



**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 2020 to 30 September 2020 (“3Q20”) and the results for the nine months from 1 January 2020 to 30 September 2020 (“9M20”). The comparatives are for the third quarter from 1 July 2019 to 30 September 2019 (“3Q19”) and the nine months from 1 January 2019 to 30 September 2019 (“9M19”). 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					
	1.1.2020 to 30.9.2020 RMB '000	1.1.2019 to 30.9.2019 RMB '000	Change %	1.7.2020 to 30.9.2020 RMB '000	1.7.2019 to 30.9.2019 RMB '000	Change %
Turnover	707,542	622,470	13.7%	289,018	191,836	50.7%
Cost of sales	(578,951)	(503,729)	14.9%	(226,438)	(153,214)	47.8%
Gross profit	128,591	118,741	8.3%	62,580	38,622	62.0%
Gross profit margin (%)	18.2%	19.1%	(0.9%)	21.7%	20.1%	1.6%
Other income and gains	12,653	11,444	10.6%	3,621	5,714	(36.6%)
Distribution and selling expenses	(63,886)	(63,014)	1.4%	(26,620)	(21,531)	23.6%
Administrative expenses	(53,491)	(49,412)	8.3%	(18,858)	(15,799)	19.4%
Other expenses, net	(352)	(2,064)	(82.9%)	(96)	(917)	(89.5%)
Finance expenses	(1,226)	(1,499)	(18.2%)	(720)	(640)	12.5%
Profit before tax	22,289	14,196	57.0%	19,907	5,449	265.3%
Tax expense	(3,676)	(327)	1,024.2%	(2,452)	1,626	N.M.
Profit for the period	18,613	13,869	34.2%	17,455	7,075	146.7%
Net Profit margin (%)	2.6%	2.2%	0.4%	6.0%	3.7%	2.3%
Profit attributable to:						
Equity holders of the Company	18,613	13,869	34.2%	17,455	7,075	146.7%

N.M. denotes Not Meaningful



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

	Group					
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	Change	1.7.2020 to 30.9.2020	1.7.2019 to 30.9.2019	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit for the period	18,613	13,869	34.2%	17,455	7,075	146.7%
<i>Other comprehensive income/(loss)</i>						
Items that are or may be reclassified subsequently to profit and loss:						
Currency translation differences arising on consolidation	158	(25)	N.A.	142	(13)	N.A.
Total comprehensive income for the period	<u>18,771</u>	<u>13,844</u>	<u>35.6%</u>	<u>17,597</u>	<u>7,062</u>	<u>149.2%</u>
Total comprehensive income attributable to:						
Equity holders of the Company	<u>18,771</u>	<u>13,844</u>	<u>35.6%</u>	<u>17,597</u>	<u>7,062</u>	<u>149.2%</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. On 23 April 2020, the Group has incorporated a wholly-owned subsidiary in the China known as Shenyang World High-End Equipment Manufacturing Co., Ltd.



(B) Profit Before Tax

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

	Group			
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.7.2020 to 30.9.2020	1.7.2019 to 30.9.2019
	RMB '000	RMB '000	RMB '000	RMB '000
Amortisation of intangible assets	8,711	6,074	2,456	2,024
Depreciation of investment properties	119	270	69	90
Depreciation of property, plant and equipment	48,155	42,473	15,649	14,195
Interest expenses	1,340	1,445	689	630
Interest income	(253)	(179)	(294)	(19)
Loss/(gain) on foreign currency exchange	92	843	86	(903)
Loss on disposal of property, plant and equipment	45	-	-	-
Property, plant and equipment written off	245	642	123	-



**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	
	30.9.2020 RMB '000	31.12.2019 RMB '000	30.9.2020 RMB '000	31.12.2019 RMB '000
<b>Non-current assets</b>				
Property, plant and equipment	915,080	921,249	-	-
Investment in subsidiaries	-	-	800,109	827,042
Investment properties	3,442	3,561	-	-
Intangibles assets	33,859	36,856	-	-
Other receivables	9,700	10,518	-	-
<b>Total non-current assets</b>	<b>962,081</b>	<b>972,184</b>	<b>800,109</b>	<b>827,042</b>
<b>Current assets</b>				
Inventories	369,929	378,473	-	-
Trade receivables	348,753	163,690	-	-
Other receivables	28,026	21,666	68	14
Due from related parties (trade)	55,494	10,188	-	-
Due from subsidiaries (non-trade)	-	-	80	57
Cash and cash equivalents	13,519	42,791	2,186	780
<b>Total current assets</b>	<b>815,721</b>	<b>616,808</b>	<b>2,334</b>	<b>851</b>
<b>Total assets</b>	<b>1,777,802</b>	<b>1,588,992</b>	<b>802,443</b>	<b>827,893</b>
<b>Non-current liabilities</b>				
Deferred tax liability	5,018	5,018	-	-
Deferred income from government Grants	937	1,072	-	-
Lease liabilities	3,899	4,801	-	-
<b>Total non-current liabilities</b>	<b>9,854</b>	<b>10,891</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Contract liabilities	85,747	51,450	-	-
Trade payables	431,854	269,754	-	-
Bills payables	30	5,000	-	-
Other payables	150,654	129,838	1,680	1,012
Due to related parties (trade)	9,143	3,696	-	-
Due to related parties (non-trade)	1,362	885	-	-
Due to subsidiaries (non-trade)	-	-	343	511
Borrowings	-	29,100	-	-
Lease liabilities	636	739	-	-
Deferred income from government grants	180	180	-	-
Income tax payables	2,112	-	-	-
<b>Total current liabilities</b>	<b>681,718</b>	<b>490,642</b>	<b>2,023</b>	<b>1,523</b>
<b>Total liabilities</b>	<b>691,572</b>	<b>501,533</b>	<b>2,023</b>	<b>1,523</b>
	<b>Group</b>		<b>Company</b>	



**WORLD PRECISION MACHINERY LIMITED**  
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	30.9.2020 RMB '000	31.12.2019 RMB '000	30.9.2020 RMB '000	31.12.2019 RMB '000
<b>Net current assets/(liabilities)</b>	134,003	126,166	311	(672)
<b>Net Assets</b>	1,086,230	1,087,459	800,420	826,370
<b>Equity attributable to the equity holders of the Company</b>				
Share capital	250,660	250,660	250,660	250,660
Retained earnings	614,793	618,983	539,082	538,257
Currency translation reserve	9,931	9,773	10,678	37,453
Statutory reserves	113,749	110,946	-	-
Capital reserve	97,097	97,097	-	-
<b>Total equity</b>	1,086,230	1,087,459	800,420	826,370

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

	As at 30 September 2020		As at 31 December 2019	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Current liabilities</b>				
Borrowings	-	-	29,100	-



**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			
	9M20	9M19	3Q20	3Q19
	1.1.2020 to 30.9.2020 RMB '000	1.1.2019 to 30.9.2019 RMB '000	1.7.2020 to 30.9.2020 RMB '000	1.7.2019 to 30.9.2019 RMB '000
<b>Cash flow from operating activities</b>				
Profit before tax	22,289	14,196	19,907	5,449
Adjustments for:				
Amortisation of intangible assets	8,711	6,074	2,456	2,024
Depreciation for investment properties	119	270	69	90
Depreciation of property, plant and equipment	48,155	42,473	15,649	14,195
Interest expense	1,340	1,445	689	630
Interest income	(253)	(179)	(294)	(19)
Loss on disposal of property, plant and equipment	45	-	-	-
Property, plant and equipment written off	245	642	123	-
Operating profit before working capital changes	80,651	64,921	38,599	22,369
Inventories	8,544	(17,083)	(16,032)	(5,801)
Trade and other receivables	(236,729)	34,145	(77,369)	6,576
Trade and other payables	190,701	59,029	38,256	2,482
Contract liabilities	34,296	(22,983)	28,765	8,491
Cash generated from operations	77,463	118,029	12,219	34,117
Interest received	253	179	294	19
Income taxes (paid)/refunded, net	(1,564)	1,807	(1,421)	3,760
<b>Net cash from operating activities</b>	76,152	120,015	11,092	37,896
<b>Cash flow from investing activities</b>				
Proceeds from disposal of property, plant and equipment	87	-	-	-
Purchase of property, plant and equipment (Note A)	(48,485)	(90,005)	(4,921)	(16,376)
Addition of intangible assets	(5,713)	(7,704)	(2,766)	(2,368)
<b>Net cash used in investing activities</b>	(54,111)	(97,709)	(7,687)	(18,744)
<b>Cash flow from financing activities</b>				
Proceeds from bank loans	6,500	51,700	-	22,600
Repayment of bank loans	(35,600)	(50,000)	-	(22,600)
Payment of lease liabilities	(856)	(741)	(285)	(247)
Bank deposits released from pledge	368	9,296	-	368
Bank deposits pledged	-	(368)	-	(368)
Interest paid	(1,340)	(1,445)	(689)	(630)
Dividend paid	(20,000)	-	(20,000)	-
<b>Net cash (used in)/from financing activities</b>	(50,928)	8,442	(20,974)	(877)



	Group			
	9M20	9M19	3Q20	3Q19
	1.1.2020 to 30.9.2020 RMB '000	1.1.2019 to 30.9.2019 RMB '000	1.7.2020 to 30.9.2020 RMB '000	1.7.2019 to 30.9.2019 RMB '000
Net (decrease)/increase in cash and cash equivalents	(28,887)	30,748	(17,569)	18,275
Cash and cash equivalents at beginning of the period	42,423	11,965	31,168	24,441
Effect of exchange rate changes on cash and cash equivalents	(17)	81	(80)	78
Cash and cash equivalents at end of the period	13,519	42,794	13,519	42,794
Cash and cash equivalents per consolidated statement of cash flows	13,519	42,794	13,519	42,794
Cash deposits pledged	-	368	-	368
<b>Cash and cash equivalents as per consolidated statement of financial positions</b>	<b>13,519</b>	<b>43,162</b>	<b>13,519</b>	<b>43,162</b>

**Note A**

	9M20	9M19	3Q20	3Q19
	1.1.2020 to 30.9.2020 RMB '000	1.1.2019 to 30.9.2019 RMB '000	1.7.2020 to 30.9.2020 RMB '000	1.7.2019 to 30.9.2019 RMB '000
	Total additions to property, plant and equipment	42,514	66,405	4,793
Add/(less): Changes in unpaid portion	6,789	23,242	(231)	9,602
(Less)/add: Changes in prepayments	(818)	358	359	501
Purchase of property, plant and equipment per consolidated statement of cash flows	48,485	90,005	4,921	16,376



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 1.1.2020</b>	250,660	618,983	9,773	110,946	97,097	1,087,459
Profit for the period	-	18,613	-	-	-	18,613
<i>Other comprehensive income</i>						
Currency translation differences arising on consolidation	-	-	158	-	-	158
Total comprehensive income for the period	-	18,613	158	-	-	18,771
Dividend paid	-	(20,000)	-	-	-	(20,000)
Transfer to statutory reserves fund	-	(2,803)	-	2,803	-	-
<b>Balance as at 30.9.2020</b>	<b>250,660</b>	<b>614,793</b>	<b>9,931</b>	<b>113,749</b>	<b>97,097</b>	<b>1,086,230</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 1.1.2019</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 fund	-	(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>





**Company**

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2020</b>	250,660	538,257	37,453	826,370
Profit for the period	-	20,825	-	20,825
<i>Other comprehensive loss</i>				
Currency translation differences arising from translation into the presentation currency	-	-	(26,775)	(26,775)
Total comprehensive income/(loss) for the period	-	20,825	(26,775)	(5,950)
Dividend paid		(20,000)		(20,000)
<b>Balance as at 30.9.2020</b>	<b>250,660</b>	<b>539,082</b>	<b>10,678</b>	<b>800,420</b>

	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>

**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, 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 nine months ended 30 September 2020, 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 2020	As at 31 December 2019
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 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, disposal, 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.

- 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 2020. 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.

	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.7.2020 to 30.9.2020	1.7.2019 to 30.9.2019
(a) Based on weighted Average number of ordinary shares on issue (RMB); and	0.05	0.03	0.04	0.02
(b) On a fully diluted basis (RMB)	0.05	0.03	0.04	0.02
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	
	30.9.2020	31.12.2019	30.9.2020	31.12.2019
Net asset value per ordinary share based on issued share capital at the end of the respective periods (RMB)	2.72	2.72	2.00	2.07
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 2020 ("3Q20"), the Group's turnover increased by 50.7% to RMB289.0 million from RMB191.8 million for the 3 months ended 30 September 2019 ("3Q19").

In terms of sales performance for 3Q20, sales of conventional stamping machines increased by 103.8% while sales of high performance and high tonnage stamping machines increased by 45.2%.

For the 9 months ended 30 September 2020 ("9M20"), the Group's turnover increased by 13.7% to RMB707.5 million from RMB622.5 million for the 9 months ended 30 September 2019 ("9M19").

In terms of sales performance for 9M20, sales of conventional stamping machines increased by 4.3% while sales of high performance and high tonnage stamping machines increased by 15.4%.

The increase in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines which was partially offset by a downward revision in the average selling prices of the stamping machines, contributed to the overall increase 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 3Q20 increased by 62.0% to RMB62.6 million from RMB38.6 million in 3Q19. Gross profit margin increased by 1.6% to 21.7% in 3Q20 from 20.1% in 3Q19.

In terms of gross profit margin for 3Q20 year-on-year, gross profit margin for conventional stamping machines decreased by 2.4% to 16.5% in 3Q20 from 18.9% in 3Q19 while gross profit margin for high performance and high tonnage stamping machines remains constant at 19.5% for 3Q20 and 3Q19.

The Group's gross profit for 9M20 increased by 8.3% to RMB128.6 million from RMB118.7 million in 9M19. However, the gross profit margin for 9M20 decreased by 0.9% to 18.2% from 19.1% in 9M19.

In terms of gross profit margin for 9M20, gross profit margin for conventional stamping machines decreased by 2.8% to 15.0% in 9M20 from 17.8% in 9M19 while gross profit margin for high performance and high tonnage stamping machines decreased by 3.3% to 17.2% in 9M20 from 20.5% in 9M19.

Overall, the decrease in the Group's gross profit margin for 9M20 was mainly due to a downward revision in the average selling prices of the stamping machines which was partially offset by an increase 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 decreased by 36.6% to RMB3.6 million in 3Q20 compared to RMB5.7 million in 3Q19.

In 9M20, the Group's other income and gains increased by 10.6% to RMB12.7 million from RMB11.4 million in 9M19.

Overall, the increase in the Group's other income and gains for 9M20 was mainly due to an increase in grant received from government and receipt of processing fees.

**(iv) Distribution and Selling Expenses**

In 3Q20, the Group's distribution and selling expenses increased by 23.6% to RMB26.6 million from RMB21.5 million in 3Q19.

In 9M20, the Group's distribution and selling expenses increased by 1.4% to RMB63.9 million from RMB63.0 million in 9M19 in tandem with increase in revenue. As a percentage of total revenue, distribution and selling expenses decreased by 1.1% to 9.0% in 9M20 from 10.1% in 9M19.

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 entertainment expenses which were partially offset by a decrease in travelling, after sales services and repair and maintenance expenses.



**(v) Administrative Expenses**

In 3Q20, the Group's administrative expenses increased by 19.4% to RMB18.9 million from RMB15.8 million in 3Q19.

In 9M20, the Group's administrative expenses increased by 8.3% to RMB53.5 million from RMB49.4 million in 9M19. As a percentage of total revenue, administrative expenses decreased by 0.3% to 7.6% in 9M20 from 7.9% in 9M19.

Overall, the increase was mainly due to an increase in research and development costs for stamping machines, staff costs, consultancy fees and entertainment expenses.

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 3Q20, the Group's depreciation and amortisation expenses increased by 11.4% to RMB18.2 million from RMB16.3 million in 3Q19.

In 9M20, the Group's depreciation and amortisation expenses increased by 16.7% to RMB57.0 million from RMB48.8 million in 9M19.

The increase was mainly due to additional depreciation and amortisation charged in 9M2020 and 3Q2020 due to acquisition of property plant and equipment and addition of intangible assets during FY2019 and 9M2020.

**(vii) Other Expenses, net**

In 3Q20, the Group's net other expenses decreased by 89.5% to RMB0.1 million from RMB0.9 million in 3Q19.

In 9M20, the Group's net other expenses decreased by 82.9% to RMB0.4 million from RMB2.1 million in 9M19.

Overall, the decrease was mainly due to foreign exchange loss, payment for government related expenses, quality compensation, fines and penalty.

**(viii) Finance Expenses**

In 3Q20, the Group's finance expenses recorded an increase of 12.5% to RMB0.7 million from RMB0.6 million in 3Q19.

The increase mainly due to interest paid for early redemption of bills receivables.

In 9M20, the Group's finance expenses recorded a decrease of 18.2% to RMB1.2 million from RMB1.5 million in 9M19.

Overall, the decrease was mainly due to a decrease in bank loans interest as the bank loans have been fully paid during the period which were partially offset by interest paid for early redemption of bills receivables.



**(ix) Profit Before Tax**

In 3Q20, the Group's profit before tax ("PBT") increased by 265.3% to RMB19.9 million from RMB5.4 million in 3Q19.

In 9M20, the Group's PBT decreased by 57.0% to RMB22.3 million from RMB14.2 million in 9M19.

**(x) Tax Expense**

In 3Q20, the Group's tax expense recorded a tax expense of RMB2.5 million whereas 3Q2019 recorded a tax refund of RMB1.6 million.

In 9M20, the Group's tax expense increased by 1,024.2% to RMB3.7 million from RMB0.3 million in 9M19.

Overall, the increase was mainly due to a tax refund of RMB3.8 million from the government in 3Q2019.

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

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

**(xi) Net Profit After Tax**

In 3Q20, the Group's net profit after tax ("NPAT") increased by 146.7% to RMB17.5 million from RMB7.1 million in 3Q19. Net profit margin increased by 2.3% to 6.0% from 3.7% in 3Q19.

In 9M20, the Group's NPAT increased by 34.2% to RMB18.6 million from RMB13.9 million in 9M19. Net profit margin increased by 0.4% to 2.6% from 2.2% in 9M19.

**(B) Consolidated Statement of Financial Position (30 September 2020 vs 31 December 2019)**

For the period under review, the Group's non-current assets decreased by approximately RMB10.1 million mainly due to a decrease in prepayment for property, plant and equipment and depreciation and amortisation expenses net of the acquisition of property, plant and equipment and addition of intangible assets.

For the period under review, the Group's non-current liabilities decreased by RMB1.0 million due to revenue recognition of deferred income from government grants and lease liabilities expensed off.

The Group's total current assets increased by approximately RMB198.9 million from RMB616.8 million as at 31 December 2019 to RMB815.7 million as at 30 September 2020. This was attributable to an increase in trade receivables (mainly due to an increase in sale in 3Q20 and a reclassification of \$168.7 million of bill receivables received which were used to pay suppliers but not yet mature), other receivables (which was mainly due to an increase in prepayment for raw materials) and amounts due from related parties (trade related) which were partially offset by a decrease in inventories (mainly due to increase in sales in 3Q2020) and cash and cash equivalents (as explained in the consolidated statement of cash flows).



The Group's total current liabilities increased by approximately RMB191.1 million from RMB490.6 million as at 31 December 2019 to RMB681.7 million as at 30 September 2020. This was attributable to an increase in contract liabilities (mainly due to increase in advance received from customers), trade payables (mainly due to slow payment to suppliers and a reclassification of \$168.7 million of bill receivables received which were used to pay suppliers but not yet mature), other payables (mainly due to an increase in accrued operating expenses which were partially offset by a decrease in payables to property, plant and equipment), amounts due to related parties (trade and non-trade related), and income tax payables which were partially offset by a decrease in bills payables (issued to suppliers for settlement), lease liabilities expensed off and bank loans (due to full repayment of bank loans).

The Group is in a net current assets position as at 30 September 2020 of RMB134.0 million.

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

For the 3 months ended 30 September 2020, the Group recorded a net cash decrease of approximately RMB17.6 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB11.1 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 RMB21.0 million which was mainly due to payment of lease liabilities, interest paid and dividend paid.
- c) the net cash outflow arising from investing activities amounting to RMB7.7 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 2020, the Group recorded a net cash decrease of approximately RMB28.9 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB76.2 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 RMB50.9 million which was mainly due to net repayment of bank loans, payment of lease liabilities, interest paid and dividend paid which was partially offset by bank deposits released from pledged with financial institution.
- c) the net cash outflow arising from investing activities amounting to RMB54.1 million which was mainly due to the acquisition of property, plant and equipment and addition of intangible assets which were partially offset by proceeds from disposal of property, plant and equipment.

Cash and cash equivalents as at 30 September 2020 stood at RMB13.5 million.





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

The 9M20 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the 1H20 Financial Results announcement dated 12 August 2020 i.e., *“The extent of the financial impact cannot be ascertained at the moment as the situation remains fluid.”*

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 FY2020.

The Group’s order book stood at RMB290.0 million as at 5 November 2020.

11. **Dividend**

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

No interim dividend was declared or recommended.

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

Not applicable.

- (ii) **Previous corresponding period**

No interim dividend was declared or recommended in the previous corresponding period.

- (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 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 9M2020 are as follows: -

Name of Interested Person	Nature of relationship	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>  Processing fees received, sale of raw materials and parts.  Processing fees paid and purchase of scrap materials.	Associate of the Controlling Shareholder	N/A	301  1,754
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>  Processing fees received, sale of raw materials, parts and machineries.  Purchase of raw materials.	Associate of the Controlling Shareholder	N/A	1,122  247



<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.	Associate of the Controlling Shareholder	N/A	44,923  6,546
<u>Jiangsu World Agriculture Machinery &amp; Parts Manufacturing Co., Ltd.</u>  Processing fees received, sale of raw materials, parts, equipment and machineries.  Processing fees paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	6,094  39,558
<u>World Agriculture (Shenyang) Co., Ltd.</u>  Sale of raw materials, parts and scrap materials, machineries and rental income of factory.  Purchase of raw materials.	Associate of the Controlling Shareholder	N/A	15,662  2
<u>World Heavy Industry (China) Co., Ltd.</u>  Processing fee received and sale of raw materials, parts and scrap materials.  Processing fee paid and purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	1,569  6,965
<u>Jiangsu World Precise Machinery Co., Ltd.</u>  Land rental paid.	Associate of the Controlling Shareholder	N/A	441



<u>Jiangsu World Crane Co. Ltd.</u> Processing fee paid and purchase of raw materials and equipment.	Associate of the Controlling Shareholder	N/A	1,193
<u>Jiangsu World Furniture Co., Ltd.</u> Processing fee received, sale of raw materials, parts and machineries.	Associate of the Controlling Shareholder	N/A	250
<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u> Processing fees received, sale of raw materials, parts and machineries. Purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	21,115 8,193
<u>Jiangsu World Construction Machinery Sales Co., Ltd.</u> Purchase of equipment.	Associate of the Controlling Shareholder	30	N/A
<u>Danyang World Machinery Parts Manufacturing Co., Ltd.</u> Sale of parts	Associate of the Controlling Shareholder	34	N/A
<b>Total</b>		<b>64</b>	<b>155,935</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 2020 to be false or misleading in any material aspect.



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

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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  
9 November 2020