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

DISCREPANCY BETWEEN UNAUDITED FINANCIAL RESULTS AND AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

World Precision Machinery Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcement dated 1 March 2021 in relation to the Company’s Unaudited Financial Results for the financial year ended 31 December 2020 (“**FY2020 Unaudited FS**”) and the Company’s Audited Financial Results for the financial year ended 31 December 2020 released on 15 April 2021 (the “**FY2020 Audited FS**”).

The Company notes that there are some discrepancies between the FY2020 Unaudited FS and the FY2020 Audited FS. Please see Appendix A below where the FY2020 Unaudited FS is presented with the FY2020 Audited FS, with the variances set out. Please refer to the FY2020 Audited FS released on 15 April 2021 for the full set of financial statements, including the accompanying notes.

The discrepancies mainly arise out of a reclassification of certain “Trade and Other Receivables” to “Assets held for sale”, and adjustments to the “Tax Related Accounts”. The Company further notes that when comparing the FY2020 Unaudited FS with the FY2020 Audited FS, the aggregate variance of (i) the Group’s Total Assets and Total Equity and Liabilities as at 31 December 2020 is an increase of RMB 115,000, and (ii) the Consolidated Profit or Loss and other comprehensive income for the year ended 31 December 2020 is an increase of RMB 3,863,000.

By Order of the Board
World Precision Machinery Limited

Shao Jianjun
Executive Chairman
15 April 2021



WORLD PRECISION MACHINERY LIMITED
(Incorporated in the Republic of Singapore)
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Consolidated statement of profit or loss and other comprehensive income
Year ended 31 December 2020

	Group		Variance	Note
	2020 RMB'000 Unaudited Per 1 March 2021 Announcement	2020 RMB'000 Audited Per FS		
Revenue	1,029,350	1,029,350	-	
Cost of sales	(831,094)	(831,094)	-	
Gross profit	198,256	198,256	-	
Other income	21,255	21,121	(134)	(1)
Distribution and selling expenses	(94,349)	(94,349)	-	
Administrative expenses	(75,048)	(75,048)	-	
Other (expenses)/income	(888)	(1,029)	(141)	(1)
Write-back of impairment losses on trade and other receivables	(7,142)	(7,143)	(1)	(1)
Result from operating activities	42,084	41,808	(276)	
Finance income	276	176	(100)	(1)
Finance costs	(1,963)	(1,587)	376	(1)
Net finance costs	(1,687)	(1,411)	276	
Profit before tax	40,397	40,397	-	
Tax (expense)/credit	(3,816)	47	3,863	(2)
Profit for the year	36,581	40,444	3,863	
Other comprehensive income/(loss) for the year, net of tax:				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences - foreign operations	273	273	-	
Total comprehensive income for the year	36,854	40,717	3,863	
Profit attributable to:				
Equity holders of the Company	36,581	40,444	3,863	
Total comprehensive income attributable to:				
Equity holders of the Company	36,854	40,717	3,863	
Earnings per share				
Basic and diluted (RMB per share)	0.09	0.10	0.01	

Note:

- (1) Reclassification within line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- (2) Result of adjustments to tax related accounts (deferred tax liabilities, deferred tax assets, tax recoverable and tax payable).



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Statements of financial position
As at 31 December 2020

	Group		Variance	Note
	2020 RMB'000 Unaudited Per 1 March 2021 Announcement	2020 RMB'000 Audited Per FS		
Assets				
Property, plant and equipment	695,018	695,018	-	
Investments in subsidiaries	-	-	-	
Investment properties	3,373	3,373	-	
Intangible assets	34,202	34,202	-	
Trade and other receivables	11,352	11,352	-	
Non-current assets	<u>743,945</u>	<u>743,945</u>	<u>-</u>	
Inventories	375,791	375,791	-	
Trade and other receivables	342,473	330,754	(11,719)	(1), (2)
Cash and cash equivalents	41,173	41,165	(8)	(1)
	<u>759,437</u>	<u>747,710</u>	<u>(11,727)</u>	
Assets held for sale	209,814	221,656	11,842	(1)
Current assets	<u>969,251</u>	<u>969,366</u>	<u>115</u>	
Total assets	<u>1,713,196</u>	<u>1,713,311</u>	<u>115</u>	
Equity attributable to owners of the Company				
Share capital	250,660	250,660	-	
Currency translation reserve	10,046	10,046	-	
Statutory reserves	115,322	115,791	469	(3)
Capital reserve	97,097	97,097	-	
Retained earnings	631,188	634,582	3,394	(3)
Total equity	<u>1,104,313</u>	<u>1,108,176</u>	<u>3,863</u>	
Liabilities				
Deferred tax liabilities	4,951	945	(4,006)	(2)
Trade and other payables	892	892	-	
Borrowings	3,783	3,783	-	
Non-current liabilities	<u>9,626</u>	<u>5,620</u>	<u>(4,006)</u>	
Contract liabilities	111,867	111,867	-	
Trade and other payables	485,717	485,717	-	
Borrowings	467	467	-	
Tax payables	1,206	1,464	258	(2)
Current liabilities	<u>599,257</u>	<u>599,515</u>	<u>258</u>	
Total liabilities	<u>608,883</u>	<u>605,135</u>	<u>(3,748)</u>	
Total equity and liabilities	<u>1,713,196</u>	<u>1,713,311</u>	<u>115</u>	

Note:

(1) Reclassification of assets held for sale:

- Trade and other receivables	11,834
- Cash and cash equivalents	8
Assets held for sale	<u>11,842</u>

Being reclass assets in the subsidiary to be disposed as per EGM dated 22 December 2020.

Statements of financial position
As at 31 December 2020

	Group			
	2020	2020		
	RMB'000	RMB'000		
	Unaudited			
	Per			
	1 March 2021	Audited		
	Announcement	Per FS	Variance	Note
(2) Adjustments to tax related accounts: -				
- Trade and other receivables - Tax recoverable	115			
- Deferred tax assets	2,680			
- Deferred tax liabilities	1,326			
- Tax payable	(258)			
Tax expense (Consolidated statement of Profit or Loss and Other Comprehensive Income)	<u>3,863</u>			

Being recognition tax related expenses.

(3) Reclassification of retained earnings to statutory reserves.



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Consolidated statement of cash flows
Year ended 31 December 2020

	Group		Variance	Note
	2020 RMB'000	2020 RMB'000		
	Unaudited Per 1 March 2021 Announcement	Audited Per FS		
Cash flows from operating activities				
Profit before tax	40,397	40,397	-	
Adjustments for:			-	
Amortisation of intangible assets	11,166	11,166	-	
Depreciation of investment property	188	188	-	
Depreciation of property, plant and equipment	67,021	67,021	-	
Write-down/(Write-back) of inventories	396	396	-	
Interest expense	1,669	1,587	(82)	(1)
Interest income	(276)	(176)	100	(1)
Loss on disposal of property, plant and equipment	45	29	(16)	(2)
Net provision/(write-back) of impairment losses on trade and other receivables	7,142	7,143	1	(1)
Property, plant and equipment written off	380	53	(327)	(2)
	<u>128,128</u>	<u>127,804</u>	<u>(324)</u>	
Changes in:				
- Inventories	2,286	2,298	12	(2)
- Trade and other receivables	(154,071)	(154,187)	(116)	(3)
- Trade and other payables	83,079	85,203	2,124	(2), (4)
- Contract liabilities	60,417	60,417	-	
Cash generated from operating activities	<u>119,839</u>	<u>121,535</u>	<u>1,696</u>	
Interest received	276	176	(100)	(1)
Withholding tax paid	(1,252)	(1,252)	-	
Income tax paid	(1,425)	(1,310)	115	(3)
Net cash from operating activities	<u>117,438</u>	<u>119,149</u>	<u>1,711</u>	
Cash flows from investing activities				
Purchases of property, plant and equipment	(58,532)	(61,511)	(2,979)	(2)
Additions of intangible assets	(8,512)	(8,512)	-	
Proceeds from disposal of property, plant and equipment	87	486	399	(2)
Net cash used in investing activities	<u>(66,957)</u>	<u>(69,537)</u>	<u>(2,580)</u>	
Cash flows from financing activities				
Repayments of bank loans	(35,600)	(35,600)	-	
Proceeds from bank loans	6,500	6,500	-	
Payment of lease liabilities	(1,290)	(1,290)	-	
Bank deposits released from pledge	368	368	-	
Bank deposits pledged	-	-	-	
Dividend paid	(20,000)	(20,000)	-	
Interest paid	(1,669)	(800)	869	(1), (4)
Net cash (used in)/from financing activities	<u>(51,691)</u>	<u>(50,822)</u>	<u>869</u>	
Net (decrease)/increase in cash and cash equivalents	(1,210)	(1,210)	-	
Cash and cash equivalents at beginning of the year	42,423	42,423	-	
Effect of exchange rate changes on cash and cash equivalents	(40)	(40)	-	
Changes in cash and cash equivalents reclassified to assets held for sale	-	(8)	(8)	(5)
Cash and cash equivalents at end of the year	<u>41,173</u>	<u>41,165</u>	<u>(8)</u>	



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Consolidated statement of cash flows
Year ended 31 December 2020

	Group		Variance	Note
	2020 RMB'000 Unaudited Per 1 March 2021 Announcement	2020 RMB'000 Audited Per FS		
Total additions to property, plant and equipment	51,116	51,184	68	(2)
Less: Right-of-use assets	0	0	0	
Add/(less): Changes in unpaid portion	834	834	0	
Add/(less): Changes in prepayments	6,582	9,493	2,911	(2)
Purchase of property, plant and equipment per consolidated statement of cash flows	58,532	61,511	2,979	

Note:

- (1) Reclassification within line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- (2) To retitle property, plant and equipment movements.
- (3) Movement due to adjustments to tax related accounts.
- (5) Reclassification interest expense of RMB787,000 from financing activities to operating activities due to nature of activities.
- (5) Reclassification to assets held for sale.