



**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 first quarter from 1 January 2014 to 31 March 2014 ("1Q2014"). The comparative is for the first quarter from 1 January 2013 to 31 March 2013 ("1Q2013"). The 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**

	<b>Group</b>		
	<b>1.1.2014 to 31.3.2014 RMB'000</b>	<b>1.1.2013 to 31.3.2013 RMB'000</b>	<b>Change %</b>
Revenue	234,759	209,309	12.2%
Cost of sales	(161,518)	(148,667)	8.6%
Gross profit	73,241	60,642	20.8%
Gross profit margin (%)	31.2%	29.0%	2.2%
Other income	1,427	3,023	(52.8%)
Distribution and selling expenses	(15,740)	(13,598)	15.8%
Administrative expenses	(19,154)	(16,241)	17.9%
Other expenses, net	(3,263)	105	N.M.
Finance expenses	(1,337)	(4,061)	(67.1%)
Profit before tax	35,174	29,870	17.8%
Tax expense	(6,997)	(8,197)	(14.6%)
Profit for the period	28,177	21,673	30.0%
Net profit margin (%)	12.0%	10.4%	1.6%
Attributable to:			
Equity holders of the company	28,177	21,740	29.6%
Non-controlling interests	-	(67)	N.M.
	28,177	21,673	30.0%



**Statements of comprehensive income**  
**for the three months ended 31 March 2014**

	<b>Group</b>		
	<b>1.1.2014 to 31.3.2014 RMB'000</b>	<b>1.1.2013 to 31.3.2013 RMB'000</b>	<b>Change %</b>
Profit for the period	28,177	21,673	30.0%
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit and loss:			
Currency translation differences arising on consolidation	(55)	758	N.M.
Total comprehensive income for the period	28,122	22,431	25.4%
Total comprehensive income attributable to:			
Equity holders of the Company	28,122	22,498	25.0%
Non-controlling interests	-	(67)	N.M.
	28,122	22,431	25.4%

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 PRC, are wholly-owned subsidiaries of the Company.

**(B) Profit Before Tax**

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

	<b>Group</b>	
	<b>1.1.2014 to 31.3.2014 RMB'000</b>	<b>1.1.2013 to 31.3.2013 RMB'000</b>
Allowance for doubtful debts (trade)	1,536	-
Amortisation of land use rights	751	723
Amortisation of intangible assets	299	-
Bad debts written off (trade)	1,557	63
Depreciation of property, plant and equipment	12,626	13,574
Interest expenses	1,177	3,888
Interest income	(61)	(1,369)
Foreign exchange gain, net	(19)	(184)
Property, plant and equipment written off	217	362



**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.**

	<b>Group</b>		<b>Company</b>	
	<b>31.3.2014</b>	<b>31.12.2013</b>	<b>31.3.2014</b>	<b>31.12.2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	805,737	809,818	-	-
Land use rights	136,694	137,444	-	-
Investment in subsidiaries	-	-	770,933	758,894
Intangible assets	10,466	11,962		
	<u>952,897</u>	<u>959,224</u>	<u>770,933</u>	<u>758,894</u>
<b>Current assets</b>				
Inventories	416,673	439,351	-	-
Land use rights	3,003	3,003	-	-
Intangible assets	1,196	-	-	-
Trade receivables	316,909	244,888	-	-
Other receivables	37,447	38,957	51	137
Due from related parties (trade)	4,269	2,962	-	-
Due from related parties (non-trade)	2,349	-	-	-
Due from subsidiaries (non-trade)	-	-	78	77
Cash and cash equivalents	28,675	35,285	576	99
	<u>810,521</u>	<u>764,446</u>	<u>705</u>	<u>313</u>
<b>Total assets</b>	<u>1,763,418</u>	<u>1,723,670</u>	<u>771,638</u>	<u>759,207</u>
<b>Non-current liabilities</b>				
Bank loans	187,500	215,000	-	-
Deferred tax liability	1,906	1,477	-	-
	<u>189,406</u>	<u>216,477</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Trade payables	208,445	198,206	-	-
Other payables	160,219	148,784	3,355	1,799
Due to related parties (trade)	4,073	4,330	-	-
Due to related parties (non-trade)	794	1,170	-	-
Due to a subsidiary (non-trade)	-	-	834	821
Bank loans	102,500	85,000	-	-
Income tax payable	4,331	4,175	-	-
	<u>480,362</u>	<u>441,665</u>	<u>4,189</u>	<u>2,620</u>
<b>Total liabilities</b>	<u>669,768</u>	<u>658,142</u>	<u>4,189</u>	<u>2,620</u>
<b>Net current assets/(liabilities)</b>	<u>330,159</u>	<u>322,781</u>	<u>(3,484)</u>	<u>(2,307)</u>
<b>Net assets</b>	<u>1,093,650</u>	<u>1,065,528</u>	<u>767,449</u>	<u>756,587</u>



	Group		Company	
	31.3.2014	31.12.2013	31.3.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Equity attributable to the equity holders of the Company</b>				
Share capital	250,660	250,660	250,660	250,660
Statutory reserves	141,273	137,810	-	-
Retained earnings	696,214	671,500	523,462	524,586
Currency translation reserve	5,503	5,558	(6,673)	(18,659)
<b>Total Equity</b>	<b>1,093,650</b>	<b>1,065,528</b>	<b>767,449</b>	<b>756,587</b>

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

	As at 31 Mar 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Non-current liabilities</b>				
Bank loans	187,500	-	215,000	-
<b>Current liabilities</b>				
Bank loans	92,500	10,000	85,000	-

**Details of any collateral**

As at 31 March 2014, bank loans comprised the following:

- 1) RMB60.0 million is secured by a guarantee issued by the holding company, World Precision Machinery Limited and a related party, Jiangsu World Agricultural Machinery Co., Ltd. (江苏沃得农业机械有限公司), a company in which the Group's controlling shareholder and director, Mr Wang Weiyao, has substantial interest. The loan is repayable quarterly with effect from 1Q2012 and has a maturity date in 1H2015.
- 2) RMB220.0 million is secured by a guarantee issued by a subsidiary, World Precise Machinery (China) Co., Ltd. (沃得精机(中国)有限公司), and land and building of World Precise Machinery (Shenyang) Co., Ltd. (沃得精机(沈阳)有限公司). The loan is repayable quarterly with effect from 1Q2013 and has a maturity date in 3Q2017.
- 3) RMB10.0 million is unsecured and repayable in 4Q2014.

**Note:**

As at 31 March 2014, trade payables include bills payables amounting to RMB41.0 million (FY2013: RMB31.0 million) which are secured by fixed deposits amounting to RMB4.1 million (FY2013: RMB3.1 million).



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	
	1.1.2014 to 31.3.2014 RMB'000	1.1.2013 to 31.3.2013 RMB'000
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	35,174	29,870
Adjustments for:		
Amortisation of land use rights	751	723
Amortisation of intangible assets	299	-
Depreciation of property, plant and equipment	12,626	13,574
Interest expense	1,177	3,888
Interest income	(61)	(1,369)
Property, plant and equipment written off	217	362
<b>Operating cash flow before working capital changes</b>	50,183	47,048
Inventories	22,678	17,797
Receivables	(72,222)	(1,085)
Payables	26,834	12,022
Currency translation adjustments	(27)	767
<b>Cash generated from operations</b>	27,446	76,549
Interest received	61	1,369
Income tax paid	(6,411)	(3,744)
<b>Net cash from operating activities</b>	21,096	74,174
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (Note A)	(12,910)	(16,408)
<b>Net cash used in investing activities</b>	(12,910)	(16,408)
<b>Cash flows from financing activities</b>		
Proceeds from bank loans	10,000	60,000
Repayment of bank loans	(20,000)	(143,063)
Bank deposits released from pledge	3,588	60,333
Bank deposits pledge	(4,100)	(62,651)
Interest paid	(4,767)	(7,173)
<b>Net cash used in financing activities</b>	(15,279)	(92,554)



	<b>Group</b>	
	<b>1.1.2014 to 31.3.2014 RMB'000</b>	<b>1.1.2013 to 31.3.2013 RMB'000</b>
Net decrease in cash and cash equivalents	(7,093)	(34,788)
Cash and cash equivalents at beginning of the financial	31,696	85,240
Effect of exchange rate changes on cash and cash	(28)	(9)
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	24,575	50,443
	<hr/>	<hr/>
Cash and cash equivalents per consolidated statement of cash flows	24,575	50,443
Bank deposits pledged	4,100	62,651
	<hr/>	<hr/>
<b>Cash and cash equivalents per consolidated statement of financial positions</b>	<b>28,675</b>	<b>113,094</b>
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**Note A:**

	<b>Group</b>	
	<b>1.1.2014 to 31.3.2014 RMB'000</b>	<b>1.1.2013 to 31.3.2013 RMB'000</b>
Total additions to property, plant and equipment	8,763	10,664
Add/ (less): unpaid portion	5,792	6,332
Add: prepayments	1,946	2,697
Less: interest capitalised	(3,591)	(3,285)
	<hr/>	<hr/>
Purchase of property, plant and equipment per consolidated statement of cash flows	12,910	16,408
	<hr/>	<hr/>

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 RMB'000	Retained earnings RMB'000	Statutory reserves RMB'000	Currency translation reserve RMB'000	Total attributable to equity holders the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2014</b>	250,660	671,500	137,810	5,558	1,065,528	-	1,065,528
Profit for the period	-	28,177	-	-	28,177	-	28,177
<i>Other comprehensive loss</i>							
Currency translation differences rising on consolidation	-	-	-	(55)	(55)	-	(55)
Total comprehensive income	-	28,177	-	(55)	28,122	-	28,122
Transfer to statutory reserves	-	(3,463)	3,463	-	-	-	-
<b>Balance as at 31.3.2014</b>	250,660	696,214	141,273	5,503	1,093,650	-	1,093,650

	Share capital RMB'000	Retained earnings RMB'000	Statutory reserves RMB'000	Currency translation reserve RMB'000	Total attributable to equity holders the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2013</b>	250,660	603,033	125,416	(403)	978,706	1,001	979,707
Profit for the period	-	21,740	-	-	21,740	(67)	21,673
<i>Other comprehensive</i>							
Currency translation differences rising on consolidation	-	-	-	758	758	-	758
Total comprehensive income	-	21,740	-	758	22,498	(67)	22,431
Transfer to statutory reserves	-	(2,669)	2,669	-	-	-	-
<b>Balance as at 31.3.2014</b>	250,660	622,104	128,085	355	1,001,204	934	1,002,138

**Company**

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2014</b>	250,660	524,586	(18,659)	756,587
Loss for the period	-	(1,124)	-	(1,124)
<i>Other comprehensive income</i>				
Currency translation differences	-	-	11,986	11,986
Total comprehensive income for the period	-	(1,124)	11,986	10,862
<b>Balance as at 31.3.2014</b>	250,660	523,462	(6,673)	767,449

  

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2013</b>	250,660	322,495	25,081	598,236
Profit for the period	-	153,929	-	153,929
<i>Other comprehensive loss</i>				
Currency translation differences	-	-	(11,879)	(11,879)
Total comprehensive income for the period	-	153,929	(11,879)	142,050
<b>Balance as at 31.3.2013</b>	250,660	476,424	13,202	740,286

**Explanatory Notes:**
**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 are 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.





- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

During the three months ended 31 March 2014, 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.

- 1(d)(iii) 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 March 2014	As at 31 December 2013
Total number of issued shares	400,000,000	400,000,000
Less: treasury shares	-	-
Total number of issued shares excluding treasury	400,000,000	400,000,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at 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.

- 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.

- 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 audited financial statements as of 31 December 2013.



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.

In the current financial period, the Group has adopted all new and revised Financial Reporting Standards ("FRS") and Interpretation of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on 1 January 2014. The adoption of the new/revised FRS and INT FRS does not result in any significant changes to the accounting policies of the Group and has no material effect on the 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.

	1.1.2014 to 31.3.2014	1.1.2013 to 31.3.2013
(a) Based on weighted average number of ordinary shares on issue (RMB); and	0.07	0.05
(b) On a fully diluted basis (RMB)	0.07	0.05
Weighted average number of shares	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	
	31.3.2014	31.12.2013	31.3.2014	31.12.2013
	RMB	RMB	RMB	RMB
Net asset value per ordinary share based on issued share capital at the end of the respective periods:	2.73	2.66	1.92	1.89
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 31 March 2014 ("1Q2014"), the Group's turnover increased by 12.2% to RMB234.8 million from RMB209.3 million for the 3 months ended 31 March 2013 ("1Q2013").

In terms of sales performance for 1Q2014, sales of conventional stamping machines decreased by 19.4% while sales of high performance and high tonnage stamping machines increased by 21.0% compared to 1Q2013.

The increase in number of units sold in high performance and high tonnage stamping machines, which was partially offset by a decrease in number of units sold in conventional stamping machines contributed to the overall increase in turnover.

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

#### **(ii) Gross Profit**

The Group's gross profit for 1Q2014 increased by 20.8% to RMB73.2 million from RMB60.6 million in 1Q2013 in tandem with the increase in turnover. Gross profit margin increased by 2.2% to 31.2% in 1Q2014 from 29.0% in 1Q2013.

In terms of stamping machines' gross profit margin for 1Q2014, gross profit margin for conventional stamping machines increased by 1.7% to 28.5% in 1Q2014 from 26.8% in 1Q2013 while gross profit margin for high performance and high tonnage stamping machines increased by 1.6% to 31.2% in 1Q2014 from 29.6% in 1Q2013.

Overall, the increase in the Group's gross profit margin for 1Q2014 was due mainly to a decrease in overhead costs and an increase in production of high performance and high tonnage stamping machines, which was partially offset by a decrease in production of conventional stamping machines. The decrease in the overhead costs was due mainly to prolonged useful life of certain property, plant and equipment (see note (vi) for depreciation and amortisation expenses).

#### **(iii) Other Income**

In 1Q2014, the Group's other income decreased by 52.8% to RMB1.4 million from RMB3.0 million in 1Q2013 due mainly to a decrease in interest income received from the banks as a result of the Group's reduction of the deposits pledged with banks which are substantially used for working capital purposes.

#### **(iv) Distribution and Selling Expenses**

In 1Q2014, the Group's distribution and selling expenses increased by 15.8% to RMB15.7 million from RMB13.6 million in 1Q2013 in tandem with increase in turnover. As a percentage of total revenue, distribution and selling expenses increased by 0.2% to 6.7% in 1Q2014 from 6.5% in 1Q2013.

The increase was due mainly to an increase in sales commission payable to sales personnel.



**(v) Administrative Expenses**

In 1Q2014, the Group's administrative expenses increased by 17.9% to RMB19.2 million from RMB16.2 million in 1Q2013. As a percentage of total revenue, administrative expenses increased by 0.4% to 8.2% in 1Q2014 from 7.8% in 1Q2013.

The increase was due mainly to an increase in staff related costs and the upward adjustment of staff salaries. These expenses were partially offset by part of the research and development costs for stamping machines which had been capitalised. 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 1Q2014, the Group's depreciation and amortisation expenses decreased by 4.5% to RMB13.7 million from RMB14.3 million in 1Q2013.

Overall, the decrease was due mainly to prolonged useful life of certain property, plant and equipment and certain property, plant and equipment which had already been fully depreciated and/or disposed. The decrease was partially offset by additional depreciation charges incurred by Group's subsidiaries for the additional property, plant and equipment acquired during the financial period.

**(vii) Other Expenses, Net**

In 1Q2014, the Group's other expenses increased due mainly to an increase in allowance for doubtful debts and bad debts written off compared to 1Q2013.

**(viii) Finance Expenses**

For 1Q2014, the Group's finance expenses recorded a decrease of 67.1% to RMB1.3 million from RMB4.1 million in 1Q2013.

The decrease was due mainly to a gradual decrease in interest expenses relating to a gradual decrease in bank loans and an increase in interest expenses relating to the construction of Shenyang plant which had been capitalised. Please refer to page 6 of the Results Announcement for capitalised interest.

**(ix) Profit Before Tax**

Overall, the Group's profit before tax ("PBT") had increased in tandem with the Group's gross profit for 1Q2014.

In 1Q2014, the Group's PBT increased by 17.8% to RMB35.2 million from RMB29.9 million in 1Q2013.

**(x) Tax Expense**

Overall, the Group's tax expenses had not increased in tandem with the Group's PBT for 1Q2014. This was due mainly to the Group's tax expenses which included withholding tax payment of RMB0.4 million (RMB2.7 million for 1Q2013) for the revenue reserves distributed from the subsidiaries to the holding company.



In 1Q14, the Group's tax expense decreased by 14.6% to RMB7.0 million from RMB8.2 million in 1Q13.

WPMC, WHMT and WCNC enjoyed preferential income tax rate of 15% as WPMC, WHMT and WCNC have been regarded as High-Tech Enterprises.

WPMM, WPMS and WPMP were subjected to tax at the statutory tax rate of 25%.

**(xi) Net Profit After Tax**

Overall, the Group's net profit after tax ("NPAT") had increased in tandem with the Group's PBT for 1Q2014.

In 1Q2014, the Group's NPAT increased by 30.0% to RMB28.2 million from RMB21.7 million in 1Q2013. Net profit margin increased by 1.6% to 12.0% from 10.4% in 1Q2013.

**(B) Consolidated Statement of Financial Positions**

For the period under review, the Group's non-current assets decreased by approximately RMB6.3 million due to the depreciation and amortisation charges net of the acquisition of property, plant and equipment in respect of its subsidiaries.

For the period under review, the Group's non-current liabilities decreased by RMB27.1 million due to an increase in deferred tax liability of RMB0.4 million which was offset by a reclassification of RMB27.5 million long-term bank loans due within a year to current bank loans. The bank loans are used to fund the acquisition of property, plant and equipment for its subsidiary in Shenyang, China.

The Group's total current assets increased by approximately RMB46.1 million from RMB764.4 million as at 31 December 2013 to RMB810.5 million as at 31 March 2014. This was attributable to an increase in trade receivables (due mainly to the picking up of sales in March 2014) and amounts due from related parties (trade and non-trade related) which were offset by a decrease in inventories (in tandem with increase in sales), other receivables and cash and cash equivalents.

Concurrently, the Group's total current liabilities increased by approximately RMB38.7 million from RMB441.7 million as at 31 December 2013 to RMB480.4 million as at 31 March 2014. This was attributable to an increase in trade payables (due mainly to an increase in bills payables, please refer to page 4 of the Results Announcement), other payables (due mainly to increase in advance payment received from customers and accrued for operating expenses) and bank loans (reclassification from long term bank loans) which were offset by a decrease in amounts due to related parties (trade and non-trade related).

The Group is in a net current assets position as at 31 March 2014 of RMB330.2 million.

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

For the 3 months ended 31 March 2014, the Group recorded a net cash decrease of approximately RMB7.1 million. This was due mainly to: -

- a) the net cash inflow arising from operating activities amounted to RMB21.1 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 amounted to RMB15.3 million and which arose mainly from net repayment of bank loans of RMB10.0 million, net bank deposits pledged to bank of RMB0.5 million and bank loans interest paid of RMB4.8 million.
- c) the net cash outflow arising from investing activities amounted to RMB12.9 million and which was due mainly to the acquisition of property, plant and equipment.

Cash and cash equivalent as at 31 March 2014 stood at RMB28.7 million (of which RMB4.1 million was pledged for bills payables).

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

The 1Q2014 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the FY2013 Financial Results announcement dated 28 February 2014 i.e. Barring any unforeseen circumstances, the Group expects a profitable FY2014.

**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.**

China's GDP expands at a slower rate of 7.4% year-on-year ("YoY") in 1Q2014, lowest since year 2012, while her manufacturing PMI index hovers at around 50.3<sup>1,2</sup>. Despite the decelerating growth trend, China's industrial production shows slight recovery with an increase 8.8% YoY<sup>3</sup>. To counter the faltering economy, the Chinese government announced a series of "mini stimulus measures" in the hope of lending support to the manufacturing sector and smaller enterprises<sup>4</sup>.

Amidst the slowing economy, the Group has shown promising results as its earnings continue to grow substantially YoY at 30.0%. As China shifts its manufacturing focus from exports to domestic consumptions, China's white goods and automobile manufacturing sectors show a promising rebound<sup>5</sup>. The Group plans to leverage on its good relationship and strong track record with clients in these sectors to capture the rising market demand for cars and home appliances. A rise in the Chinese demand for high-end high-tech electrical products is observed with their increasing disposable income. Many home appliance businesses seize this opportunity to create a demand for smart home electronics and appliances. As the smart home concept enters the stage of accelerated development<sup>6</sup>, the Group notices an increase in production which translates positively onto its business. In view of the above, the Group will continue to improve its marketing strategies to increase its market penetration in the white goods sector.

<sup>1</sup> *China GDP Growth Rate*. (2014, April 25). Retrieved April 25, 2014, from Trading Economics: <http://www.tradingeconomics.com/china/gdp-growth>

<sup>2</sup> *China Manufacturing PMI*. (2014, April 25). Retrieved April 25, 2014, from Trading Economics: <http://www.tradingeconomics.com/china/manufacturing-pmi>

<sup>3</sup> *China Industrial Production*. (2014, April 25). Retrieved April 25, 2014, from Trading Economics: <http://www.tradingeconomics.com/china/industrial-production>

<sup>4</sup> *China Unveils Mini-Stimulus Measures*. (2014, April 2). Retrieved April 25, 2014, from The Wall Street Journal: <http://online.wsj.com/news/articles/SB10001424052702303847804579477060004679726>

<sup>5</sup> *For China, a Shift From Exports to Consumption*. (2014, Jan 20). Retrieved April 25, 2014, from The New York Times: [http://www.nytimes.com/2014/01/21/business/international/for-china-a-shift-from-exports-to-consumption.html?\\_r=0](http://www.nytimes.com/2014/01/21/business/international/for-china-a-shift-from-exports-to-consumption.html?_r=0)

<sup>6</sup> iFeng.com: [http://finance.ifeng.com/a/20140129/11580007\\_0.shtml](http://finance.ifeng.com/a/20140129/11580007_0.shtml)



Despite the current booming growth in China's automobile industry, the Group foresees a potential slowdown due to overcapacity and fierce price competition<sup>7</sup>. At such it will take precautionary measures and diversify its business in preparation for future changes.

The Group is generally optimistic about the industry outlook. However, it will tread cautiously as China's industrial output statistics have yet to indicate a clear trend.

The Group's order book as at 25 April 2014 stood at RMB101.6 million.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) Date payable**

Not Applicable.

**(d) Books closure date**

Not Applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared / (recommended) for the current financial period reported on.

**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 does not have a general mandate from shareholders for IPTs.

BY ORDER OF THE BOARD

**Wu Yufang**  
Chief Executive Officer  
30 April 2014

<sup>7</sup> *China's Booming Auto Industry Approaches Growth Speed Bump*. (2014, Mar 27). Retrieved April 25, 2014, from Reuters:  
<http://www.reuters.com/article/2014/03/27/saic-motor-results-idUSL4N0ML1IU20140327>





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WORLD

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

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**Statement By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST**

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of World Precision Machinery Limited which may render the interim financial results of the Group for the quarter ended 31 March 2014, to be false or misleading in any material aspect.

For and on behalf of the  
Board of Directors of  
WORLD PRECISION MACHINERY LIMITED

**Shao Jianjun**  
Executive Chairman

**Wu Yufang**  
CEO and Executive Director

30 April 2014