

## **Unaudited Condensed Interim Financial Statements for the fourth quarter and full year ended 31 December 2022**

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME**

Group							
Note	1.1.2022 to 31.12.2022	1.1.2021 to 31.12.2021	Change	1.10.2022 to 31.12.2022	1.10.2021 to 31.12.2021	Change	
	RMB '000	RMB '000	%	RMB '000	RMB '000	%	
Revenue	4	1,113,849	1,318,217	(15.5%)	271,162	328,944	(17.6%)
Cost of sales		(927,744)	(1,077,442)	(13.9%)	(228,478)	(289,661)	(21.1%)
Gross profit		186,105	240,775	(22.7%)	42,684	39,283	8.7%
Gross profit margin (%)		16.7%	18.3%	(1.6%)	15.7%	11.9%	3.8%
Other income	5	18,989	67,726	(72.0%)	4,741	7,387	(35.8%)
Distribution and selling expenses		(90,222)	(96,330)	(6.3%)	(26,146)	(24,278)	7.7%
Administrative expenses		(94,392)	(81,185)	16.3%	(29,465)	(19,338)	52.4%
Other expenses	6	(11,369)	(3,591)	216.6%	(14,339)	(869)	1,550.1%
Net write-back/(provision) of impairment losses on trade and other receivables	7	7,545	(2,618)	N.M.	7,718	(701)	N.M.
Results from operating activities		16,656	124,777	(86.7%)	(14,807)	1,484	N.M.
Finance income		16,460	9,071	81.5%	3,985	3,011	32.3%
Financial costs		(3,546)	(3,907)	(9.2%)	(1,263)	(1,025)	23.2%
Net finance income		12,914	5,164	150.1%	2,722	1,986	37.1%
Profit/(loss) before tax	7	29,570	129,941	(77.2%)	(12,085)	3,470	N.M.
Tax (expense)/credit	8	(4,990)	(16,594)	(69.9%)	3,221	(2,089)	N.M.
Profit/(loss) for the period		24,580	113,347	(78.3%)	(8,864)	1,381	N.M.
Net profit/(loss) margin (%)		2.2%	8.6%	(6.4%)	(3.3%)	0.4%	N.M.
Profit/(loss) attributable to:							
Equity holders of the Company		24,580	113,347	(78.3%)	(8,864)	1,381	N.M.
Earnings per share (RMB per share)							
- Basic		0.06	0.28		(0.02)	0.00	
- Diluted		0.06	0.28		(0.02)	0.00	

N.M. denotes Not Meaningful



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**CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME (CONT'D)**

	Group					
Note	1.1.2022 to 31.12.2022	1.1.2021 to 31.12.2021	Change	1.10.2022 to 31.12.2022	1.10.2021 to 31.12.2021	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit/(loss) for the period	24,580	113,347	(78.3%)	(8,864)	1,381	N.M.
<i>Other comprehensive income</i>						
Items that are or may be reclassified subsequently to profit and loss:						
Foreign currency translation differences - foreign operations	8,357	176	4,648.3%	6,095	187	3,159.4%
Total comprehensive income/(loss) for the period	<u>32,937</u>	<u>113,523</u>	<u>(71.0%)</u>	<u>(2,769)</u>	<u>1,568</u>	<u>N.M.</u>
Total comprehensive income attributable to:						
Equity holders of the Company	<u>32,937</u>	<u>113,523</u>	<u>(71.0%)</u>	<u>(2,769)</u>	<u>1,568</u>	<u>N.M.</u>

N.M. denotes Not Meaningful



**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

	Note	Group		Company	
		31.12.2022 RMB '000	31.12.2021 RMB '000	31.12.2022 RMB '000	31.12.2021 RMB '000
<b>Non-current assets</b>					
Property, plant and equipment	10	728,110	699,571	–	–
Investment in subsidiaries		–	–	** 626,453	757,825
Investment properties	11	2,825	3,099	–	–
Intangible assets	12	35,141	39,084	–	–
Other receivables	15	36,728	47,112	–	–
Total non-current assets		802,804	788,866	626,453	757,825
<b>Current assets</b>					
Inventories	13	397,393	416,363	–	–
Trade receivables	14	328,557	439,817	–	–
Other receivables	15	114,636	117,737	1,452	13
Due from related parties (trade)		85,742	21,108	–	–
Due from affiliated company (trade)		56	3	–	–
Due from subsidiaries (non-trade)		–	–	352	196
Other investment	16	–	300,000	–	–
Cash and cash equivalents	17	334,543	28,661	193,864	874
Total current assets		1,260,927	1,323,689	195,668	1,083
<b>Total assets</b>		<b>2,063,731</b>	<b>2,112,555</b>	<b>822,121</b>	<b>758,908</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		6,138	7,072	–	–
Deferred income from government Grants		721	1,041	–	–
Lease liabilities		15,934	11,135	–	–
		22,793	19,248	–	–
<b>Current liabilities</b>					
Contract liabilities		93,468	85,298	–	–
Trade payables	18	573,947	520,744	–	–
Other payables	19	172,542	289,637	875	1,014
Due to related parties (trade)		21,240	2,498	–	–
Due to related parties (non-trade)		1,554	261	–	–
Due to affiliated company (trade)		2,302	–	–	–
Due to a subsidiary (non-trade)		–	–	249	188
Lease liabilities		1,031	429	–	–
Deferred income from government grants		218	218	–	–
Income tax payables		–	2,523	–	–
Total current liabilities		866,302	901,608	1,124	1,202
<b>Total liabilities</b>		<b>889,095</b>	<b>920,856</b>	<b>1,124</b>	<b>1,202</b>



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**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Net current assets/(liabilities)</b>	394,625	422,081	194,544	(119)
<b>Net assets</b>	1,174,636	1,191,699	820,997	757,706
<b>Equity attributable to the equity holders of the Company</b>				
Share capital	20	250,660	250,660	250,660
Retained earnings		679,499	531,828	538,361
Currency translation reserve		18,579	38,509	(31,315)
Statutory reserves		128,801	–	–
Capital reserve		97,097	–	–
<b>Total equity</b>		1,174,636	820,997	757,706

\*\* The Company's wholly owned subsidiary, World Precise Machinery (China) Co., Ltd. has carried out capital reduction exercise which resulted a decrease in investment in subsidiary and an increase in cash at bank. Please refer to the announcements released via SGXNet dated 23/08/2022 and 08/09/2022.

**Aggregate amount of the Group's borrowings and debt securities.**

As at 31 December 2022 and 31 December 2021, the Group does not have borrowings and debt securities.



**CONDENSED INTERIM CONSOLIDATION STATEMENT OF CASH FLOWS**

		Group			
Note	FY22	FY21	4Q22	4Q21	
	1.1.2022 to 31.12.2022	1.1.2021 to 31.12.2021	1.10.2022 to 31.12.2022	1.10.2021 to 31.12.2021	
	RMB '000	RMB '000	RMB '000	RMB '000	
<b>Cash flow from operating activities</b>					
Profit/(loss) before tax	29,570	129,941	(12,085)	3,469	
Adjustments for:					
Amortisation of intangible assets	12 7,832	9,039	2,046	2,221	
Bad debts written off (non-trade)	7 2,345	8	2,345	8	
Depreciation for investment properties	11 274	274	69	69	
Depreciation of property, plant and equipment	7 59,380	59,805	14,808	14,511	
Write down of inventories	7 4,320	10,966	4,320	10,966	
Interest expense	7 3,430	3,853	1,701	1,017	
Interest income	7 (16,460)	(9,071)	(3,985)	(3,011)	
Gain on disposal of a subsidiary	7 –	(42,323)	–	–	
(Gain)/loss on disposal of property, plant and equipment	7 (130)	(351)	(70)	(139)	
Net (write-back)/provision of impairment losses on trade and other receivables	7 (7,545)	2,618	(7,718)	701	
Property, plant and equipment written off	6 126	576	(716)	496	
Operating cash flow before working capital changes	83,142	165,335	715	30,308	
Inventories	14,650	(51,541)	27,254	20,486	
Trade and other receivables	62,362	(148,264)	93,276	218	
Trade and other payables	(21,920)	320,740	(54,395)	144,670	
Contract liabilities	8,170	(26,569)	17,056	(19,426)	
Cash generated from operations	146,404	259,701	83,906	176,256	
Interest received	3,664	1,993	163	(4,067)	
Income taxes and withholding tax (paid)/credit	(8,446)	(9,408)	1,609	1,225	
<b>Net cash from operating activities</b>	<b>141,622</b>	<b>252,286</b>	<b>85,678</b>	<b>173,414</b>	
<b>Cash flow from investing activities</b>					
Purchases of property, plant and equipment	Note A (81,214)	(86,105)	(57,368)	(62,550)	
Additions of intangible assets	(6,657)	(13,922)	(9)	(3,330)	
Proceeds from disposal of property, plant and equipment	579	537	526	282	
Proceed from disposal of a subsidiary	5 –	263,131	–	–	
Proceed from realisation of other investment	900,000	–	100,000	–	
Payment for other investment	16 (600,000)	(300,000)	–	(300,000)	
Interest received from other investment	5,305	5,654	283	5,654	
Repayment from loan to a third party	100,000	–	–	–	
Provision of loan to a third party	(100,000)	(100,000)	–	–	
<b>Net cash from/(used in) investing activities</b>	<b>218,013</b>	<b>(230,705)</b>	<b>43,432</b>	<b>(459,944)</b>	
<b>Cash flow from financing activities</b>					
Payment of lease liabilities	(1,256)	(802)	(409)	(452)	
Bank deposit pledge	71	–	–	–	
Bank deposits released from pledge	(71)	–	–	–	
Dividend paid	9 (50,000)	(30,000)	–	–	
Interest paid	(2,613)	(3,161)	(1,403)	(325)	
<b>Net cash used in financing activities</b>	<b>(53,869)</b>	<b>(33,963)</b>	<b>(1,812)</b>	<b>(777)</b>	



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**CONDENSED INTERIM CONSOLIDATION STATEMENT OF CASH FLOWS (CONT'D)**

	Note	Group			
		FY22	FY21	4Q22	4Q21
		1.1.2022 to 31.12.2022 RMB '000	1.1.2021 to 31.12.2021 RMB '000	1.10.2022 to 31.12.2022 RMB '000	1.10.2021 to 31.12.2021 RMB '000
Net increase/(decrease) in cash and cash equivalents		305,766	(12,382)	127,298	(287,307)
Cash and cash equivalents at beginning of the period		28,661	41,165	207,308	316,008
Effect of exchange rate changes on cash and cash equivalents		116	(122)	(63)	(40)
Cash and cash equivalents at end of the period	17	334,543	28,661	334,543	28,661

**Note A**

	Note	FY22	FY21	4Q22	4Q21
		1.1.2022 to 31.12.2022 RMB '000	1.1.2021 to 31.12.2021 RMB '000	1.10.2022 to 31.12.2022 RMB '000	1.10.2021 to 31.12.2021 RMB '000
Total additions to property, plant and equipment		79,886	57,693	36,671	46,190
Add/(less): changes in unpaid portion		11,712	(7,348)	4,702	(9,475)
(Less)/add: changes in prepayments		(10,384)	35,760	15,995	25,835
Purchase of plant, property and equipment per consolidated statement of cash flows		81,214	86,105	57,368	62,550



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## CONDENSED STATEMENTS OF CHANGES IN EQUITY

### Group

	Note	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2022</b>		250,660	709,155	10,222	124,565	97,097	1,191,699
Total comprehensive income for the period							
Profit for the period		-	24,580	-	-	-	24,580
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation		-	-	8,357	-	-	8,357
<i>Total comprehensive income for the period</i>		-	24,580	8,357	-	-	32,937
Transactions with owners, recognised directly in equity							
<i>Distributions to owners</i>							
Dividend paid	9	-	(50,000)	-	-	-	(50,000)
<i>Total distributions to owners</i>		-	(50,000)	-	-	-	(50,000)
Transfer to statutory reserves							
Fund		-	(4,236)	-	4,236	-	-
<b>Balance as at 31.12.2022</b>		250,660	679,499	18,579	128,801	97,097	1,174,636





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**CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

**Group**

	Note	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Statutory reserves RMB'000	Capital Reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2021</b>		250,660	634,582	10,046	115,791	97,097	1,108,176
Total comprehensive income for the period							
Profit for the period		-	113,347	-	-	-	113,347
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation		-	-	176	-	-	176
<i>Total comprehensive income for the period</i>		-	113,347	176	-	-	113,523
Transactions with owners, recognised directly in equity							
<i>Distributions to owners</i>							
Dividend paid	9	-	(30,000)	-	-	-	(30,000)
<i>Total distributions to owners</i>		-	(30,000)	-	-	-	(30,000)
Transfer to statutory reserves Fund		-	(8,774)	-	8,774	-	-
<b>Balance as at 31.12.2021</b>		250,660	709,155	10,222	124,565	97,097	1,191,699



**CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

**Company**

	Note	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2022</b>		250,660	538,361	(31,315)	757,706
Total comprehensive loss for the period					
Profit for the period		-	43,467	-	43,467
<i>Other comprehensive income</i>					
Currency translation differences arising from translation into the presentation currency		-	-	69,824	69,824
<i>Total comprehensive income for the period</i>		-	43,467	69,824	113,291
Transactions with owners, recognised directly in equity					
<i>Distributions to owners</i>					
Dividend paid	9	-	(50,000)	-	(50,000)
<i>Total distributions to owners</i>		-	(50,000)	-	(50,000)
<b>Balance as at 31.12.2022</b>		250,660	531,828	38,509	820,997
<b>Balance as at 1.1.2021</b>		250,660	538,901	6,776	796,337
Total comprehensive loss for the period					
Profit for the period		-	29,460	-	29,460
<i>Other comprehensive loss</i>					
Currency translation differences arising from translation into the presentation currency		-	-	(38,091)	(38,091)
<i>Total comprehensive loss for the period</i>		-	29,460	(38,091)	(8,631)
Transactions with owners, recognised directly in equity					
<i>Distributions to owners</i>					
Dividend paid	9	-	(30,000)	-	(30,000)
<i>Total distributions to owners</i>		-	(30,000)	-	(30,000)
<b>Balance as at 31.12.2021</b>		250,660	538,361	(31,315)	757,706



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## **Explanatory Notes:**

### **Capital Reserve**

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

### **Statutory Reserves**

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

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

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



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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. Corporate information

World Precision Machinery Limited (the “**Company**”) is a company incorporated in the Republic of Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the full year ended 31 December 2022 comprised the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are as follow: -

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Ownership interest held	
			31 December 2022	31 December 2021
			%	%
<i>Held by the Company</i>				
World Precise Machinery (China) Co., Ltd.	Manufacture and supply of stamping machines and metal parts	PRC	100	100
World Precise Machinery (Shenyang) Co., Ltd.	Manufacture and supply of stamping machines and metal parts	PRC	100	100
World Precise Machinery Parts (Jiangsu) Co., Ltd.	Research and development, and manufacturing of key components of all types of precision machine tools	PRC	100	100
<i>Held by World Precise Machinery (China) Co., Ltd.</i>				
Jiangsu World Tourism Investment Management Co., Ltd.	Hotel investment and management services.	PRC	100	–



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## **2. Basis of preparation**

The condensed interim financial statements for the full year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Chinese Renminbi ("**RMB**") and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

The functional currency of the Company and its principal entities in the PRC is Singapore dollar ("**SGD**") and RMB respectively.

### **2.1 New and amended standards adopted by the Group**

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and SFRS(I) Interpretations ("**SFRS(I) INTs**") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2022, where applicable. The adoption of these standards from the effective date has not resulted in material adjustments to the financial position, results of operations or cash flows of the Group for 1H22. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards

### **2.2 Use of estimates and judgements**

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

There is no critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the condensed financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim financial period are included in the following notes:

- Note 10 and 12 – measurement of recoverable amount of property, plant and equipment and intangible assets;
- Note 11 – valuation of investment properties



## 2.2 Use of estimates and judgements (cont'd)

- Note 13 – valuation of inventories; and
- Note 14 and 15 – valuation of trade receivables and amount due from employees

### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

## 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## 4. Segment and revenue information

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

### *Geographical information*

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

### *Information about major customer*

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



#### 4.1 Disaggregation of revenue

Revenue comprises sales of conventional stamping machines, high performance and high tonnage stamping machines and metal parts. All sales are recognised at a point in time.

	Group			
	1.1.2022 to 31.12.2022 RMB'000	1.1.2021 to 31.12.2021 RMB'000	1.10.2022 to 31.12.2022 RMB'000	1.10.2021 to 31.12.2021 RMB'000
Conventional stamping machines	27,120	58,011	6,340	9,466
High performance and high tonnage stamping machines	1,001,229	1,152,051	245,865	294,648
Metal parts	85,500	108,155	18,957	24,830
	<u>1,113,849</u>	<u>1,318,217</u>	<u>271,162</u>	<u>328,944</u>

#### A breakdown of sales.

	The Group		
	FY22	FY21	Increase/(decrease)
	RMB'000	RMB'000	%
(a) Sales reported for first half year	558,600	652,129	(14.3)
Profit after tax before deducting non-controlling interest for first half year	17,350	77,083	(77.5)
(b) Sales reported for second half of year	555,249	666,088	(16.6)
Profit after tax before deducting non-controlling interest for second half year	7,230	36,264	(80.1)
(c) Sales reported for full year	1,113,849	1,318,217	(15.5)
Profit after tax before deducting non-controlling interest for full year	24,580	113,347	(78.3)

#### 5. Other income

	Group			
	1.1.2022 to 31.12.2022 RMB'000	1.1.2021 to 31.12.2021 RMB'000	1.10.2022 to 31.12.2022 RMB'000	1.10.2021 to 31.12.2021 RMB'000
Sales of raw and scrap materials	7,632	8,921	1,719	(959)
Cost of raw and scrap materials sold	(5,631)	(7,583)	(278)	843
Gain/(loss) from disposals of raw and scrap materials	2,001	1,338	1,441	(116)
Gain on disposal of a subsidiary	–	42,323	–	–
Gain on disposal of property, plant and equipment	130	352	70	140
Government grants and subsidies	13,103	18,647	2,547	5,940
Insurance claims	–	105	–	105
Penalty income	71	52	71	52
Processing income	2,302	3,292	587	856
Rental income, net	722	1,424	(20)	402
Gain on stocktake	514	–	58	–
Others	146	193	(13)	8
	<u>18,989</u>	<u>67,726</u>	<u>4,741</u>	<u>7,387</u>



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WORLD

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

## 5.1. Disposal of subsidiary

During FY21, the Group disposed its 100% equity interest in Shenyang World High-End Equipment Manufacturing Co., Ltd. for a cash consideration of RMB263,143,000. The transaction was completed in FY21.

The disposed subsidiary contributed to a net loss of RMB4,675,000 to the Group since date of incorporation to the date of disposal.

The total effect of the disposal in a subsidiary on the cash flows of the Group was as follow:

	<b>Group</b> <b>1.1.2021 to</b> <b>31.12.2021</b> <b>RMB'000</b>
Property, plant and equipment	137,775
Land use rights	72,039
Other receivables	11,834
Cash and cash equivalents	12
Due to related party (non-trade)	(840)
Net asset on disposal	<u>220,820</u>
Gain on disposal of a subsidiary	<u>42,323</u>
Sale consideration	263,143
Cash of a subsidiary disposed	<u>12</u>
Cash inflow on disposal of a subsidiary	<u>263,131</u>

The gain on disposal in a subsidiary was recognised in “other income” in the condensed interim consolidated statement comprehensive income.

## 6. Other expenses

	<b>Group</b>			
	<b>1.1.2022 to</b> <b>31.12.2022</b> <b>RMB'000</b>	<b>1.1.2021 to</b> <b>31.12.2021</b> <b>RMB'000</b>	<b>1.10.2022 to</b> <b>31.12.2022</b> <b>RMB'000</b>	<b>1.10.2021 to</b> <b>31.12.2021</b> <b>RMB'000</b>
Bad debts written off (non-trade)	2,345	8	2,345	8
Donation	–	2,000	–	–
Fine and penalty	67	200	2	–
Government comprehensive fund	148	148	–	–
Loss on foreign currency exchange	8,609	193	12,707	193
Loss on disposal of property, plant and equipment	–	–	–	–
Property, plant and equipment written off	126	576	(716)	496
Quality compensation	–	370	–	–
Others	74	96	1	172
	<u>11,369</u>	<u>3,591</u>	<u>14,339</u>	<u>869</u>

## 7. Profit before tax

	<b>Group</b>			
	<b>1.1.2022 to</b> <b>31.12.2022</b> <b>RMB'000</b>	<b>1.1.2021 to</b> <b>31.12.2021</b> <b>RMB'000</b>	<b>1.10.2022 to</b> <b>31.12.2022</b> <b>RMB'000</b>	<b>1.10.2021 to</b> <b>31.12.2021</b> <b>RMB'000</b>
<b>Income</b>				
Interest income	(16,460)	(9,071)	(3,985)	(3,011)
Net (write-back)/provision of impairment losses on trade and other receivables	(7,545)	2,618	(7,718)	701





## 7. Profit before tax (cont'd)

	Group			
	1.1.2022 to 31.12.2022 RMB'000	1.1.2021 to 31.12.2021 RMB'000	1.10.2022 to 31.12.2022 RMB'000	1.10.2021 to 31.12.2021 RMB'000
<b>Expenses</b>				
Amortisation of intangible assets	7,832	9,039	2,046	2,221
Depreciation of investment properties	274	274	69	69
Depreciation of property, plant and equipment	59,380	59,805	14,808	14,511
Interest expense	3,430	3,853	1,701	1,017

### 7.1 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			
	1.1.2022 to 31.12.2022 RMB'000	1.1.2021 to 31.12.2021 RMB'000	1.10.2022 to 31.12.2022 RMB'000	1.10.2021 to 31.12.2021 RMB'000
<b>Related companies</b>				
<i>Income</i>				
Lease of premises to a related company	–	1,607	–	–
Sales to related companies	95,313	115,382	22,298	28,249
Processing services to related companies	3,260	3,012	715	687
<i>Expenses</i>				
Lease of premises from a related company	600	450	150	112
Processing services from related companies	5,348	14,381	2,144	1,778
Purchases of machineries and parts from related companies	26,404	2,329	20,436	1,339
Purchases of raw materials from related companies	32,290	24,054	(202)	1,394
Purchases of scrap materials from related companies	29,129	42,473	(2,191)	9,633
<b>Affiliated companies</b>				
<i>Income</i>				
Sales to affiliated companies	798	83	112	31
Processing services to affiliated companies	13	12	–	4
<i>Expenses</i>				
Purchases of raw materials from affiliated companies	8,210	37	7,964	(1)
Purchases of scrap materials from affiliated companies	1,777	1,981	810	695



## 7.1 Related party transactions (cont'd)

### *Key management personnel compensation*

Key management personnel compensation is analysed as follows:

	Group			
	1.1.2022 to 31.12.2022 RMB'000	1.1.2021 to 31.12.2021 RMB'000	1.10.2022 to 31.12.2022 RMB'000	1.10.2021 to 31.12.2021 RMB'000
Directors of the Company:				
- short-term employee benefits	410	403	107	88
- defined contribution benefits	28	26	10	2
- directors' fees	1,288	1,280	328	605
	<u>1,726</u>	<u>1,709</u>	<u>445</u>	<u>695</u>
Other key management personnel:				
- short-term employee benefits	3,996	3,586	1,308	901
- defined contribution benefits	190	143	85	27
	<u>4,186</u>	<u>3,729</u>	<u>1,393</u>	<u>928</u>
	<u>5,912</u>	<u>5,438</u>	<u>1,838</u>	<u>1,623</u>

## 8. Tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	1.1.2022 to 31.12.2022 RMB'000	1.1.2021 to 31.12.2021 RMB'000	1.10.2022 to 31.12.2022 RMB'000	1.10.2021 to 31.12.2021 RMB'000
Income tax				
- Current year	5,503	11,424	(1,413)	2,973
- Under provision in respect of prior years	-	-	-	-
	<u>5,503</u>	<u>11,424</u>	<u>(1,413)</u>	<u>2,973</u>
Deferred tax				
- origination and reversal of temporary differences	(3,365)	3,447	(1,856)	(884)
- Over provision in respect of prior years	-	-	-	-
	<u>(3,365)</u>	<u>3,447</u>	<u>(1,856)</u>	<u>(884)</u>
Withholding tax	2,852	1,723	48	-
	<u>4,990</u>	<u>16,594</u>	<u>(3,221)</u>	<u>2,089</u>



## 9. Dividends

The following tax exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group & Company			
	1.1.2022 to 31.12.2022 RMB'000	1.1.2021 to 31.12.2021 RMB'000	1.10.2022 to 31.12.2022 RMB'000	1.10.2021 to 31.12.2021 RMB'000
<i>Paid by the Company to owners of the Company</i>				
RMB12.5 cents per qualifying ordinary share (2021: RMB7.5 cents)	50,000	30,000	–	–

## 10. Property, plant and equipment

During the full year ended 31 December 2022, the Group acquired assets at cost amounting to RMB79.9 million (2021: RMB65.4 million) and disposed of assets at cost amounting to RMB14.3 million (2021: RMB5.4 million)

### *Impairment of property, plant and equipment and intangible assets*

The Group reviews the carrying amounts of the assets as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are determined based on the greater of its value in use and its fair value less costs of disposal for the allocated CGU.

### *Determination of fair value less cost of disposal*

In 2021, the Group engaged external independent valuer to determine the fair value less cost of disposal of the property, plant and equipment, and intangible assets. The valuer has appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. In relying on the valuation reports, the Group has exercised its judgement and is satisfied that the valuation method and estimates are reflective of current market conditions. The recoverable amount of the CGU was estimated to be higher than its carrying amount, and no impairment was required in 2021. The fair value measurement was categorised as a Level 3 in the fair value hierarchy as it is derived from unobservable inputs.



**10. Property, plant and equipment (cont'd)**

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

Type	Valuation technique and significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Leasehold buildings Plant and machinery Electrical fittings Tools and equipment Motor vehicles	<i>Depreciated replacement cost method:</i> Aggregated amount of gross replacement cost of the building and plant and machinery from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors.	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>• replacement cost is higher/(lower); or</li> <li>• depreciation is lower/(higher).</li> </ul>
Leasehold land	<i>Direct comparison method:</i> The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the leasehold land.  Price per square metre (“psm”) of comparable properties range from RMB104 to RMB2,611.	The estimated fair value would increase/(decrease) if price psm was higher/(lower).
Intangible assets	<i>Relief-from-royalty method:</i> The relief-from-royalty method considers the discounted estimated payments that are expected to be avoided as result of the intangible assets being owned.	The estimated fair value would increase/(decrease) if estimated payments that are expected to be avoided was higher/(lower).



## 11. Investment properties

	Group	
	31.12.2022	31.12.2021
	RMB'000	RMB'000
<b>Cost</b>		
At beginning and end of the period	7,208	7,208
<b>Accumulated amortisation</b>		
At beginning of the period	4,109	3,835
Charge for the period	274	274
At end of the period	4,383	4,109
<b>Net carrying value</b>		
At end of the period	2,825	3,099
<b>Fair value</b>		
At end of the period	16,515	15,790

Investment property comprises a commercial property that is leased to the third parties. The lease contains a non-cancellable period varying from 3 to 6 years (2021: 3 to 6 years), with a fixed annual rent.

### Fair value hierarchy

The fair value of the investment property was determined by the Group using management's valuation using the direct comparison method with reference to other similar properties. The fair value disclosure for the investment property has been categorised as a Level 3 fair value based on the input to the valuation techniques used. The significant unobservable input includes price per square foot of RMB2,323 (2021: RMB2,221). An increase in the price per square foot would result in a higher fair value.

## 12. Intangible assets

	Group	
	31.12.2022	31.12.2021
	RMB'000	RMB'000
<b>Development costs</b>		
<b>Cost</b>		
At beginning of the period	102,305	88,383
Additions	3,888	13,921
At end of the period	106,193	102,304
<b>Accumulated amortisation</b>		
At beginning of the period	63,220	54,181
Amortisation charge for the period	7,832	9,039
At end of the period	71,052	63,220
<b>Net carrying value</b>		
At end of the period	35,141	39,084



## 12. Intangible assets (cont'd)

### *Impairment of intangible assets*

The Group reviews the carrying amounts of the assets as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are determined based on the greater of its value in use and its fair value less costs of disposal for the allocated CGU. See Note 10 for the determination of recoverable amount of the property, plant and equipment and intangible assets for the CGU.

## 13. Inventories

	Group	
	31.12.2022 RMB'000	31.12.2021 RMB'000
Finished goods		
- at cost	56,583	78,133
- at net realisable value	–	526
Work-in-progress and components parts		
- at cost	268,546	267,797
Raw materials		
- at cost	72,264	69,907
	397,393	416,363

### *Write-down for slow-moving and obsolete inventories*

The Group performs assessment on the condition of its inventories at the end of each reporting period and write down slow-moving and obsolete inventories identified. Management considers future demand, expected selling prices and ageing analysis of the inventories as part of its assessment process to arrive at their best estimate of the net realisable value of inventories. Such evaluation process requires significant judgement and may affect the carrying amount of inventories at the balance sheet date.

In FY22, a write-down for slow-moving and obsolete inventories to net realisable value amounting to RMB4,320,000 (2021: RMB10,966,000) was recognised in "Cost of sales" due to slow-moving inventories and obsolete raw materials.

## 14. Trade receivables

	Group		Company	
	31.12.2022 RMB'000	31.12.2021 RMB'000	31.12.2022 RMB'000	31.12.2021 RMB'000
Trade receivables	140,295	137,650	–	–
Less: allowance for expected credit losses	(19,570)	(27,453)	–	–
	120,725	110,197	–	–
Bills receivables	207,832	329,620	–	–
	328,557	439,817	–	–



#### 14. Trade receivables (cont'd)

The movements in allowance for impairment in respect of trade receivables during the financial period were as follows:

	Group		Company	
	31.12.2022 RMB'000	31.12.2021 RMB'000	31.12.2022 RMB'000	31.12.2021 RMB'000
At beginning of the period	27,453	29,413	–	–
Provision for impairment losses	–	2,821	–	–
Bad debts written off against allowance	–	(4,781)	–	–
Reversal of provision for impairment losses	(7,883)	–	–	–
At end of the period	19,570	27,453	–	–

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

<u>Description of evaluation of financial assets</u>	<u>Basis for recognition and measurement of ECL</u>
Debtors has a low risk of default and does not have any past due amount	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- historical and current payment patterns of the debtors;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtors.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.



**14. Trade receivables (cont'd)**

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

**15. Other receivables**

	Group		Company	
	31.12.2022 RMB'000	31.12.2021 RMB'000	31.12.2022 RMB'000	31.12.2021 RMB'000
Amount due from employees	1,410	4,472	–	–
Less: allowance for expected credit losses	(1,320)	(1,309)	–	–
	90	3,163	–	–
Advance payments to suppliers	1,554	3,950	–	–
VAT receivables	428	893	–	–
Other prepayments	2,746	2,197	15	13
Prepayments for property, plant and equipment	36,728	47,112	–	–
Loan to a third party **	100,000	100,000	–	–
Interest receivables	7,491	1,425	1,437	–
Tax recoverable	1,097	4,273	–	–
Other receivables	1,635	1,915	–	–
Less: allowance for expected credit losses	(405)	(79)	–	–
	1,230	1,836	–	–
	151,364	164,849	1,452	13
Non-current	36,728	47,112	–	–
Current	114,636	117,737	1,452	13
	151,364	164,849	1,452	13

The movements in allowance for impairment in respect of other receivables during the financial period was as follows:

	Group		Company	
	31.12.2022 RMB'000	31.12.2021 RMB'000	31.12.2022 RMB'000	31.12.2021 RMB'000
At beginning of the period	1,388	1,591	–	–
Provision for impairment losses	337	–	–	–
Reversal/write-back of impairment losses	–	(203)	–	–
At end of the period	1,725	1,388	–	–

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





**16. Other investment**

	Group		Company	
	31.12.2022 RMB'000	31.12.2021 RMB'000	31.12.2022 RMB'000	31.12.2021 RMB'000
Structured deposit	-	300,000	-	-

The Group invested in a principal protected currency linked structured investment. The investment bears a base interest rate of 1.30% per annum plus additional interest pegged to exchange rate movement during the investment period. As at the reporting date, there was no outstanding contract.

**17. Cash and cash equivalents**

	Group		Company	
	31.12.2022 RMB'000	31.12.2021 RMB'000	31.12.2022 RMB'000	31.12.2021 RMB'000
Cash at banks and on hand	144,828	28,661	4,149	874
Fixed deposit	189,715	-	189,715	-
	<u>334,543</u>	<u>28,661</u>	<u>193,864</u>	<u>874</u>

The Group's fixed deposit placed with a financial institution matured within 1 month (2021: nil) from the end of the reporting period. The interest rate is 3.10% (2021: nil) per annum.

**18. Trade payables**

	Group		Company	
	31.12.2022 RMB'000	31.12.2021 RMB'000	31.12.2022 RMB'000	31.12.2021 RMB'000
Trade payables	573,947	520,744	-	-

Trade payables are non-interest bearing with credit periods ranging from 3 to 6 months (2021: 3 to 6 months).

**19. Other payables**

	Group		Company	
	31.12.2022 RMB'000	31.12.2021 RMB'000	31.12.2022 RMB'000	31.12.2021 RMB'000
Accrued operating expenses	78,262	145,185	367	684
VAT payables	19,801	3,752	-	-
Other tax payables	1,397	817	-	-
Other payables	51,015	92,011	508	330
Bonus payables	12,033	26,125	-	-
Payables relating to property, plant and equipment	10,034	21,747	-	-
	<u>172,542</u>	<u>289,637</u>	<u>875</u>	<u>1,014</u>



## 20. Share capital

	Group and Company			
	31.12.2022 No. of shares '000	31.12.2022 RMB'000	31.12.2021 No. of shares '000	31.12.2021 RMB'000
<b>Issued and fully paid ordinary shares, with no par value</b>				
At beginning and end of period	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.

## 21. Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Group		Company	
		31.12.2022 RMB'000	31.12.2021 RMB'000	31.12.2022 RMB'000	31.12.2021 RMB'000
<i>Financial assets at amortised cost</i>					
Trade receivables	14	328,557	439,817	–	–
Other receivables*	15	108,811	106,424	1,437	–
Due from related parties (trade)		85,742	21,108	–	–
Due from affiliated company (trade)		56	3	–	–
Due from subsidiaries (non-trade)		–	–	352	196
Cash and cash equivalents	17	334,543	28,661	193,864	874
		<u>857,709</u>	<u>596,013</u>	<u>195,653</u>	<u>1,070</u>
Financial asset at FVTPL					
Other investment		–	300,000	–	–
<i>Financial liabilities at amortised cost</i>					
Trade payables	19	573,947	520,744	–	–
Other payables #	20	152,741	285,883	1,014	1,014
Due to related parties (trade)		21,240	2,498	–	–
Due to related parties (non-trade)		1,554	261	–	–
Due to a subsidiary (non-trade)		–	–	188	188
Leases liabilities		16,965	11,564	–	–
		<u>766,447</u>	<u>820,950</u>	<u>1,202</u>	<u>1,202</u>

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

# Excludes VAT payables

### **Estimation the fair value**

The carrying amounts of the financial assets and the financial liabilities (including trade receivables, other receivables, due from related parties (trade), due from affiliated companies (trade), due from subsidiaries (non-trade), financial asset, at FVPL, cash and cash equivalents, trade payables, other payables, due from related parties (trade), due from related parties (non-trade), due to a subsidiary (non-trade) and lease liabilities) are assumed to approximate their fair values because of their short period to maturity.



**OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

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

During the full year ended 31 December 2022, there has been no change in the issued and paid-up share capital of the Company. There are also no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

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

	As at 31 December 2022	As at 31 December 2021
Total number of issued shares	400,000,000	400,000,000
Less: treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>400,000,000</u>	<u>400,000,000</u>

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

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

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

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

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

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



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

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

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

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

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

The Group has adopted all new and revised and interpretations of Singapore Financial Standards (International) ("SFRS(I)") that are relevant to its operations and effective for annual periods beginning after 1 January 2022. The adoption of these new and revised SFRS(I) did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior periods.

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

	1.1.2022 to 31.12.2022	1.1.2021 to 31.12.2021	1.10.2022 to 31.12.2022	1.10.2021 to 31.12.2021
(a) Based on weighted average number of ordinary share on issue (RMB); and	0.06	0.28	(0.02)	0.00
(b) On a fully diluted basis (RMB)	0.06	0.28	(0.02)	0.00
Weighted average number of shares	400,000,000	400,000,000	400,000,000	400,000,000



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

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RMB	RMB	RMB	RMB
Net asset value (“NAV”) per ordinary share based on issued share capital at the end of the respective periods:	2.94	2.98	2.05	1.89
No. of shares in computing NAV	400,000,000	400,000,000	400,000,000	400,000,000

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

## REVIEW OF PERFORMANCE

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

#### (i) Revenue

For the 3 months ended 31 December 2022 (“4Q22”), the Group’s turnover decreased by 17.6% to RMB271.2 million from RMB328.9 million for the 3 months ended 31 December 2021 (“4Q21”).

In terms of sales performance for 4Q22, sales of conventional stamping machines decreased by 33.0% while sales of high performance and high tonnage stamping machines decreased by 16.6% compared to 4Q21 respectively.

For the full year ended 31 December 2022 (“FY22”), the Group’s turnover decreased by 15.5% to RMB1,113.8 million from RMB1,318.2 million for the full year ended 31 December 2021 (“FY21”).

In terms of sales performance for FY22, sales of conventional stamping machines decreased by 53.2% while sales of high performance and high tonnage stamping machines decreased by 13.1% compared to FY21 respectively.

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



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

**(ii) Gross Profit**

The Group's gross profit for 4Q22 increased by 8.7% to RMB42.7 million from RMB39.3 million in 4Q21. The gross profit margin increased by 3.8% to 15.7% in 4Q22 from 11.9% in 4Q21.

In terms of gross profit margin for 4Q22, gross profit margin for conventional stamping machines decreased by 8.5% to 13.9% from 22.4% in 4Q21 while gross profit margin for high performance and high tonnage stamping machines decreased by 2.1% to 15.0% from 17.1% in 4Q21.

The Group's gross profit for FY22 decreased by 22.7% to RMB186.1 million from RMB240.8 million in FY21. The gross profit margin for FY22 decreased by 1.6% to 16.7% from 18.3% in FY21.

In terms of gross profit margin for FY22, gross profit margin for conventional stamping machines increased by 1.4% to 19.9% from 18.5% in FY21 while gross profit margin for high performance and high tonnage stamping machines decreased by 3.7% to 16.5% from 20.2% in FY21.

Overall, the decrease in the Group's gross profit margin for 9M22 was mainly due to a decrease in production of conventional stamping machines and high performance and high tonnage stamping machines and an increase in labour and raw materials costs which was partially offset by an upward revision in the average selling prices of the stamping machines.

**(iii) Other Income**

In 4Q22, other income decreased by 35.8% to RMB4.7 million from RMB7.4 million in 4Q21.

In FY22, other income decreased by 72.0% to RMB19.0 million from RMB67.7 million in FY21.

Overall, the decrease was mainly due to a decrease in grants received from government and a gain from disposal of subsidiary of RMB42.3 in FY21.

**(iv) Distribution and Selling Expenses**

In 4Q22, distribution and selling expenses increased by 7.7% to RMB26.1 million from RMB24.3 million in 4Q21.

In FY22, distribution and selling expenses decreased by 6.3% to RMB90.2 million from RMB96.3 million in FY21, in tandem with the decrease in revenue. As a percentage of total revenue, distribution and selling expenses increased by 0.8% to 8.1% in FY22 from 7.3% in FY21.

Overall, the decrease was mainly due to a decrease in commission payable to sales personnel, after sales services, entertainment and sales related expense.

**(v) Administrative Expenses**

In 4Q22, administrative expenses increased by 52.4% to RMB29.5 million from RMB19.3 million in 4Q21.



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In FY22, administrative expenses increased by 16.3% to RMB94.4 million from RMB81.2 million in FY21. As a percentage of total revenue, administrative expenses increased by 2.3% to 8.5% in FY22 from 6.2% in FY21.

Overall, the increase was mainly due to an increase in research and development costs for stamping machines and staff salaries and its related costs.

The Group continues to enhance its technical capabilities to launch higher value-added stamping machines through its research and development.

**(vi) Depreciation and Amortisation Expenses**

In 4Q22, depreciation and amortisation expenses increased by 0.7% to RMB16.9 million from RMB16.8 million in 4Q21.

In FY22, depreciation and amortisation expenses decreased by 2.4% to RMB67.5 million from RMB69.1 million in FY21.

The decrease was mainly due to certain existing property, plant and equipment and intangible assets being fully depreciated and amortised which were partially offset by additional depreciation and amortisation of new property, plant and equipment and intangible assets acquired during the period.

**(vii) Other Expenses**

In 4Q22, other expenses increased by 1,550.1% to RMB14.3 million from RMB0.9 million in 4Q21.

In FY22, other expenses increased by 216.6% to RMB11.4 million from RMB3.6 million in FY21.

The increase was mainly due to an increase in foreign exchange loss and bad debts written off which was partially offset by a donation to charity foundation in FY21.

**(viii) Net Write-back/(Provision) of Impairment Losses on Trade and Other Receivables**

In 4Q22, there was a write back of impairment on trade and other receivables of RMB7.7 million whereas in 4Q2021 there was a provision of impairment on trade and other receivables of RMB0.7 million.

In FY22, there was a write back of impairment on trade and other receivables of RMB7.5 million whereas in FY21 there was a provision of impairment on trade and other receivables of RMB2.6 million.

**(ix) Net Financial Income/(Costs)**

In 4Q22, the Group's finance income recorded an increase by 32.3% to RMB4.0 million from RMB3.0 in 4Q21.

In FY22, the Group's finance income recorded an increase by 81.5% to RMB16.5 million from RMB9.1 million in FY21.



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The increase was mainly due to the interest income earned from a structured deposit placed with a financial institution and a loan to thirty party.

In 4Q22, the Group's finance costs recorded an increase by 23.2% to RMB1.3 million from RMB1.0 million in 4Q21.

In FY22, the Group's finance costs recorded a decrease by 9.2% to RMB3.5 million from RMB3.9 million in FY21.

The decrease was mainly due to lesser interest paid for early redemption of bills receivables as there were lesser encashments for early redemption of bills receivables during the FY22.

Overall, the Group achieved a net finance income mainly due to the interest income earned from a structured deposit placed with a financial institution and a loan to third party which were partially offset by interest paid for early redemption of bills receivables.

**(x) Profit Before Tax**

In 4Q22, the Group recorded a loss before tax ("**LBT**") of RMB12.1 million compared to a profit before tax ("**PBT**") of RMB3.5 million in 4Q21.

In FY22, the Group's PBT decreased by 77.2% to RMB29.6 million from RMB129.9 million in FY21.

**(xi) Tax Expense**

In 4Q22, the Group recorded a tax credit of RMB3.2 million whereas in 4Q21, the Group recorded a tax expense of RMB2.1 million.

It was mainly due to a decrease in income tax expense and deferred tax assets.

In FY22, the Group's tax expense decreased by 69.9% to RMB5.0 million from RMB16.6 million in FY21.

Overall, it was mainly due to a decrease in income tax expense and deferred tax assets which were partially offset by an increase in withholding tax.

World Precise Machinery (China) Co., Ltd. ("**WPMC**") and World Precise Machinery (Shenyang) Co., Ltd. ("**WPMS**") enjoyed preferential income tax rate of 15% as WPMC and WPMS have been regarded as a High-Tech Enterprise.

World Precise Machinery Parts (Jiangsu) Co., Ltd. was subjected to tax at the statutory tax rate of 25%.

**(xii) Net Profit After Tax**

In 4Q22, the Group recorded a net loss after tax ("**NLAT**") of RMB8.9 million compared to a net profit after tax ("**NPAT**") of RMB1.4 million in 4Q21.

In FY22, the Group's NPAT decreased by 78.3% to RMB24.6 million from RMB113.3 million in FY21. Net profit margin decreased by 6.4% to 2.2% from 8.6% in FY21.





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**(B) Consolidated Statement of Financial Position (31 December 2022 vs 31 December 2021)**

For the period under review, the Group's non-current assets increased by approximately RMB13.9 million mainly due to an increase in purchases of property, plant and equipment and additions of intangible assets net of the depreciation and amortisation expenses which were partially offset by a decrease in prepayment for property, plant and equipment.

For the period under review, the Group's non-current liabilities increased by RMB3.5 million due to an increase in lease liabilities which were partially offset by a decrease in deferred tax liabilities and revenue recognition of deferred income from government grants.

The Group's total current assets decreased by approximately RMB62.8 million from RMB1,323.7 million as at 31 December 2021 to RMB1,260.9 million as at 31 December 2022. This was attributable to a decrease in inventories (mainly due to decrease in sales orders), trade receivables (mainly due to a decrease in bills receivables from customers), other receivables and other investment (realisation of structured deposits) which were partially offset by an increase in amounts due to related parties and affiliated company and cash and cash equivalents (as explained in the consolidated statement of cash flows).

The Group's total current liabilities decreased by approximately RMB35.3 million from RMB901.6 million as at 31 December 2021 to RMB866.3 million as at 31 December 2022. This was attributable to a decrease in other payables (mainly due to an decrease in accrued operating expenses, bonus payables, payables relating to property, plant and equipment and reclassification of bill receivables which were partially offset by an increase in VAT payables) and income tax payables which were partially offset by an increase in contract liabilities (mainly due to an increase in advances received from customers), trade payables (mainly due to slow payment to suppliers and reclassification of bill receivables), amounts due to related parties and affiliated company (trade and non-trade) and lease liabilities.

The Group was in a net current assets position as at 31 December 2022 of RMB394.6 million.

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

For the 3 months ended 31 December 2022, the Group recorded a net cash increase of approximately RMB127.3 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB85.7 million. The reasons were mainly disclosed in the commentary under consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.
- b) the net cash inflow arising from investing activities which amounted to RMB43.4 million mainly due to proceed from realisation of structured deposit placed with financial institution and interest received from structured deposit which were partially offset by purchases of property, plant and equipment and additions of intangible assets.
- c) the net cash outflow arising from financing activities which amounted to RMB1.8 million mainly due to payment for lease liabilities and interest paid.

For the full year ended 31 December 2022, the Group recorded a net cash increase of approximately RMB305.8 million. This was mainly due to: -



- a) the net cash inflow arising from operating activities which amounted to RMB141.6 million. The reasons were mainly disclosed in the commentary under consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.
- b) the net cash inflow arising from investing activities which amounted to RM218.0 million mainly due to proceed from realisation of structured deposit placed with financial institution and interest received from structured deposit which were partially offset by purchases of property, plant and equipment and additions of intangible assets.
- c) the net cash outflow arising from financing activities which amounted to RMB53.8 million mainly due to payment of lease liabilities, dividend paid and interest paid.

Cash and cash equivalents as at 31 December 2022 stood at RMB334.5 million.

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

The FY22 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the 9M22 Financial Results announcement dated 10 November 2022 i.e., “Barring any unforeseen circumstances, the Group is optimistic to remain profitable in FY22.”

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

The challenges such as the Russia-Ukraine war, slowing down of economy in China, disruptions in supply chains and high inflationary pressures have resulted the business environment to be challenging.

The management is monitoring the development of business environment closely and will adjust its existing business strategies to better mitigate these challenges.

Nonetheless, barring any unforeseen circumstances, the Group is optimistic to remain profitable in FY23.

The Group’s order book stood at RMB398.8 million as at 23 February 2023.

**11. Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No.

**(b) (i) Amount per share**

Not applicable.

**(ii) Previous corresponding period**

Name of dividend	First and final
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<b>Dividend type</b>	Cash
<b>Dividend amount per share</b>	RMB0.125
<b>Tax rate</b>	Tax-exempt (one-tier)

(c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable

(d) **The date the dividend is payable.**

Not applicable.

(e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared/recommended for the current financial period reported on due to (i) capital expenditure budgeted for future expansion in China; (ii) the acquisition of industrial land in Thailand (see the Company's announcements released on SGXNET on 25 November 2022 and 7 December 2022); (iii) acquisition of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd in Hainan, PRC (see announcements released on SGXNET on 9 January 2023 and 18 January 2023); and (iv) other investment opportunities which may arise from time to time.

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

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

The IPTs for FY22 are as follows: -

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandates pursuant to Rule 920 (excluding transactions less than \$100,000)
		(RMB'000)	(RMB'000)



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<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u>  Processing fees received and sale of raw materials and parts.  Processing fees paid and purchase of scrap materials.	Associate of the Controlling Shareholder	N/A	652  1,615
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Purchase of raw materials.	Associate of the Controlling Shareholder	N/A	622  169
<u>Jiangsu World Agriculture Machinery Co., Ltd.</u>  Processing fees received and sale of raw materials, scrap materials, parts, machineries and equipment.  Processing fees paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	46,081  607
<u>Jiangsu World Agriculture Machinery &amp; Parts Manufacturing Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Purchase fees paid and purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	5,554  9,057
<u>World Agriculture (Shenyang) Co., Ltd.</u>  Processing fees received and sales of raw materials,	Associate of the Controlling Shareholder	N/A	2,315



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parts and scrap materials.			
Purchase of parts.			1,435
<u>World Heavy Industry (China) Co., Ltd.</u>  Processing fee received and sale of raw materials, parts and machineries.  Processing fees paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	4,164  61,999
<u>Jiangsu World Crane Co., Ltd.</u>  Processing fees paid and Purchase of equipment.	Associate of the Controlling Shareholder	N/A	1,345
<u>Jiangsu World Precise Machinery Co., Ltd.</u>  Land rental paid.	Associate of the Controlling Shareholder	N/A	600
<u>Jiangsu World Furniture Co., Ltd.</u>  Sale of raw materials and parts.	Associate of the Controlling Shareholder	N/A	48
<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	39,186  16,943
<u>Danyang World Machinery Parts Manufacturing Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Purchase of raw materials	Associate of the Controlling Shareholder	737  2,206	N/A



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and scrap materials.			
<u>World High Precision Complete Equipment Co., Ltd.</u>	Associate of the Controlling Shareholder		N/A
Sale of raw materials and parts.		26	
Purchase of raw materials.		7,552	
<u>Jiangsu Zhenji Machinery Manufacturing Co., Ltd.</u>	Associate of the Controlling Shareholder		
Purchase of raw materials and scrap materials.		229	
<b>Total</b>		<b>10,750</b>	<b>192,392</b>

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

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

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

No information by business segments is presented as the principal operation of the Group relates mainly to the manufacture of stamping machines and its related components (which include machinery parts and accessories as well as resin-casted components). As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of the operation is presented.

**16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not Applicable.

**17. A breakdown of sales.**

Please refer to note 4.1 of the condensed interim consolidated financial statements.

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**



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	FY22	FY21
	RMB'000	RMB'000
Ordinary	-	50,000
Preference	-	-
Total	-	-

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual, the Board wishes to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries as at the financial year ended 31 December 2022 who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

**Shao Jianjun**  
Executive Chairman  
28 February 2023