



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

**CLARIFICATION ON UNAUDITED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

The Board of Directors (the “**Board**”) of World Precision Machinery Limited (the “**Company**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 30 August 2021 in relation to the Company’s Unaudited Financial Statements for the second quarter ended 30 June 2021 (“**2QFY2021 Results Announcement**”), and wishes to clarify the following:

SGX-ST’s query

- (a) It is disclosed on page 24 of the unaudited financial statements that, “Overall, the increase in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines together with an upward revision in the average selling prices of the stamping machines, contributed to the overall increase in turnover.” Please explain the factors which led to an increase in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines.

Company’s response

- (a) The factors which led to an increase in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines are as follows:-
- 1) Our customers in the automotive parts and the home appliances sectors, which accounted for 80% of the Group’s overall revenues in the financial year ended 31 December 2020, are experiencing continued strong growth in their businesses. This has in turn led to an increase in our customers’ demand for conventional stamping machines and high performance and high tonnage stamping machines; and
 - 2) As a result of the strong growth in various market sectors, we have also expanded our sales teams in a bid to capture more sales orders in these sectors.

SGX-ST’s query

- (b) Please disclose:
- (i) the nature of the non-current receivables; and
 - (ii) the Board’s assessment of the recoverability of the non-current other receivables.

Company’s response

- (b) (i) These are for prepayments for purchase of property, plant and equipment; and
(ii) Recoverability of these non-current other receivables is not deemed an issue as our counter-parties are either the local government authorities or reputable and credible suppliers, most of which we have prior dealings with.



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SGX-ST's query

- (c) Please explain why interest income amounted to only RMB335,000 during the financial period ended 30 June 2021 when the Company has significant cash and bank balance amounting to RMB311,991,000.

Company's response

- (c) It was disclosed on Note 16 on page 19 of the 2QFY2021 Results Announcement that bank deposits of RMB300 million had been placed with financial institution which will mature on varying dates within 3 months (2020: nil) from the end of the reporting period. Upon maturity of these bank deposits, commencing from September 2021 in the third quarter, the interest income earned will then be reflected in the results announcement relating to the unaudited financial statements for the third quarter ending 30 September 2021 to be announced in due course.

SGX-ST's query

- (d) Please provide the reason(s) for the significant trade payables of RMB443,096,000 when the Group recorded a cash and cash equivalent of RMB311,991,000 as at 30 June 2021.

Company's response

- (d) The trade payables consist of:-
- 1) Trade payables of RMB293,139,000; and
 - 2) Trade payables of RMB149,957,000 which will be settled with bills receivables which have yet to reach maturity.

The trade payables are based on credit terms as agreed upon among the Group and its suppliers. Trade payables are non-interest bearing with credit periods ranging from 3 to 6 months (2020: 3 to 6 months). The increase in trade payables can be evidenced by the increase in sales and production activities due to the increase in sales orders as stated in item 10 on page 29 of the 2QFY2021 Results Announcement.

There is no economic incentive for us to voluntarily improve the terms of payments to the suppliers even though our financials afford us to do so.

By Order of the Board

Shao Jianjun
Executive Chairman
2 September 2021