



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

CLARIFICATION ON ANNUAL REPORT 2018

The Board of Directors (the “**Board**”) of World Precision Machinery Limited (the “**Company**”) refers to the query raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 22 April 2019 in relation to the Company’s Annual Report for the financial year ended 31 December 2018 (“**Annual Report 2018**”), and wishes to clarify the following:

SGX-ST’s query

- (a) With reference to the audited consolidated statement of cash flows on pages 70 and 71 of the Company’s Annual Report 2018, please provide an explanation for the material differences in the amounts of the following items, as compared to the unaudited financial results announcement of the Company for the financial year ended 31 December 2018:
- i. The net cash from operating activities of approximately RMB 100,725,000 as compared to the amount of RMB 120,940,000; and
 - ii. The net cash used in investing activities of approximately RMB (92,580,000) as compared to the amount of RMB (112,795,000).

Company’s response

The differences in the net cash from operating activities and net cash used in investing activities between the audited consolidated statement of cash flows (“**Audited FY2018 Results**”) and the unaudited financial results announcement for the financial year ended 31 December 2018 (“**Unaudited FY2018 Results**”) are mainly due to the following:-

- 1) Adjustment of RMB18.7 million from “Payables” under cash flows from operating activities in the Unaudited FY2018 Results to “Purchases of property, plant and equipment” under cash flows from investing activities in the Audited FY2018 Results. This is reflected in Note A under “Changes in unpaid portion”; and
- 2) Adjustment of RMB1.2 million from “Depreciation of property, plant and equipment” under cash flows from operating activities in the Unaudited FY2018 Results which was capitalised as development costs to “Additions of intangible assets” under cash flows from investing activities in the Audited FY2018 Results.

For the avoidance of doubt, the above adjustments have no net impact to the cash and cash equivalents of the Group as at 31 December 2018.

By Order of the Board

Shao Jianjun
Executive Chairman
24 April 2019