沃得
WORLD

Growing
Sustainability

ANNUAL REPORT 2014

沃得
WORLD

企业使命及愿景
Corporate mission and vision

成为中国乃至世界最具影响力的锻压行业制造商
To become the most influential stamping machine manufacturer in China and the world

为客户创造价值 为员工搭建发展平台
To create value for customers; To provide a development platform for employees

成为客户的首选品牌
To become the preferred brand of our customers

Contents

COMPANY **PROFILE**

Based in Danyang City, Jiangsu Province, PRC, World Precision Machinery Limited ("World Precision", and together with its subsidiaries, the "Group") is a leading manufacturer of stamping machines and related metal components. The Group manufactures both standard and customised stamping machines to suit the needs of a myriad of industries including automotive, home appliances, electronics, and etc.

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

The Group currently manufactures around 200 models of stamping machines which are classified into more than 20 product series. Its stamping machines are marketed under the "World" trademark, divided into conventional, high-performance and high-tonnage stamping machines. Its latest range of products includes bending, cutting and Computer Numeric Control ("CNC") punching machines.

The Group has very strong in-house Research and Development ("R&D") capabilities with a team of more than 200 R&D and technical staff. It is one of the few Chinese manufacturers to utilise high-precision machining equipments from PAMA Group of Italy. In 2010, it has entered into a technological alliance with Aida Engineering Ltd. ("Aida"), a global leader in capital goods from Japan, and together, they have delivered a high-end 1,000 tonnes Ultra High-Speed stamping machine for Magna Cosma, a Fortune-500 automotive parts supplier. In 2011, the Group joined hands with Aida once again to set up one of the world's fastest servo-press line in automotive industry for Honda. Going forward, the Group aims to consistently develop better and more sophisticated stamping machines for its clients.

The Group and its products have been widely recognised and have been awarded numerous awards. In particular, the Group's three wholly-owned subsidiaries – World Precise Machinery (China) Co., Ltd. ("WPM (China)"), World CNC Machine Tool (Jiangsu) Co., Ltd. ("WCNC") and World Heavy Machine Tools (China) Co., Ltd. ("WHMT") are accredited as "High Technology Enterprise" so as to enjoy three-year preferential tax rate of 15% instead of the standard tax rate of 25%, 2014-2016 for WPM (China), 2012-2014 for WCNC, and 2013-2015 for WHMT respectively. Its products were recognised as "Jiangsu Renowned Products" since 2006. The Group has been accredited with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 for its quality management, environmental management and occupational health safety management efforts since 2003.

ABOUT US

OUR BUSINESS: KEY SEGMENTS

During the year, there was a gradual trend towards high-end stamping machines in the Group's product mix, which was in line with the Group's strategy to move up the technology ladder and raise its market share in the premium segment

AUTOMOTIVE PARTS

HOME APPLIANCES

ELECTRONICS

OTHERS

AUTOMOTIVE PARTS

According to China Association of Automobile Manufacturers (CAAM), China's automobile production and sales grew by 7.3% and 6.9% in 2014 year-on-year to 23.7 million units and 23.5 million units respectively.[1]

China's auto market kept a steady growth in 2014, cementing its position as the world's biggest auto market. According to the analysis in China Daily, it is predicted that China's automobile market will continue to grow in 2015 and vehicle sales is forecasted to top 25.1 million units, a year-on-year increase of 7%.[2]

In FY2014, the Group's revenue contributed by automotive sector was around RMB328.4 million and accounted for 38.0% of the overall sales. With the optimism on the prospect of the auto parts industries, we expect a greater contribution from the automotive parts sector as domestic and foreign manufacturers expand and upgrade their manufacturing facilities.

HOME APPLIANCES

Currently, smart home appliances are becoming the mainstream demand as Chinese consumers yearn for higher standard of living with the increase in disposable household income.

In 2015, industry players expect to witness a surge in smart household appliances market in China, with some predicting it will be Year One of the smart home era. According to the forecast of China Economic Net, smart washing machine, fridge, and air-conditioner are expected to see explosive growth from 2015 to 2020, with market penetration rates estimated to increase by 15%, 10% and 6% to 45 %, 55%, and 38% respectively.[3]

In FY2014, the Group's revenue from home appliances sector was RMB276.6 million and accounted for 32.0% of the overall sales. We expect an increase in revenue contribution from the home appliances sector in 2015 in tandem with the sales growth in smart home appliances sector.

ELECTRONICS

China Consumer Electronics sector is expected to remain resilient as the replacement cycle shortens due to accelerated product upgrades. On the other hand, rural sales of consumer electronics are set to grow faster than urban sales, underpinned by the rapid urbanisation process and narrowing income gap between urban and rural residences.

The Group's revenue from this sector was RMB103.7 million and accounted for 12.0% of the Group's overall sales.

OTHERS

Others include railways industry, aeroplane industry, hardware industry, machinery industry and etc.

China is launching 32 high-speed train routes on December 10, 2014.[4] The network extension includes a link between the biggest city Shanghai and the manufacturing hub of Guangzhou right next to Hong Kong, with a total length of 1,106 miles. This is part of the government's plan to double the size of the domestic rail network. As such, the revenue from railway sector is expected to rise in the near future in line with the expanding railway construction.

The Group had successfully secured its first contract to supply machineries to the locomotive sector through a contract win with Dalian Locomotive and Rolling Stock Co., Ltd. in 2011. Given the stringent technical requirements and high barriers to entry for the production of locomotives, the Group's track record of successful delivery will enabled it to tap on the growth in China's locomotive sector.

In FY2014, the Group's revenue from this sector was RMB155.6 million and accounted for 18.0% of the Group's overall sales.

1 CAAM, "The sales and production of automobiles kept a steady growth", http://www.caam.org.cn/AutomotivesStatistics/20150114/0905144504.html

2 China Daily, "China 2014 auto sales up 6.9%", http://www.chinadaily.com.cn/business/motoring/2015-01/12/content_19298824.htm

3 China Economic Net, Smart home appliances driving production and consumption, http://en.ce.cn/Insight/201407/30/t20140730_3259611.shtml

4 RT"China opens 32 high-speed rail routes in grand expansion", http://rt.com/business/212719-china-opens-high-speed-train/

MILESTONES

1999

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

Established production area of approximately 6,600 sqm.

2000

AUGUST
Expanded production area to approximately 14,700 sqm.

2002

AUGUST
Expanded production area to approximately 36,800 sqm.

2003

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

2004

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

2005

FEBRUARY
Acquisition of WPM (China).

JUNE
Expanded production area of approximately 130,000 sqm.

2006

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

Expanded production area by a further 100,000 sqm.

2007

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

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

2008

China Holdings Acquisition Corp. proposed acquisition of the Group.

2009

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

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

2010

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

2011

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

MAY
Company's wholly-owned subsidiary, WPMS, acquired a land use right over industrial land located at Xi He Jiu Bei Jie situated within the Shenyang Economic and Technological Zone (沈阳经济技术开发区细河九北街) with total land area of 364,922.74 sqm for a total consideration of RMB 123.3 million.

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

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

DECEMBER
Increased investment in 60% owned subsidiary, SSP.

2012

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

JULY
Increased investment in wholly-owned subsidiary, WHMT.

SEPTEMBER
Increased investment in wholly-owned subsidiary, WPMS.

DECEMBER
WPMS completing Phase 1 of its plant.

2013

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

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

FEBRUARY
Increased investment in wholly-owned subsidiary, WHMT.

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

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

New product launch, JX36 series.

DECEMBER
Divestment of SSP.

2014

JUNE
New product launch, JSG36-1000

MESSAGE FROM
CHAIRMAN AND CEO

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present to you the annual report of World Precision Machinery Limited ("World Precision" and together with its subsidiaries, the "Group") (沃得精机有限公司) for the financial year ended 31 December 2014 ("FY2014").

FY2014 AT A GLANCE

Achieving Sustainable Growth Amid a Challenging Year

China witnessed a challenging economic environment in 2014. China's GDP grew at a rate of 7.4%, which missed the initial goal of 7.5%, marking a 24-year low since 1990 in spite of the micro-stimulus initiatives implemented by the Chinese government throughout the year. In tandem with the economic slowdown, industrial output had taken a drastic decline in the second half of the year, adding to the weakness of the economy. In addition, the entire manufacturing industry had experienced lower profit margins due to increased labour costs as well as overcapacity issues. The abovementioned factors had resulted in a business environment which was unfavourable for the Group.

Nevertheless, despite a challenging environment, the Group still managed to deliver stable growth for FY2014. Our overall sales increased 6.1% year-on-year ("yoy") to RMB864.3 million, largely due to increased sales of high performance and high tonnage ("HPHT") stamping machines.

Despite the fluctuations in China's industrial production growth statistics and manufacturing Purchasing Managers' Index ("PMI"), through the Group's resilience we managed to achieve a net profit attributable to equity holders of RMB108.0 million (FY2013: RMB101.0 million) and improved our basic earnings per ordinary share to 27 Renminbi cents (FY2013: 25 Renminbi cents).

Brand Recognition and Product Innovation

The Group has been committed to lead the development and innovation of precision stamping equipment nationwide. In June 2014, the Group's latest product, JSG36-1000, a model of high-end stamping machine, gained national recognition from the government and industry experts for attaining high industry standards in the high-end stamping equipment market. Meanwhile, the new model has attained the approval for mass production from local authorities and the accreditation from the Jiangsu Economic Information Technology Commission ("江苏省经济和信息委员会") through a series of stringent tests and assessments on applied technology, on-site production and product quality.

This new product has multiple enhanced features such as expanded operational capability, higher tonnage capacity and higher precision so as to better cater to clients' needs in automotive, railway and home appliance sectors. With these features, we believe that this product can meet the ongoing sophisticated demands of our customers and overcome the specification constraints in equipment manufacturing.

Looking ahead, we will persist in research and development ("R&D") investment and continue to develop innovative technology and new categories of products to enhance our competitiveness.

Upholding Shareholder' Value

The Group has built a seven-year track record of paying cash dividends and implemented an average payout ratio of approximately 30% of net profits since it listed on SGX in 2006. In FY2014, we paid an interim dividend of 10 Renminbi cents and we have proposed a final cash dividend payout of another 10 Renminbi cents to reward our shareholders' unwavering support. This represents a dividend payout ratio of 74% of net profits.

MOVING AHEAD

We foresee more challenges ahead in the coming year as uncertainties persist in the slowing Chinese economy. However, in the shadow of a slowing economy, the automobile sector should remain robust with disposable income rising among the Chinese population. In addition, demand in the white goods sector is likely to stay energetic, especially the demand for smart home appliances, which are increasingly sought after by Chinese consumers yearning for higher standards of living.

Hence, in accordance with the expectation of growing demand in the automobile sector and white goods sector, we shall lead the way and continue to apply the following strategies, which are outlined below, to boost the Group's profitability.

I. Vertically Integrating and R&D

Vertical integration helps to reduce material cost and to enhance the cohesion between product design and manufacturing as in-house designers are equipped with more specific and intimate knowledge of the requirement of the products and strategic purpose of the company.

To take advantage of the costs savings which can be derived from backward integration, the group currently owns in-house design capabilities to design about 90% of our products.

Also, collaboration with upstream material providers enables the Group to make bulk purchases of steel at competitive prices, and given the healthy relationship between the Group with its vendors, the Group is able to receive preferential rates which resulted in lower logistics costs.

The Group continuously places strong emphasis on R&D. With a strong team of 200 technical staff based in Danyang and 3.0% of revenue invested into R&D annually, the Group has reaped fruits from its R&D efforts. The technical innovation which is a direct result of R&D is expected to help the Group achieve considerable margin improvement in the long run.

II. Geographic Expansion

Within the domestic market, the Group has expanded its footprint in Jiangsu, Shanghai, Zhejiang, Guangdong and Bohai Rim[1]. Geographic expansion aims to tap into huge markets with potential customers from different regions. Bohai Rim is the recent focus as it is abundant in raw materials. With our recent expansion into Bohai Rim, the Group could lower its material cost and transportation cost, and at the same time, tap huge markets in Northern China with 307 existing customers, who contributed a total of RMB 105 million to the Group's total revenue in 2014.

Our new Shenyang plant, which targets mainly the high-end manufacturing segment, has completed its phase one construction in December 2012. The plant is strategically situated closely to many automobile manufacturers in China. We are looking forward to its contribution to the Group's results in the near future.

Regarding the international market, we are strongly encouraged by news that China plans to speed up the implementation of “go global” strategy in 2015 and thus provide better financial services and information services to firms investing abroad, according to the National People’s Congress. As a result, the Group is expected to get more government support for its international expansion plans.

At the same time, Chinese home appliances and electronics are gaining increasing traction among European consumers because of the price advantage and product innovation. Hence, moving forward, the Group intends to leverage on these favourable trends by continuously innovating and enhancing its product offerings to capture the emerging international market.

This year, representatives of the Group have attended several domestic exhibitions, including those held in Nanjing, Shenzhen, Guangdong and Shenyang, as well as international exhibitions held in Indonesia, Russia and Turkey.

A WORD OF APPRECIATION

We wish to take this opportunity to express our heartfelt gratitude and appreciation to our Board of Directors, the management team and our employees for their dedicated and unwavering support.

Last, but not least, we would like to thank our shareholders, customers, vendors and other stakeholders, who put their faith in us through the ups and downs of our business cycles.

Mr. Shao Jianjun
Executive Chairman

Mr. Wu Yufang
Chief Executive Officer

Let us join hands and empower the world, with “WORLD”.

[1] *Bohai Rim is the economic hinterland surrounding Beijing and Tianjin, also including areas in Hebei, Liaoning and Shandong which surrounds the Bohai Sea.*

让我们携手与沃得一起推动世界。

亲爱的股东，

我们，谨代表董事会，很荣幸为您介绍沃得精机有限公司（"World Precision"，连同其附属公司统称"本集团"）截至2014年12月31日（2014财年）的年度报告。

2014财年回顾

重重挑战，稳中求进

2014年对中国经济形势相对严峻。中国国民生产总值增长为7.4%，并没有完成预期7.5%的目标，也是24年来最低值。由于经济增长放缓，工业总产量在2014年下半年急剧下滑。并且，由于劳动力成本的增加以及行业产能过剩，制造业的利润受到挤压。因此，整体外部环境对集团来说并不乐观。

然而，面对不利的经济环境，在2014财年集团仍然取得了稳定的业绩。我们的总收入与去年同期相比上涨了6.1%，达到人民币8.643亿元。收入的增长主要归功于高性能高吨位冲压机床销售额的增长。

尽管工业增长指数与专业经理人采购指数均出现震荡，集团仍全力实现了股东权益的增长，达到人民币1.08亿元（2013年为人民币1.01亿元）。并且普通股每股收益增长至0.27元人民币（2013年为0.25元人民币）。

品牌认知度与产品创新

集团一直致力于在高性能冲压设备的发展和创新上全国领先。在2014年六月，集团的最新产品，JSG36-1000 型高性能冲压机获得来自政府和行业专家的高度认可。于此同时，经过一系列对于技术应用和产品质量的严格测试与审核后，该产品获得了江苏省经济和信息委员会的认证，并且获得了当地政府许可证书可以大量生产。

该新产品在操作控制，吨位以及精准方面做出了卓越的改进，更好的满足了汽车，铁路和家电制造商对该产品的的需求。我们坚信，完成上述功能的改进，该新产品可以满足市场的复杂需求并且可以突破装备制造业领域中的局限。

展望未来，我们始终坚持研发投资，坚持科技创新来加大新产品开发速度。并以此来提高我们的竞争力。

拥护股东价值

本集团由2006年于新交所上市后已建立了七年的支付现金股利的记录，并实现30%左右的平均派息率。在2014财年，我们派发中期0.10元人民币和献议派发年终0.10元人民币的现金股息，相当于74%的派息比率，以回馈股东们坚定不移的支持。

展望未来

由于中国经济放缓而带来的不稳定因素，在未来的一年里我们仍要准备迎接挑战。然而，虽然经济低迷，由于中国人均可支配收入的增长，汽车行业依然保持强劲势头，家电行业也依然保持活力，特别是智能家电行业，其已经成为消费市场的主流需求，得益于中国消费者对更高生活品质的追求。

因此，汽车行业以及智能家居行业未来的需求有望增长，我们集团也将实施以下策略，开辟前进的道路，提升集团利益。

I. 纵向整合与研发

纵向整合可以降低原材料成本，协调产品的设计与制造。集团公司采取内部自主设计，设计人员由于拥有对产品需求和公司战略更深入的了解，从而使得产品设计与制造环节可以更好的衔接。

集团进行了纵向整合，我们的设计部门已经满足了集团90%的设计需求。

除此之外，与上游原材料供应商的合作帮助集团在批量购买原材料时得到优惠价。格。而与一些经销商的密切合作也使得集团降低了物流费用。

集团将不遗余力地继续重视研发工作。集团已经拥有200个科技人员并且每年将总收入的3.0%投入研发工作。集团也因此不断享受科技创新带来的硕果，并且相信从长期来看，得益于此，利润率也将大大提升。

II. 地域拓展

在国内市场，集团的足迹已遍布江苏，上海，浙江，广东和渤海湾。地理上的扩张能够在具有潜在消费者的不同地域开拓巨大的市场能量。近阶段的重心是渤海湾地区，在此区域设厂，集团不仅降低了原材料以及交通份费用，更是开发了中国北部307个客户。 这些客户在2014财年对总销售额贡献了人民币合计1.05个亿。

集团在沈阳的新工厂主要面向高端制造业市场，在2012年12月已经完成了一期建设。该工厂战略性选址在汽车制造商集中的区域，集团期待其在不久的未来为本集团业绩的提升带来贡献。

在国际市场，对集团来说一个利好的消息是，全国人民代表大会中提出2015年要加速走出去战略的实施，政府会对在境外投资的中国企业提供更好的信息和金融服务。这表明集团在国际业务扩展中有望得到更多的政府支持。同时，由于中国家电具有低价和创新的特点，欧洲消费者对中国家电行业的兴趣日渐增长。因此，集团将借此有利时机，继续致力于创新和产品的提升，从而抓住新兴的国际市场需要。

致谢词

我们希望借此机会对我们的董事会，管理团队及员工的热诚、坚定的支持表示衷心的感谢。

最后，我们要感谢在商业周期沉浮中始终信任我们的股东、客户、供应商和其他利益相关者。

邵建军
执行主席

吴玉芳
行政总裁

OPERATIONS
REVIEW

Orders and Sales

The Group recorded a year-on-year ("yoy") increase in revenue of 6.1% to RMB864.3 million for the fiscal year ended 31 December 2014 ("FY2014") from RMB814.6 million for FY2013. The higher revenue is mainly attributed to a 14.5% increase in revenue derived from sales of high-performance and high-tonnage stamping machines but was partially offset by a 21.4% decrease in revenue derived from sales of conventional stamping machines as well as downward revision in the average selling prices ("ASP").

In total, sales volume of high performance and high tonnage stamping machines increased 17.4% from 4,121 units for the previous year to 4,840 units in 2014 while its ASP fell marginally by 2.5% to RMB143,015 per unit for FY2014. Sales volume of conventional stamping machines declined 21.9% from 7,618 units in 2013 to 5,946 units in 2014 while ASP for conventional stamping machines went up by 7.3% to RMB24,682 per unit for FY2014.

In terms of change in sales mix, revenue derived from sales of high-performance and high-tonnage stamping machines over total Group revenue further increased by 5.8 percentage points to 80.1% this year in accordance with the Group's strategy to enhance its high-end machinery segment. Aside from the revenue derived from sales of high-performance and high-tonnage stamping machines, 17.0% of revenue was also derived from conventional stamping machines.

As at 15 February 2015, the Group's order book stood at RMB49.7 million.

In 2014, China's economy expansion slowed down from 7.7% a year ago to 7.4%, which also fell short of the government's target of 7.5%. This marked the weakest expansion in 24 years since 1990[1]. Coupled with a slowing economy, overcapacity in the industry and increased labor cost, the Group faced a challenging operating environment in 2014. All these factors combined resulted in a negative impact on the Group's performance for FY2014.

However, the Group will continue to invest in its research and development so as to improve the scale and precision of its current products and improve its profit margins. In addition, it is also crucial for the Group to differentiate itself from its peers and secure a leading position in the industry by moving up the technical ladder as China's manufacturing industry evolves to become an advanced technology base.

We foresee challenges lying ahead in the future; however, the Group remains optimistic as demand for white goods and automobile markets in China still remain robust. Furthermore, many European countries are expressing an interest in Chinese smart appliance manufacturing due to lower costs in comparison to manufacturers who are based in developed countries. As such, the Group will seek to constantly improve product innovation and development to cater to clients who require high-end technology products. The Group endeavors

[1] *Trading Economics, "China GDP Annual Growth Rate", http://www.tradingeconomics.com/china/gdpgrowthannual*

to capture the growing opportunity and secure more deals in the coming years.

Earnings

For FY2014, the Group's gross profit increased by 2.4% to RMB265.3 million in tandem with the increased turnover. However, gross profit margin for FY2014 fell slightly by 1.1 percentage points to 30.7%.

The lower gross profit margin was mainly due to the downward revision in ASP but was partially offset by a decrease in overhead cost, and also due to an increase in the production of high-performance and high-tonnage stamping machines, which was partially offset by a decrease in production of conventional stamping machines.

Separately, gross profit margin for conventional stamping machines decreased by 4.3 percentage points to 25% for FY2014 from 29.3% for FY2013 and gross profit margin for high-performance and high-tonnage stamping machines decreased by 1.3 percentage points to 31.1% for FY2014 from 32.4% for FY2013.

Sales, distribution and selling expenses decreased by 3.9% yoy to RMB56.7 million, mainly due to a decrease in warranty services expenses, though offset by an increase in sales commission payable to sales personnel. Administrative expenses decreased by 4% yoy to RMB66.6, million mainly due to the disposal of a subsidiary, Shanghai Shangduan Press Co., Ltd, in FY2013.

The Group's other income decreased by RMB7.6 million to RMB11.0 million, due to a decrease in interest income and government subsidies, which is partially offset by an increase in rental income from a related party, and gain on disposal of Shanghai Shangduan Press Co., Ltd.

Factoring the above results, the Group's net profit for FY2014 increased 7.0% yoy to RMB108.0 million from RMB100.9 million. The Group's diluted earnings per ordinary share increased to RMB0.27 for FY2014 from RMB0.25 for FY2013, on a consistent basis of 400,000,000 outstanding shares.

Financial Position

The Group's non-current assets decreased by approximately RMB34.5 million, mainly due to acquisition of property, plant and equipment, net of depreciation of intangible assets and amortisation charges.

The Group's total current assets decreased by approximately RMB23.6 million to RMB740.8 million as at 31 December 2014, which was mainly due to the decrease of other receivables, amounting to RMB12.8 million.

Total assets stood at RMB1,665.6 million as at 31 December 2014, which is a decrease of RMB58.1 million or 3.4% yoy from the previous fiscal year-end.

Total liabilities stood at RMB557.0 million as at 31 December 2014, representing a yoy decrease of 15.4%. The decrease was largely attributable to the decrease in trade payables due to a decline in the purchase of raw materials, other payables and accruals due to payment of property, plant and equipment.

The Group recorded a net current asset of RMB316.1 million as at 31 December 2014.

Cash Flow

Cash and cash equivalents were RMB50.9 million as at 31 December 2014, compared with RMB35.3 million in the previous fiscal year.

Net cash generated from operating activities was RMB210.6 million in FY2014, compared to inflow of RMB273.7 million for FY2013.

Net cash used in investing activities was RMB47.2 million for FY2014. This was due mainly to the acquisition of property, plant and equipment and capitalization of research and development cost, and was offset by the proceeds from the disposal of property, plant and equipment.

Net cash used in financing activities was RMB146.2 million for FY2014. This was mainly from net repayment of bank loans, payment of bank loan interest and dividend. This was offset by net cash deposits released from pledge with financial institution.

BOARD OF **DIRECTORS**

1. MR. SHAO JIANJUN

Executive Chairman

Mr. Shao Jianjun was appointed as an Executive Director of the Company on 28 July 2004 and subsequently designated as the Chief Executive Officer of the Company. On 26 April 2013, he was re-designated and appointed as the Executive Chairman of the Company and was last re-elected on 26 April 2013. Mr Shao is currently Executive Chairman of World Precise Machinery (China) Co., Ltd. ("WPM (China)"). Prior to that, he was the Chief Executive Officer ("CEO") of World Precise Machinery (China) Co., Ltd. ("WPM (China)") and is in charge of the overall operations of WPM (China). Mr. Shao joined Jiangsu Danyang Stamping Machine Factory ("DSMF") as a production line worker in April 1974. He had an illustrious career in DSMF and was promoted to the position of Technical Section Leader in 1979 and further promoted to the position of Deputy General Manager in 1984.

He was subsequently transferred to JWMT when JWMT acquired the assets and business of DSMF relating to the manufacturing of stamping machines. On 18 June 1999, he was appointed as the General Manager of JWMT and continued to hold this position until he was transferred to WPM (China) in June 2004. He was subsequently appointed the CEO of WPM (China). Mr. Shao studied in the Danyang Picheng Secondary School (High School) from 1971 to 1973 and was certified as a Senior Machinery Engineer by the Science and Technology Committee in 1995. Mr. Shao participated in the Senior Executive Programme conducted by the CEIBS from September 2006 to February 2007 and obtained an Executive Masters of Business Administration from CEIBS in February 2007.

2. MR. WU YUFANG

Executive Director and Chief Executive Officer

Mr. Wu Yufang was appointed as an Executive Director of the Company on 1 March 2013 and appointed as the CEO of the Company on 26 April 2013. He was last re-elected on 26 April 2013. Mr. Wu, since February 2013, has been the CEO of WPM (China) and is in charge of overall operation of WPM (China). Mr. Wu, prior to February 2013, has been the General Manager of WPM (China) and World Heavy Machine Tools (China) Co., Ltd ("WHMT") and is in charge of overall operation of WPM (China) and WHMT. Prior to that, Mr. Wu was General Manager of WPM (China) and was in charge of overall operation of WPM (China). Mr. Wu joined DSMF as a production line worker in 1986 and was promoted to the position of production line supervisor in 1988. He was subsequently transferred to Jiangsu Fuhao Machinery Manufacturing Co., Ltd ("JFMM") as production line supervisor in June 1998 and was promoted to the position of Engineering and Manufacturing Leader in June 2004. In June 2006, he was appointed as the Assistant General Manager of WPM (China) and was in charge of overall production of WPM (China) and was promoted to the position of General Manager of WPM (China) in January 2008. Mr. Wu studied in the Danyang Picheng Secondary School (High School) from 1976 to 1978.

3. MS. JIANG HONGDI

Executive Director

Ms. Jiang Hongdi was appointed as an Executive Director of the Company on 28 April 2010 and was last re-elected on 26 April 2013. Ms. Jiang is currently the Group Finance Director. Prior to that, she was the Deputy Finance Director of WPM (China). She is responsible for directing, managing and controlling the full spectrum of accounting and financial functions of the Group's subsidiaries. Ms. Jiang was the Group Finance Manager of JWMEG from January 2004 to August 2005 and internal audit assistant manager of JWMEG from April 2003 to January 2004. She was the assistant manager of finance in Jiangsu World Nongye Jixie Co., Ltd. from April 2002 to April 2003. She was the finance accountant in Jiangsu Fuhao Group from July 2000 to February 2002. Ms. Jiang has more than 10 years of experience in the field of accounting, internal auditing and extensive experience in manufacturing industry. Ms. Jiang graduated from the Jiangsu Technological University in July 2000 with a Bachelor in Management.

4. MR. WANG WEIYAO

Non-Executive and Non-Independent Director

Mr. Wang Weiyao was appointed as a director of the Company on 28 July 2004 and was last re-elected on 29 April 2014. He relinquished his position as the Non-Executive Chairman on 26 April 2013 and remains as a Non-Executive and Non-Independent Director of the Company. Mr. Wang is currently the Chairman of Jiangsu World Machinery and Electronics Group Co., Ltd ("JWMEG") and Jiangsu World Machine Tool Co., Ltd ("JWMT"). During 1986 to 2000, Mr. Wang founded and served as the Chairman for Danyang Weaving Machine Accessories Factory, Danyang Fuhao Crankshaft Factory and Danyang Filter Equipment Factory. In each of the above mentioned companies which he had served or is serving as the Chairman, he is responsible for determining the overall strategic development direction, examining and approving the development plans of each functional department and assessing and implementing the important matters and major policies of the respective companies. Mr. Wang is a notable member of his community as evidenced by the awards which he has received, namely Danyang Top Ten Outstanding Youths, Jiangsu Top Ten Outstanding Youth Village and Town Entrepreneur as well as Zhenjiang Village and Town Entrepreneur in 2000, the 4th China Entrepreneur in 2001, Jiangsu Outstanding Youth Entrepreneur in 2004 and Zhenjiang Citizen Award in 2011. Mr. Wang participated in the CEO Programme conducted by the China Europe International Business School ("CEIBS") from September 2003 to February 2004 and obtained an Executive Masters of Business Administration from CEIBS in February 2004.

5. MR. PHANG KIN SENG (LAWRENCE)

Lead Independent Director

Mr. Phang Kin Seng (Lawrence) was appointed as an Independent Director of the Company on 28 April 2010 and appointed as the Lead Independent Director of the Company on 26 April 2013. He was last re-elected on 26 April 2012. Mr. Phang is currently the Managing Director of Vineyard Investments Pte Ltd, a boutique investment and financial consulting company with particular emphasis on the PRC market. Between May 2005 and September 2006, Mr Phang was the Executive Vice President of Yanlord Land Group Limited, where he successfully led the IPO of this major PRC property developer on the SGX-ST. Mr. Phang was also Director of International Operations (China) for International Enterprise Singapore ("IE Singapore") between November 2001 and May 2005, where he was responsible for IE Singapore's operations in Southern and Western China, through its offices in Hong Kong, Guangzhou and Chengdu. Between August 1998 and August 2001, Mr. Phang was vice-president of the business development division of Singapore Technologies Telemedia Pte Ltd, where he explored investments in telecommunications projects in the Asia Pacific region. In 1982, Mr. Phang was awarded the Colombo Plan Scholarship by the Singapore government to attend the University of Melbourne, Australia, where he graduated with First Class Honours from the Faculty of Engineering in 1985. He was also awarded the FJ Leahy Prize for being the top student of his class in the same year. In 2005, Mr. Phang attended an Advanced Management Training Programme at Qinghua University, Beijing.

6. MR. LIM YOKE HEAN

Independent Director

Mr. Lim Yoke Hean was appointed as an Independent Director of the Company on 2 July 2010 and was last re-elected on 29 April 2014. Prior to this, Mr. Lim has a 30 year-career in the financial sector which began as an Economist with the Monetary Authority of Singapore. He then became a Corporate Banker with DBS Bank before moving to the investment banking arena as a Senior Investment Manager with DBS Asset Management. Subsequently he spent 13 years with Merrill Lynch and left the global investment bank as one of its Managing Directors in the Global Markets and Investment Banking Division. For 6 years to 2010, he was a Dealing Director with OCBC Securities, responsible for corporate client businesses and capital market transactions. He then took up the position of executive director and chief executive officer of Pheim Asset Management (Asia) Pte Ltd. Currently he is the advisor and director of Aljo Consults (Singapore) Pte Ltd, a management consultancy firm incorporated in 2007. Mr. Lim graduated from Singapore University in 1979 with a 1st class honours in Bachelor of Science (Mathematics). Mr. Lim is also an Independent Director of China Fibretech Ltd. which is listed on SGX-ST.

7. MR. CHENG HONG

Independent Director

Mr. Cheng Hong was appointed as a Non-Executive and Non-Independent Director of the Company on 16 February 2011. Mr. Cheng was re-designated as an Independent Director of the Company on 27 February 2012 and was last re-elected on 29 April 2014. Mr. Cheng is currently the Executive Director of Vineyard Investments Pte Ltd, a boutique investment and financial consulting company with particular emphasis on the PRC market. He has more than 10 years of experience in the field of accounting, auditing, financial consulting and extensive experience in handling major audit assignments of public listed companies and multi-national corporations as well as assignments such as Initial Public Offering ("IPO") and due diligence. He has worked as an auditor in various international accounting firms including Baker Tilly TFW LLP and Horwath First Trust LLP. Mr. Cheng is a fellow member of The Association of Chartered Certified Accountants ("ACCA"), UK and a Chartered Accountant ("CA Singapore") of Institute of Singapore Chartered Accountants ("ISCA"). Mr. Cheng also holds a Bachelor of Science (Accounting) degree from the Oxford Brookes University (UK).

KEY **MANAGEMENT**

Mr. Tao Guoyuan
Chief Marketing Officer and General Manager of World Precise Machinery Marketing Company

Mr. Tao Guoyuan is in charge of marketing and sales of the Group. Mr. Tao, since March 2015, has been General Manager of World Precise Machinery Marketing Company ("WPMM") and is in charge of overall operation of WPMM. Prior to that, he is Deputy General Manager of WPMM and in charge of sales and market development for WPMM. Mr. Tao held the positions of Deputy General Manager cum Jiangsu province and Shanghai Regional Sales Manager (2010 to 2012) and Sales department head cum Jiangsu province Regional Sales Manager for sales and marketing (2008 to 2009) in WPM (China). He was with JWMT from 2000 to 2004 and WPM (China) from 2004 to 2008 where he last held the position of Sales Executive. Mr. Tao graduated from the Jiangsu University with a Bachelor in Marketing in 2000.

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

Mr. Shu Jianfei, since Dec 2012, has been the General Manager of World Precise Machinery Parts (Jiangsu) Co., Ltd. ("WPMP") and is in charge of overall operation of WPMP. Prior to that, Mr. Shu has been the Casting Manager of WHMT and is in charge of overall casting operation of WHMT. Mr. Shu joined DSMF as a foundry wood moulders in 1978 and was promoted to foundry supervisor in January 1993. He was transferred to JFMM as a foundry supervisor in June 1998 and was transferred to WPM (China) as a Deputy Casting Manager of WPM (China) in June 2004. He was subsequently transferred to WHMT as a Casting Manager of WHMT in Jan 2008. Mr. Shu studied in the Danyang Picheng Secondary School (High School) from 1971 –to 1973.

Mr. Zheng Yulin
Chief Technology Officer

Mr Zheng Yulin is in charge of technology and product development of the Group. He was the director of the Company from August 2008 to April 2010. Mr. Zheng has been the General Manager of WHMT from Jan 2008 to Nov 2010 and is in charge of the overall operation of WHMT. Mr. Zheng has a wealth of experience in the industry. He first started with DSMF in 1987 as a section member of its technical department and was promoted to Section Leader in 1992 before he left in 1999. Shortly after, he joined JMMT as its Section Leader of technical department and quality assurance department and was promoted to the position of Deputy General Manager and was placed in charge of production in 2003. He subsequently joined WPM (China) as Deputy General Manager and Production Manager in June 2004. He was responsible for drawing up the production plans of WPM (China) and organising its production according to the stipulated production plan. Mr. Zheng graduated from the Wuxi Light Industry Institute with a Diploma specialising in machinery in 1987.

Mr. Ge Minglei
Technical Manager of WPM (China)

Mr. Ge Minglei is responsible for the formulation of development plans for technology, as well as supervising its implementation. He first joined Jiangsu Changchai Lianhe Shougeji Company ("JCLS") in July 1999 as a member of its computer control room team. Mr. Ge was also a member of the technology department in JCLS from January 2002 to October 2003 before he joined JWMT as its Technology Department Deputy Head in November 2003. He was subsequently appointed to his current position in WPM (China) in June 2004. Mr. Ge graduated from the Jiangsu Technological University with a Bachelor in Machinery and Electronics Engineering in 1999.

Mr. Ge Baoping
Purchasing Manager of WPM (China)

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

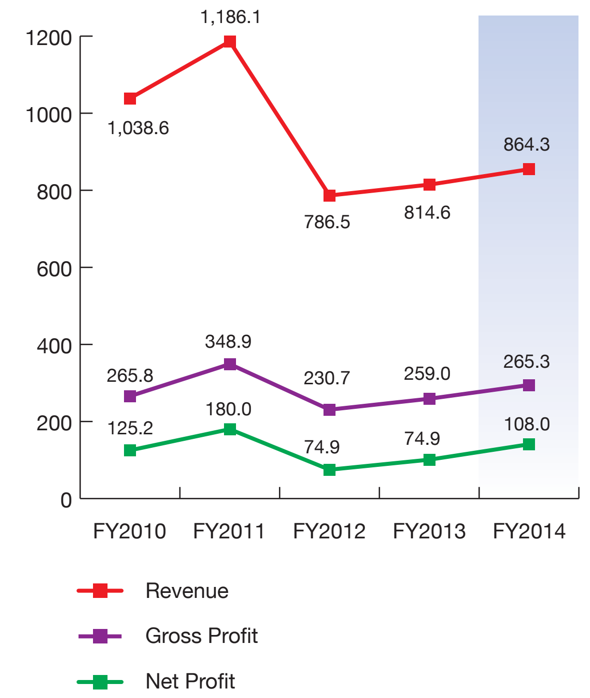
Mr. Ng Keong Khoon (Samuel)
Chief Financial Officer

Mr. Ng Keong Khoon (Samuel) is the Chief Financial Officer of World Precision Machinery Limited and is responsible for directing, managing and controlling the full spectrum of accounting and financial functions of the Group. He was an Audit Assistant with K.S. Chin & Co, an audit firm, from September 2001 to May 2002 before he joined K. C. Lau & Co in June 2002 where he last held the post of Audit Senior. Mr. Ng was with Baker Tilly TFWLCL from January 2005 to June 2008 where his last designation was Audit Assistant Manager. Mr. Ng graduated from TAR College Kuala Lumpur, Malaysia in 2001 with Advance Diploma in Commerce (Financial accounting) and also completed his Association of Chartered Certified Accountants examinations. Mr. Ng is a fellow member of The Association of Chartered Certified Accountants ("ACCA"), UK and an associate of Institute of Singapore Chartered Accountants ("ISCA").

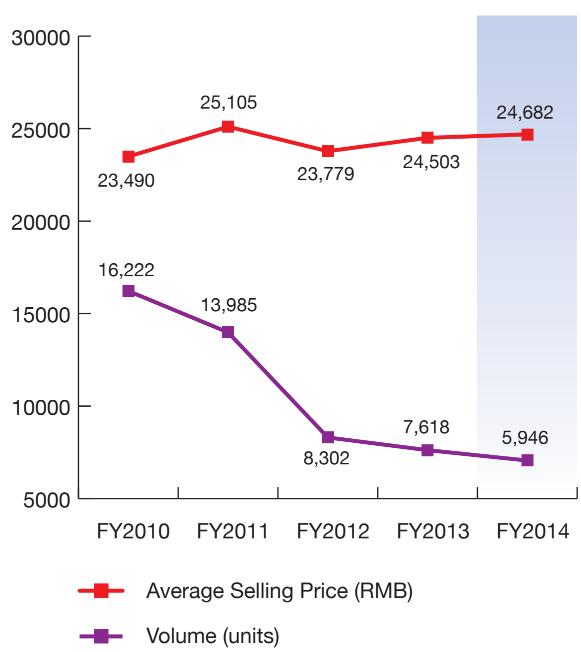
An interim dividend of RMB0.10 and a proposed final dividend of RMB0.10, represents a dividend payout ratio of 74% for FY2014.

FINANCIAL HIGHLIGHTS

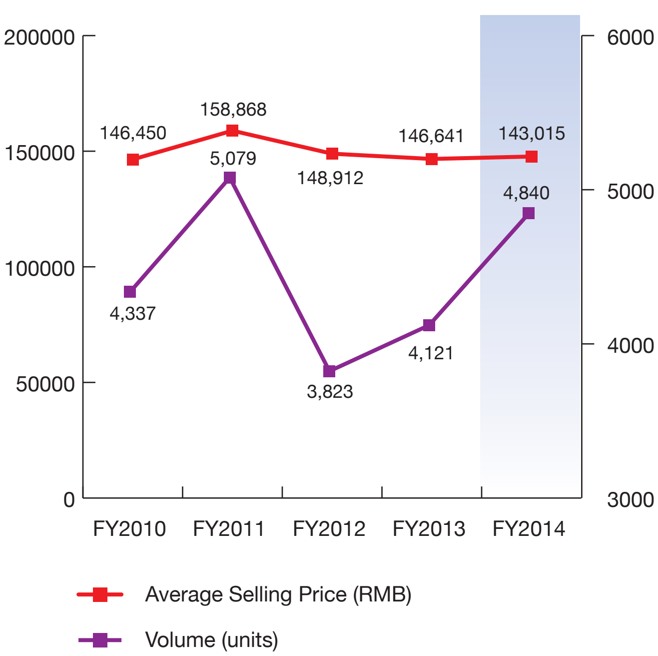
Revenue, Gross Profit and Net Profit
(RMB Million)



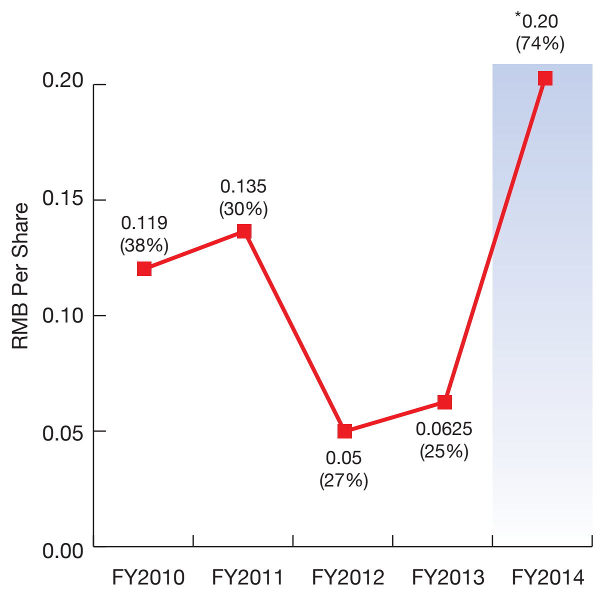
Conventional Stamping Machines



High-Performance / High-Tonnage Stamping Machines



Dividend Payout (RMB)



* Interim dividend of RMB0.10 and proposed final dividend of RMB0.10

EVENTS /

IR ACTIVITIES

World Precision seeks to enhance shareholder value not only through our focus on solid business performance and practices, but also through responsible and effective communication with its stakeholders.

World Precision has actively reached out to both individual and institutional investors through timely announcements, various investor conferences and roadshows. We believe that such efforts will allow YOU, our stakeholders, to identify with our business, our people and our values, and share our growth story.

Our contact information are as follows:

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Samuel Ng
Chief Financial Officer
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Email: saisamuelng@hotmail.com
Website: www.wpmlimited.com

Financial PR Pte. Ltd.
Ngo Yit Sung
Investor Relations Consultants
Tel: 65-6438 2990
Fax: 65-6438 0064
Email: staff@financialpr.com.sg

11 Apr 2014
Cash Dividend/
Distribution::Mandatory

29 Apr 2014
ANNUAL GENERAL MEETING

30 Apr 2014
Financial Statements and
Related Announcement:
First Quarter Results

11 Jun 2014
AWARDED NATIONAL
ACCREDITATION FOR ITS NEW
HIGH-END EQUIPMENT

12 Aug 2014
Financial Statements and
Related Announcement:
Second Quarter and/ or Half
Yearly Results

11 Nov 2014
Financial Statements and
Related Announcement:
Third Quarter Results

28 Feb 2015
Financial Statements and
Related Announcement:
Full Yearly Results

CORPORATE STRUCTURE

World Precision Machinery Limited
沃得精机有限公司

- 100% — World Precise Machinery (China) Co., Ltd.
  沃得精机(中国)有限公司
- 100% — World Heavy Machine Tools (China) Co., Ltd.
  沃得重型机床(中国)有限公司
- 100% — World Precise Machinery Parts (Jiangsu) Co., Ltd.
  沃得精密机床部件（江苏）有限公司
- 100% — World CNC Machine Tool (Jiangsu) Co., Ltd.
  沃得数控机床(江苏)有限公司
- 100% — World Precise Machinery (Shenyang) Co., Ltd.
  沃得精机(沈阳)有限公司
- 100% — World Precise Machinery Marketing Company
  沃得精机销售有限公司

REPORT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of World Precision Machinery Limited (the "Company") recognises that sound corporate governance practices are important to the proper functioning of the Company and its subsidiaries (the "Group") and enhances the interest of all shareholders.

This report sets out the corporate governance practices that have been adopted by the Company with specific reference to the principles of the Code of Corporate Governance 2012 (the "Code") which is effective in respect of the Company's Annual Report for the financial year ended 31 December 2014 ("FY2014"). Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly. Save for the deviations disclosed below, the Board confirms that the Company has adhered to the principles and guidelines of the Code (where they are applicable, relevant and practicable to the Group).

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

PRINCIPLE 1: EVERY COMPANY SHOULD BE HEADED BY AN EFFECTIVE BOARD TO LEAD AND CONTROL THE COMPANY. THE BOARD IS COLLECTIVELY RESPONSIBLE FOR THE LONG-TERM SUCCESS OF THE COMPANY. THE BOARD WORKS WITH MANAGEMENT TO ACHIEVE THIS OBJECTIVE AND MANAGEMENT REMAINS ACCOUNTABLE TO THE BOARD.

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

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

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

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

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

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

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

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

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

9. Overseeing the proper conduct of the Company's business and assuming responsibility for corporate governance.

REPORT ON CORPORATE GOVERNANCE

The Board will consider sustainability issues such as environmental and social factors as part of its strategic formulation in line with the recommendation of the Code. To assist the Board in the execution of its responsibilities and to enhance the Group's corporate governance framework, the Board delegates specific authority to three Board Committees which comprise the AC, the Nominating Committee ("NC") and the Remuneration Committee ("RC"). All Board Committees are chaired by an Independent Director and a majority of the members are Independent Directors, save for the AC which comprises all Independent Directors. These Board Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis to ensure their continued relevance. The effectiveness of each committee is also constantly monitored. The Board accepts that while these Board Committees with the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for the decisions and actions rests with the Board.

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

Only authorised spokespersons may discuss material information with the institutional and individual investment community. All meetings with members of the investment community are attended by the Chief Executive Officer ("CEO"), and/or the Chief Financial Officer ("CFO"), and/or the Lead Independent Director, and/or Mr. Cheng Hong, an Independent Director of the Company and/or the representative from the investor relations company that the Company engages. Exceptions to the Corporate Disclosure Policy must be authorised by the Board and/or any one of the authorised spokespersons.

Examples of the types of material transactions that require Board's approval pursuant to the Corporate Disclosure Policy include, but are not limited to, the following:

- Quarterly, Half year and Full year results or projections;
- Long term strategic and financial plan;
- [1]Joint venture, merger, acquisition, divestment, liquidation or other changes in the Company's assets;
- Management changes or changes in effective control of the Company;
- Declaration or omission of dividends or determination of earnings;
- Firm evidence of significant improvement or deterioration in near term earnings prospects;
- Subdivision of shares or stock dividends;
- Acquisition or loss of significant contract;
- Material orders that are above a certain threshold limit of RMB10 million or less than and equal to 3 accumulated orders above RMB10 million;
- Significant new product or discovery;
- Public or private sale of significant amount of additional securities of the Company;
- [2]Changes in directors and substantial shareholdings' interests – this includes becoming a substantial shareholder and cessation;
- Share Buyback;
- Share Option or share schemes;
- Scrip Dividend Scheme;
- [3]Interested Person Transactions;
- Call of securities for redemption;
- Borrowing of a significant amount of funds;
- Occurrence of an event of default under debt or other securities or financing or sale agreements;
- Significant litigation;
- Significant change in capital investment plans e.g. building of factories, increasing plant and machinery and increasing production lines;
- Significant dispute/s with sub-contractors, customers or suppliers, or with any parties;

- Material financial loss/damage caused by disaster and/or loss of credibility arising from corporate scandals and other fraudulent activities pursuant to any reports received under the Whistle Blowing Policy adopted by the Company;
- Tender offer for another company's securities; and
- Valuation of the real assets of the Group that has a significant impact on the Group's financial position and/or performance. A copy of the valuation report must be made available for inspection at the Company's registered office during normal business hours for 3 months from the date of announcement.

[1] The Company has adopted an Investment Policy on 11 August 2011, wherein an Investment Committee would be formed to look into any investment/divestment to be undertaken by the Company, carry out all activities of the acquisition/divestment and submit its recommendation to the Board for approval.

[2] The Company has adopted a policy for announcement of changes in shareholdings on 6 November 2009 to receive, track and announce information in a timely manner.

[3] The Company has adopted a Written Policies and Procedures for Interested Person Transaction on 11 August 2011 to ensure that all transactions with an interested person are on arms' length and on terms generally available to an unaffiliated third party under the same or similar circumstances.

References are also made to Practice Note 7.1 Continuing Disclosure of the SGX-ST Listing Manual for the Board's guidance on particular situations and issues.

The Investment Policy, Policy for Announcement of Changes in Shareholdings and Written Policies and Procedures for Interested Person Transaction were updated to be line with the Code in November 2014.

Further to the amendments to the listing rules of the SGX-ST from time to time, the Corporate Disclosure Policy was amended to be in line with applicable laws and regulations in November 2014.

The Board meets on a quarterly basis and ad-hoc Board meetings will be convened when they are deemed necessary. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments. In place of physical meetings, the Board and Board Committees also circulate written resolutions for approval by the relevant members of the Board and Board Committees. The Company's Articles of Association allow a Board meeting to be conducted by way of teleconference and video conference, audio visual, or other similar means of communications.

Directors may request further explanations, briefing or discussion on any aspect of the Group's operations or business from Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings. The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

The approval of the Board is required for any matters which are likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business as outlined above. The Board believes that when taking decisions, all directors of the Board discharge their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company.

DIRECTORS' MEETINGS HELD IN 2014

Details of Directors' attendance at Board and Board committee meetings held for the financial year ended 31 December 2014 ("FY2014") are summarised in the table below.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Meeting(s) of	Board	AC	NC	RC
Total held in FY2014	4	5	1	1
Names of Directors				
Shao Jianjun	4	N.A.	N.A.	N.A.
Wu Yufang	4	N.A.	N.A.	N.A.
Wang Weiyao	2	N.A.	0	0
Jiang Hongdi	4	N.A.	N.A.	N.A.
Phang Kin Seng (Lawrence)	3	4	1	1
Lim Yoke Hean	4	5	1	1
Cheng Hong	4	5	N.A.	N.A.

BOARD COMPOSITION AND BALANCE

PRINCIPLE 2: THERE SHOULD BE A STRONG AND INDEPENDENT ELEMENT ON THE BOARD, WHICH IS ABLE TO EXERCISE OBJECTIVE JUDGEMENT ON CORPORATE AFFAIRS INDEPENDENTLY, IN PARTICULAR, FROM MANAGEMENT AND 10% SHAREHOLDERS. NO INDIVIDUAL OR SMALL GROUP OF INDIVIDUALS SHOULD BE ALLOWED TO DOMINATE THE BOARD'S DECISION MAKING.

The composition of the Directors in the Board and Board Committees is as follows:

Name of Director		AC	RC	NC
Shao Jianjun	(Executive Chairman)	–	–	–
Wu Yufang	(Chief Executive Officer)	–	–	–
Jiang Hongdi	(Executive Director)	–	–	–
Wang Weiyao	(Non-Executive Director)	–	M	M
Phang Kin Seng (Lawrence)	(Lead Independent Director)	C	M	M
Lim Yoke Hean	(Independent Director)	M	C	C
Cheng Hong	(Independent Director)	M	–	–

C – Chairman
M – Member

Presently, the Board comprises three Executive Directors and four Non-Executive Directors, three of whom are independent. Accordingly, pursuant to Guideline 2.1 of the Code, at least one-third of the Board is made up of Independent Directors.

The Board is cognizant of the need to comply by its Annual General Meeting in 2018, with Guideline 2.2 of the Code which provides that where the Chairman is, inter alia, part of the management team or not an Independent Director, the Independent Directors should make up at least half of the Board.

The size and composition of the Board is reviewed annually by the NC to ensure that the size of the Board is appropriate so as to facilitate effective decision making. The review will ensure that there is an appropriate mix of expertise and experience, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The NC, with the concurrence of the Board, is of the view that the current Board size of seven members is adequate, taking into account the nature and size of the Group's operations, and the requirements of the business.

REPORT ON CORPORATE GOVERNANCE

Together, the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. They also provide core competencies such as accounting and finance, business experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The diversity of the directors' background allows for the useful exchange of ideas and views.

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

Key information regarding the Directors is set out on pages 12 to 14 of the Annual Report.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3: THERE SHOULD BE A CLEAR DIVISION OF RESPONSIBILITIES BETWEEN THE LEADERSHIP OF THE BOARD AND THE EXECUTIVES RESPONSIBLE FOR MANAGING THE COMPANY'S BUSINESS. NO ONE INDIVIDUAL SHOULD REPRESENT A CONSIDERABLE CONCENTRATION OF POWER.

Different individuals assume the roles of the Chairman of the Board and the CEO respectively. The separation of the roles of the Chairman and CEO ensures a balance of power and authority such that no one individual represents a considerable concentration of power. As part of the Group's succession plan, Mr. Shao Jianjun, the CEO, has been appointed as Executive Chairman, in place of Mr. Wang Weiyao, who relinquished his position as the Non-Executive Chairman on 26 April 2013. Mr. Wang remains as a Non-Executive Director of the Company. Mr. Wu Yufang, an Executive Director, has been appointed as the CEO on 26 April 2013 concurrently.

Mr. Shao and Mr. Wu are not related to each other.

As Chairman of the Board, Mr. Shao bears responsibility for the effectiveness of the Board. He is responsible for, amongst others, setting agenda, in particular, strategic issues and ensuring that adequate time is available for discussion of all agenda items and ensuring that the Directors receive complete and adequate, timely and clear information. In addition to making sure that effective communication is achieved with the shareholders, he acts as facilitator to non-executive directors for them to effectively contribute to the Group. He is also responsible for encouraging constructive relations within the Board and between Management and the Board. The Company Secretary and/or his representative(s) assist(s) the Chairman in scheduling the Board and Board Committees' meetings with the CFO.

Mr. Shao is also responsible for promoting high standards of corporate governance.

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

The above is not an exhaustive description of the current or future roles of the Chairman and CEO. The roles of the Chairman and CEO may change in line with any developments that affect the Group.

As the Chairman is part of the management team and not an independent director, pursuant to the recommendations of the Code, Mr. Phang Kin Seng (Lawrence), an Independent Director and the Chairman of the Audit Committee, was appointed as the Lead Independent Director on 26 April 2013. Mr. Phang, being one of the key contacts listed in the Group's Whistle Blowing Policy, is available to shareholders and any other persons where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the CFO has failed to resolve or is inappropriate.

The Independent Directors are in frequent contact with one another outside the Board and Board Committees' meetings and hold constant informal discussions amongst themselves. For FY2014, the Independent Directors have met periodically without the presence of other Directors and the Lead Independent Director had at each Board meeting, provided feedback of such meetings to the Chairman so as to facilitate effective discussion with the Chairman and between the Board, on strategic issues and any other issues that may arise.

BOARD MEMBERSHIP

PRINCIPLE 4: THERE SHOULD BE A FORMAL AND TRANSPARENT PROCESS FOR THE APPOINTMENT AND RE- APPOINTMENT OF DIRECTORS TO THE BOARD.

NOMINATING COMMITTEE ("NC")

The NC is regulated by a set of written terms of reference which are in line with the Code.

The NC comprises three members, two of whom are Independent Directors, as set out below:-

Mr. Lim Yoke Hean	(Independent Director)	– NC Chairman
Mr. Phang Kin Seng (Lawrence)	(Lead Independent Director)	– NC Member
Mr. Wang Weiyao	(Non-Executive Director)	– NC Member

The NC is responsible for, including but not limited to, the following key terms of reference:

(a) to make recommendations to the Board on all Board appointments and re-appointments (including Alternate Directors, if applicable), or re-elections, having regard to the directors' competencies, commitment, contribution and performance;

(b) to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;

(c) to determine annually, on a discretionary basis, whether or not a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;

(d) in respect of a director who has multiple board representations on various companies, to decide whether or not such director is able to and has been adequately carrying out his/her duties as a director, having regard to the competing time commitments that are faced when serving on multiple boards of listed companies and other principal commitments and to recommend to the Board guidelines to address competing time commitments faced by Directors, if any, who serve on multiple boards;

(e) to determine the process for search, nomination, selection and appointment of new Board members and assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he is independent, including disclosure on the search and nomination process;

(f) to review Board succession plans for Directors, in particular, the Chairman and CEO and progressive renewal of the Board by considering each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;

(g) to determine how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;

(h) to assess the effectiveness of the Board as a whole and its Board Committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board; and

(i) to review training and professional development programs for the Board.

REPORT ON CORPORATE GOVERNANCE

The Company has in place a Process for Selection and Appointment of New Directors which provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience and assessment of candidates' suitability.

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

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

Recommendations of the NC are then put to the Board for consideration. The Board will review the recommendation and approve the appointment as appropriate. Any appointments to Board Committees would be reviewed and approved at the same time. The appointments would be formalized by a Board resolution and the requisite announcement and notification to the authorities.

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

Newly appointed Directors are provided with background information about the history, Group structure, business operations, vision and values, strategic direction, policies and governance practices. They will also have the opportunity to visit the Group's operational facilities and to meet with Management so as to gain a better understanding of the Group's business operations. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary trainings and briefings. The Board is also updated on amendments and requirements of the SGX-ST and other statutory and regulatory requirements from time to time.

Directors may also attend relevant courses, conferences, seminars, workshops or training programs at the Company's expense to enable them to effectively discharge their duties as a Director, if required, from time to time.

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

The NC, which is responsible for reviewing the independence of each Director on an annual basis, has adopted the Code's definition of what constitutes an independent director and guidelines as to relationships which would deem a director not to be independent. In addition, the NC requires each Non-Executive Director to assess his own independence by completing a Confirmation of Independence form which is drawn up in accordance with the guidelines of the Code and state whether he considers himself independent despite having any of the relationships identified in the Code which would deem him not to be independent, if any.

The NC had reviewed the independence of Board members with reference to the guidelines set out in the Code. Mr. Wang Weiyao, who is the controlling shareholder of the Company, is considered not independent of the Company's Management as contemplated by the Code. Both the NC and the Board had noted Mr. Wang's declaration and concluded that he is to be considered a Non-Executive and Non-Independent Director.

Save as disclosed, none of the other Non-Executive Directors are related and do not have any relationship with the Company, its related corporations, its substantial shareholder with a shareholding of 10% or more, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

The Board, with the concurrence of the NC, having considered the Confirmation of Independence forms submitted by Messrs. Phang Kin Seng (Lawrence), Lim Yoke Hean and Cheng Hong, concluded that they are independent and free from any relationships outlined in the Code. None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment.

Pursuant to its Terms of Reference, the NC is required to determine if a director has been adequately carrying out his duties as a director of the Company, particularly if he has multiple Board representations in listed companies and other principal commitments. In view of this, the NC, having considered the confirmations received from Messrs. Phang Kin Seng (Lawrence) and Lim Yoke Hean, Cheng Hong, concluded that such multiple Board representation (where applicable) do not hinder each Director from carrying out his duties as Director of the Company. The NC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NC's views.

In determining whether each Director is able to devote sufficient time to discharge his duty, the NC has taken cognizance of the Code requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and his respective principal commitments per se. The contributions by Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings, in addition to each of their principal commitments, should also be taken into account. The NC and the Board will review the number of listed company board representations of the Directors on an annual basis or from time to time when the need arises.

Directorships or chairmanships held by the Company's Directors in other listed companies are as follows:

Name of Director[(1)]	Date of first appointment / last re-election	Directorships in other listed companies	
		Current	Past 3 Years
Mr. Shao Jianjun (Executive Chairman)	28 Jul 2004 / 26 April 2013	Nil	Nil
Mr. Wu Yufang (Chief Executive Director)	1 March 2013 / 26 April 2013	Nil	Nil
Ms. Jiang Hongdi (Executive Director)	28 Apr 2010 / 26 April 2013	Nil	Nil
Mr. Wang Weiyao (Non-Executive Director)	28 Jul 2004 / 29 April 2014	Nil	Nil
Mr. Phang Kin Seng (Lawrence) (Lead Independent Director)	28 Apr 2010 / 26 April 2012	Nil	Nil
Mr. Lim Yoke Hean (Independent Director)	2 July 2010 / 29 April 2014	China Fibretech Ltd	Nil
Mr. Cheng Hong (Appointed as Non-Executive on 16 Feb 2011 and was re-designated as Independent Director on 27 Feb 2012)	16 Feb 2011 / 29 April 2014	Nil	Nil

(1) The principal commitment of the Directors, if any, is set out in the "Board of Directors" section in this Annual Report

All the directors submit themselves for re-election at regular intervals of at least once every three years. Article 89 of the Articles of Association of the Company requires one-third of the Board (other than the Managing Director) to retire by rotation at every Annual General Meeting ("AGM"). Article 88 of the Articles of Association of the Company requires any person appointed as a director of the Company to hold office only until the next Annual General Meeting following their appointment. The retiring Directors are eligible to offer themselves for re-election.

The NC, having considered the attendance and participation of the following Directors at Board and Board Committees meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr. Shao Jianjun, Ms. Jiang Hongdi and Mr. Phang Kin Seng (Lawrence) who will be retiring pursuant to Article 89 at the forthcoming AGM.

All Directors retiring by rotation have consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, the above Directors will be offering themselves for re-election.

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

BOARD PERFORMANCE

PRINCIPLE 5: THERE SHOULD BE A FORMAL ANNUAL ASSESSMENT OF THE EFFECTIVENESS OF THE BOARD AS A WHOLE AND ITS BOARD COMMITTEES AND THE CONTRIBUTION BY EACH DIRECTOR TO THE EFFECTIVENESS OF THE BOARD.

The Company acknowledges the importance of a formal assessment of Board performance and has adopted a formal system of evaluating Board performance as a whole.

Currently, the Board does not assess the performance of each Director or at the Board Committees' level. The Board is of the view that given the Board's size, cohesiveness of Board members and attendance of Directors at Board Committees' meetings, there is no value-add in having assessments of Board Committees and individual Board members. To-date, no external facilitator has been used.

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

Each Director is required to complete a questionnaire approved by the Board, the contents of which are as follows:

- Board composition;
- Information to the Board;
- Board procedures;
- Board accountability;
- Matters concerning the CEO/Management; and
- Standard of conduct.

During the year, an evaluation of the Board performance had been conducted. The evaluation exercise provided feedback from each director, his views on the Board process and procedures as well as the effectiveness of the Board as a whole. The results of the Board performance evaluation were collated and presented to the NC for discussion with comparatives from the previous year's results.

The NC was generally satisfied with the results of the Board performance evaluation for FY2014, which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. The NC would continue to evaluate the process for such review and its effectiveness from time to time.

REPORT ON CORPORATE GOVERNANCE

ACCESS TO INFORMATION

PRINCIPLE 6: IN ORDER TO FULFILL THEIR RESPONSIBILITIES, DIRECTORS SHOULD BE PROVIDED WITH COMPLETE, ADEQUATE AND TIMELY INFORMATION PRIOR TO BOARD MEETINGS AND ON AN ON-GOING BASIS SO AS TO ENABLE THEM TO MAKE INFORMED DECISIONS TO DISCHARGE THEIR DUTIES AND RESPONSIBILITIES.

Management is required to provide complete, adequate and timely information to the Board on Board affairs and issues that require the Board's decision. Information provided included background or explanations relating to matters to be brought before the Board and copies of disclosure documents, budgets, forecasts and internal financial statements. In respect of budgets, any material variance between the projection and actual results were also disclosed and explained.

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

The Company Secretary and/or his representative(s) attend(s) all Board meetings and assist the Board in ensuring that Board procedures and all other rules and regulations applicable to the Company are complied with. The Company Secretary also follow the direction of the Chairman to ensure that there is sufficient/pertinent information flow within the Board and its committees and between Management and Non-Executive Directors, as well as to facilitate orientation and assist with professional development when required to do so. The appointment and removal of the Company Secretary are subject to approval by the Board.

The Company has in place a procedure to enable the Directors, whether as a group or individually, to obtain independent professional advice as and when necessary in furtherance of their duties at the Company's expense.

The appointment of such independent professional advisor is subject to approval by the Board.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 7: THERE SHOULD BE A FORMAL AND TRANSPARENT PROCEDURE FOR DEVELOPING POLICY ON EXECUTIVE REMUNERATION AND FOR FIXING THE REMUNERATION PACKAGES OF INDIVIDUAL DIRECTORS. NO DIRECTOR SHOULD BE INVOLVED IN DECIDING HIS OWN REMUNERATION.

REMUNERATION COMMITTEE ("RC")

The RC ensures the appropriateness, transparency and accountability to shareholders on issues of remuneration of the Directors and Management.

The RC is regulated by a set of written terms of reference, which are in line with the Code.

The RC comprises three members, two of whom are independent directors, as set out below:

Mr. Lim Yoke Hean	(Independent Director)	– RC Chairman
Mr. Phang Kin Seng (Lawrence)	(Lead Independent Director)	– RC Member
Mr. Wang Weiyao	(Non-Executive Director)	– RC Member

The RC is responsible for, including but not limited to, the following key terms of reference:

(a) to review and recommend to the Board a general framework of remuneration for the Board and key management personnel;

(b) to review and recommend to the Board the specific remuneration packages and terms of employment for each Executive Director and key management personnel of the Group and employees related to the Directors or, controlling shareholders of the Group.

Such remuneration package for the Executive Director and key management personnel of the Group should be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company. It should also be performance-related and aligned with the interests of shareholders and promote the long-term success of the Company, symmetric with risk outcomes and be sensitive to the time horizon of risks, comparable within the industry and with comparable companies and appropriate and meaningful as measures of assessing the performance of Executive Directors and key management personnel. A significant and appropriate proportion of the remuneration of Executive Directors and key management personnel should be structured so as to link rewards to corporate and individual performance.

The remuneration package of employees related to Directors or controlling shareholders of the Group should be in line with the Group's staff remuneration guidelines and commensurates with their respective job scopes and levels of responsibility;

The service contracts of the Executive Directors and key management personnel should contain the following contractual provisions:

(i) to allow the Group to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatements of financial results or of misconduct resulting in financial loss of the Group; and

(ii) to consider what compensation commitments the Executive Directors and key management personnel's contracts of service, if any, would entail in the event of termination with a view to be fair and reasonable, not overly generous and avoid rewarding poor performance.

(c) to recommend the appropriate remuneration of the Non-Executive Directors to the level of their contribution, taking into account factors such as effort and time spent, and their responsibilities and that they should not be overly compensated to the extent that their independence may be compromised;

The RC may consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align their interests with the interests of the shareholders;

(d) to review whether the Executive Directors and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith; and

(e) to administer the performance based Bonus scheme and any other share option scheme or share plan established from time to time for the Directors and key management personnel.

REPORT ON CORPORATE GOVERNANCE

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

The Company did not appoint any remuneration consultant. If required, the RC will seek expert advice inside and/or outside the Company on remuneration of all Directors and key management personnel.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8: THE LEVEL OF REMUNERATION SHOULD BE ALIGNED WITH THE LONG-TERM INTEREST AND RISK POLICIES OF THE COMPANY, AND SHOULD BE APPROPRIATE TO ATTRACT, RETAIN AND MOTIVATE (A) THE DIRECTORS TO PROVIDE GOOD STEWARDSHIP OF THE COMPANY, AND (B) KEY MANAGEMENT PERSONNEL TO SUCCESSFULLY MANAGE THE COMPANY. HOWEVER, COMPANIES SHOULD AVOID PAYING MORE THAN IS NECESSARY FOR THIS PURPOSE.

The remuneration packages are set such that the Directors are adequately but not excessively remunerated compared to other comparable companies in the industry in view of present market conditions. The remuneration policy adopted takes into account the individual's and the Company's performance.

Mr. Shao Jianjun had entered into a service agreement with the Company for a period of 3 years commencing 26 April 2009. Mr. Shao's service agreement which will be expiring on 27 April 2015, was renewed for a further 3 years, commencing 27 April 2015.

Ms. Jiang Hongdi had entered into a service agreement with the Company for a period of 3 years commencing 28 April 2010. Ms. Jiang, whose service agreement had expired on 27 April 2013, had entered into a supplemental service agreement with the Company for a further 3 years which will expire on 27 April 2016.

Mr. Wu Yufang had entered into a service agreement with the Company for a period of 3 years commencing 1 March 2013.

The service agreements may be terminated during such term either as provided in the service agreements or by either party giving to the other not less than three months' written notice. There are no onerous compensation commitments on the part of the Company or its subsidiary in the event of an early termination of the service of an Executive Director.

Although there is no contractual provisions in the service agreements of the Executive Directors and key management personnel to allow the Company to reclaim incentive components of remuneration where there have been exceptional circumstances of misconduct or misstatement of financial results in loss to the Company, the Company retains half of their bonus in the Company for a period of 1 year, which would be forfeited in the event of such breach of their duties.

The RC will carry out an annual review of the Executive Directors and key management personnel's remuneration packages to ensure that their remuneration commensurate with their performance, giving due regard to the financial health and business needs of the Group. For FY2014, the RC is satisfied with the Executive Directors and key management personnel's remuneration packages and recommended the same for Board approval. The Board had approved the RC's recommendation accordingly.

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Other than directors' fees, which have to be approved by shareholders at every AGM, the Independent Directors do not receive any other forms of remuneration from the Company.

REPORT ON CORPORATE GOVERNANCE

Directors' fees amounting to S$300,000 for the financial year ending 31 December 2015 have been proposed for payment in arrears on a quarterly basis. This recommendation has been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

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

Presently, the Company does not have any share option or long term incentive scheme in place.

DISCLOSURE ON REMUNERATION

PRINCIPLE 9: EVERY COMPANY SHOULD PROVIDE CLEAR DISCLOSURE OF ITS REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION, AND THE PROCEDURE FOR SETTING REMUNERATION IN THE COMPANY'S ANNUAL REPORT. IT SHOULD PROVIDE DISCLOSURE IN RELATION TO ITS REMUNERATION POLICIES TO ENABLE INVESTORS TO UNDERSTAND THE LINK BETWEEN REMUNERATION PAID TO DIRECTORS AND KEY MANAGEMENT PERSONNEL, AND PERFORMANCE.

Directors

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

	Salary %	**Variable/Performance-related Income/Bonus %**	**Benefits in Kind %**	**Fees %**	**Total %**
Below S$250,000:					
Shao Jianjun	100	–	–	–	100
Wu Yufang	58	42	–	–	100
Jiang Hongdi	61	39	–	–	100
Wang Weiyao	–	–	–	100	100
Phang Kin Seng (Lawrence)	–	–	–	100	100
Lim Yoke Hean	–	–	–	100	100
Cheng Hong	–	–	–	100	100

Key management personnel

The top five key management personnel of the Group (in terms of remuneration) for FY2014 are Messrs. Ge Baoping, Tao Guoyuan, Zheng Yulin, Ng Keong Khoon (Samuel) and Shu Jianfei.

A breakdown of the level and mix of the remuneration of each of the key management personnel for FY2014 is as follows:-

	Salary %	**Variable/Performance-related Income/Bonus %**	**Benefits in Kind %**	**Total %**
Below S$250,000:				
Ge Baoping	–	100	–	100
Tao Guoyuan	–	100	–	100
Zheng Yulin	42	58	–	100
Mr. Ng Keong Khoon (Samuel)	100	–	–	100
Shu Jianfei	40	60	–	100

The aggregate remuneration paid to the top five key management personnel is approximately RMB2.34 million.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top five key management personnel. Due to the confidentiality and commercial sensitivity attached to remuneration matters, in particular those of our top five key management personnel, given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of each individual director and the key management personnel. Instead, the disclosures had been provided in applicable bands of S$250,000 as above, with a breakdown in percentage of the remuneration earned through fees, fixed component, variable component, benefits in kind, and/or other long term incentives.

The immediate family members of the CEO and/or the Executive Directors are:

Name	Immediate family member of:	Designation
Shao Xiaopu	Son of Mr. Shao Jianjun	Head of Technical Department of World CNC Machine Tool (Jiangsu) Co., Ltd.
Li Wenjuan	Daughter-in-law of Mr. Shao Jianjun	Deputy Finance Manager of World Heavy Machine Tools (China) Co., Ltd.
Ge Minglei	Husband of Ms. Jiang Hongdi	Deputy Chief Engineer of World Precise Machinery (China) Co., Ltd.
Wu Xiaofang	Brother of Mr. Wu Yufang	Regional Sales Manager of World Precise Machinery Marketing Company

Save as disclosed below, none of the remuneration of the employee (who is an immediate family member of a Director or the CEO of the Company) exceeded $50,000 for the financial year ended 31 December 2014:-

Name	Relationship with Director or the CEO
$50,000 to below $100,000	
Li Wenjuan (Deputy Finance Manager of World Heavy Machine Tools (China) Co., Ltd.)	Daughter-in-law of Mr. Shao Jianjun
Wu Xiaofang (Sales Regional Manager of World Precise Machinery Marketing Company)	Brother of Mr. Wu Yufang

ACCOUNTABILITY AND AUDIT

Accountability

PRINCIPLE 10: THE BOARD SHOULD PRESENT A BALANCED AND UNDERSTANDABLE ASSESSMENT OF THE COMPANY'S PERFORMANCE, POSITION AND PROSPECTS.

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

In line with the requirements of the SGX-ST, negative assurance statements were issued by the Board to accompany the Group's quarterly financial results announcements, confirming to the best of the Board's knowledge that nothing had come to the Board's attention which could render the Company's results announcements to be false and misleading. The Company is not required to issue negative assurance statements for its full year results announcement.

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 11: THE BOARD IS RESPONSIBLE FOR THE GOVERNANCE OF RISK. THE BOARD SHOULD ENSURE THAT MANAGEMENT MAINTAINS A SOUND SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROLS TO SAFEGUARD SHAREHOLDERS' INTERESTS AND THE COMPANY'S ASSETS, AND SHOULD DETERMINE THE NATURE AND EXTENT OF THE SIGNIFICANT RISKS WHICH THE BOARD IS WILLING TO TAKE IN ACHIEVING ITS STRATEGIC OBJECTIVES.

The Board acknowledges that it is responsible for the overall internal control framework and maintains a sound system of internal controls to safeguard the shareholders' interests and the Company's assets.

Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and AC. To assist the Board in carrying out its responsibility of overseeing the Group's risk management framework, processes and policies, it has delegated the authority to the AC for overseeing the Risk Management Committee ("RMC") established by Management with effect from FY2014. For the purpose of the RMC, the head of Finance has been appointed as the Risk Compliance Officer. He will work with Nexia TS Risk Advisory Pte. Ltd. ("Nexia TS Risk Advisory") on their findings and report any risk matters to the CEO. The RMC comprises the CEO, CFO and the Risk Compliance Officer.

For FY2014, the RMC, had reported to the AC on a quarterly basis, and the AC had in turn reported its finding(s) and/or recommendation(s) to the Board for its information and/or approval, if required. No known significant deficiencies or lapses in risk management and internal controls systems were noted in FY2014.

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

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

The Internal and External Auditors have, during the course of their audits, carried out a review of the effectiveness of key internal controls within the scope of their audit. Material non-compliance and internal control weaknesses noted during their respective audits and their recommendations are reported to the AC. The AC has reviewed the CSA report and Internal and External Auditors' comments to ensure that there are adequate internal controls in the Group and follow up actions from the last audit reviews have been implemented. The AC will ensure that recommendations by the CSA report and Internal and External Auditors, arising from the FY2014 audits be followed up and implemented by Management at the next audit reviews or within the timeline stipulated in the respect audit reports for FY2015.

In line with the Code, the AC, with the concurrence of the Board, had adopted a Management Assurance Confirmation Statement ("Management Assurance Statement") in May 2013. For FY2014, the CEO and CFO had provided a Management Assurance Statement confirming that:

(i) Management is aware of their responsibilities for establishing, maintaining and evaluating the effectiveness of the risk management and internal control systems of the Company;
(ii) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances;
(iii) to the best of their knowledge, nothing has come to their attention as Management, which would render the interim financial statements to be false or misleading in any material aspect; and
(iv) Management has updated the AC that there are no known significant deficiencies or lapses in risk management and internal controls systems relating to the Company's financial, operational, compliance and information technology controls which could adversely affect the Company's ability to record, process, summarise or report financial data, or any fraud, whether material or not that involves Management or other employees who have a significant role in the Company's internal controls.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The review of the Group's internal control system is a concerted and continuing process.

As recommended by the SGX-ST, an opinion of the Board with the concurrence of the AC on the adequacy and effectiveness of the internal controls, addressing financial, operational, compliance and information technology risks, and risk management policies is set out in the Directors' Report under page 46 of the Annual Report.

The Group's financial risk management is disclosed under Note 31(b) of the Notes to the Financial Statements on pages 84 to 87 of this Annual Report.

AUDIT COMMITTEE ("AC")

PRINCIPLE 12: THE BOARD SHOULD ESTABLISH AN AUDIT COMMITTEE ("AC") WITH WRITTEN TERMS OF REFERENCE WHICH CLEARLY SET OUT ITS AUTHORITY AND DUTIES.

The AC is regulated by a set of written terms of reference, which are in line with the Code.

The AC comprises all independent directors, including the AC Chairman, as set out below:

Mr. Phang Kin Seng (Lawrence)	(Lead Independent Director)	– AC Chairman
Mr. Lim Yoke Hean	(Independent Director)	– AC Member
Mr. Cheng Hong	(Independent Director)	– AC Member

The Board is of the view that the members of the AC are appropriately qualified, having the necessary recent and relevant accounting and/or related financial management expertise or experience as the Board interprets such qualification in its business judgement, to discharge their responsibilities.

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

(a) with the Internal and External Auditors the audit plans, their evaluation of the system of internal controls, audit reports, letters to Management and Management's response respectively;

(b) the quarterly and annual financial statements and balance sheet and profit and loss accounts before submission to the Board for approval so as to ensure the integrity of the Company's financial statements, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement ,compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(c) annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies;

(d) where deficiencies in internal controls have been identified, to ensure that appropriate and prompt remedial attention is taken by Management;

(e) the internal controls and procedures to ensure co-ordination between the Internal and External Auditors and co-operation from Management and assistance given to facilitate their audit and problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

(f) with the External Auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(g) the scope and results of the internal audit programme/procedures and review at least annually the adequacy of effectiveness of the Company's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience and has appropriate standing within the Company;

(h) annually the scope and results of the audit and its cost effectiveness as well as independence and objective of the External Auditors;

(i) co-ordination between the Internal and External Auditors;

(j) the appointment or re-appointment of the Internal and External Auditors and matters relating to resignation or dismissal of the auditors;

(k) arrangements by which staff of the Group and any other persons may in confidence, raise concerns about possible improprieties in financial reporting or, other matters;

(l) interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual on a quarterly basis;

(m) potential conflicts of interests, if any; and

(n) such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC and generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

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

The AC meets with the Group's Internal and External Auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group. For FY2014, the AC has:

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

(ii) conducted a review of the non-audit services provided by the External Auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors as well as the cost effectiveness of the audit before confirming their re-nomination. The following fees amounting to S$141,500 were approved:

Audit fees	S$140,000
Non-Audit fees	S$1,500

The External Auditors had also confirmed their independence in this respect;

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

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

(iv) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm based in Singapore to audit its accounts, and its foreign-incorporated subsidiaries. The Group's subsidiaries are disclosed under Note 12 of the Notes to the Financial Statements on pages 73 and 74 of this Annual Report.

The AC, with the concurrence of the Board, had recommended the re-appointment of Messrs. Baker Tilly TFW LLP as External Auditors for FY2015 at the forthcoming AGM, based on their performance and quality of their audit.

The External Auditors and/or the CFO will update the AC on the changes to accounting standards and issues which have a direct impact on financial statements from time to time. In addition, the AC is entitled to seek clarification from Management, the External Auditor and/or the Internal Auditor or independent professional advice, or attend relevant seminars, informative talks at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

The Company has put in place a Whistle Blowing Policy which provides well-defined and accessible channels in the Group through which staff may in confidence, raise their concerns about possible improprieties, fraudulent activities, malpractices within the Group in a responsible and effective manner in matters of financial reporting or other matters. The Whistle Blowing Policy was updated in line with the Code to extend the policy to "any other persons" in addition to the Group's employees. The objective of the Policy is to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. No reports on whistle-blowing incidents were received in FY2014.

INTERNAL AUDIT

PRINCIPLE 13: THE BOARD SHOULD ESTABLISH AN EFFECTIVE INTERNAL AUDIT FUNCTION THAT IS ADEQUATELY RESOURCED AND INDEPENDENT OF THE ACTIVITIES IT AUDITS.

The Group has also outsourced its internal audit function to Nexia TS Risk Advisory as its Internal Auditors. The Internal Auditors reports directly to the AC on internal audit matters and to the CEO on administrative matters.

The role of the Internal Auditors is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC.

The AC will review the adequacy of the internal audit function annually to ensure that the internal audit function is sufficiently resourced and is able to perform its function effectively and objectively. For FY2014, the AC is satisfied that Nexia TS Risk Advisory has adequate resources and experience to meet its internal audit obligations.

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 14: COMPANIES SHOULD TREAT ALL SHAREHOLDERS FAIRLY AND EQUITABLY, AND SHOULD RECOGNISE, PROTECT AND FACILITATE THE EXERCISE OF SHAREHOLDERS' RIGHTS, AND CONTINUALLY REVIEW AND UPDATE SUCH GOVERNANCE ARRANGEMENTS.

PRINCIPLE 15: COMPANIES SHOULD ENCOURAGE GREATER SHAREHOLDER PARTICIPATION AT AGMS, AND ALLOW SHAREHOLDERS THE OPPORTUNITY TO COMMUNICATE THEIR VIEWS ON VARIOUS MATTERS AFFECTING THE COMPANY.

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

Information is communicated to shareholders on a timely basis. Communication is made through annual reports or circulars that are prepared and issued to all shareholders as well as quarterly and full year announcements, containing a summary of the financial information and affairs of the Group for the period, notices and explanatory notes of annual general meetings and extraordinary general meetings, other announcements and press releases that are issued via SGXNET. Shareholder can also access the Group's website at www.wpmlimited.com for the aforementioned information on the Group.

The Board has also taken steps to solicit and understand the views of the shareholders through results briefings from time to time. In addition, shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and goals. Shareholders may vote in person or in absentia by way of proxy forms deposited, in person or by mail, at the registered address of the Company at least 48 hours before the meetings.

Currently, the Board has not implemented any voting methods to allow shareholders to vote by way of electronic mail or facsimile. However, pursuant to Article 73 of the Articles of Association of the Company, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow shareholders who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by electronic mail or facsimile. Pursuant to Article 68 of the Articles of Association of the Company, a shareholder shall not be entitled to appoint more than two proxies to attend and vote at the same general meeting. Guideline 14.3 of the Code recommending that companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies cannot be complied with until the law is changed to allow unequal treatment of shareholders holding the same class of ordinary shares such that one set of shareholders (nominees) can be entitled to appoint more than two proxies. However, investors who hold shares through nominees such as Central Provident Fund and custodian banks are allowed to attend general meetings as observers.

The Board noted that the SGX-ST had on 31 July 2013 introduced new listing rules to promote greater transparency in general meetings and support listed companies in enhancing their shareholders' engagement. The Company would be required to conduct its votings in general meetings by poll with effect from 1 August 2015 where shareholders are accorded rights proportionate to the shareholding and all votes are counted. The Board believes that the new rule will enhance transparency of the voting process and encourage greater shareholder participation.

The AGM is the principal forum for dialogue with shareholders. The Board welcomes questions from shareholders who have an opportunity to raise issues or seek clarifications either informally or formally before or at the AGM.

REPORT ON CORPORATE GOVERNANCE

The notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting for ordinary resolutions and 21 days before the meeting for special resolutions. There are separate resolutions on each distinct issue. The Chairmen of the AC, NC and RC will normally be available at the shareholders' meetings to answer those questions relating to the work of these committees. The External Auditors of the Company will also normally be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

Other than communicating with Shareholders at AGMs, in FY2014, the Company has engaged an external Investor Relations firm, Financial PR Pte. Ltd., to assist with its investor relations matters. Media, analysts, investors and shareholders may also contact the representatives of Financial PR Pte. Ltd., the and Company's CFO on any investor relations matters; their contact details are set out in the Company's media released to the SGX-ST. In FY2014, the Company, represented by representatives of Financial PR Pte. Ltd. and the Company's CFO, met with institutional and retail investors, shareholders and analysts every quarter for results briefing.

The Company does not have a policy on payments of dividends. The form, frequency and amount of dividends declared each year will take into consideration the group's profit growth, cash position, positive cash generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividend and where dividends are not paid, the Company will disclose its reason(s) accordingly. For FY2014, the Company had paid an interim dividend of RMB0.10 (equivalent to S$0.0210) and the Board has recommended the payment of a final Tax-Exempt (One-Tier) dividend of RMB0.10 (equivalent to S$0.0217) per share, subject to the shareholders' approval at the forthcoming AGM to be held on 28 April 2015.

Securities Transactions

The Group has adopted a set of Code of Conduct to provide guidance to its officers regarding dealings in the Company's securities, in compliance with Rule 1207(19) of the SGX-ST Listing Manual. In accordance with the said rule, the officers of the Company shall not deal in the Company's securities during the period commencing 2 weeks or 1 month before the date of announcement of the Company's quarterly or full year results respectively and ending on the date of announcement of the relevant results. In addition, the Directors, key officers and employees of the Group are discouraged from dealing in the Company's securities on short-term considerations and when they are in possession of any unpublished material price-sensitive information of the Group.

Interested Person Transactions

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC at its quarterly meetings. When a potential conflict of interest arises, the Director concern does not participate in discussions and refrains from exercising any influence over other members of the Board.

The aggregate value of interested person transactions entered into during the financial year under review is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the listing Manual (excluding transactions less than S$100,000)
	RMB'000	**RMB'000**
Jiangsu World Machinery and Electronics Group Co., Ltd. Processing fees received and sale of parts.	89	–
Jiangsu World Machinery and Electronics Group Co., Ltd. Processing fees paid and purchase of scrap materials.	4,039	–
Jiangsu World Plant-Protecting Machinery Co., Ltd . Processing fees received, sale of raw materials and parts.	145	–
Jiangsu World Plant-Protecting Machinery Co., Ltd. Purchase of raw materials and scrap materials.	353	–
Jiangsu World Agriculture Machinery Co., Ltd. Processing fees received, sale of raw materials, parts and machineries.	3,934	–
Jiangsu World Agriculture Machinery Co., Ltd. Purchase of raw materials, parts and scrap materials.	1,831	–
Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd. Processing fees received, sale of raw materials, parts and machineries.	2,883	–
Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd. Processing fees paid, purchase of raw materials, parts and scrap materials.	7,017	–
World Agriculture (Shenyang) Co., Ltd. Rental income and utilities.	8,280	–

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the listing Manual (excluding transactions less than S$100,000)
World Heavy Industry (China) Co., Ltd. Sale of raw materials and parts.	128	–
World Heavy Industry (China) Co., Ltd. Processing fees paid and purchase of raw materials and scrap materials.	1,403	–
Jiangsu World Crane Co., Ltd. Purchase of raw materials.	13	–
Jiangsu World Precise Machinery Co., Ltd. Land rental paid.	720	–
Jiangsu Tengyue Heavy Machine Engineering Co., Ltd. Staff cost.	124	–

The abovenamed interested persons are subsidiaries of Jiangsu World Machinery & Electronics Group Co., Ltd. ("JWMEG"). Mr. Wang Weiyao, the Non-Executive Director of the Company, has approximately 65% shareholding interest in JWMEG. Mr. Wang is also a controlling shareholder of the Company, through his 100% shareholding interest in World Sharehold Limited. Accordingly, JWMEG together with its subsidiaries is deemed to be the same interested person within the meaning defined in Chapter 9 of the SGX-ST Listing Manual. These transactions had been announced by the Company via SGXNET on 28 February 2015.

The Company is not required to obtain a general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual.

Material Contracts

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

(i) Service Agreement entered with Mr. Shao Jianjun (as disclosed in the Company's Prospectus dated 19 April 2006) which was renewed for another three (3) years, expiring 26 April 2018;

(ii) Service Agreement entered with Ms. Jiang Hongdi on 28 April 2010 for a period of three (3) years, expiring 27 April 2013. A Supplemental Agreement was entered with Ms. Jiang on 28 February 2013 for a further three (3) years which will expire on 27 April 2016;

(iii) Service Agreement entered with Mr. Wu Yufang for a period of three (3) years commencing 1 March 2013;

(iv) Purchase Agreement dated 30 December 2006 in relation to the acquisition of the land-use rights for the setting up of a new production facility in Danyang, China; and

(v) Purchase Agreement dated 26 May 2011 in relation to the acquisition of the land-use rights for the setting up of a new production facility in Shenyang, China.

FINANCIAL CONTENTS

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of World Precision Machinery Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

1. Directors

The directors of the Company in office at the date of this report are:

Shao Jianjun	(Executive Chairman)
Wu Yufang	(Executive Director & CEO)
Jiang Hongdi	(Executive Director)
Wang Weiyao	(Non-Executive and Non-Independent Director)
Phang Kin Seng (Lawrence)	(Lead Independent Director)
Lim Yoke Hean	(Independent Director)
Cheng Hong	(Independent Director)

2. Arrangements to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of financial year had no interest in the shares and debentures of the Company and related companies as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act") except as follows:

	Number of ordinary shares					
	Shareholdings registered in their own names			Shareholdings in which a director is deemed to have an interest		
Name of directors	At 1 January 2014	At 31 December 2014	At 21 January 2015	At 1 January 2014	At 31 December 2014	At 21 January 2015
The Company						
Wang Weiyao	200,000	200,000	200,000	256,597,000	295,391,000	295,391,000
Shao Jianjun	54,100,000	–	–	–	54,100,000	54,100,000
Jiang Hongdi	648,000	648,000	648,000	–	–	–
Cheng Hong	88,000	88,000	88,000	51,000	51,000	51,000
Lim Yoke Hean	–	–	–	200,000	200,000	200,000

The director, Wang Weiyao, by virtue of Section 7(4) of the Act is deemed to have an interest in the shares held by the Company in its subsidiaries.

4. Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the consolidated financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of these related corporations.

5. Share options

No option to take up unissued shares of the Company or its subsidiaries was granted during the financial year.

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

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

6. Audit Committee

The members of the Audit Committee, comprises three non-executive directors of which all are independent, during the financial year and at the date of this report are as follows:

Phang Kin Seng (Lawrence)	(Chairman)
Lim Yoke Hean	(Member)
Cheng Hong	(Member)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. Their functions are detailed in the Report on Corporate Governance in the Annual Report 2014.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

7. Compliance with Rule 1207(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited

Nexia TS Risk Advisory Pte. Ltd., the Internal Auditors of the Group, has been commissioned to assist Management in the Group's Enterprise Risk Management ("ERM") to complement the Group's existing internal audit plan and thereafter to follow up with an annual Control Self-Assessment ("CSA") based on the risks identified from ERM exercise. The Audit Committee ("AC") has reviewed the overall scope of the internal and external audits and the assistance given by Management to the Internal and External Auditors. The AC had also met once with the Company's Internal and External Auditors for the financial year ended 31 December 2014 ("FY2014") to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls without the presence of Management. Details on the duties and functions carried out by the AC, adequacy of the internal controls and internal audit during FY2014 are set out under the Report on Corporate Governance in the Annual Report 2014.

Based on the review of the key risks identified through the ERM process, internal controls established and maintained by the Group, work performed by the Internal and External Auditors, assurances from the CEO and CFO and reviews carried out by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems, were adequate and effective as at 31 December 2014.

8. Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Wu Yufang	**Jiang Hongdi**
Director	Director

26 March 2015

STATEMENT BY DIRECTORS

In the opinion of the Directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 50 to 88 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

Wu Yufang
Director

Jiang Hongdi
Director

26 March 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of World Precision Machinery Limited

Report on the Financial Statements

We have audited the accompanying financial statements of World Precision Machinery Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 50 to 88, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT

To the Members of World Precision Machinery Limited

Report on Other Legal and Regulatory Requirements

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

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

26 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	4	**864,303**	814,572
Cost of sales		**(599,004)**	(555,587)
Gross profit		**265,299**	258,985
Other income and gains	5	**11,007**	18,588
Distribution and selling expenses		**(56,715)**	(59,015)
Administrative expenses		**(66,564)**	(69,331)
Other expenses		**(6,396)**	(9,641)
Finance expenses	6	**(12,147)**	(10,591)
Profit before tax	7	**134,484**	128,995
Tax expense	9	**(26,467)**	(28,048)
Profit for the year		**108,017**	100,947
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**84**	5,961
Total comprehensive income for the year		**108,101**	106,908
Profit attributable to:			
Equity holders of the Company		**108,017**	101,024
Non-controlling interests		**–**	(77)
Profit for the year		**108,017**	100,947
Total comprehensive income attributable to:			
Equity holders of the Company		**108,101**	106,985
Non-controlling interests		**–**	(77)
		108,101	106,908
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (RMB per share)	10	**0.270**	0.253

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

At 31 December 2014

		Group		Company	
		2014	2013	**2014**	2013
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current assets					
Property, plant and equipment	11	**764,895**	809,818	**–**	–
Investment in subsidiaries	12	**–**	–	**730,845**	758,894
Land use rights	13	**134,656**	137,444	**–**	–
Intangible assets	14	**25,181**	11,962	**–**	–
		924,732	959,224	**730,845**	758,894
Current assets					
Inventories	15	**347,792**	439,351	**–**	–
Land use rights	13	**3,003**	3,003	**–**	–
Trade receivables	16	**312,966**	247,850	**–**	–
Other receivables	17	**26,162**	38,957	**13**	137
Due from subsidiaries (non-trade)	18	**–**	–	**74**	77
Cash and cash equivalents	19	**50,916**	35,285	**4,946**	99
		740,839	764,446	**5,033**	313
Total assets		**1,665,571**	1,723,670	**735,878**	759,207
Non-current liabilities					
Borrowings	20	**130,000**	215,000	**–**	–
Deferred tax liability	21	**2,160**	1,477	**–**	–
		132,160	216,477	**–**	–
Current liabilities					
Trade payables	22	**188,003**	202,536	**–**	–
Other payables	23	**126,686**	148,784	**1,138**	1,799
Due to related parties (non-trade)	18	**731**	1,170	**–**	–
Due to a subsidiary (non-trade)	18	**–**	–	**5,401**	821
Income tax payable		**4,362**	4,175	**–**	–
Borrowings	20	**105,000**	85,000	**–**	–
		424,782	441,665	**6,539**	2,620
Total liabilities		**556,942**	658,142	**6,539**	2,620
Net assets		**1,108,629**	1,065,528	**729,339**	756,587
Equity					
Share capital	24	**250,660**	250,660	**250,660**	250,660
Retained earnings		**701,575**	671,500	**525,303**	524,586
Currency translation reserve	25	**5,642**	5,558	**(46,624)**	(18,659)
Statutory reserves	26	**150,752**	137,810	**–**	–
Total equity		**1,108,629**	1,065,528	**729,339**	756,587

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Statutory reserves RMB'000	Total attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Group							
Balance at 1.1.2013	250,660	603,033	(403)	125,416	978,706	1,001	979,707
Profit/(Loss) for the year	–	101,024	–	–	101,024	(77)	100,947
Other comprehensive loss							
Currency translation differences arising on consolidation	–	–	5,961	–	5,961	–	5,961
Total comprehensive income for the year	–	101,024	5,961	–	106,985	(77)	106,908
Transfer to statutory reserve fund	–	(12,557)	–	12,557	–	–	–
Disposal of a subsidiary (Note 12)	–	–	–	(163)	(163)	(924)	(1,087)
Dividend (Note 27)	–	(20,000)	–	–	(20,000)	–	(20,000)
Balance at 31.12.2013	250,660	671,500	5,558	137,810	1,065,528	–	1,065,528
Profit for the year	–	108,017	–	–	108,017	–	108,017
Other comprehensive income							
Currency translation differences arising on consolidation	–	–	84	–	84	–	84
Total comprehensive income for the year	–	108,017	84	–	108,101	–	108,101
Transfer to statutory reserve fund	–	(12,942)	–	12,942	–	–	–
Dividend (Note 27)	–	(65,000)	–	–	(65,000)	–	(65,000)
Balance at 31.12.2014	**250,660**	**701,575**	**5,642**	**150,752**	**1,108,629**	**–**	**1,108,629**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Company				
Balance at 1.1.2013	250,660	322,495	25,081	598,236
Profit for the year	–	222,091	–	222,091
Other comprehensive loss				
Currency translation differences arising on consolidation	–	–	(43,740)	(43,740)
Total comprehensive income for the year	–	222,091	(43,740)	178,351
Dividend (Note 27)	–	(20,000)	–	(20,000)
Balance at 31.12.2013	250,660	524,586	(18,659)	756,587
Profit for the year	–	65,717	–	65,717
Other comprehensive loss				
Currency translation differences arising on consolidation	–	–	(27,965)	(27,965)
Total comprehensive income for the year	–	65,717	(27,965)	37,752
Dividend (Note 27)	–	(65,000)	–	(65,000)
Balance at 31.12.2014	**250,660**	**525,303**	**(46,624)**	**729,339**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Profit before tax		**134,484**	128,995
Adjustments for:			
Depreciation of property, plant and equipment		**53,774**	50,501
Amortisation of intangible assets		**1,196**	–
Amortisation of land use rights		**2,788**	3,003
Interest expense		**11,735**	10,053
Interest income		**(242)**	(1,961)
Property, plant and equipment written off		**29**	–
(Gain)/loss on disposals of property, plant and equipment		**(170)**	24
Gain on disposal of a subsidiary		**–**	(1,619)
Operating cash flow before working capital changes		**203,594**	188,996
Inventories		**92,235**	(16,836)
Receivables		**(52,309)**	124,860
Payables		**(7,642)**	(4,423)
Currency translation adjustments		**86**	5,956
Cash generated from operations		**235,964**	298,553
Interest received		**242**	1,961
Income tax paid		**(25,597)**	(26,824)
Net cash from operating activities		**210,609**	273,690
Cash flows from investing activities			
Purchases of property, plant and equipment	A	**(35,364)**	(113,936)
Addition of intangible assets		**(13,771)**	(11,547)
Proceeds from disposals of property, plant and equipment		**1,918**	454
Net cash outflow on disposal of a subsidiary	12(b)	**–**	(156)
Net cash used in investing activities		**(47,217)**	(125,185)
Cash flows from financing activities			
Repayments of bank loans		**(95,000)**	(276,625)
Proceeds from bank loans		**30,000**	60,000
Bank deposits released from pledge		**3,588**	60,333
Bank deposits pledged		**(2,000)**	(3,588)
Interest paid		**(17,759)**	(22,174)
Dividends paid		**(65,000)**	(20,000)
Net cash used financing activities		**(146,171)**	(202,054)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

For the financial year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Net increase/(decrease) in cash and cash equivalents		**17,221**	(53,549)
Cash and cash equivalents at beginning of the year		**31,697**	85,241
Effect of exchange rate changes on cash and cash equivalents		**(2)**	5
Cash and cash equivalents at end of the year	19	**48,916**	31,697

Note A:

Total additions to property, plant and equipment	11	**11,948**	121,586
Add/(less): payables		**29,428**	6,125
Add/(less): prepayments		**12**	(1,654)
Less: interest capitalised	11(a)	**(6,024)**	(12,121)
Purchases of property, plant and equipment per consolidated statement of cash flows		**35,364**	113,936

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

World Precision Machinery Limited (the "Company") (Registration No. 200409453N) is domiciled and incorporated in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The principal place of business of the Group is at Picheng Town, Danyang City, Jiangsu Province, People's Republic of China ("PRC") and the registered address of the Company is at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623.

The immediate and ultimate holding company of the Company is World Sharehold Limited, incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Wang Weiyao.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 12.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Chinese Renminbi ("RMB") and all financial information presented in RMB are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2. Significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

In the current financial year, the Group and the Company adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the traditional provisions in the respective FRS and INT FRS.

The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

FRS 110 Consolidated Financial Statements

As a result of FRS 110 Consolidated Financial Statements, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. This change has been made to the Group's accounting policy. However, the change had no significant impact on the financial statements of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2014 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company except as disclosed below:

FRS 109 Financial Instruments

FRS 109 includes guidance on the classification and measurement of financial assets and financial liabilities and de-recognition of financial instruments. FRS 109, when effective will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will review the requirements of FRS 109 and re-assess the classification and measurement of its financial assets and financial liabilities in accordance with this standard.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

2. Significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this result in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners) and therefore, no gain or loss is recognised in profit or loss.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

Consolidation of the subsidiary in the PRC is based on the subsidiary's financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in the PRC statutory financial statements of the subsidiary, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiary is based on the amounts stated in the PRC statutory financial statements.

2. Significant accounting policies (cont'd)

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Revenue and other operating income

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and rendering of services, net of sales related taxes, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Sales of goods

Revenue from sales of goods is recognised when a Group entity has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Rendering of services

Revenue from services is recognised during the financial year in which the services are rendered.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

(e) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(f) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2. Significant accounting policies (cont'd)

(g) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(h) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

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

(i) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

2. Significant accounting policies (cont'd)

(i) Income taxes (cont'd)

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(j) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment less any estimated residual value over their expected useful lives. The estimated useful lives as follows:

	Number of years
Leasehold buildings	20 – 25
Plant and machinery	10 – 20
Electrical fittings	3 – 5
Tools and equipment	5
Motor vehicles	5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjust appropriate, at each reporting date. The effects of any revision are recognised in the profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Properties in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2. Significant accounting policies (cont'd)

(k) Intangible assets

Research and development costs

Research and development costs are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

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

Patents

Acquired patents are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of patents over 5 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(l) Land use rights

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights are initially measured at cost and subsequently carried at cost less accumulated amortisation and any impairment in value. The land use rights are amortised over its lease term of 50 years.

(m) Impairment of non-financial assets

At each reporting date, the Group assess the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

2. Significant accounting policies (cont'd)

(m) Impairment of non-financial assets (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Financial assets

Classification

The Group's only financial assets are loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables" (excluding prepayments and advance payments), "due from subsidiaries (non-trade)" and "cash and cash equivalents" on the statements of financial position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Interest income on financial assets are recognised separately in profit or loss.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

2. Significant accounting policies (cont'd)

(n) Financial assets (cont'd)

***Impairment* (cont'd)**

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the assets does not exceed the amortised cost at the reversed date.

(o) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and exclude pledged deposits.

(p) Inventories

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

(q) Financial liabilities

Financial liabilities include trade and other payables (excluding advance payments), and borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(r) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

2. Significant accounting policies (cont'd)

(s) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting date, where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

(t) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(u) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Singapore dollars. The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in RMB, which is the functional currency of the principal entities in the PRC.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

2. Significant accounting policies (cont'd)

(u) Foreign currencies (cont'd)

Translation of Group entities' financial statements (cont'd)

(i) Assets and liabilities are translated at the closing rates at the end of the reporting date;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the date of the transactions); and
(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(v) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

(w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3. Critical accounting judgments and key sources of estimation uncertainty

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments made in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgment that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

3. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the Company is their respective local currency.

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to recognise deferred tax for withholding taxes that would be payable on the unremitted earnings of certain subsidiaries that are subject to withholding taxes according to the relevant tax jurisdictions is subject to judgment on the timing of the payment of the dividend. The Group considered that if it is not probable that these subsidiaries will distribute certain of such earnings in the foreseeable future, then no deferred tax for withholding taxes should be recognised. The carrying amount of the Group's deferred tax liability at the end of the reporting period is RMB2,160,000 (2013: RMB1,477,000).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Allowance for doubtful receivables

An allowance is provided for doubtful accounts on the estimated losses resulting from the subsequent inability of the Group's debtors to make required payments. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful receivables. The carrying amount of the Group's trade receivables and other receivable at the end of the reporting date is disclosed in Note 16 and 17 to the financial statements respectively.

Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment at each reporting date in accordance with accounting policies in Note 2(j). The estimation of useful lives and residual amounts involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. The carrying amount of the Group's property, plant and equipment at 31 December 2014 and the annual depreciation charge for the financial year ended 31 December 2014 are disclosed in Note 11.

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

Provision for product warranties

The Group generally provides one-year warranties to its customers on certain of its products, under which faulty products are repaired and replaced. Currently, warranty expenses is recognised based on actual costs incurred and no provision for product warranties has been recognised as the estimated financial impact is not significant.

3. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Income taxes

The Group has exposure to income taxes in Singapore and the PRC. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables at the end of the reporting period is RMB4,362,000 (2013: RMB4,175,000).

4. Revenue

Revenue comprises the sales of stamping, cutting and bending machines and metal parts.

5. Other income & gains

	Group	
	2014	2013
	RMB'000	RMB'000
Sale of parts	**1,358**	2,013
Cost of parts sold	**(1,105)**	(2,347)
	253	(334)
Deposits forfeited	**–**	3,118
Gain/(loss) on disposals of property, plant and equipment	**170**	(24)
Gain on disposal of a subsidiary (Note 12)	**–**	1,619
Government grants and subsidies	**1,700**	5,587
Income from disposals of scrap metals	**232**	4
Insurance claim received	**329**	618
Interest income on bank deposits	**141**	1,862
Interest income on amounts due from employees	**101**	99
Others	**1,864**	1,468
Penalty income	**394**	757
Processing income	**1,187**	1,461
Rental income	**4,636**	2,353
	11,007	18,588

6. Finance expenses

	Group	
	2014	2013
	RMB'000	RMB'000
Finance expenses:		
– interest expense on bank loans	**10,327**	10,053
– interest expense on discounting of bills	**1,408**	–
– others	**412**	538
	12,147	10,591

7. Profit before tax

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

	Group	
	2014	2013
	RMB'000	RMB'000
Allowance for doubtful debts written back (trade) (Note 16)	**(1,062)**	(388)
Allowance for doubtful debts written back (non-trade) (Note 17)	**–**	(96)
Allowance for doubtful debts (trade) (Note 16)	**5,632**	2,195
Allowance for doubtful debts (non-trade) (Note 17)	**254**	2,515
Amortisation of intangible assets (Note 14)	**1,196**	–
Amortisation of land use rights (Note 13)	**2,788**	3,003
Bad trade debts written off	**1,277**	1,471
Depreciation of property, plant and equipment	**53,774**	50,501
Directors' fees payable/paid to directors of the Company	**1,818**	1,839
Fees payable/paid to auditor of the Company		
- Audit	**657**	643
- Non-audit services	**4**	7
Foreign currency exchange (gain)/loss	**(398)**	3,567
Operating lease expense	**917**	1,246
Personnel expenses (Note 8)	**128,246**	122,489
Property, plant and equipment written off	**29**	–

8. Personnel expenses

	Group	
	2014	2013
	RMB'000	RMB'000
Wages, salaries and bonuses	**114,723**	107,118
Defined contribution benefits	**8,273**	6,896
Other personnel expenses	**5,250**	8,475
	128,246	122,489

9. Tax expense

	Group	
	2014	2013
	RMB'000	RMB'000
Tax expense attributable to profits is made up of:		
Income tax		
- current year	**22,760**	22,491
- over provision in respect of prior years	**(696)**	(694)
Withholding tax	**3,720**	8,758
Deferred tax expenses/(credit) arising from net distributable earnings	**683**	(2,507)
	26,467	28,048

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profits in the countries where the Group operates due to the following factors:

	Group	
	2014	2013
	RMB'000	RMB'000
Profit before income tax	**134,484**	128,995
Tax at domestic rates applicable to profits in countries where the group entities operate	**20,139**	20,156
Expenses not deductible for tax purposes	**1,939**	3,365
Effect of tax incentives	**(2,583)**	(1,977)
Income not subject to tax	**–**	(146)
Withholding tax	**3,720**	8,758
Over provision in respect of prior years	**(696)**	(694)
Net distributable earnings of subsidiaries	**683**	(2,507)
Deferred tax assets not recognised	**2,229**	1,569
Utilisation of unrecognised tax losses	**–**	(373)
Others	**1,036**	(103)
	26,467	28,048

9. **Tax expense (cont'd)**

The Company

The Company has no taxable income during the financial year. The statutory income tax rate applicable to the Company is 17%.

The subsidiaries

World Precise Machinery (China) Co., Ltd. ("WPM (China)"), World CNC Machine Tools (Jiangsu) Co., Ltd. ("WCNC") and World Heavy Machine Tools (China) Co., Ltd ("WHMT")

WPM (China), WCNC and WHMT enjoyed preferential income tax rate of 15% as these companies have been regarded as high-tech enterprises.

The statutory income tax rate applicable to other PRC subsidiaries is 25%.

As the end of the reporting period, the Group has unutilised tax losses of RMB23,886,000 (2013: RMB14,979,000) that are available for carry forward up to five years from the year of loss against future taxable income, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in the PRC. No deferred tax asset has been recognised as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

10. **Earning per share**

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

	Group	
	2014	2013
	RMB'000	RMB'000
Profit for the year attributable to equity holders of the Company	**108,017**	101,024
Weighted average number of shares ('000)	**400,000**	400,000

Diluted earnings per share is same as basic earnings per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2014 and 31 December 2013.

11. **Property, plant and equipment**

	Leasehold buildings	Plant and machinery	Electrical fittings	Tools & equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group							
2014							
Cost							
At 1.1.2014	177,404	455,320	6,668	75,651	9,478	367,747	1,092,268
Additions	2,289	2,549	414	2,650	1,980	2,066	11,948
Reclassification	272,565	84,695	14	3,448	–	(360,722)	–
Transfer to inventories	–	(630)	–	(46)	–	–	(676)
Disposals	–	(4,470)	–	(52)	(949)	(201)	(5,672)
Write-off	–	(56)	–	–	–	–	(56)
At 31.12.2014	452,258	537,408	7,096	81,651	10,509	8,890	1,097,812

11. Property, plant and equipment (cont'd)

	Leasehold buildings RMB'000	Plant and machinery RMB'000	Electrical fittings RMB'000	Tools & equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation							
At 1.1.2014	43,780	175,010	5,077	51,699	6,884	–	282,450
Charge for the year	9,649	35,681	585	7,457	1,046	–	54,418
Disposals	–	(3,774)	–	(51)	(99)	–	(3,924)
Write-off	–	(27)	–	–	–	–	(27)
At 31.12.2014	53,429	206,890	5,662	59,105	7,831	–	332,917
Net carrying value							
At 31.12.2014	**398,829**	**330,518**	**1,434**	**22,546**	**2,678**	**8,890**	**764,895**
Group							
2013							
Cost							
At 1.1.2013	169,781	412,170	5,372	70,953	10,536	307,006	975,818
Additions	3,366	4,241	1,369	5,063	222	107,325	121,586
Reclassification	4,257	41,598	–	718	–	(46,573)	–
Transfer to inventories	–	–	–	(93)	–	(11)	(104)
Disposals	–	(962)	(2)	(990)	(276)	–	(2,230)
Disposal of a subsidiary	–	(1,727)	(71)	–	(1,004)	–	(2,802)
At 31.12.2013	177,404	455,320	6,668	75,651	9,478	367,747	1,092,268
Accumulated depreciation							
At 1.1.2013	36,804	143,293	4,741	43,564	6,604	–	235,006
Charge for the year	6,976	33,496	512	8,945	1,082	–	51,011
Disposals	–	(680)	–	(810)	(262)	–	(1,752)
Disposal of a subsidiary	–	(1,099)	(176)	–	(540)	–	(1,815)
At 31.12.2013	43,780	175,010	5,077	51,699	6,884	–	282,450
Net carrying value							
At 31.12.2013	133,624	280,310	1,591	23,952	2,594	367,747	809,818

(a) The Group's property, plant and equipment include borrowing costs arising on bank loans borrowed specifically for the purpose of the construction. The borrowing costs capitalised as cost of property, plant and equipment amounted to RMB6,024,000 (2013: RMB12,121,000) during the year.

(b) During the financial year, the depreciation charge of plant and equipment capitalised as development costs amounted to RMB644,000 (2013: RMB510,000) (Note 14).

(c) Bank borrowings are secured on leasehold building of the Group with a net carrying value of RMB269,878,000 (2013: RMB289,834,000) (Note 20).

12. Investment in subsidiaries

	Company	
	2014	2013
	RMB'000	RMB'000
Unquoted equity shares, at cost	**788,584**	788,584
Translation differences	**(57,739)**	(29,690)
	730,845	758,894

Name of company	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2014 %	2013 %
Held by the Company				
World Precise Machinery (China) Co., Ltd. ("WPM (China)")*	Manufacture and supply of stamping machines and metal parts	PRC	**100**	100
World Heavy Machine Tools (China) Co., Ltd. ("WHMT")*	Manufacture and supply of high performance stamping and complementary machines	PRC	**100**	100
World CNC Machine Tool (Jiangsu) Co., Ltd. ("WCNC")*	Manufacture and supply of CNC stamping and complementary machines	PRC	**100**	100
World Precise Machinery Marketing Company ("WPMM")*	Distribution and sales of various type of stamping and complementary machines	PRC	**100**	100
World Precise Machinery (Shenyang) Co., Ltd. ("WPMS")*	Manufactures and supply of stamping machines and metal parts	PRC	**100**	100
World Precise Machinery Parts (Jiangsu) Co., Ltd. ("WPMP")*	Research and development and manufacturing of key components of all types of precision machine tools	PRC	**100**	100

* Audited by Baker Tilly TFW LLP for the purpose of preparation of the consolidated financial statements

Disposal of a subsidiary

On 31 December 2013, the Company's wholly-owned subsidiary, WPM (China) disposed off its entire 60% equity interest in SSP to the minority shareholders of SSP for a cash consideration of RMB1,800,000. Accordingly, SSP ceased to be a subsidiary of the Group as at 31 December 2013.

12. Investment in subsidiaries (cont'd)

Disposal of a subsidiary (cont'd)

Effects of the disposal of the subsidiary in the previous year on the consolidated statement of cash flows were:

	2013 Group RMB'000
Property, plant and equipment	987
Intangible assets	95
Inventories	15,157
Cash and bank balances	156
Trade and other receivables	2,301
Trade and other payables	(17,428)
Net identifiable assets	1,268
Non-controlling interests	(924)
Statutory reserve	(163)
Net identifiable assets disposed off	181
Gain on disposal of the subsidiary (Note 5)	1,619
Proceed from disposal of the subsidiary	1,800
Less: Amount receivable (Note 17)	(1,800)
Less: Cash and bank balances of the subsidiary disposed	(156)
Net cash outflow on disposal of the subsidiary	(156)

13. Land use rights

	Group	
	2014 RMB'000	2013 RMB'000
Cost		
At 1 January/At 31 December	**150,130**	150,130
Accumulated amortisation		
At 1 January	**9,683**	6,680
Charge for the year	**2,788**	3,003
At 31 December	**12,471**	9,683
Net carrying value		
At 31 December	**137,659**	140,447
Amount to be amortised:		
– Not later than one year, current portion	**3,003**	3,003
– Later than one year but not later than five years	**12,010**	12,010
– Later than five years	**122,646**	125,434
Non-current portion	**134,656**	137,444

13. Land use rights (cont'd)

The Group has land use rights over the state-owned land in PRC where the Group's PRC manufacturing and storage facilities reside. The land use rights have a remaining tenure of 42 to 46 years.

Bank borrowings are secured on land use right of the Group with a net carrying value of RMB119,355,000 (2013: RMB121,708,000) (Note 20).

14. Intangible assets

	Development costs RMB'000
Group	
2014	
Cost	
Balance at beginning of financial year	11,962
Additions	14,415
Balance at end of financial year	26,377
Amortisation	
Amortisation charge for the financial year, and balance at the end of financial year	1,196
Net carrying amount	**25,181**

	Development costs RMB'000	Patents RMB'000	Total RMB'000
2013			
Cost			
Balance of beginning of financial year	–	–	–
Additions	11,962	95	12,057
Disposal of a subsidiary (Note 12(b))	–	(95)	(95)
Balance at end of financial year	**11,962**	**–**	**11,962**

During the financial year, the depreciation charge of plant and equipment capitalised as development costs amounted RMB644,000 (2013: RMB510,000) (Note 11).

15. Inventories

	Group	
	2014 RMB'000	2013 RMB'000
Finished goods	**50,397**	72,194
Work-in-progress and parts	**257,166**	314,041
Raw materials	**40,229**	53,116
	347,792	439,351

Raw materials, consumables and changes in finished goods and work-in-progress included as cost of sales amounted to RMB424,291,000 (2013: RMB393,372,000) during the financial year.

16. Trade receivables

	Group	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**254,108**	206,526
Less: allowance for doubtful receivables	**(8,995)**	(5,949)
	245,113	200,577
Bills receivables	**55,867**	42,311
Due from related parties	**11,986**	4,962
	312,966	247,850

Movements in allowance for doubtful receivables during the financial year are as follows:

	RMB'000	RMB'000
At beginning of the year	**5,949**	5,681
Allowance made during the year	**5,632**	2,195
Allowance written back	**(1,062)**	(388)
Allowance written off	**(1,524)**	(100)
Disposal of a subsidiary	**–**	(447)
Transfer to allowance for other receivables (Note 17)	**–**	(992)
At end of the year	**8,995**	5,949

Trade receivables are non-interest bearing and have no fixed credit terms. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

Trade receivables that are individually determined to be impaired at the end of the reporting date and those relating to receivables that are in significant financial difficulties, have defaulted on payments, or are disputing the amount due will be provided for doubtful receivables.

The table below is an analysis of trade receivables at end of the reporting date:

	RMB'000	RMB'000
Not past due and not impaired	**281,663**	213,594
Past due but not impaired	**31,303**	34,256
Past due and impaired	**8,995**	5,949
	321,961	253,799
Less: allowance for doubtful receivables	**(8,995)**	(5,949)
	312,966	247,850

16. Trade receivables (cont'd)

The Group has trade receivables amounting to RMB31,303,000 (2013: RMB34,256,000) that are past due at the end of the reporting date but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting date are as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Trade receivables past due:		
< 6 months	**18,278**	25,927
> 6 months	**13,025**	8,329
	31,303	34,256

17. Other receivables

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Advance payments to suppliers	**10,822**	19,214	**–**	–
Due from employees	**15,728**	15,120	**–**	–
Receivable from disposal of a subsidiary (Note 12)	**–**	1,800	**–**	–
Other receivables	**3,053**	6,567	**–**	122
Other prepayments	**629**	84	**13**	15
Prepayments for property, plant and equipment	**263**	251	**–**	–
	30,495	43,036	**13**	137
Less: allowance for amounts due from employees	**(4,333)**	(4,079)	**–**	–
	26,162	38,957	**13**	137

Included in other prepayments is an amount of RMB46,000 (2013: Nil) paid to a related party for rental of premises.

Due from employees are unsecured, interest-free and repayable on demand, except for an amount of RMB576,000 (2013: RMB1,100,000) which bears interest at 8% (2013: 8%) per annum.

17. Other receivables (cont'd)

The movements in allowance for amounts due from employees are as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**4,079**	749
Allowance made during the year	**254**	2,515
Allowance written back	**–**	(96)
Disposal of a subsidiary	**–**	(81)
Transfer from allowance for trade receivables (Notes 16)	**–**	992
At end of the year	**4,333**	4,079

18. Due from/(to) subsidiaries/related parties (non-trade)

These non-trade balances are unsecured, interest-free and repayable on demand.

19. Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**48,916**	29,697	**4,946**	99
Bank deposits	**2,000**	5,588	**–**	–
	50,916	35,285	**4,946**	99

For the purposes of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2014	2013
	RMB'000	RMB'000
Cash and bank deposits	**50,916**	35,285
Less: bank deposits pledged	**(2,000)**	(3,588)
Cash and cash equivalents per consolidated statement of cash flows	**48,916**	31,697

The Group's deposits with financial institutions mature on varying dates within 6 months (2013: 6 months) from the financial year end.

Bank deposits include amounts of RMB2,000,000 (2013: RMB3,100,000) and RMB Nil (2013: RMB488,000) that are pledged as securities for bills payables (Note 22) and other bank facilities respectively.

Cash and cash equivalents of RMB45,032,000 (2013: RMB34,758,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

20. Borrowings

	Group	
	2014	2013
	RMB'000	RMB'000
Secured		
Short term bank loans	**105,000**	85,000
Long term bank loans	**130,000**	215,000

<u>Group</u>

The bank loans at the end of the reporting period are secured by:

i) corporate guarantee from a related party, Jiangsu World Agricultural Machinery Co., Ltd. (江苏沃得农业机械有限公司), a company in which a director of the Company has substantial interest;

ii) corporate guarantee from the Company and a subsidiary, WPM (China);

iii) personal guarantee by a director of the Company and his spouse; and

iv) the Group's leasehold building (note 11) and land use rights (note 13).

At the end of the reporting period, the bank loans of the Group bear interest ranging from 5.61% to 6.4% (2013: 6.53% to 6.65%) per annum.

21. Deferred tax liability

The PRC subsidiaries' distributable earnings generated from 1 January 2008 are subjected to withholding tax when the subsidiary declares dividend to its foreign investor. The Group recognised deferred tax liabilities based on the expected PRC subsidiaries' earnings that are expected to be distributed to the Company in the foreseeable future, based on the forecasted cash flow requirements of the Company. At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is RMB190,657,000 (2013: RMB161,642,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

22. Trade payables

	Group	
	2014	2013
	RMB'000	RMB'000
Trade payables	**165,455**	167,206
Bills payables	**20,000**	31,000
Due to related parties	**2,548**	4,330
	188,003	202,536

Trade payables are non-interest bearing and the credit periods range from 3 to 6 months (2013: 3 to 6 months).

Bills payables have an average maturity period of 6 months (2013: 6 months). The bills payables are secured by certain bank deposits as disclosed in Note 19.

23. Other payables

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Advance payments from customers	**15,578**	27,525	**–**	–
Accrued operating expenses	**50,190**	37,718	**275**	304
Other payables	**17,411**	10,606	**863**	1,495
Payables relating to property, plant and equipment	**43,507**	72,935	**–**	–
	126,686	148,784	**1,138**	1,799

24. Share capital

	Group and Company			
	2014		2013	
	No. of shares ('000)	**RMB'000**	No. of shares ('000)	RMB'000
Issued and fully paid				
At 1 January and 31 December	**400,000**	**250,660**	400,000	250,660

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

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

25. Currency translation reserve

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

26. Statutory reserves

	Group	
	2014	2013
	RMB'000	RMB'000
Statutory reserve fund (a)	**130,242**	117,300
Staff welfare fund (b)	**20,510**	20,510
	150,752	137,810

The non-distributable statutory reserves represent amounts set aside in compliance with the local laws in the PRC 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.

a) Statutory reserve fund

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

b) Staff welfare fund

The PRC subsidiaries have in previous years appropriated a portion of its profit after tax to the staff welfare fund on a voluntary basis as allowed by its respective Articles of Association. The staff welfare fund would be used for the collective welfare of the employees.

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

27. Dividend

	Group and Company	
	2014	2013
	RMB'000	RMB'000
Ordinary dividend paid		
Interim tax exempt dividend of RMB0.1 (2013: Nil) per share paid in respect of the current financial year	**40,000**	–
Final tax exempt dividend of RMB0.0625 (2012: RMB0.05) per share paid in respect of the previous financial year	**25,000**	20,000
	65,000	20,000

The Board of Directors has proposed a final tax exempt dividend in respect of financial year ended 31 December 2014 of RMB0.1 per share amounting to a total of RMB40,000,000. These financial statements do not reflect this dividend payable, which if approved at the forthcoming Annual General Meeting of the Company, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

28. Commitments

Capital commitments

Capital commitments contracted for at the end of the reporting date but not recognised in the financial statements are as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment	**621**	75,956

Operating lease commitments

The Group leases various premises from related and non-related parties under non-cancellable operating lease arrangements. The leases have renewal rights.

Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting date, but not recognised as liabilities, are payable as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Not later than one financial year	**229**	229
Later than one financial year but not later than five financial years	**916**	916
Later than five financial years	**8,475**	8,704
	9,620	9,849

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

29. Contingent liabilities

	Company	
	2014	2013
	RMB'000	RMB'000
Guarantee issued for bank facilities granted to a subsidiary	**185,000**	220,000
Amounts utilised by a subsidiary	**25,000**	70,000

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the results for the financial year ended 31 December 2014 and 31 December 2013.

30. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	Group	
	2014	2013
	RMB'000	RMB'000
Income		
Lease of premises to a related party	**6,000**	2,000
Sales to related parties	**6,321**	8,484
Processing services to related parties	**858**	1,158
Utilities charged to a related party	**2,280**	–
Expenses		
Lease of premises from a related party	**720**	720
Processing services from a related party	**655**	1,047
Purchases of machineries and parts from related parties	**310**	2,176
Purchases of raw materials from related parties	**2,771**	2,552
Purchases of scrap materials from related parties	**10,922**	9,240
Payment of salary expenses on behalf by a related party	**124**	–

The related parties as disclosed above and in Notes 16, 18 and 22 are subsidiaries of Jiangsu World Machinery and Electronics Group Co., Ltd. ("JWMEG") (江苏沃得机电集团有限公司). Mr. Wang Weiyao, the Non-Executive Director of the Company, has approximately 65% (2013: 65%) shareholding interest in JWMEG. Mr. Wang Weiyao is also a controlling shareholder of the Company, through his 100% (2013: 100%) shareholding interest in World Sharehold Limited. Accordingly, JWMEG together with its subsidiaries are considered as related parties of the Group.

Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Directors of the Company:		
- short-term employee benefits	**2,064**	2,634
- defined contribution benefits	**42**	42
- directors' fees	**1,818**	1,839
	3,924	4,515
Other key management personnel:		
- short-term employee benefits	**2,967**	3,759
- defined contribution benefits	**88**	83
	3,055	3,842
	6,979	8,357

31. Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts as at the end of reporting period are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Loans and receivables	**378,320**	302,543	**5,020**	298
Financial liabilities				
Financial liabilities at amortised cost	**534,842**	624,965	**6,539**	2,620

(b) Financial risk management

The Group's and the Company's overall risk management policy is to ensure adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its foreign currency, credit, interest rate and liquidity and cash flow risks. The Group's and the Company's overall risk management is determined and carried out by the Board of Directors. The policies for managing each of these risks are summarised as follows:

Foreign currency risk

The Company has minimal dealings in foreign currencies and as such, has minimal exposure to foreign currency risk.

The Group's currency exposure based on information provided to key management is as follows:

	Group	
	USD	USD
	2014	2013
	RMB'000	RMB'000
Financial assets		
Cash and cash equivalents	**936**	428
Financial liabilities		
Trade and other payables	**–**	458
Net financial assets/(liabilities) denominated in foreign currency	**936**	(30)

The sensitivity analysis for foreign exchange risk is not disclosed as the effect on the profit or loss is considered not significant.

31. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposures to credit risk arises primarily from trade and other receivables. For other financial assets including cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. For customers who wish to trade on credit terms, the Group will take into account the quantity of the customer order, background and creditworthiness of the customer, level of risk involved, payment history of the customer and relationship with the customer. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Company	
	2014	2013
	RMB'000	RMB'000
Nominal amount of corporate guarantees provided to banks on a subsidiary's bank loans	**185,000**	220,000

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

There is no other class of financial assets that is past due or impaired except for trade receivables. Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

Interest rate risk

The Group's and the Company's exposures to the risk of changes in interest rates relate primarily to the Group's and the Company's debt obligations and deposits placed with financial institutions. The Group and the Company mainly maintain its borrowings in variable rate instruments. The Group and the Company manage its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

31. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Interest rate risks (cont'd)

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated in RMB. If the RMB interest rates increase/decrease by 75 (2013: 75) basis points with all other variables, including tax rate being held constant, the effects arising from the profit net of tax are as follows:

	Group Increase/(decrease) in profit net of tax	
	2014	2013
	RMB'000	RMB'000
Interest rate		
– Increase by 75 basis points	**(1,356)**	(1,740)
– Decrease by 75 basis points	**1,356**	1,740

Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and Company maintains sufficient cash and bank balances and internally generated cash flows to finance its activities.

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting date based on contractual undiscounted payments:

	< **2013**		>	< 2012		>
	1 year or less	**1 to 5 year**	**Total**	1 year or less	1 to 5 year	Total
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Group						
Trade and other payables	**299,842**	**–**	**299,842**	324,965	–	324,965
Borrowings	**116,185**	**138,568**	**254,753**	102,283	235,193	337,476
	416,027	**138,568**	**554,595**	427,248	235,193	662,441
Company						
Trade and other payables	**6,539**	**–**	**6,539**	2,620	–	2,620

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

31. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity and cash flow risks (cont'd)

	2014			2013		
	1 year or less	**1 to 5 year**	**Total**	1 year or less	1 to 5 year	Total
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Company						
Financial guarantees	**25,000**	**–**	**25,000**	70,000	–	70,000

32. Fair value of assets and liabilities

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of these financial assets and financial liabilities recorded in the financial statements of the Group and the Company approximate their respective fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

33. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders and issue new shares.

As disclosed in Note 26, the Group's subsidiaries in the People's Republic of China are required to contribute to and maintain a non-distributable statutory fund.

The Group manages capital by monitoring the level of net debt and capital. Net debt is calculated as trade and other payables (including amounts due to related parties), borrowings less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less the statutory reserves. The Group's overall strategy remains unchanged from 2013.

	2014	2013
	RMB'000	RMB'000
Trade and other payables	**314,689**	352,490
Borrowings	**235,000**	300,000
Less: Cash and cash equivalents	**(50,916)**	(35,285)
Net debts	**498,773**	617,205
Equity attributable to the equity holders of the Company	**1,108,629**	1,065,528
Less: Statutory reserves (Note 26)	**(150,752)**	(137,810)
Total capital	**957,877**	927,718

34. Segment information

The Group has only one reportable segment, which is manufacturing and selling of stamping, cutting and bending machines. Most of the Group's sales and assets are in the People's Republic of China. Accordingly, no segment information is presented.

35. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors dated 26 March 2015.

SHAREHOLDERS' INFORMATION

As at 17 March 2015

Class of shares	:	Ordinary shares
Issued and fully paid-up capital	:	S$50,418,000
Number of Shares issued	:	400,000,000
Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding			Number of Shareholders	%	Number of Shares	%
1	–	99	1	0.15	10	0.00
1,000	–	1,000	42	6.27	41,800	0.01
1,001	–	1,0,000	256	38.21	1,711,151	0.43
10,001	–	1,000,000	359	53.58	23,159,039	5.79
1,000,001		and above	12	1.79	375,088,000	93.77
			670	100.00	400,000,000	100.00

TREASURY SHARES

The Company does not hold any Treasury Shares.

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2015

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
World Sharehold Limited[(1)]	295,391,000	73.85	-	-
Wang Weiyao[(1)]	200,000	0.05	295,391,000	73.85
Minshun Private Limited[(2)]	54,100,000	13.53	-	-
Shao Jianjun[(2)]	-	-	54,100,000	13.53

Note:

[(1)] World Sharehold Limited ("World Sharehold") is an investment holding company incorporated in the British Virgin Islands. As World Sharehold is wholly-owned by Wang Weiyao, Wang Weiyao is deemed interested in the shares held by World Sharehold by virtue of his 100% shareholdings in World Sharehold.

[(2)] Minshun Private Limited ("Minshun") is an investment holding company incorporated in Singapore. As Minshun is wholly-owned by Shao Jianjun, Shao Jianjun is deemed interested in the shares held by Minshun by virtue of his 100% shareholdings in Minshun.

SHAREHOLDERS' INFORMATION

As at 17 March 2015

TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2015

No.	Name of Shareholders	Number of Shares	%
1.	WORLD SHAREHOLD LIMITED	295,391,000	73.85
2.	OCBC SECURITIES PRIVATE LTD	57,644,000	14.41
3.	DBS NOMINEES PTE LTD	6,347,000	1.59
4.	PHILLIP SECURITIES PTE LTD	2,630,000	0.66
5.	LIAN SENG INVESTMENT PTE LTD	2,000,000	0.50
6.	DBSN SERVICES PTE LTD	1,926,000	0.48
7.	CHUA KUAN LIM CHARLES	1,753,000	0.44
8.	MAYBANK KIM ENG SECURITIES PTE LTD	1,733,000	0.43
9.	DBS VICKERS SECURITIES (S) PTE LTD	1,576,000	0.39
10.	UOB KAY HIAN PTE LTD	1,496,000	0.37
11.	HE GUANGLIN	1,464,000	0.37
12.	HSBC (SINGAPORE) NOMINEES PTE LTD	1,128,000	0.28
13.	OOI ROSIE @ OOI SUAN SIM	800,000	0.20
14.	LI HUNG	781,000	0.19
15.	TEO CHENG KIAT	718,000	0.18
16.	CHUA ZI EN ALEXANDRA JANE (CAI ZI'EN)	702,000	0.18
17.	CITIBANK NOMINEES SINGAPORE PTE LTD	589,000	0.15
18.	KIANG TIANG TAN OR KIANG WEN JIANG	540,000	0.14
19.	TAN JIN SIN	507,000	0.13
20.	KOH ENG CHIAW	459,000	0.11

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

12.33% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of WORLD PRECISION MACHINERY LIMITED (the "Company") will be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Room 336, Level 3, 1 Raffles Boulevard, Singapore 039593, on Tuesday, 28 April 2015 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final Tax-Exempt (One-Tier) dividend of RMB0.10 (equivalent to S$0.0217) per share for the financial year ended 31 December 2014 (2013: RMB0.0625). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Articles of Association:

   Mr Shao Jianjun **(Resolution 3)**
   Ms Jiang Hongdi **(Resolution 4)**
   Mr Phang Kin Seng (Lawrence) **(Resolution 5)**

   Mr Phang Kin Seng (Lawrence) will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and members of the Nominating and Remuneration Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$300,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears (FY2014: S$300,000). **(Resolution 6)**

5. To re-appoint Baker Tilly TFW LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

7. **Share Issue Mandate**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

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

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

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

 (a) new shares arising from the conversion or exercise of any convertible securities;

 (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

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

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

[See Explanatory Note (i)] **(Resolution 8)**

By Order of the Board

Yuen Pei Lur Perry
Company Secretary

Singapore, 10 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note on Resolutions to be passed:

(i) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes –

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 12 May 2015 at 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 12 May 2015 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 12 May 2015 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 28 April 2015, will be made on 2 June 2015.

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

IMPORTANT:
1. For investors who have used their CPF monies to buy World Precision Machinery Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ______________________________

Of ______________________________

being a member/members of **World Precision Machinery Limited** (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing *him/her, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Room 336, Level 3, 1 Raffles Boulevard, Singapore 039593, on Tuesday, 28 April 2015 at 2.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014		
2	Payment of proposed final dividend		
3	Re-election of Mr Shao Jianjun as a Director		
4	Re-election of Ms Jiang Hongdi as a Director		
5	Re-election of Mr Phang Kin Seng (Lawrence) as a Director		
6	Approval of Directors' fees amounting to S$300,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears		
7	Re-appointment of Baker Tilly TFW LLP as Auditors		
8	Share Issue Mandate		

*Delete where inapplicable

Dated this ______________ day of April 2015

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

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

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

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2015.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Executive
Shao Jianjun *(Chairman)*
Wu Yufang *(Chief Executive Officer)*
Jiang Hongdi

Non-Executive
Wang Weiyao *(Non-Independent)*
Phang Kin Seng (Lawrence) *(Lead Independent)*
Lim Yoke Hean *(Independent)*
Cheng Hong *(Independent)*

AUDIT COMMITTEE
Phang Kin Seng (Lawrence) *(Chairman)*
Lim Yoke Hean
Cheng Hong

NOMINATING COMMITTEE
Lim Yoke Hean *(Chairman)*
Phang Kin Seng (Lawrence)
Wang Weiyao

REMUNERATION COMMITTEE
Lim Yoke Hean *(Chairman)*
Phang Kin Seng (Lawrence)
Wang Weiyao

COMPANY SECRETARY
Yuen Pei Lur Perry

REGISTERED OFFICE
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

BUSINESS OFFICE
Picheng Town, Danyang City, Jiangsu Province
People's Republic of China,
Postal Code 212311

SHARE REGISTRAR
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

AUDITORS
Baker Tilly TFW LLP
Public Accountants and Chartered Accountants
600, North Bridge Road
#05-01 Parkview Square
Singapore 188778

AUDIT PARTNER-IN-CHARGE
Khor Boon Hong
(Appointed wef financial year ended 31 December 2011)

INTERNAL AUDITORS
Nexia TS Risk Advisory Pte. Ltd.
100 Beach Road #30-00 Shaw Tower
Singapore 189702

沃得

WORLD

WORLD PRECISION MACHINERY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200409453N)

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Jiangsu Province,
People’s Republic of China.
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