



**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 second quarter from 1 April 2019 to 30 June 2019 (“2Q19”) and the results for the first half year from 1 January 2019 to 30 June 2019 (“1H19”). The comparatives are for the second quarter from 1 April 2018 to 30 June 2018 (“2Q18”) and the first half year from 1 January 2018 to 30 June 2018 (“1H18”). 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 and Loss and Other Comprehensive Income

	Group					
	1.1.2019 to 30.6.2019	1.1.2018 to 30.6.2018	Change	1.4.2019 to 30.6.2019	1.4.2018 to 30.6.2018	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Revenue	430,634	457,584	(5.9%)	190,688	261,771	(27.2%)
Cost of sales	(350,515)	(386,684)	(9.4%)	(150,330)	(216,666)	(30.6%)
Gross profit	80,119	70,900	13.0%	40,358	45,105	(10.5%)
Gross profit margin (%)	18.6%	15.5%	3.1%	21.2%	17.2%	4.0%
Other income and gains	5,730	5,644	1.5%	2,915	3,188	(8.6%)
Distribution and selling expenses	(41,483)	(35,368)	17.3%	(17,872)	(20,800)	(14.1%)
Administrative expenses	(33,613)	(22,521)	49.3%	(18,501)	(10,495)	76.3%
Other expenses, net	(1,147)	(379)	202.6%	(627)	(82)	664.6%
Net impairment loss on financial assets	-	240	N.M.	-	(1,200)	N.M.
Financial expenses	(859)	(923)	(6.9%)	(473)	(497)	(4.8%)
Profit before tax	8,747	17,593	(50.3%)	5,800	15,219	(61.9%)
Tax expense	(1,953)	(3,826)	(49.0%)	(1,099)	(2,630)	(58.2%)
Profit for the period	6,794	13,767	(50.7%)	4,701	12,589	(62.7%)
Net profit margin (%)	1.6%	3.0%	(1.4%)	2.5%	4.8%	(2.3%)
Profit attributable to:						
Equity holders of the Company	6,794	13,767	(50.7%)	4,701	12,589	(62.7%)

N.M. denotes Not Meaningful



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

	Group					
	1.1.2019 to 30.6.2019	1.1.2018 to 30.6.2018	Change	1.4.2019 to 30.6.2019	1.4.2018 to 30.6.2018	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit for the period	6,794	13,767	(50.7%)	4,701	12,589	(62.7%)
<i>Other comprehensive loss</i>						
Items that are or may be reclassified subsequently to profit and loss:						
Currency translation differences arising on consolidation	(12)	(1)	1,100.0%	(38)	(30)	26.7%
Total comprehensive income for the period	<u>6,782</u>	<u>13,766</u>	<u>(50.7%)</u>	<u>4,663</u>	<u>12,559</u>	<u>(62.9%)</u>
Total comprehensive income attributable to:						
Equity holders of the Company	<u>6,782</u>	<u>13,766</u>	<u>(50.7%)</u>	<u>4,663</u>	<u>12,559</u>	<u>(62.9%)</u>

N.M. denotes Not Meaningful

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.



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WORLD

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

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(B) Profit Before Tax

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

	Group			
	1.1.2019 to 30.6.2019	1.1.2018 to 30.6.2018	1.4.2019 to 30.6.2019	1.4.2018 to 30.6.2018
	RMB '000	RMB '000	RMB '000	RMB '000
Allowance for expected credit losses of trade receivables	-	1,200	-	1,200
Amortisation of land use rights	1,518	1,518	759	759
Amortisation of intangible assets	4,050	5,246	2,025	2,623
Depreciation of property, plant and Equipment	26,940	28,006	13,434	14,061
Interest expenses	815	808	463	391
Interest income	(160)	(571)	(19)	(31)
(Gain)/loss on foreign currency exchange	(60)	3	(99)	(17)
Property, plant and equipment written off	642	204	639	3
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	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
	RMB '000	RMB '000	RMB '000	RMB '000
Non-current assets				
Property, plant and equipment	815,696	783,146	-	-
Investment in subsidiaries	-	-	817,325	812,892
Land use rights	120,879	122,397	-	-
Intangible assets	38,211	36,924	-	-
Right-to-use assets	4,674	-	-	-
Other receivables	672	815	-	-
Total non-current assets	980,132	943,282	817,325	812,892
Current assets				
Inventories	402,449	391,167	-	-
Land use rights	3,003	3,003	-	-
Trade receivables	131,107	132,102	-	-
Other receivables	43,289	25,082	-	14
Due from related parties (trade)	3,145	48,063	-	-
Due from related parties (non-trade)	137	-	-	-
Due from subsidiaries (non-trade)	-	-	-	25
Cash and cash equivalents	24,809	21,261	58	366
Total current assets	607,939	620,678	58	405
Total assets	1,588,071	1,563,960	817,383	813,297
Non-current liabilities				
Deferred tax liability	5,018	5,018	-	-
Lease liabilities	3,708	-	-	-
	8,726	5,018	-	-
Current liabilities				
Contract liabilities	46,395	77,869	-	-
Trade payables	263,752	247,257	-	-
Bills payables	18,488	9,125	-	-
Other payables	130,196	127,858	727	766
Due to related parties (trade)	14,229	1,058	-	-
Due to related parties (non-trade)	2,043	981	-	-
Due to a subsidiary (non-trade)	-	-	989	1,012
Borrowings	29,100	27,400	-	-
Lease liabilities	966	-	-	-
Total current liabilities	505,169	491,548	1,716	1,778
Total liabilities	513,895	496,566	1,716	1,778



	Group		Company	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
	RMB '000	RMB '000	RMB '000	RMB '000
Net current assets/(liabilities)	102,770	129,130	(1,658)	(1,373)
Net assets	1,074,176	1,067,394	815,667	811,519
Equity attributable to the equity holders of the Company				
Share capital	250,660	250,660	250,660	250,660
Retained earnings	586,791	581,157	537,270	537,542
Currency translation reserve	9,774	9,786	27,737	23,317
Statutory reserves	129,854	128,694	-	-
Capital reserve	97,097	97,097	-	-
Total equity	1,074,176	1,067,394	815,667	811,519

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

	As at 30 June 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
Current liabilities				
Borrowings	29,100	-	27,400	-

Details of any collateral

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

- 1) 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 3Q2019.
- 2) 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.



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			
	1H19	1H18	2Q19	2Q18
	1.1.2019 to 30.6.2019 RMB '000	1.1.2018 to 30.6.2018 RMB '000	1.4.2019 to 30.6.2019 RMB '000	1.4.2018 to 30.6.2018 RMB '000
Cash flow from operating activities				
Profit before tax	8,747	17,593	5,800	15,219
Adjustments for:				
Allowance for expected credit losses of trade receivables	-	1,200	-	1,200
Amortisation of land use rights	1,518	1,518	759	759
Amortisation of intangible assets	4,050	5,246	2,025	2,623
Depreciation of property, plant and equipment	26,940	28,006	13,434	14,061
Interest expense	815	808	463	391
Interest income	(160)	(571)	(19)	(31)
Property, plant and equipment written off	642	204	639	3
Operating cash flow before working capital changes	42,552	54,004	23,101	34,225
Inventories	(11,282)	570	(46,840)	19,223
Receivables	27,569	(27,110)	57,940	(1,306)
Payables	15,231	20,979	12,753	(16,168)
Currency translation adjustments	(15)	15	(46)	(25)
Cash generated from operations	74,055	48,458	46,908	35,949
Interest received	160	571	19	31
Income taxes paid	(1,953)	(3,005)	(1,099)	(1,871)
Net cash from operating activities	72,262	46,024	45,828	34,109
Cash flow from investing activities				
Purchase of property, plant and equipment (Note A)	(73,629)	(51,831)	(42,512)	(23,757)
Addition of intangible assets	(5,336)	(7,016)	(2,666)	(4,166)
Net cash used in investing activities	(78,965)	(58,847)	(45,178)	(27,923)
Cash flow from financing activities				
Proceeds from bank loans	29,100	30,900	6,500	20,900
Repayment of bank loans	(27,400)	(41,800)	(6,500)	(31,800)
Bank deposits released from pledge	9,296	570	368	570
Bank deposits pledged	(368)	(8,371)	(368)	(8,371)
Interest paid	(815)	(808)	(463)	(391)
Increase/(decrease) in bills payables to bank	9,363	26,636	(1)	15,656
Net cash from/(used in) financing activities	19,176	7,127	(464)	(3,436)



	Group			
	1H19	1H18	2Q19	2Q18
	1.1.2019 to 30.6.2019	1.1.2018 to 30.6.2018	1.4.2019 to 30.6.2019	1.4.2018 to 30.6.2018
	RMB '000	RMB '000	RMB '000	RMB '000
Net increase/(decrease) in cash and cash equivalents	12,473	(5,696)	186	2,750
Cash and cash equivalents at beginning of the period	11,965	15,940	24,247	7,483
Effect of exchange rate changes on cash and cash equivalents	3	(16)	8	(5)
Cash and cash equivalents at end of the period	24,441	10,228	24,441	10,228
Cash and cash equivalents per consolidated statement of cash flows	24,441	10,228	24,441	10,228
Bank deposits pledged	368	8,371	368	8,371
Cash and cash equivalents as per consolidated statement of financial position	24,809	18,599	24,809	18,599

Note A

	1H19	1H18	2Q19	2Q18
	1.1.2019 to 30.6.2019	1.1.2018 to 30.6.2018	1.4.2019 to 30.6.2019	1.4.2018 to 30.6.2018
	RMB '000	RMB '000	RMB '000	RMB '000
Total additions to property, plant and equipment	60,132	14,091	35,957	9,328
Add: changes in unpaid portion	13,640	24,751	7,639	7,028
(Less)/add: changes in prepayments	(143)	12,989	(1,084)	7,401
Purchase of plant, property and equipment per consolidated statement of cash flows	73,629	51,831	42,512	23,757



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 RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Total equity RMB'000
Balance as at 1.1.2019	250,660	581,157	9,786	128,694	97,097	1,067,394
Profit for the period	-	6,794	-	-	-	6,794
<i>Other comprehensive loss</i>						
Currency translation differences arising on consolidation	-	-	(12)	-	-	(12)
Total comprehensive income/(loss) for the period	-	6,794	(12)	-	-	6,782
Transfer to statutory reserves fund	-	(1,160)	-	1,160	-	-
Balance as at 30.6.2019	250,660	586,791	9,774	129,854	97,097	1,074,176

	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
Balance as at 1.1.2018	250,660	576,607	9,901	127,118	97,097	1,061,383
Profit for the period	-	13,767	-	-	-	13,767
<i>Other comprehensive loss</i>						
Currency translation differences arising on consolidation	-	-	(1)	-	-	(1)
Total comprehensive income/(loss) for the period	-	13,767	(1)	-	-	13,766
Transfer to statutory reserves fund	-	(2,215)	-	2,215	-	-
Balance as at 30.6.2018	250,660	588,159	9,900	129,333	97,097	1,075,149



Company

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Balance as at 1.1.2019	250,660	537,542	23,317	811,519
Loss for the period	-	(272)	-	(272)
<i>Other comprehensive income</i>				
Currency translation differences arising from translation into the presentation currency	-	-	4,420	4,420
Total comprehensive (loss)/income for the period	-	(272)	4,420	4,148
Balance as at 30.6.2019	250,660	537,270	27,737	815,667

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total Equity RMB'000
Balance as at 1.1.2018	250,660	534,407	(6,259)	778,808
Profit for the period	-	2,638	-	2,638
<i>Other comprehensive loss</i>				
Currency translation differences arising from translation into the presentation currency	-	-	(1,914)	(1,914)
Total comprehensive income/(loss) for the period	-	2,638	(1,914)	724
Balance as at 30.6.2018	250,660	537,045	(8,173)	779,532

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 six months ended 30 June 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 end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 June 2019	As at 31 December 2018
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(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at 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 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.



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 30.6.2019	1.1.2018 to 30.6.2018	1.4.2019 to 30.6.2019	1.4.2018 to 30.6.2018
(a) Based on weighted average number of ordinary share on issue (RMB); and	0.02	0.03	0.01	0.03
(b) On a fully diluted basis (RMB)	0.02	0.03	0.01	0.03
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 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	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
	RMB	RMB	RMB	RMB
Net asset value ("NAV") per ordinary share based on issued share capital at the end of the respective periods:	2.69	2.67	2.04	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) Revenue

For the 3 months ended 30 June 2019 ("2Q19"), the Group's turnover decreased by 27.2% to RMB190.7 million from RMB261.8 million for the 3 months ended 30 June 2018 ("2Q18").

In terms of sales performance for 2Q19, sales of conventional stamping machines decreased by 37.3% while sales of high performance and high tonnage stamping machines decreased by 30.6%.

For the 6 months ended 30 June 2019 ("1H19"), the Group's turnover decreased by 5.9% to RMB430.6 million from RMB457.6 million for the 6 months ended 30 June 2018 ("1H18").

In terms of sales performance for 1H19, sales of conventional stamping machines decreased by 28.0% 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 2Q19 decreased by 10.5% to RMB40.4 million from RMB45.1 million in 2Q18. However, the gross profit margin increased by 4.0% to 21.2% in 2Q19 from 17.2% in 2Q18.

In terms of gross profit margin for 2Q19, gross profit margin for conventional stamping machines increased by 8.5% to 20.6% from 12.1% in 2Q18 while gross profit margin for high performance and high tonnage stamping machines increased by 3.6% to 23.1% from 19.5% in 2Q18.

The Group's gross profit for 1H19 increased by 13.0% to RMB80.1 million from RMB70.9 million in 1H18. The gross profit margin for 1H19 increased by 3.1% to 18.6% from 15.5% in 1H18.



In terms of gross profit margin for 1H19, gross profit margin for conventional stamping machines increased by 8.3% to 17.4% from 9.1% in 1H18 while gross profit margin for high performance and high tonnage stamping machines increased by 2.3% to 21.0% from 18.7% in 1H18.

Overall, the increase in the Group's gross profit margin for 1H19 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

In 2Q19, other income and gains decreased by 8.6% to RMB2.9 million from RMB3.2 million in 2Q18.

In 1H19, other income and gains increased by 1.5% to RMB5.7 million from RMB5.6 million in 1H18.

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 2Q19, distribution and selling expenses decreased by 14.1% to RMB17.9 million from RMB20.8 million in 2Q18.

In 1H19, distribution and selling expenses increased by 17.3% to RMB41.5 million from RMB35.4 million in 1H18. As a percentage of total revenue, distribution and selling expenses increased by 1.9% to 9.6% in 1H19 from 7.7% in 1H18.

The increase was mainly due to an increase in sales commission payable to sales personnel, rebate to suppliers and travelling expenses.

(v) Administrative Expenses

In 2Q19, administrative expenses increased by 76.3% to RMB18.5 million from RMB10.5 million in 2Q18.

In 1H19, administrative expenses increased by 49.3% to RMB33.6 million from RMB22.5 million in 1H18. As a percentage of total revenue, administrative expenses increased by 2.9% to 7.8% in 1H19 from 4.9% in 1H18.

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 2Q19, depreciation and amortisation expenses decreased by 7.0% to RMB16.2 million from RMB17.4 million in 2Q18.

In 1H19, depreciation and amortisation expenses decreased by 6.5% to RMB32.5 million from RMB34.8 million in 1H18.



The decrease was mainly due to certain property, plant and equipment and intangible assets having fully depreciated and amortised in 1H19.

(vii) Other Expenses, net

In 2Q19, other expenses increased by 664.6% to RMB0.6 million from RMB0.1 million in 2Q18.

In 1H19, other expenses increased by 202.6% to RMB1.1 million from RMB0.4 million in 1H18.

The increase was mainly due to payment for government related expenses and property, plant and equipment written off.

(viii) Net Impairment Losses on Financial Assets

In 2Q19, the Group's net impairment losses on financial assets was nil whereas in 2Q18 there was an allowance for expected credit losses of trade receivables of RMB1.2 million.

In 1H19, the Group's net impairment losses on financial assets is nil whereas in 1H18 there was a net write-back of allowance for expected credit losses of trade receivables of RMB0.2 million.

(ix) Financial Expenses

In 2Q19, the Group's finance expenses recorded a decrease of 4.8% to RMB0.5 million from RMB0.5 million in 2Q18.

In 1H19, the Group's finance expenses recorded a decrease of 6.9% to RMB0.9 million from RMB0.9 million in 1H18.

The decrease was mainly due to a decrease in bank loan interest rate which was partially offset by an interest paid for early redemption of bills receivables.

(x) Profit Before Tax

In 2Q19, the Group's profit before tax ("PBT") decreased by 61.9% to RMB5.8 million from RMB15.2 million in 2Q18.

In 1H19, the Group's PBT decreased by 50.3% to RMB8.7 million from RMB17.6 million in 1H18.

(xi) Tax Expense

In 2Q19, the Group's tax expense decreased by 58.2% to RMB1.1 million from RMB2.6 million in 2Q18.

In 1H19, the Group's tax expense decreased by 49.0% to RMB2.0 million from RMB3.8 million in 1H18.

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%.



(xii) Net Profit After Tax

In 2Q19, the Group's net profit after tax ("NPAT") decreased by 62.7% to RMB4.7 million from RMB12.6 million in 2Q18. Net profit margin decreased by 2.3% to 2.5% from 4.8% in 2Q18.

In 1H19, the Group's NPAT decreased by 50.7% to RMB6.8 million from RMB13.8 million in 1H18. Net profit margin decreased by 1.4% to 1.6% from 3.0% in 1H18.

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

For the period under review, the Group's non-current assets increased by approximately RMB36.9 million mainly due to the acquisition of property, plant and equipment and additions of intangible assets net of the depreciation and amortisation expenses 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). The increase was 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 RMB3.7 million was due to 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 decreased by approximately RMB12.8 million from RMB620.7 million as at 31 December 2018 to RMB607.9 million as at 30 June 2019. This was attributable to a decrease in trade receivables and amounts due from related parties (trade related) which were partially offset by an increase in inventories, other receivables (which was mainly due to an increase in prepayment for raw materials), amounts due from related parties (non-trade related) and cash and cash equivalents (explained in the consolidated statement of cash flows).

The Group's total current liabilities increased by approximately RMB13.6 million from RMB491.5 million as at 31 December 2018 to RMB505.2 million as at 30 June 2019. This was attributable to an increase in trade payables (mainly due to slower payment to suppliers), bills payables (mainly issued to suppliers for settlement), other payables, amounts due to related parties (trade and non-trade related), bank loans (mainly due to net proceeds from bank loans) and lease liabilities which were partially offset by a decrease in contract liabilities (due to decrease in advance received from customers).

The Group is in a net current assets position as at 30 June 2019 of RMB102.8 million.

(C) Consolidated Statement of Cash Flows

For the 3 months ended 30 June 2019, the Group recorded a net cash increase of approximately RMB0.2 million. This was mainly due to:-

- a) the net cash inflow arising from operating activities which amounted to RMB45.8 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 outflow arising from financing activities which amounted to RMB0.5 million mainly due to interest paid.
- c) the net cash outflow arising from investing activities which amounted to RMB45.2 million mainly due to the acquisition of property, plant and equipment and addition of intangible assets.



For the 6 months ended 30 June 2019, the Group recorded a net cash increase of approximately RMB12.5 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB72.3 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 financing activities which amounted to RMB19.2 million mainly due to net proceeds from bank loans, net bank deposits released from pledge from financial institution and increase in bills payables to bank which was partially offset by interest paid.
- c) the net cash outflow arising from investing activities which amounted to RMB79.0 million and which was mainly due to the acquisition of property, plant and equipment and addition of intangible assets.

Cash and cash equivalents as at 30 June 2019 stood at RMB24.8 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 1H19 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the 1Q19 Financial Results announcement dated 30 April 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 RMB164.0 million as at 2 August 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 1H2019 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)	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)	(RMB'000)
<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u>	N/A	
Processing fees received and sale of raw materials, parts and machineries.		1,410
Processing fees paid.		998
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>	N/A	
Processing fees received and sale of raw materials and parts.		83
Purchase of raw materials and scrap materials.		16,723



<u>Jiangsu World Agriculture Machinery Co., Ltd.</u> Processing fees received and sale of raw materials, parts and machineries. Processing fees paid and purchase of scrap materials.	N/A	11,696 3,573
<u>Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd.</u> Processing fees received and sale of raw materials, parts and equipment. Purchase fees paid and purchase of raw materials, scrap material and equipment.	N/A	2,977 52,304
<u>World Agriculture (Shenyang) Co., Ltd.</u> Processing fees received and sales of raw materials, parts and scrap materials and rental income of factory. Purchase of raw materials.	N/A	4,035 9
<u>World Heavy Industry (China) Co., Ltd.</u> Sale of raw materials and parts. Processing fees paid and purchase of raw materials.	N/A	739 10,123
<u>Jiangsu World Precise Machinery Co., Ltd.</u> Land rental paid.	N/A	343
<u>Jiangsu World Crane Co. Ltd.</u> Purchase of equipment.		1,976
<u>Jiangsu World Furniture Co., Ltd.</u> Sale of raw materials and parts.	N/A	51



<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u>	N/A	
Processing fees received and sale of raw materials, parts and machineries.		5,304
Purchase of scrap materials.		2,858
Total		115,202

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 half year and second quarter results of the Group for the financial period ended 30 June 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
8 August 2019