



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 2019**

The Board of Directors (the “**Board**”) of World Precision Machinery Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the following queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in relation to the Company’s Unaudited Financial Statements for the second quarter ended 30 June 2019 and wishes to clarify the following:

SGX-ST’s queries

- a) With reference to the unaudited financial statements for the second quarter ended 30 June 2019, please provide an explanation for
- (i) Decrease in amount due from related parties (trade)
 - (ii) Increase in amount due to related parties (trade)
- b) Paragraph 10 of Appendix 7.2 Financial Statements and Dividend Announcement states that in the case of half-year and full year announcements, issuers must present the following statements in the form presented in the issuer’s most recently audited annual financial statements:
- 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.

Please elaborate on the commentary disclosed under Paragraph 10 of Appendix 7.2.

Company’s responses

- a) (i) The transactions volume and outstanding amounts due from related parties (trade) for the relevant periods are as follows: -

Period	Transactions volume (RMB’000)	Outstanding amounts (RMB’000)
1 January 2018 to 31 December 2018	66,966	48,063
1 July 2018 to 30 June 2019	58,544	3,145

The decrease in amount due from related parties (trade) for the second quarter ended 30 June 2019 was mainly due to the net payment received from related parties in relation to the goods sold and services rendered to such related parties.



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- (ii) The transactions volume and outstanding amounts due to related parties (trade) for the relevant periods are as follows: -

Period	Transactions volume (RMB'000)	Outstanding amounts (RMB'000)
1 January 2018 to 31 December 2018	46,199	1,058
1 July 2018 to 30 June 2019	116,441	14,229

The increase in amount due to related parties (trade) for the second quarter ended 30 June 2019 was mainly due to an increase in the purchases of goods and services from related parties.

- b) The operating conditions for the manufacturing industry continue to be challenging amid market uncertainties arising from concerns over the outlook of global economic growth especially in view of the trade war between the United States of America and the People's Republic of China.

The Group envisages that the business environment will remain difficult in the current financial year ending 31 December 2019.

Nevertheless, based on the order books on hand and feedbacks from the sales department, the Group is cautiously optimistic to remain profitable in financial year ending 31 December 2019.

By Order of the Board

Shao Jianjun
Executive Chairman
16 August 2019