



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

The directors are pleased to announce the results for the third quarter from 1 July 2019 to 30 September 2019 (“3Q19”) and the results for the nine months from 1 January 2019 to 30 September 2019 (“9M19”). The comparatives are for the third quarter from 1 July 2018 to 30 September 2018 (“3Q18”) and the nine months from 1 January 2018 to 30 September 2018 (“9M18”). These figures have not been audited.

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

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

	Group					
	1.1.2019 to 30.9.2019 RMB '000	1.1.2018 to 30.9.2018 RMB '000	Change %	1.7.2019 to 30.9.2019 RMB '000	1.7.2018 to 30.9.2018 RMB '000	Change %
Turnover	622,470	679,733	(8.4%)	191,836	222,149	(13.6%)
Cost of sales	(503,729)	(573,352)	(12.1%)	(153,214)	(186,668)	(22.1%)
Gross profit	118,741	106,381	11.6%	38,622	35,481	8.9%
Gross profit margin (%)	19.1%	15.7%	3.4%	20.1%	16.0%	4.1%
Other income and gains	11,444	8,399	36.3%	5,714	2,755	107.4%
Distribution and selling expenses	(63,014)	(55,198)	14.2%	(21,531)	(19,830)	8.6%
Administrative expenses	(49,412)	(36,344)	36.0%	(15,799)	(13,823)	14.3%
Other expenses, net	(2,064)	(322)	541.0%	(917)	57	N.M.
Net impairment loss on financial assets	-	(60)	N.M.	-	(300)	N.M.
Finance expenses	(1,499)	(1,263)	18.7%	(640)	(340)	88.2%
Profit before tax	14,196	21,593	(34.3%)	5,449	4,000	36.2%
Tax expense	(327)	(4,603)	(92.9%)	1,626	(777)	N.M.
Profit for the period	13,869	16,990	(18.4%)	7,075	3,223	119.5%
Net Profit margin (%)	2.2%	2.5%	(0.3%)	3.7%	1.5%	2.2%
Profit attributable to:						
Equity holders of the Company	13,869	16,990	(18.4%)	7,075	3,223	119.5%

N.M. denotes Not Meaningful



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

	Group					
	1.1.2019 to 30.9.2019	1.1.2018 to 30.9.2018	Change	1.7.2019 to 30.9.2019	1.7.2018 to 30.9.2018	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit for the period	13,869	16,990	(18.4%)	7,075	3,223	119.5%
<i>Other comprehensive loss</i>						
Items that are or may be reclassified subsequently to profit and loss:						
Currency translation differences arising on consolidation	(25)	(100)	(75.0%)	(13)	(99)	(86.9%)
Total comprehensive income for the period	<u>13,844</u>	<u>16,890</u>	<u>(18.0%)</u>	<u>7,062</u>	<u>3,124</u>	<u>126.1%</u>
Total comprehensive income attributable to:						
Equity holders of the Company	<u>13,844</u>	<u>16,890</u>	<u>(18.0%)</u>	<u>7,062</u>	<u>3,124</u>	<u>126.1%</u>

**Explanatory Notes**

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



(B) Profit Before Tax

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

	Group			
	1.1.2019 to 30.9.2019	1.1.2018 to 30.9.2018	1.7.2019 to 30.9.2019	1.7.2018 to 30.9.2018
	RMB '000	RMB '000	RMB '000	RMB '000
Allowance for expected credit losses of trade receivables	-	1,500	-	300
Amortisation of land use rights	2,278	2,278	760	760
Amortisation of intangible assets	6,074	7,868	2,024	2,622
Depreciation of property, plant and equipment	40,465	40,301	13,525	12,295
Interest expenses	1,445	1,131	630	323
Interest income	(179)	(612)	(19)	(41)
Loss on foreign currency exchange	843	(83)	(903)	(86)
Property, plant and equipment written off	642	528	-	324
Write-back of allowance for expected credit losses of trade receivables	-	(1,440)	-	-



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

	Group		Company	
	30.9.2019 RMB '000	31.12.2018 RMB '000	30.9.2019 RMB '000	31.12.2018 RMB '000
<b>Non-current assets</b>				
Property, plant and equipment	808,444	783,146	-	-
Investment in subsidiaries	-	-	831,220	812,892
Land use rights	120,120	122,397	-	-
Intangibles assets	38,555	36,924	-	-
Right-to-use assets	4,432	-	-	-
Other receivables	1,173	815	-	-
	<u>972,724</u>	<u>943,282</u>	<u>831,220</u>	<u>812,892</u>
<b>Current assets</b>				
Inventories	408,250	391,167	-	-
Land use rights	3,003	3,003	-	-
Trade receivables	119,048	132,102	-	-
Other receivables	42,129	25,082	71	14
Due from related parties (trade)	9,926	48,063	-	-
Due from subsidiaries (non-trade)	-	-	-	25
Cash and cash equivalents	43,162	21,261	390	366
	<u>625,518</u>	<u>620,678</u>	<u>461</u>	<u>405</u>
<b>Total assets</b>	<u>1,598,242</u>	<u>1,563,960</u>	<u>831,681</u>	<u>813,297</u>
<b>Non-current liabilities</b>				
Deferred tax liability	5,018	5,018	-	-
Lease liability	3,467	-	-	-
	<u>8,485</u>	<u>5,018</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Contract liabilities	41,752	77,869	-	-
Trade payables	275,797	247,257	-	-
Bills payables	5,000	9,125	-	-
Other payables	129,354	127,858	612	-
Due to related parties (trade)	14,806	1,058	-	766
Due to related parties (non-trade)	9,609	981	-	-
Due to subsidiaries (non-trade)	-	-	1,006	-
Borrowings	29,100	27,400	-	1,012
Lease liabilities	966	-	-	-
Tax payables	2,135	-	-	-
	<u>508,519</u>	<u>491,548</u>	<u>1,618</u>	<u>1,778</u>
<b>Total liabilities</b>	<u>517,004</u>	<u>496,566</u>	<u>1,618</u>	<u>1,778</u>
<b>Net current assets/(liabilities)</b>	<u>116,999</u>	<u>129,130</u>	<u>(1,157)</u>	<u>(1,373)</u>
<b>Net Assets</b>	<u>1,081,238</u>	<u>1,067,394</u>	<u>830,063</u>	<u>811,519</u>



	Group		Company	
	30.9.2019 RMB '000	31.12.2018 RMB '000	30.9.2019 RMB '000	31.12.2018 RMB '000
<b>Equity attributable to the equity holders of the Company</b>				
Share capital	250,660	250,660	250,660	250,660
Retained earnings	592,931	581,157	537,782	537,542
Currency translation reserve	9,761	9,786	41,621	23,317
Statutory reserves	130,789	128,694	-	-
Capital reserve	97,097	97,097	-	-
<b>Total Equity</b>	<b>1,081,238</b>	<b>1,067,394</b>	<b>830,063</b>	<b>811,519</b>

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

	As at 30 September 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Current liabilities</b>				
Borrowings	29,100	-	27,400	-

**Details of any collateral**

As at 30 September 2019, bank loans comprised the following:

- 1) RMB6.5 million is secured by personal guarantee by the Group's non-executive director, Mr. Wang Weiyao and his spouse, Mrs. Zhang Ahmei, all of whom are related parties of the Group. The loan is repayable in 1Q2020.
- 2) RMB22.6 million is secured by personal guarantee by the Group's non-executive director, Mr. Wang Weiyao and his spouse, Mrs. Zhang Ahmei, all of whom are related parties of the Group. The loan is repayable in 2Q2020.



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

	Group			
	9M19	9M18	3Q19	3Q18
	1.1.2019 to 30.9.2019 RMB '000	1.1.2018 to 30.9.2018 RMB '000	1.7.2019 to 30.9.2019 RMB '000	1.7.2018 to 30.9.2018 RMB '000
<b>Cash flow from operating activities</b>				
Profit before tax	14,196	21,593	5,449	4,000
Adjustments for:				
Allowance for expected credit losses of trade receivables	-	1,500	-	300
Amortisation of land use rights	2,278	2,278	760	760
Amortisation of intangible assets	6,074	7,868	2,024	2,622
Depreciation of property, plant and equipment	40,465	40,301	13,525	12,295
Interest expenses	1,445	1,131	630	323
Interest income	(179)	(612)	(19)	(41)
Property, plant and equipment written off	642	528	-	324
Operating profit before working capital changes	64,921	74,587	22,369	20,583
Inventories	(17,083)	(4,260)	(5,801)	(4,831)
Receivables	34,145	(36,339)	6,576	(9,229)
Payables	39,536	57,387	24,305	36,408
Currency translation adjustments	(106)	(188)	(91)	(201)
Cash generated from operations	121,413	91,187	47,358	42,730
Interest received	179	612	19	41
Income taxes refunded/(paid), net	1,807	(3,709)	3,760	(704)
<b>Net cash from operating activities</b>	123,399	88,090	51,137	42,067
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment (Note A)	(90,005)	(83,294)	(16,376)	(31,463)
Addition of intangible assets	(7,704)	(10,348)	(2,368)	(3,333)
<b>Net cash used in investing activities</b>	(97,709)	(93,642)	(18,744)	(34,796)
<b>Cash flow from financing activities</b>				
Proceeds from bank loans	51,700	37,400	22,600	6,500
Repayment of bank loans	(50,000)	(46,300)	(22,600)	(4,500)
Cash deposits released from pledge	9,296	570	368	8,371
Cash deposits pledged	(368)	(9,331)	(368)	(9,331)
Interest paid	(1,445)	(1,131)	(630)	(323)
(Decrease)/increase in bills payables to bank	(4,125)	20,605	(13,488)	(6,031)
<b>Net cash from/(used in) financing activities</b>	5,058	1,813	(14,118)	(5,314)



	Group			
	9M19	9M18	3Q19	3Q18
	1.1.2019 to 30.9.2019	1.1.2018 to 30.9.2018	1.7.2019 to 30.9.2019	1.7.2018 to 30.9.2018
	RMB '000	RMB '000	RMB '000	RMB '000
Net increase/(decrease) in cash and cash equivalents	30,748	(3,739)	18,275	1,957
Cash and cash equivalents at beginning of the period	11,965	15,940	24,441	10,228
Effect of exchange rate changes on cash and cash equivalents	81	86	78	102
Cash and cash equivalents at end of the period	<u>42,794</u>	<u>12,287</u>	<u>42,794</u>	<u>12,287</u>
Cash and cash equivalents per consolidated statement of cash flows	42,794	12,287	42,794	12,287
Cash deposits pledged	368	9,331	368	9,331
<b>Cash and cash equivalents as per consolidated statement of financial positions</b>	<u>43,162</u>	<u>21,619</u>	<u>43,162</u>	<u>21,619</u>

**Note A**

	9M19	9M18	3Q19	3Q18
	1.1.2019 to 30.9.2019	1.1.2018 to 30.9.2018	1.7.2019 to 30.9.2019	1.7.2018 to 30.9.2018
	RMB '000	RMB '000	RMB '000	RMB '000
Total additions to property, plant and equipment	66,405	42,330	6,273	28,239
Add: Changes in unpaid portion	23,242	35,008	9,602	10,257
Add/(less): Changes in prepayments	358	5,956	501	(7,033)
Purchase of property, plant and equipment per consolidated statement of cash flows	<u>90,005</u>	<u>83,294</u>	<u>16,376</u>	<u>31,463</u>



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

**Group**

	Share capital	Retained earnings	Currency translation reserve	Statutory reserves	Capital reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1.1.2019</b>	250,660	581,157	9,786	128,694	97,097	1,067,394
Profit for the period	-	13,869	-	-	-	13,869
<i>Other comprehensive loss</i>						
Currency translation differences arising on consolidation	-	-	(25)	-	-	(25)
Total comprehensive income/(loss) for the period	-	13,869	(25)	-	-	13,844
Transfer to statutory reserves	-	(2,095)	-	2,095	-	-
<b>Balance as at 30.9.2019</b>	<b>250,660</b>	<b>592,931</b>	<b>9,761</b>	<b>130,789</b>	<b>97,097</b>	<b>1,081,238</b>

	Share capital	Retained earnings	Currency translation reserve	Statutory reserves	Capital reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1.1.2018</b>	250,660	576,607	9,901	127,118	97,097	1,061,383
Profit for the period	-	16,990	-	-	-	16,990
<i>Other comprehensive loss</i>						
Currency translation differences arising on consolidation	-	-	(100)	-	-	(100)
Total comprehensive income/(loss) for the period	-	16,990	(100)	-	-	16,890
Transfer to statutory reserves	-	(2,532)	-	2,532	-	-
<b>Balance as at 30.9.2018</b>	<b>250,660</b>	<b>591,065</b>	<b>9,801</b>	<b>129,650</b>	<b>97,097</b>	<b>1,078,273</b>





**Company**

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2019</b>	250,660	537,542	23,317	811,519
Profit for the period	-	240	-	240
<i>Other comprehensive income</i>				
Currency translation differences arising from translation into the presentation currency	-	-	18,304	18,304
Total comprehensive income for the period	-	240	18,304	18,544
<b>Balance as at 30.9.2019</b>	<b>250,660</b>	<b>537,782</b>	<b>41,621</b>	<b>830,063</b>

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2018</b>	250,660	534,407	(6,259)	778,808
Profit for the period	-	2,586	-	2,586
<i>Other comprehensive income</i>				
Currency translation differences arising from translation into the presentation currency	-	-	26,119	26,119
Total comprehensive income for the period	-	2,586	26,119	28,705
<b>Balance as at 30.9.2018</b>	<b>250,660</b>	<b>536,993</b>	<b>19,860</b>	<b>807,513</b>

**Explanatory Notes:**

**Capital Reserve**

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

**Statutory Reserves**

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

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

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



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

During the nine months ended 30 September 2019, there has been no change in the issued and paid-up share capital of the Company. There are also no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

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

	As at 30 September 2019	As at 31 December 2018
Total number of issued shares	400,000,000	400,000,000
Less: treasury shares	-	-
	<hr/>	<hr/>
Total number of issued shares excluding treasury shares	400,000,000	400,000,000

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

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

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

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

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

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

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

Not applicable.



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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements as of 31 December 2018.

**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 the new Singapore Financial Standards (International) ("SFRS(I)") 16 *Leases* for the financial year beginning on or after 1 January 2019. SFRS(I) 16 introduces new and amended requirements with respect to lease accounting. It introduces significant changes to the lease accounting by removing the distinction between operating and finance lease and requiring the recognition of right-to-use assets and lease liabilities at commencement of all leases, except for short-term leases and leases of low value assets.

The Group has adopted all new and revised and interpretations of SFRS(I) that are relevant to its operations and effective for annual periods beginning after 1 January 2019. The adoption of the new and revised SFRS(I) had no significant impact on the financial statements of the Group.

**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.**

	1.1.2019 to 30.9.2019	1.1.2018 to 30.9.2018	1.7.2019 to 30.9.2019	1.7.2018 to 30.9.2018
(a) Based on weighted Average number of ordinary shares on issue (RMB); and	0.03	0.04	0.02	0.01
(b) On a fully diluted basis (RMB)	0.03	0.04	0.02	0.01
Weighted average number of shares	400,000,000	400,000,000	400,000,000	400,000,000

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

	Group		Company	
	30.9.2019	31.12.2018	30.9.2019	31.12.2018
Net asset value per ordinary share based on issued share capital at the end of the respective periods (RMB)	2.70	2.67	2.07	2.03
No. of shares in computing NAV	400,000,000	400,000,000	400,000,000	400,000,000



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

## REVIEW OF PERFORMANCE

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

#### (i) Turnover

For the 3 months ended 30 September 2019 ("3Q19"), the Group's turnover decreased by 13.6% to RMB191.8 million from RMB222.1 million for the 3 months ended 30 September 2018 ("3Q18").

In terms of sales performance for 3Q19, sales of conventional stamping machines decreased by 48.6% while sales of high performance and high tonnage stamping machines decreased by 9.1%.

For the 9 months ended 30 September 2019 ("9M19"), the Group's turnover decreased by 8.4% to RMB622.5 million from RMB679.7 million for the 9 months ended 30 September 2018 ("9M18").

In terms of sales performance for 9M19, sales of conventional stamping machines decreased by 34.0% while sales of high performance and high tonnage stamping machines decreased by 9.0%.

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.

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

#### (ii) Gross Profit

The Group's gross profit for 3Q19 increased by 8.9% to RMB38.6 million from RMB35.5 million in 3Q18. Gross profit margin increased by 4.1% to 20.1% in 3Q19 from 16.0% in 3Q18.

In terms of gross profit margin for 3Q19 year-on-year, gross profit margin for conventional stamping machines increased by 4.9% to 18.9% in 3Q19 from 14.0% in 3Q18 while gross profit margin for high performance and high tonnage stamping machines increased by 3.5% to 19.5% in 3Q19 from 16.0% in 3Q18.

The Group's gross profit for 9M19 increased by 11.6% to RMB118.7 million from RMB106.4 million in 9M18. The gross profit margin for 9M19 increased by 3.4% to 19.1% from 15.7% in 9M18.



In terms of gross profit margin for 9M19, gross profit margin for conventional stamping machines increased by 7.2% to 17.8% in 9M19 from 10.6% in 9M18 while gross profit margin for high performance and high tonnage stamping machines increased by 2.7% to 20.5% in 9M19 from 17.8% in 9M18.

Overall, the increase in the Group's gross profit margin for 9M19 was mainly due to an upward revision in the average selling prices of the stamping machines which was partially offset by a decrease in production of conventional stamping machines and high performance and high tonnage stamping machines.

**(iii) Other Income and gains**

The Group's other income and gains increased by 107.4% to RMB5.7 million in 3Q19 compared to RMB2.8 million in 3Q18.

In 9M19, the Group's other income and gains increased by 36.3% to RMB11.4 million from RMB8.4 million in 9M18.

The increase was mainly due to an increase in grant received from government which was partially offset by a decrease in processing fees received and sale of raw materials.

**(iv) Distribution and Selling Expenses**

In 3Q19, the Group's distribution and selling expenses increased by 8.6% to RMB21.5 million from RMB19.8 million in 3Q18.

In 9M19, the Group's distribution and selling expenses increased by 14.2% to RMB63.0 million from RMB55.2 million in 9M18. As a percentage of total revenue, distribution and selling expenses decreased by 2.0% to 10.1% in 9M19 from 8.1% in 9M18.

The increase was mainly due to an increase in sales commission payable to sales personnel, sales personnel salary (due to increase in number of sales personnel), rebate to suppliers and travelling expenses.

**(v) Administrative Expenses**

In 3Q19, the Group's administrative expenses increased by 14.3% to RMB15.8 million from RMB13.8 million in 3Q18.

In 9M19, the Group's administrative expenses increased by 36.0% to RMB49.4 million from RMB36.3 million in 9M18. As a percentage of total revenue, administrative expenses increased by 2.6% to 7.9% in 9M19 from 5.3% in 9M18.

Overall, the increase was mainly due to an increase in research and development costs for stamping machines, staff costs and a decrease in gain from stocktake.

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 3Q19, the Group's depreciation and amortisation expenses increased by 4.0% to RMB16.3 million from RMB15.7 million in 3Q18.



In 9M19, the Group's depreciation and amortisation expenses decreased by 3.2% to RMB48.8 million from RMB50.4 million in 9M18.

Overall, the decrease was mainly due to certain property, plant and equipment and intangible assets having fully depreciated and amortised in 9M19.

**(vii) Other Expenses, net**

In 3Q19, the Group's net other expenses recorded an expense of RMB0.9 million whereas 3Q2018 recorded an income of RMB0.1 million.

In 9M19, the Group's net other expenses increased by 541.0% to RMB2.1 million from RMB0.3 million in 9M18.

Overall, the increase was mainly due to foreign exchange loss, payment for government related expenses and property, plant and equipment written off.

**(viii) Net Impairment Losses on Financial Assets**

In 3Q19, the Group's net impairment losses on financial assets was nil whereas in 3Q18 there was an allowance for expected credit losses of trade receivables of RMB0.3 million.

In 9M19, the Group's net impairment losses on financial assets is nil whereas in 9M18 there was an allowance for expected credit losses of trade receivables of RMB0.1 million.

**(viii) Finance Expenses**

In 3Q19, the Group's finance expenses recorded an increase of 88.2% to RMB0.6 million from RMB0.3 million in 3Q18.

In 9M19, the Group's finance expenses recorded an increase of 18.7% to RMB1.5 million from RMB1.3 million in 9M18.

The increase was mainly due to a gradual increase in interest expenses in tandem with a gradual increase in bank loans and an interest paid for early redemption of bills receivables.

**(ix) Profit Before Tax**

In 3Q19, the Group's profit before tax ("PBT") increased by 36.2% to RMB5.4 million from RMB4.0 million in 3Q18.

In 9M19, the Group's PBT decreased by 34.3% to RMB14.2 million from RMB21.6 million in 9M18.

**(x) Tax Expense**

In 3Q19, the Group's tax expense recorded a tax refund of RMB1.6 million whereas 3Q2018 recorded a tax expense of RMB0.8 million.

In 9M19, the Group's tax expense decreased by 92.9% to RMB0.3 million from RMB4.6 million in 9M18.

Overall, the decrease was mainly due to a tax refund of RMB3.8 million from the government.



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

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

**(xi) Net Profit After Tax**

In 3Q19, the Group's net profit after tax ("NPAT") increased by 119.5% to RMB7.1 million from RMB3.2 million in 3Q18. Net profit margin increased by 2.2% to 3.7% from 1.5% in 3Q18.

In 9M19, the Group's NPAT decreased by 18.4% to RMB13.9 million from RMB17.0 million in 9M18. Net profit margin decreased by 0.3% to 2.2% from 2.5% in 9M18.

**(B) Consolidated Statement of Financial Position (30 September 2019 vs 31 December 2018)**

For the period under review, the Group's non-current assets increased by approximately RMB29.4 million mainly due to the acquisition of property, plant and equipment and addition of intangible assets net off the depreciation and amortisation expenses, an increase in prepayment for property, plant and equipment and recognition of right-to-use assets (recognised in accordance to SFRS(I) 16 *Leases* effective for the financial year beginning on or after 1 January 2019).

For the period under review, the Group's non-current liabilities increased by RMB3.5 million due to the recognition of lease liabilities (recognised in accordance to SFRS(I) 16 *Leases* effective for the financial year beginning on or after 1 January 2019).

The Group's total current assets increased by approximately RMB4.8 million from RMB620.7 million as at 31 December 2018 to RMB625.5 million as at 30 September 2019. This was attributable to an increase in inventories, other receivables (which was mainly due to an increase in prepayment for raw materials and operating expenses) and cash and cash equivalents (as explained in the consolidated statement of cash flows) which was partially offset by a decrease in trade receivables (which was mainly due to management efforts in debt control) and amounts due from related parties (trade related).

Concurrently, the Group's total current liabilities increased by approximately RMB17.0 million from RMB491.5 million as at 31 December 2018 to RMB508.5 million as at 30 September 2019. This was attributable to an increase in trade payables (which was mainly due to slower payment to suppliers), other payables, amounts due to related parties (trade and non-trade related), bank loans (which was mainly due to net proceeds from bank loans), lease liabilities and tax payables which were partially offset by a decrease in bill payables (which were due and paid to bank) and contract liabilities (which was due to a decrease in advance received from customers).

The Group is in a net current assets position as at 30 September 2019 of RMB117.0 million.

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

For the 3 months ended 30 September 2019, the Group recorded a net cash increase of approximately RMB18.3 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB51.1 million. The reasons were discussed in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.



- b) the net cash outflow arising from financing activities amounting to RMB14.1 million which was mainly due to interest paid and decrease in bills payables to bank.
- c) the net cash outflow arising from investing activities amounting to RMB18.7 million which was mainly due to the acquisition of property, plant and equipment and addition of intangible assets.

For the 9 months ended 30 September 2019, the Group recorded a net cash decrease of approximately RMB30.7 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB123.4 million. The reasons were discussed in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.
- b) the net cash inflow arising from financing activities amounting to RMB5.1 million which was mainly due to net proceeds from bank loans and net bank deposits released from pledged with financial institution which was partially offset by interest paid and decrease in bills payables to bank.
- c) the net cash outflow arising from investing activities amounting to RMB97.7 million which was mainly due to the acquisition of property, plant and equipment and addition of intangible assets.

Cash and cash equivalents as at 30 September 2019 stood at RMB43.2 million (of which RMB0.4 million was pledged for letter of credit).

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

The 9M19 Financial Results announcement is in line with the statement made in Paragraph 10 of the 1H19 Financial Results announcement dated 8 August 2019 i.e. Barring any unforeseen circumstances, the Group is cautiously optimistic to remain profitable in FY2019.

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

Barring any unforeseen circumstances, the Group is cautiously optimistic to remain profitable in FY2019.

The Group's order book stood at RMB145.8 million as at 9 November 2019.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

None.





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

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

None.

**(c) Date payable**

Not Applicable.

**(d) Books closure date**

Not Applicable.

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

No dividend has been declared / (recommended) for the current financial period reported on as dividend, if any, will be declared at the full year results announcement.

**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 9M2019 are as follows: -

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)	Aggregate value of all IPTs conducted under shareholders' mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than \$100,000) (RMB'000)
<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u>	N/A	
Processing fees received, sale of raw materials, parts and machineries.		2,390
Processing fees paid and purchase of equipment.		1,430



<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>  Processing fees received, sale of raw materials and parts.  Purchase of raw materials and scrap materials.	N/A	89  3,145
<u>Jiangsu World Agriculture Machinery Co., Ltd.</u>  Processing fees received, sale of raw materials, parts and machineries.  Processing fees paid and purchase of raw materials and scrap materials.	N/A	16,287  4,141
<u>Jiangsu World Agriculture Machinery &amp; Parts Manufacturing Co., Ltd.</u>  Processing fees received, sale of raw materials, parts and equipment.  Processing fees paid and purchase of raw materials, scrap materials and equipment.	N/A	5,067  52,638
<u>World Agriculture (Shenyang) Co., Ltd.</u>  Processing fee received, sale of raw materials, parts and scrap materials and rental income of factory.  Purchase of raw materials.	N/A	5,953  9
<u>World Heavy Industry (China) Co., Ltd.</u>  Sale of raw materials and parts.  Processing fee paid and purchase of raw materials and equipment.	N/A	763  10,153



<u>Jiangsu World Precise Machinery Co., Ltd.</u> Land rental paid.	N/A	514
<u>Jiangsu World Crane Co. Ltd.</u> Purchase of equipment.	N/A	2,446
<u>Jiangsu World Furniture Co., Ltd.</u> Processing fee received, sale of raw materials, parts and machineries.	N/A	498
<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u> Processing fees received, sale of raw materials, parts and machineries. Purchase of scrap materials.	N/A	7,947 7,593
<u>Jiangsu World Construction Machinery Sales Co., Ltd.</u> Purchase of raw materials.	140	N/A
<b>Total</b>	<b>140</b>	<b>121,063</b>

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

The Directors confirm that, to the best of their knowledge and belief, nothing has come to the attention of the Board of Directors which may render the unaudited nine months and third quarter results of the Group for the financial period ended 30 September 2019 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

**Shao Jianjun**  
Executive Chairman  
13 November 2019