**

|   | Group  |                                       |                 | Note |
|---|--|---------------------------------------|-----------------|------|
|   | 2022<br>RMB'000                                      | 2022<br>RMB'000                       | 2022<br>RMB'000 |      |
|   | Per<br>28 February 2023<br>Unaudited<br>Announcement | Per Audited<br>Financial<br>Statement | Variance        |      |
| <b>Assets</b>                                       |  |                                       |                 |      |
| Property, plant and equipment                       | 728,110  | 728,110                               | -               |      |
| Investments in subsidiaries                         | -  | -                                     | -               |      |
| Investment property                                 | 2,825  | 2,825                                 | -               |      |
| Intangible assets                                   | 35,141   | 35,141                                | -               |      |
| Trade and other receivables                         | 36,728   | 24,690                                | (12,038)        | (i)  |
| <b>Non-current assets</b>                           | <b>802,804</b>                                       | <b>790,766</b>                        | <b>(12,038)</b> |      |
| Inventories   | 397,393  | 397,393                               | -               |      |
| Trade and other receivables                         | 528,991  | 528,991                               | -               |      |
| Other investment                                    | -  | -                                     | -               |      |
| Cash and cash equivalents                           | 334,543  | 334,543                               | -               |      |
| <b>Current assets</b>                               | <b>1,260,927</b>                                     | <b>1,260,927</b>                      | <b>-</b>        |      |
| <b>Total assets</b>                                 | <b>2,063,731</b>                                     | <b>2,051,693</b>                      | <b>(12,038)</b> |      |
| <b>Equity attributable to owners of the Company</b> |  |                                       |                 |      |
| Share capital                                       | 250,660  | 250,660                               | -               |      |
| Currency translation reserve                        | 18,579   | 18,579                                | -               |      |
| Statutory reserves                                  | 128,801  | 128,801                               | -               |      |
| Capital reserve                                     | 97,097   | 97,097                                | -               |      |
| Retained earnings                                   | 679,499  | 679,499                               | -               |      |
| <b>Total equity</b>                                 | <b>1,174,636</b>                                     | <b>1,174,636</b>                      | <b>-</b>        |      |
| <b>Liabilities</b>                                  |  |                                       |                 |      |
| Deferred tax liabilities                            | 6,138  | 6,138                                 | -               |      |
| Trade and other payables                            | 721  | 721                                   | -               |      |
| Lease liabilities                                   | 15,934   | 15,934                                | -               |      |
| <b>Non-current liabilities</b>                      | <b>22,793</b>  | <b>22,793</b>                         | <b>-</b>        |      |
| Contract liabilities                                | 93,468   | 93,468                                | -               |      |
| Trade and other payables                            | 771,803  | 759,765                               | (12,038)        | (i)  |
| Lease liabilities                                   | 1,031  | 1,031                                 | -               |      |
| Tax payables  | -  | -                                     | -               |      |
| <b>Current liabilities</b>                          | <b>866,302</b>                                       | <b>854,264</b>                        | <b>(12,038)</b> |      |
| <b>Total liabilities</b>                            | <b>889,095</b>                                       | <b>877,057</b>                        | <b>(12,038)</b> |      |
| <b>Total equity and liabilities</b>                 | <b>2,063,731</b>                                     | <b>2,051,693</b>                      | <b>(12,038)</b> |      |

Note:

- (i) Recorded as prepayment for property, plant and equipment and at the same time recorded as other payables for property, plant and equipment due to property, plant and equipment delivered but invoices have not received from suppliers. To offset between prepayment and other payables to reflect true and fair financial position of the Group.



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**Consolidated statement of cash flows**  
**Year ended 31 December 2022**

|  | Group  |                                       |                 | Variance | Note                    |
|--|--|---------------------------------------|-----------------|----------|-------------------------|
|  | 2022<br>RMB'000                                      | 2022<br>RMB'000                       | 2022<br>RMB'000 |          |                         |
|  | Per<br>28 February 2023<br>Unaudited<br>Announcement | Per Audited<br>Financial<br>Statement |                 |          |                         |
| <b>Operating activities</b>  |  |                                       |                 |          |                         |
| Profit before tax  | 29,570   | 29,570                                | -               |          |                         |
| Adjustments for:   |  |                                       | -               |          |                         |
| Amortisation of intangible assets  | 7,832  | 7,832                                 | -               |          |                         |
| Bad debts written off (non-trade)  | 2,345  | 2,345                                 | -               |          |                         |
| Depreciation of investment property                                      | 274  | 274                                   | -               |          |                         |
| Depreciation of property, plant and equipment                            | 59,380   | 60,229                                | 849             |          | (i), (iii)              |
| Gain on disposal of a subsidiary   | -  | -                                     | -               |          |                         |
| Gain on disposal of property, plant and equipment                        | (130)  | (130)                                 | -               |          |                         |
| Interest expense   | 3,430  | 3,504                                 | 74              |          | (ii), (iii)             |
| Interest income  | (16,460)   | (16,460)                              | -               |          |                         |
| Property, plant and equipment written off                                | 126  | 225                                   | 99              |          | (i)                     |
| (Reversal)/provision of impairment losses on trade and other receivables | (7,545)  | (7,545)                               | -               |          |                         |
| Write-down of inventories  | 4,320  | 4,320                                 | -               |          |                         |
| <b>Operating cash flows before movements in working capital</b>          | <b>83,142</b>  | <b>84,164</b>                         | <b>1,022</b>    |          |                         |
| Changes in working capital:  |  |                                       |                 |          |                         |
| - Inventories  | 14,650   | 14,650                                | -               |          |                         |
| - Trade and other receivables  | 62,362   | 62,365                                | 3               |          | (iii)                   |
| - Trade and other payables   | (21,920)   | (33,843)                              | (11,923)        |          | (iii), (iv), (v)        |
| - Contract liabilities   | 8,170  | 8,170                                 | -               |          |                         |
| <b>Cash generated from operations</b>                                    | <b>146,404</b>                                       | <b>135,506</b>                        | <b>(10,898)</b> |          |                         |
| Interest received  | 3,664  | 3,664                                 | -               |          |                         |
| Withholding tax paid   | -  | (2,851)                               | (2,851)         |          | (iii), (vi)             |
| Income tax paid  | (8,446)  | (5,596)                               | 2,850           |          | (vi)                    |
| <b>Net cash generated from operating activities</b>                      | <b>141,622</b>                                       | <b>130,723</b>                        | <b>(10,899)</b> |          |                         |
| <b>Investing activities</b>  |  |                                       |                 |          |                         |
| Purchases of property, plant and equipment (Note A)                      | (81,214)   | (73,002)                              | 8,212           |          | (i), (iii), (iv), (vii) |
| Additions of intangible assets   | (6,657)  | (3,756)                               | 2,901           |          | (i), (iii), (vii)       |
| Proceeds from disposal of property, plant and equipment                  | 579  | 554                                   | (25)            |          | (i)                     |
| Proceed from disposal of a subsidiary                                    | -  | -                                     | -               |          |                         |
| Proceed from realisation of other investment                             | 900,000  | 300,000                               | (600,000)       |          | (viii)                  |
| Payment for other investment   | (600,000)  | -                                     | 600,000         |          | (viii)                  |
| Interest received from other investment                                  | 5,305  | 5,305                                 | -               |          |                         |
| Repayment of loan from a third party                                     | 100,000  | 100,000                               | -               |          |                         |
| Provision of loan to a third party                                       | (100,000)  | (100,000)                             | -               |          |                         |
| Effect of foreign currency re-alignmnet on investing activities          | -  | 8,709                                 | 8,709           |          | (v)                     |
| <b>Net cash generated from/(used in) investing activities</b>            | <b>218,013</b>                                       | <b>237,810</b>                        | <b>19,797</b>   |          |                         |
| <b>Financing activities</b>  |  |                                       |                 |          |                         |
| Payment of lease liabilities   | (1,256)  | (438)                                 | 818             |          | (ix)                    |
| Bank deposits released from pledge                                       | 71   | -                                     | (71)            |          | (x)                     |
| Bank deposits pledged  | (71)   | -                                     | 71              |          | (x)                     |
| Dividend paid  | (50,000)   | (50,000)                              | -               |          |                         |
| Interest paid  | (2,613)  | (3,504)                               | (891)           |          | (ii), (ix)              |
| <b>Net cash used in financing activities</b>                             | <b>(53,869)</b>                                      | <b>(53,942)</b>                       | <b>(73)</b>     |          |                         |



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**Consolidated statement of cash flows**  
**Year ended 31 December 2022**

|  | Group                   |                    |                 | Note |
|--|-------------------------|--------------------|-----------------|------|
|  | 2022<br>RMB'000         | 2022<br>RMB'000    | 2022<br>RMB'000 |      |
|  | <b>Per</b>              | <b>Per Audited</b> | <b>Variance</b> |      |
|  | <b>28 February 2023</b> | <b>Financial</b>   |                 |      |
|  | <b>Unaudited</b>        | <b>Statement</b>   |                 |      |
|  | <b>Announcement</b>     |                    |                 |      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  | 305,766                 | 314,591            | 8,825           | (v)  |
| Cash and cash equivalents at beginning of the year           | 28,661                  | 28,661             | -               |      |
| Effect of exchange rate changes on cash and cash equivalents | 116                     | (8,709)            | (8,825)         | (v)  |
| <b>Cash and cash equivalents at end of the year</b>          | <b>334,543</b>          | <b>334,543</b>     | <b>-</b>        |      |

**Note A**

|  |         |         |                               |      |
|--|---------|---------|-------------------------------|------|
| Total additions to property, plant and equipment                                   | 79,886  | 83,712  | 3,826 (i), (iii), (iv), (vii) |      |
| Add/(less): Changes in unpaid portion  | 11,712  | 11,712  | -                             |      |
| Add/(less): Changes in prepayments   | -10,384 | -22,422 | -12,038                       | (iv) |
| Purchase of property, plant and equipment per consolidated statement of cash flows | 81,214  | 73,002  | -8,212                        |      |

Note:

- (i) To retitle property, plant and equipment movements.
- (ii) Reclassification within line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- (iii) Rounding error.
- (iv) Consequential changes as a result of the discrepancy to the Statement of Financial Position.
- (v) Reclassification of translation difference arising from cash and cash equivalents.
- (vi) Separate disclosure of withholding tax paid and income tax paid.
- (vii) Reclass right of use - land to purchase of property, plant and equipment.
- (viii) Offset between proceed from realisation of other investment and payment for other investment.
- (ix) Reclassification of lease interest from interest paid.
- (x) Offset between bank deposits pledge and bank deposits released from pledge