

Unaudited Condensed Interim Financial Statements for the fourth quarter and full year ended 31 December 2021

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CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME

Group							
Note	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	Change	1.10.2021 to 31.12.2021	1.10.2020 to 31.12.2020	Change	
	RMB '000	RMB '000	%	RMB '000	RMB '000	%	
Revenue	4	1,318,217	1,029,350	28.1%	328,944	321,808	2.2%
Cost of sales		(1,066,475)	(831,094)	28.3%	(278,694)	(252,143)	10.5%
Gross profit		251,742	198,256	27.0%	50,250	69,665	(27.9%)
Gross profit margin (%)		19.1%	19.3%	(0.2%)	15.3%	21.6%	(6.3%)
Other income	5	67,726	21,121	220.7%	7,387	8,721	(15.3%)
Distribution and selling expenses		(96,330)	(94,349)	2.1%	(24,278)	(30,463)	(20.3%)
Administrative expenses		(81,185)	(75,048)	8.2%	(19,338)	(21,557)	(10.3%)
Other expenses	6	(14,558)	(1,029)	1,314.8%	(11,836)	(677)	1,648.3%
Net provision of impairment losses on trade and other receivables	7	(2,618)	(7,143)	(63.4%)	(701)	(7,143)	(90.2%)
Results from operating activities		124,777	41,808	198.5%	1,483	18,546	(92.0%)
Finance income		9,071	176	5,054.0%	3,011	(77)	N.M.
Financial costs		(3,907)	(1,587)	146.2%	(1,025)	(361)	183.9%
Net finance income/(costs)		5,164	(1,411)	N.M.	1,986	(438)	N.M.
Profit before tax	7	129,941	40,397	221.7%	3,469	18,108	(80.8%)
Tax (expense)/credit	8	(16,594)	47	N.M.	(2,089)	3,723	N.M.
Profit for the period		113,347	40,444	180.3%	1,380	21,831	(93.7%)
Net profit margin (%)		8.6%	3.9%	4.7%	0.4%	6.8%	(6.4%)
Profit attributable to:							
Equity holders of the Company		113,347	40,444	180.3%	1,380	21,831	(93.7%)
Earnings per share (cents)							
- Basic		0.28	0.10		0.00	0.05	
- Diluted		0.28	0.10		0.00	0.05	

N.M. denotes Not Meaningful



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CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME (CONT'D)

Group						
Note	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	Change	1.10.2021 to 31.12.2021	1.10.2020 to 31.12.2020	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit for the period	113,347	40,444	180.3%	1,380	21,831	(93.7%)
<i>Other comprehensive income</i>						
Items that are or may be reclassified subsequently to profit and loss:						
Foreign currency translation differences - foreign operations	176	273	(35.5%)	187	115	62.6%
Total comprehensive income for the period	<u>113,523</u>	<u>40,717</u>	<u>178.8%</u>	<u>1,567</u>	<u>21,946</u>	<u>(92.9%)</u>
Total comprehensive income attributable to:						
Equity holders of the company	<u>113,523</u>	<u>40,717</u>	<u>178.8%</u>	<u>1,567</u>	<u>21,946</u>	<u>(92.9%)</u>



CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31.12.2021 RMB '000	31.12.2020 RMB '000	31.12.2021 RMB '000	31.12.2020 RMB '000
Non-current assets					
Property, plant and equipment	10	699,571	695,018	–	–
Investment in subsidiaries		–	–	757,825	796,092
Investment properties	11	3,099	3,373	–	–
Intangible assets	12	39,084	34,202	–	–
Other receivables	15	47,112	11,352	–	–
Total non-current assets		788,866	743,945	757,825	796,092
Current assets					
Inventories	13	416,363	375,791	–	–
Trade receivables	14	439,817	297,817	–	–
Other receivables	15	117,737	13,514	13	14
Due from related parties (trade)		21,108	19,404	–	–
Due from affiliated company (trade)		3	19	–	–
Due from subsidiaries (non-trade)		–	–	196	104
Other investment	16	300,000	–	–	–
Cash and cash equivalents	17	28,661	41,165	874	2,351
		1,323,689	747,710	1,083	2,469
Assets held for sale	18	–	221,656	–	–
Total current assets		1,323,689	969,366	1,083	2,469
Total assets		2,112,555	1,713,311	758,908	798,561
Non-current liabilities					
Deferred tax liabilities		7,072	945	–	–
Deferred income from government Grants		1,041	892	–	–
Lease liabilities		11,135	3,783	–	–
		19,248	5,620	–	–
Current liabilities					
Contract liabilities		85,298	111,867	–	–
Trade payables	19	520,744	334,831	–	–
Other payables	20	289,637	144,117	1,014	1,979
Due to related parties (trade)		2,498	5,833	–	–
Due to related parties (non-trade)		261	756	–	–
Due to a subsidiary (non-trade)		–	–	188	245
Lease liabilities		429	467	–	–
Deferred income from government grants		218	180	–	–
Income tax payables		2,523	1,464	–	–
Total current liabilities		901,608	599,515	1,202	2,224
Total liabilities		920,856	605,135	1,202	2,224



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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB '000	RMB '000	RMB '000	RMB '000
Net current assets/(liabilities)	422,081	369,851	(119)	245
Net assets	1,191,699	1,108,176	757,706	796,337
Equity attributable to the equity holders of the Company				
Share capital	21	250,660	250,660	250,660
Retained earnings		709,155	538,361	538,901
Currency translation reserve		10,222	(31,315)	6,776
Statutory reserves		124,565	–	–
Capital reserve		97,097	–	–
Total equity		1,191,699	757,706	796,337

Aggregate amount of the Group's borrowings and debt securities.

As at 31 December 2021 and 31 December 2020, the Group does not have borrowings and debt securities.



CONDENSED INTERIM CONSOLIDATION STATEMENT OF CASH FLOWS

	Note	Group			
		FY21	FY20	4Q21	4Q20
		1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	1.10.2021 to 31.12.2021	1.10.2020 to 31.12.2020
		RMB '000	RMB '000	RMB '000	RMB '000
Cash flow from operating activities					
Profit before tax		129,941	40,397	3,469	18,108
Adjustments for:					
Amortisation of intangible assets	12	9,039	11,166	2,221	2,455
Bad debts written off (non-trade)		8	–	8	–
Depreciation for investment properties	11	274	188	69	69
Depreciation of property, plant and equipment	7	59,805	67,021	14,511	18,866
Write down of inventories	7	10,966	396	10,966	396
Interest expense	7	3,853	1,587	1,017	247
Interest income	7	(9,071)	(176)	(3,011)	77
Gain on disposal of a subsidiary	7	(42,323)	–	–	–
(Gain)/loss on disposal of property, plant and equipment	7	(351)	29	(139)	(16)
Net provision of impairment losses on trade and other receivables	7	2,618	7,143	701	7,143
Property, plant and equipment written off	6	576	53	496	(192)
Operating cash flow before working capital changes		165,335	127,804	30,308	47,153
Inventories		(51,541)	2,298	20,486	(6,246)
Trade and other receivables		(148,264)	(154,187)	218	82,542
Trade and other payables		320,740	85,203	144,670	(105,498)
Contract liabilities		(26,569)	60,417	(19,426)	26,121
Cash generated from operations		259,701	121,535	176,256	44,072
Interest received		1,993	176	(4,067)	(77)
Income taxes and withholding tax (paid)/credit		(9,408)	(2,562)	1,225	(998)
Net cash from operating activities		252,286	119,149	173,414	42,997
Cash flow from investing activities					
Proceeds from disposal of property, plant and equipment		537	486	282	399
Proceed from disposal of a subsidiary	5	263,131	–	–	–
Purchases of property, plant and equipment	Note A	(86,105)	(61,511)	(62,550)	(13,026)
Additions of intangible assets		(13,922)	(8,512)	(3,330)	(2,799)
Acquisition of other investment	16	(300,000)	–	(300,000)	–
Interest received from other investment		5,654	–	5,654	–
Provision of loan to a third party		(100,000)	–	(100,000)	–
Net cash used in investing activities		(230,705)	(69,537)	(459,944)	(15,426)
Cash flow from financing activities					
Proceeds from bank loans		–	6,500	–	–
Repayment of bank loans		–	(35,600)	–	–
Payment of lease liabilities		(802)	(1,290)	(452)	(434)
Bank deposits released from pledge		–	368	–	–
Dividend paid	9	(30,000)	(20,000)	–	–
Interest paid		(3,161)	(800)	(325)	540
Net cash used in/(from) financing activities		(33,963)	(50,822)	(777)	106



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CONDENSED INTERIM CONSOLIDATION STATEMENT OF CASH FLOWS (CONT'D)

	Note	Group			
		FY21	FY20	4Q21	4Q20
		1.1.2021 to 31.12.2021 RMB '000	1.1.2020 to 31.12.2020 RMB '000	1.10.2021 to 31.12.2021 RMB '000	1.10.2020 to 31.12.2020 RMB '000
Net (decrease)/increase in cash and cash equivalents		(12,382)	(1,210)	(287,307)	27,677
Cash and cash equivalents at beginning of the period		41,165	42,423	316,008	13,519
Effect of exchange rate changes on cash and cash equivalents		(122)	(40)	(40)	(23)
Changes in cash and cash equivalents reclassified to assets held for sale		—	(8)	—	(8)
Cash and cash equivalents at end of the period	17	28,661	41,165	28,661	41,165

Note A

	Note	FY21	FY20	4Q21	4Q20
		1.1.2021 to 31.12.2021 RMB '000	1.1.2020 to 31.12.2020 RMB '000	1.10.2021 to 31.12.2021 RMB '000	1.10.2020 to 31.12.2020 RMB '000
Total additions to property, plant and equipment		57,693	51,184	46,190	8,670
(Less)/add: changes in unpaid portion		(7,348)	9,493	(9,475)	2,704
Add: changes in prepayments		35,760	834	25,835	1,652
Purchase of plant, property and equipment per consolidated statement of cash flows		86,105	61,511	62,550	13,026



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CONDENSED STATEMENTS OF CHANGES IN EQUITY

Group

	Note	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 1.1.2021		250,660	634,582	10,046	115,791	97,097	1,108,176
Total comprehensive income for the period							
Profit for the period		-	113,347	-	-	-	113,347
<i>Other comprehensive loss</i>							
Currency translation differences arising on consolidation		-	-	176	-	-	176
<i>Total comprehensive income for the period</i>		-	113,347	176	-	-	113,523
Transactions with owners, recognised directly in equity							
<i>Distributions to owners</i>							
Dividend paid	9	-	(30,000)	-	-	-	(30,000)
<i>Total distributions to owners</i>		-	(30,000)	-	-	-	(30,000)
Transfer to statutory reserves fund		-	(8,774)	-	8,774	-	-
Balance as at 31.12.2021		250,660	709,155	10,222	124,565	97,097	1,191,699



CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Group

	Note	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 1.1.2020		250,660	618,983	9,773	110,946	97,097	1,087,459
Total comprehensive income for the period							
Profit for the period		-	40,444	-	-	-	40,444
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation		-	-	273	-	-	273
<i>Total comprehensive income for the period</i>		-	40,444	273	-	-	40,717
Transactions with owners, recognised directly in equity							
<i>Distributions to owners</i>							
Dividend paid	9	-	(20,000)	-	-	-	(20,000)
<i>Total distributions to owners</i>		-	(20,000)	-	-	-	(20,000)
Transfer to statutory reserves fund		-	(4,845)	-	4,845	-	-
Balance as at 31.12.2020		250,660	634,582	10,046	115,791	97,097	1,108,176



CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company

	Note	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Balance as at 1.1.2021		250,660	538,901	6,776	796,337
Total comprehensive loss for the period					
Profit for the period		-	29,460	-	29,460
<i>Other comprehensive loss</i>					
Currency translation differences arising from translation into the presentation currency		-	-	(38,091)	(38,091)
<i>Total comprehensive loss for the period</i>		-	29,460	(38,091)	(8,631)
Transactions with owners, recognised directly in equity					
<i>Distributions to owners</i>					
Dividend paid	9	-	(30,000)	-	(30,000)
<i>Total distributions to owners</i>		-	(30,000)	-	(30,000)
Balance as at 31.12.2021		250,660	538,361	(31,315)	757,706
Balance as at 1.1.2020		250,660	538,257	37,453	826,370
Total comprehensive loss for the period					
Profit for the period		-	20,644	-	20,644
<i>Other comprehensive loss</i>					
Currency translation differences arising from translation into the presentation currency		-	-	(30,677)	(30,677)
<i>Total comprehensive loss for the period</i>		-	20,644	(30,677)	(10,033)
Transactions with owners, recognised directly in equity					
<i>Distributions to owners</i>					
Dividend paid	9	-	(20,000)	-	(20,000)
<i>Total distributions to owners</i>		-	(20,000)	-	(20,000)
Balance as at 31.12.2020		250,660	538,901	6,776	796,337



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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 enterprises are prohibited from distributing dividends unless the losses (if any) of previous years have been made good.



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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

World Precision Machinery Limited (the “**Company**”) is a company incorporated in the Republic of Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the full year ended 31 December 2021 comprised the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are as follow: -

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Ownership interest held	
			31 December 2021	31 December 2020
			%	%
<i>Held by the Company</i>				
World Precise Machinery (China) Co., Ltd.	Manufacture and supply of stamping machines and metal parts	PRC	100	100
World Precise Machinery (Shenyang) Co., Ltd.	Manufacture and supply of stamping machines and metal parts	PRC	100	100
World Precise Machinery Parts (Jiangsu) Co., Ltd.	Research and development, and manufacturing of key components of all types of precision machine tools	PRC	100	100
<i>Held by World Precise Machinery (Shenyang) Co., Ltd.</i>				
Shenyang World High-End Equipment Manufacturing Co., Ltd.	Purpose of preparing for the proposed sale of factory buildings and the land associated with such factory buildings	PRC	-	100



2. Basis of preparation

The condensed interim financial statements for the full year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Chinese Renminbi ("RMB") and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

The functional currency of the Company and its principal entities in the PRC is Singapore dollar ("SGD") and RMB respectively.

2.1 New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustment as a result of adopting the following standards:

- SFRS(I) 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)
- Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendment to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)

2.2 Use of estimates and judgements

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

There is no critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the condensed financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim financial period are included in the following notes:

- Note 10 and 12 – measurement of recoverable amount of property, plant and equipment and intangible assets;
- Note 11 – valuation of investment properties



2.2 Use of estimates and judgements (cont'd)

- Note 13 – valuation of inventories; and
- Note 14 and 15 – valuation of trade receivables and amount due from employees

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is principally engaged in manufacturing and selling of conventional and high performance and high tonnage stamping machines and metal parts. All business activities are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are mainly attributable to a single reportable operating segment.

Geographical information

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, the PRC, which is the Group's principal place of business and operations. Therefore, no analysis by geographical region is presented.

Information about major customer

No external customers individually contributed 10% or more of the Group's total revenue.



4.1 Disaggregation of revenue

Revenue comprises sales of conventional stamping machines, high performance and high tonnage stamping machines and metal parts. All sales are recognised at a point in time.

	1.1.2021 to 31.12.2021 RMB'000	1.1.2020 to 31.12.2020 RMB'000	Group 1.10.2021 to 31.12.2021 RMB'000	1.10.2020 to 31.12.2020 RMB'000
Conventional stamping machines	58,011	60,796	9,466	17,464
High performance and high tonnage stamping machines	1,152,051	873,387	294,648	273,402
Metal parts	108,155	95,167	24,830	30,942
	<u>1,318,217</u>	<u>1,029,350</u>	<u>328,944</u>	<u>321,808</u>

A breakdown of sales.

	The Group		
	FY2021	FY2020	Increase/(decrease)
	RMB'000	RMB'000	%
(a) Sales reported for first half year	652,129	418,524	55.8
Profit after tax before deducting non-controlling interest for first half year	77,083	1,158	6,556.6
(b) Sales reported for second half of year	666,088	610,826	9.0
Profit after tax before deducting non-controlling interest for first half year	36,264	39,286	(7.7)
(c) Sales reported for full year	1,318,217	1,029,350	28.1
Profit after tax before deducting non-controlling interest for full year	113,347	40,444	180.3

5. Other income

	1.1.2021 to 31.12.2021 RMB'000	1.1.2020 to 31.12.2020 RMB'000	Group 1.10.2021 to 31.12.2021 RMB'000	1.10.2020 to 31.12.2020 RMB'000
Sales of raw and scrap materials	8,921	4,538	(959)	1,863
Cost of raw and scrap materials sold	(7,583)	(3,487)	843	(1,594)
Gain/(loss) from disposals of raw and scrap materials	1,338	1,051	(116)	269
Gain on disposal of a subsidiary	42,323	–	–	–
Gain on disposal of property, plant and equipment	351	–	139	(45)
Government grants and subsidies	18,647	11,234	5,940	5,867
Processing income	3,292	3,430	856	745
Rental income, net	1,424	5,111	402	1,650
Others	351	295	166	235
	<u>67,726</u>	<u>21,121</u>	<u>7,387</u>	<u>8,721</u>



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5.1. Disposal of subsidiary

During the period, the Group disposed of its 100% equity interest in Shenyang World High-End Equipment Manufacturing Co., Ltd. for a cash consideration of RMB263,143,000. The transaction was completed during the period.

The disposed subsidiary contributed to a net loss of RMB4,675,000 to the Group since date of incorporation to the date of disposal.

The total effect of the disposal in a subsidiary on the cash flows of the Group was as follow:

	Group 1.1.2021 to 31.12.2021 RMB'000
Property, plant and equipment	137,775
Land use rights	72,039
Other receivables	11,834
Cash and cash equivalents	12
Due to related party (non-trade)	(840)
Net asset on disposal	<u>220,820</u>
Gain on disposal of a subsidiary	<u>42,323</u>
Sale consideration	263,143
Cash of a subsidiary disposed	<u>12</u>
Cash inflow on disposal of a subsidiary	<u>263,131</u>

The gain on disposal in a subsidiary was recognised in “other income” in the condensed interim consolidated statement comprehensive income.

6. Other expenses

	Group			
	1.1.2021 to 31.12.2021 RMB'000	1.1.2020 to 31.12.2020 RMB'000	1.10.2021 to 31.12.2021 RMB'000	1.10.2020 to 31.12.2020 RMB'000
Bad debts written off (non-trade)	8	–	8	–
Donation	2,000	–	–	–
Fine and penalty	200	63	–	63
Government comprehensive fund	148	120	–	–
Loss on foreign currency exchange	193	277	193	185
Loss on disposal of property, plant and equipment	–	29	–	29
Property, plant and equipment written off	576	53	496	(192)
Quality compensation	370	30	–	–
Write down of inventories	10,966	396	10,966	396
Others	97	61	173	196
	<u>14,558</u>	<u>1,029</u>	<u>11,836</u>	<u>677</u>



7. Profit before tax

	Group			
	1.1.2021 to 31.12.2021 RMB'000	1.1.2020 to 31.12.2020 RMB'000	1.10.2021 to 31.12.2021 RMB'000	1.10.2020 to 31.12.2020 RMB'000
Income				
Interest income	(9,071)	(176)	(3,011)	77
Expenses				
Amortisation of intangible assets	9,039	11,166	2,221	2,455
Depreciation of investment properties	274	188	69	69
Depreciation of property, plant and equipment	59,805	67,021	14,511	18,866
Net provision of impairment losses on trade and other receivables	2,618	7,143	701	7,143
Interest expense	3,853	1,587	1,017	247

7.1 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	Group			
	1.1.2021 to 31.12.2021 RMB'000	1.1.2020 to 31.12.2020 RMB'000	1.10.2021 to 31.12.2021 RMB'000	1.10.2020 to 31.12.2020 RMB'000
Related companies				
<i>Income</i>				
Lease of premises to a related company	1,607	7,619	–	1,905
Sales to related companies	115,382	122,546	28,249	40,603
Processing services to related companies	3,012	3,840	687	711
<i>Expenses</i>				
Lease of premises from a related company	450	591	112	150
Processing services from related companies	14,381	3,499	1,778	1,825
Purchases of machineries and parts from related companies	2,329	33,589	1,339	235
Purchases of raw materials from related companies	24,054	5,429	1,394	587
Purchases of scrap materials from related companies	42,473	35,299	9,633	10,711
Affiliated companies				
<i>Income</i>				
Sales to affiliated companies	83	264	31	(17)
Processing services to affiliated companies	12	3	4	–
<i>Expenses</i>				
Purchases of raw materials from affiliated companies	37	30	(1)	–
Purchases of scrap materials from affiliated companies	1,981	–	695	–



Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group			
	1.1.2021 to 31.12.2021 RMB'000	1.1.2020 to 31.12.2020 RMB'000	1.10.2021 to 31.12.2021 RMB'000	1.10.2020 to 31.12.2020 RMB'000
Directors of the Company:				
- short-term employee benefits	403	420	88	105
- defined contribution benefits	26	32	2	8
- directors' fees	1,280	1,300	605	625
	<u>1,709</u>	<u>1,752</u>	<u>695</u>	<u>738</u>
Other key management personnel:				
- short-term employee benefits	3,586	3,580	901	752
- defined contribution benefits	143	154	27	50
	<u>3,729</u>	<u>3,734</u>	<u>928</u>	<u>802</u>
	<u>5,438</u>	<u>5,486</u>	<u>1,623</u>	<u>1,540</u>

8. Tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	1.1.2021 to 31.12.2021 RMB'000	1.1.2020 to 31.12.2020 RMB'000	1.10.2021 to 31.12.2021 RMB'000	1.10.2020 to 31.12.2020 RMB'000
Income tax				
- Current year	11,424	2,327	2,973	(90)
- Under provision in respect of prior years	-	447	-	447
	<u>11,424</u>	<u>2,774</u>	<u>2,973</u>	<u>357</u>
Deferred tax credit				
- origination and reversal of temporary differences	3,447	(2,190)	(884)	(2,190)
- Over provision in respect of prior years	-	(1,883)	-	(1,883)
	<u>3,447</u>	<u>(4,073)</u>	<u>(884)</u>	<u>(4,073)</u>
Withholding tax				
	1,723	1,252	-	(7)
	<u>16,594</u>	<u>(47)</u>	<u>2,089</u>	<u>(3,723)</u>

9. Dividends

The following tax exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group & Company			
	1.1.2021 to 31.12.2021 RMB'000	1.1.2020 to 31.12.2020 RMB'000	1.10.2021 to 31.12.2021 RMB'000	1.10.2020 to 31.12.2020 RMB'000
<i>Paid by the Company to owners of the Company</i>				
RMB7.5 cents per qualifying ordinary share (2020: RMB5.0 cents)	30,000	20,000	-	-



10. Property, plant and equipment

During the full year ended 31 December 2021, the Group acquired assets at cost amounting to RMB57.70 million (2020: RMB51.1 million) and disposed of assets at cost amounting to RMB3.3 million (2020: RMB2.3 million)

Impairment of property, plant and equipment

The Group reviews the carrying amounts of the assets as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated using the discounted cash flow technique to determine the recoverable amount for the allocated CGU. The determination of value in use of the CGU requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. The Group has to make significant judgement and estimates on assumptions that can materially affect the financial statements, such as projected revenue growth, gross profit margin and discount rate. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations.

The cash flow projections used to determine the value in use of the property, plant and equipment and intangible assets (Note 12) were based on 10 years cash flow projection approved by management with a revenue growth rate of 2.9% to 20.8% (2020: 2.9% to 8.7%), gross profit margin of 20.0% to 25.0% (2020: 20.1% to 27.5%) and discounted at a pre-tax discount rate of 6.3% (2020: 9.9%). Based on this assessment, no impairment loss was recognised during the period.

11. Investment properties

	Group	
	31.12.2021	31.12.2020
	RMB'000	RMB'000
Cost		
At beginning and end of the period	7,208	7,208
Accumulated amortisation		
At beginning of the period	3,835	3,647
Charge for the period	274	188
At end of the period	4,109	3,835
Net carrying value		
At end of the period	3,099	3,373
Fair value		
At end of the period	21,139	21,139

Investment property comprises a residential property that is leased to the third parties. The lease contains a non-cancellable period varying from 2 to 3 years (2019: 3 years), with a fixed annual rent.

Fair value hierarchy

The fair value of the investment property was determined by the Group using management's valuation using the direct comparison method with reference to other similar properties.



11. Investment properties (cont'd)

Fair value hierarchy (cont'd)

The fair value disclosure for the investment property has been categorised as a Level 3 fair value based on the input to the valuation techniques used. The significant unobservable input includes price per square foot of RMB2,973 (2020: RMB2,973). An increase in the price per square foot would result in a higher fair value.

12. Intangible assets

	Group	
	31.12.2021 RMB'000	31.12.2020 RMB'000
Development costs		
Cost		
At beginning of the period	88,383	79,871
Additions	13,922	8,512
At end of the period	102,305	88,383
Accumulated amortisation		
At beginning of the period	54,181	43,015
Amortisation charge for the period	9,039	11,166
At end of the period	63,220	54,181
Net carrying value		
At end of the period	39,085	34,202

Impairment of intangible assets

The Group reviews the carrying amounts of the assets as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated using the discounted cash flow technique to determine the recoverable amount for the allocated CGU. The determination of value in use of the CGU requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. The Group has to make significant judgement and estimates on assumptions that can materially affect the financial statements, such as projected revenue growth, gross profit margin and discount rate. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations. No impairment loss was recognised during the period.

13. Inventories

	Group	
	31.12.2021 RMB'000	31.12.2020 RMB'000
Finished goods		
- at cost	78,133	45,995
- at net realisable value	526	526
Work-in-progress and components parts		
- at cost	267,797	252,547
Raw materials		
- at cost	69,907	76,723
	416,363	375,791



13. Inventories (cont'd)

Write-down for slow-moving and obsolete inventories

The Group performs assessment on the condition of its inventories at the end of each reporting period and write down slow-moving and obsolete inventories identified. Management considers future demand, expected selling prices and ageing analysis of the inventories as part of its assessment process to arrive at their best estimate of the net realisable value of inventories. Such evaluation process requires significant judgement and may affect the carrying amount of inventories at the balance sheet date.

In 2021, a write-down for slow-moving and obsolete inventories to net realisable value amounting to RMB10,966,000 (202: RMB396,000) was recognised in “other expenses”. The changes were due to change in future consumption plan of the slow-moving inventories.

14. Trade receivables

	Group		Company	
	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
Trade receivables	137,650	125,670	–	–
Less: allowance for expected credit losses	(27,453)	(29,413)	–	–
	110,197	96,257	–	–
Bills receivables	329,620	201,560	–	–
	439,817	297,817	–	–

The movements in allowance for impairment in respect of trade receivables during the financial period was as follows:

	Group		Company	
	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
At beginning of the period	29,413	21,918	–	–
Provision for impairment losses	2,821	7,495	–	–
Bad debts written off against allowance	(4,781)	–	–	–
Reversal of provision for impairment losses	–	–	–	–
At end of the period	27,453	29,413	–	–

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses:

<u>Description of evaluation of financial assets</u>	<u>Basis for recognition and measurement of ECL</u>
Debtors has a low risk of default and does not have any past due amount	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off



14. Trade receivables (cont'd)

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group categorises its trade receivables by its past due status and segregates debtors regarded as credit-impaired where one or more credit impairment events have occurred.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

There has been no change in the estimation techniques or significant assumptions made during the current financial period.

15. Other receivables

	Group		Company	
	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
Amount due from employees	4,472	4,776	–	–
Less: allowance for expected credit losses	(1,309)	(1,195)	–	–
	3,163	3,581	–	–
Advance payments to suppliers	3,950	4,394	–	–
VAT receivables	893	307	–	–
Loan to a third party **	101,425	–	–	–
Prepayments for property, plant and equipment	47,112	11,352	–	–
Other prepayments	2,197	2,056	13	14
Tax recoverable	4,273	1,288	–	–
Other receivables	1,915	2,284	–	–
Less: allowance for expected credit losses	(79)	(396)	–	–
	1,836	1,888	–	–
	164,849	24,866	13	14
Non-current	47,112	11,352	–	–
Current	117,737	13,514	13	14
	164,849	24,866	13	14

** Please refer to the announcement dated 24 February 2022 for more information.

The movements in allowance for impairment in respect of other receivables during the financial period was as follows:

	Group		Company	
	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
At beginning of the period	1,591	1,943	–	–
Reversal/write-back of impairment losses	(203)	(352)	–	–
At end of the period	1,388	1,591	–	–



15. Other receivables (cont'd)

Loss allowances for amount due from employees are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the employee and an assessment of both the current and forecast general economic conditions at the reporting date.

16. Other investment

	Group		Company	
	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
Structured deposit	300,000	-	-	-

The Group's structured deposit placed with a financial institution matured within 5 months (2020: nil) from the end of the reporting period. The interest rate ranges from 1.30% to 3.81% (2020: nil) per annum. The financial product fall into category of Principal Guaranteed Floating Income and with the risk level of PR1.

17. Cash and cash equivalents

	Group		Company	
	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
Cash at banks and on hand	28,661	41,165	874	2,351

18. Assets held for sale

	Group	
	31.12.2021 RMB'000	31.12.2020 RMB'000
Property, plant and equipment	-	209,814
Trade and other receivables	-	11,834
Cash and cash equivalents	-	8
	-	221,656

On 4 September 2020, the Group announced that it had entered into a sale and purchase agreement with World Agriculture (Shenyang) Co., Ltd., a related company, to sell all the shareholding interest in Shenyang World High-End Equipment Manufacturing Co., Ltd, a wholly-owned subsidiary for a consideration of RMB263,143,000. The sale has been completed on 22 March 2021.

19. Trade payables

	Group		Company	
	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
Trade payables	520,744	334,831	-	-

Trade payables are non-interest bearing with credit periods ranging from 3 to 6 months (2020: 3 to 6 months).



20. Other payables

	Group		Company	
	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
Accrued operating expenses	145,185	86,777	684	1,068
VAT payables	3,754	2,597	—	—
Other payables	92,826	18,806	330	911
Bonus payables	26,125	21,538	—	—
Payables relating to property, plant and equipment	21,747	14,399	—	—
	<u>289,637</u>	<u>144,117</u>	<u>1,014</u>	<u>1,979</u>

21. Share capital

	Group and Company			
	31.12.2021 No. of shares '000	31.12.2021 RMB'000	31.12.2020 No. of shares '000	31.12.2020 RMB'000
Issued and fully paid ordinary shares, with no par value				
At beginning and end of period	<u>400,000</u>	<u>250,660</u>	<u>400,000</u>	<u>250,660</u>

All issued shares are fully paid ordinary shares with no par value.

The holders of the ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

22. Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Group		Company	
		31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
<i>Financial assets at amortised cost</i>					
Trade receivables	14	439,817	297,817	—	—
Other receivables*	15	106,424	5,469	—	—
Due from related parties (trade)		21,108	19,404	—	—
Due from affiliated company (trade)		3	19	—	—
Due from subsidiaries (non-trade)		—	—	196	104
Cash and cash equivalents	17	28,661	41,165	874	2,351
		<u>596,013</u>	<u>363,874</u>	<u>1,070</u>	<u>2,455</u>
Financial asset at FVTPL					
Other investment		<u>300,000</u>	<u>—</u>	<u>—</u>	<u>—</u>



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	Note	Group		Company	
		31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
<i>Financial liabilities at amortised cost</i>					
Trade payables	19	520,744	334,831	–	–
Other payables #	20	285,883	141,520	1,014	1,979
Due to related parties (trade)		2,498	5,833	–	–
Due to related parties (non-trade)		261	756	–	–
Due to a subsidiary (non-trade)		–	–	188	245
Leases liabilities		11,564	4,250	–	–
		<u>820,950</u>	<u>487,190</u>	<u>1,202</u>	<u>2,224</u>

* Excludes VAT receivables, advance payments to suppliers, prepayments and tax recoverable

Excludes VAT payables

Estimation the fair value

The carrying amounts of the financial assets and the financial liabilities (including trade receivables, other receivables, due from related parties (trade), due from affiliated companies (trade), due from subsidiaries (non-trade), financial asset, at FVPL, cash and cash equivalents, trade payables, other payables, due from related parties (trade), due from related parties (non-trade), due to a subsidiary (non-trade) and lease liabilities) are assumed to approximate their fair values because of their short period to maturity.



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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 1(a) 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 full year ended 31 December 2021, 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(b) 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 31 December 2021	As at 31 December 2020
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(c) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at end of the current financial period reported on.**

The Company does not have any outstanding treasury shares as at the end of the current financial period reported on.

- 1(d) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial 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.

- 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 2021. 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.

	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	1.10.2021 to 31.12.2021	1.10.2020 to 31.12.2020
(a) Based on weighted average number of ordinary share on issue (RMB); and	0.28	0.10	0.00	0.05
(b) On a fully diluted basis (RMB)	0.28	0.10	0.00	0.05
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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB	RMB	RMB	RMB
Net asset value ("NAV") per ordinary share based on issued share capital at the end of the respective periods:	2.98	2.77	1.89	1.99
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 31 December 2021 ("4Q21"), the Group's turnover increased by 2.2% to RMB328.9 million from RMB321.8 million for the 3 months ended 31 December 2020 ("4Q20").

In terms of sales performance for 4Q21, sales of conventional stamping machines decreased by 45.8% while sales of high performance and high tonnage stamping machines increased by 7.8% compared to 4Q20 respectively.

For the full year ended 31 December 2021 ("FY21"), the Group's turnover increased by 28.1% to RMB1,318.2 million from RMB1,029.4 million for the full year ended 31 December 2020 ("FY20").

In terms of sales performance for FY21, sales of conventional stamping machines decreased by 4.6% while sales of high performance and high tonnage stamping machines increased by 31.9% compared to FY20 respectively.

Overall, the increase in number of units sold in high performance and high tonnage stamping machines partially offset by a decrease in number of units sold in conventional stamping machines and together with an upward revision in the average selling prices of the stamping machines, contributed to the overall increase in turnover.



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The Group's turnover was mainly derived from sales in Jiangsu, Zhejiang, Guangdong and Guangxi.

(ii) Gross Profit

The Group's gross profit for 4Q21 decreased by 27.9% to RMB50.3 million from RMB69.7 million in 4Q20. The gross profit margin decreased by 6.3% to 15.3% in 4Q21 from 21.6% in 4Q20.

In terms of gross profit margin for 4Q21, gross profit margin for conventional stamping machines increased by 8.6% to 22.4% from 13.9% in 4Q20 while gross profit margin for high performance and high tonnage stamping machines decreased by 3.9% to 17.1% from 21.0% in 4Q20.

The Group's gross profit for FY21 increased by 27.0% to RMB251.7 million from RMB198.3 million in FY20. The gross profit margin for FY21 decreased by 0.2% to 19.1% from 19.3% in FY20.

In terms of gross profit margin for FY21, gross profit margin for conventional stamping machines increased by 3.8% to 18.5% from 14.7% in FY20 while gross profit margin for high performance and high tonnage stamping machines increased by 1.8% to 20.2% from 18.4% in FY20.

Overall, the decrease in the Group's gross profit margin for FY21 was mainly due to an increase in raw materials costs which was partially offset by an increase in production of high performance and high tonnage stamping machines together with an upward revision in the average selling prices of the stamping machines .

(iii) Other Income

In 4Q21, other income decreased by 15.3% to RMB7.4 million from RMB8.7 million in 4Q20.

In FY21, other income increased by 220.7% to RMB67.7 million from RMB21.1 million in FY20.

Overall, the increase was mainly due to a gain from disposal of subsidiary of RMB42.3 and an increase in grants received from government which were partially offset by a decrease in rental income.

(iv) Distribution and Selling Expenses

In 4Q21, distribution and selling expenses decreased by 20.3% to RMB24.3 million from RMB30.5 million in 4Q20.

In FY21, distribution and selling expenses increased by 2.1% to RMB96.3 million from RMB94.3 million in FY20, in tandem with the increase in revenue. As a percentage of total revenue, distribution and selling expenses decreased by 1.9% to 7.3% in FY21 from 9.2% in FY20.

Overall, the increase was mainly due to an increase in commission payable to sales personnel, transport, travelling, exhibition, promotion and sales related expense which were partially offset by a decrease in entertainment and consultancy expenses.



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(v) Administrative Expenses

In 4Q21, administrative expenses decreased by 10.3% to RMB19.3 million from RMB21.6 million in 4Q20.

In FY21, administrative expenses increased by 8.2% to RMB81.2 million from RMB75.0 million in FY20. As a percentage of total revenue, administrative expenses decreased by 1.1% to 6.2% in FY21 from 7.3% in FY20.

Overall, the increase was mainly due to an increase in research and development costs for stamping machines and staff salaries and its related costs.

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 4Q21, depreciation and amortisation expenses decreased by 21.5% to RMB16.8 million from RMB21.4 million in 4Q20.

In FY21, depreciation and amortisation expenses decreased by 11.8% to RMB69.1 million from RMB78.4 million in FY20.

The decrease was mainly due to certain existing property, plant and equipment and intangible assets being fully depreciated and amortised which were partially offset by additional depreciation and amortisation of new property, plant and equipment and intangible assets acquired during the period.

(vii) Other Expenses

In 4Q21, other expenses increased by 1,648.3% to RMB11.8 million from RMB0.7 million in 4Q20.

In FY21, other expenses increased by 1,314.8% to RMB14.6 million from RMB1.0 million in FY20.

The increase was mainly due to a donation to charity foundation of RMB2.0 million and an increase in quality compensation, property, plant and equipment written off and write down of inventories of RMB11.0 million.

(viii) Net Financial Income/(Costs)

In 4Q21, the Group's finance income recorded an interest income of RMB3.0 million whereas in 4Q20, the Group's finance income recorded an expense of RMB0.1 million.

In FY21, the Group's finance income recorded an increase by 5,054.0% to RMB9.1 million from RMB0.2 million in FY20.

The increase was mainly due to the interest income earned from a structured deposit placed with a financial institution and a loan to thirty party.

In 4Q21, the Group's finance costs recorded an increase by 183.9% to RMB1.0 million from RMB0.4 million in 4Q20.



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In FY21, the Group's finance costs recorded an increase by 146.2% to RMB3.9 million from RMB1.6 million in FY20.

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

Overall, the Group achieved a net finance income mainly due to the interest income earned from a structured deposit placed with a financial institution and a loan to third party which were partially offset by interest paid for early redemption of bills receivables.

(ix) Profit Before Tax

In 4Q21, the Group's profit before tax ("PBT") decreased by 80.8% to RMB3.5 million from RMB18.1 million in 4Q20.

In FY21, the Group's PBT increased by 221.7% to RMB129.9 million from RMB40.4 million in FY20.

(x) Tax Expense

In 4Q21, the Group recorded a tax expense of RMB2.1 million whereas in 4Q20, the Group recorded a tax credit of RMB3.7 million.

It was mainly due to an increase in income tax expense which were partially offset by an increase in deferred tax assets.

In FY21, the Group recorded a tax expense of RMB16.6 million whereas in FY20, the Group recorded a tax credit of RMB0.1 million.

Overall, it was mainly due to an increase in income tax expense and withholding tax which were partially offset by an increase in deferred tax assets.

World Precise Machinery (China) Co., Ltd. ("WPMC") and World Precise Machinery (Shenyang) Co., Ltd. ("WPMS") enjoyed preferential income tax rate of 15% as WPMC and WPMS have been regarded as a High-Tech Enterprise.

World Precise Machinery Parts (Jiangsu) Co., Ltd. was subjected to tax at the statutory tax rate of 25%.

(xi) Net Profit After Tax

In 4Q21, the Group's net profit after tax ("NPAT") decreased by 93.7% to RMB1.4 million from RMB21.8 million in 4Q20. Net profit margin decreased by 6.4% to 0.4% from 6.8% in 4Q20.

In FY21, the Group's NPAT increased by 180.3% to RMB113.3 million from RMB40.4 million in FY20. Net profit margin increased by 4.7% to 8.6% from 3.9% in FY20.

(B) Consolidated Statement of Financial Position (31 December 2021 vs 31 December 2020)

For the period under review, the Group's non-current assets increased by approximately RMB44.9 million mainly due to an increase in prepayment for property, plant and equipment and purchases of property, plant and equipment and additions of intangible assets net of the depreciation and amortisation expenses.



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For the period under review, the Group's non-current liabilities increased by RMB13.6 million due to an increase in deferred tax liabilities, revenue recognition of deferred income from government grants and payment of lease liabilities.

The Group's total current assets increased by approximately RMB354.3 million from RMB969.4 million as at 31 December 2020 to RMB1,323.7 million as at 31 December 2021. This was attributable to an increase in inventories (mainly due to increase in sales orders), trade receivables (mainly due to increase in bills receivables from customers), other receivables (which was mainly due to a loan to third party of RMB100 million) which were partially offset by a decrease in cash and cash equivalents (as explained in the consolidated statement of cash flows).

The Group's total current liabilities increased by approximately RMB302.1 million from RMB599.5 million as at 31 December 2020 to RMB901.6 million as at 31 December 2021. This was attributable to an increase in trade payables (mainly due to slow payment to suppliers and reclassification of bill receivables), other payables (mainly due to an increase in accrued operating expenses, bonus payables, payables relating to property, plant and equipment and reclassification of bill receivables) and income tax payables which were partially offset by a decrease in contract liabilities (mainly due to a decrease in advances received from customers) and amounts due to related parties (trade and non-trade).

The Group is in a net current assets position as at 31 December 2021 of RMB422.1 million.

(C) Consolidated Statement of Cash Flows

For the 3 months ended 31 December 2021, the Group recorded a net cash decrease of approximately RMB287.3 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB173.4 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 investing activities which amounted to RMB459.9 million mainly due to an increase in structured deposit placed with financial institution, purchases of property, provision of loan to a third party, plant and equipment and additions of intangible assets which were partially offset by the proceeds from disposal of property, plant and equipment and interest received from structured deposit.
- c) the net cash outflow arising from financing activities which amounted to RMB0.8 million mainly due to payment for lease liabilities and interest paid.

For the full year ended 31 December 2021, the Group recorded a net cash decrease of approximately RMB12.4 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB252.3 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.



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- b) the net cash outflow arising from investing activities which amounted to RM230.7 million mainly due to an increase in structured deposit placed with financial institution, provision of loan to a third party, purchases of property, plant and equipment and additions of intangible assets which were partially offset by the proceeds from disposal of a subsidiary and property, plant and equipment and interest received from structured deposit.
- c) the net cash outflow arising from financing activities which amounted to RMB34.0 million mainly due to payment of lease liabilities, dividend paid and interest paid.

Cash and cash equivalents as at 31 December 2021 stood at RMB28.7 million.

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

The FY21 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the 9M21 Financial Results announcement dated 12 November 2021 i.e., “Barring any unforeseen circumstances, the Group is optimistic to remain profitable in FY2021.”

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.

The recent surge in COVID-19 cases in China will have a negative financial impact to the Group as its operations are based in China and revenue is derived directly from China.

In addition, with the current complex domestic and global economic situation especially with the Russia-Ukraine war, increased external uncertainties and the downward pressure on the China domestic economy, the business environment is expected to be challenging.

The management is monitoring the development of the COVID-19 situation closely and will adjust its existing business strategies to better mitigate the challenges posed by this unfortunate event.

Nonetheless, barring any unforeseen circumstances, the Group is optimistic to remain profitable in FY2022.

The Group's order book stood at RMB349.2 million as at 24 February 2022.

11. Dividend

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

Yes. A final tax-exempt (one-tier) dividend has been recommended.

(b) (i) Amount per share

A final tax-exempt (one-tier) dividend of RMB0.125 per share has been recommended for the financial year ended 31 December 2021.



(ii) Previous corresponding period

Name of dividend	First and final
Dividend type	Cash
Dividend amount per share	RMB0.075
Tax rate	Tax-exempt (one-tier)

(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).**

Tax-exempt (one-tier).

(d) **The date the dividend is payable.**

The proposed dividend, if approved at the forthcoming Annual General Meeting to be held on 29 April 2022, will be paid on 22 June 2022 in Singapore Dollar. The exchange rate to be used in determining payment of above final tax-exempt (one-tier) dividend in Singapore Dollar will be disclosed in due course.

(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.**

20 May 2022.

12. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

Not applicable.

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 FY2021 are as follows: -

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions 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 interested person transactions conducted under shareholders' mandates pursuant to Rule 920 (excluding transactions less than \$100,000)



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		(RMB'000)	(RMB'000)
<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u> Processing fees received and sale of raw materials and parts. Processing fees paid and purchase of scrap materials.	Associate of the Controlling Shareholder	N/A	1,468 1,938
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u> Processing fees received and sale of raw materials, parts and equipment. Purchase of raw materials.	Associate of the Controlling Shareholder	N/A	247 365
<u>Jiangsu World Agriculture Machinery Co., Ltd.</u> Processing fees received and sale of raw materials, scrap materials, parts, machineries and equipment. Processing fees paid and purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	54,881 6,578
<u>Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd.</u> Processing fees received and sale of raw materials and parts. Purchase fees paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	3,491 12,502
<u>World Agriculture (Shenyang) Co., Ltd.</u>	Associate of the Controlling	N/A	



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Processing fees received and sales of raw materials, scrap materials, parts, machineries and rental income.	Shareholder		3,827
Purchase of raw materials.			5
<u>World Heavy Industry (China) Co., Ltd.</u> Processing fee received and sale of raw materials and parts. Processing fees paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	5,527 37,450
<u>Jiangsu World Crane Co., Ltd.</u> Processing fees paid and Purchase of raw materials and equipment.	Associate of the Controlling Shareholder	N/A	890
<u>Jiangsu World Precise Machinery Co., Ltd.</u> Land rental paid.	Associate of the Controlling Shareholder	N/A	450
<u>Jiangsu World Furniture Co., Ltd.</u> Processing fee received and sale of raw materials and parts.	Associate of the Controlling Shareholder	N/A	67
<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u> Processing fees received and sale of raw materials, parts and machineries. Purchase of scrap materials.	Associate of the Controlling Shareholder	N/A	50,529 23,128
<u>Danyang World Machinery Parts Manufacturing Co.,</u>	Associate of the Controlling		N/A



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<u>Ltd.</u> Processing fee received and sale of parts. Purchase of raw materials and scrap materials.	Shareholder	27 2,018	
<u>World High Precision Complete Equipment Co., Ltd.</u> Sale of raw materials and parts. Purchase of raw materials	Associate of the Controlling Shareholder	31 382	N/A
Total		2,458	203,343

14. 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

No information by business segments is presented as the principal operation of the Group relates mainly to the manufacture of stamping machines and its related components (which include machinery parts and accessories as well as resin-casted components). As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of the operation is presented.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable.



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17. A breakdown of sales.

Please refer to note 4.1 of the condensed interim consolidated financial statements.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2021	FY2020
	RMB'000	RMB'000
Ordinary	50,000	30,000
Preference	-	-
Total	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual, the Board wishes to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries as at the financial year ended 31 December 2021 who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Shao Jianjun
Executive Chairman
1 March 2022