

## **Unaudited Condensed Interim Financial Statements for the nine months ended 30 September 2022**

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME**

Group						
	Note	1.1.2022 to 30.9.2022	1.1.2021 to 30.9.2021	Change	1.7.2022 to 30.9.2022	1.7.2021 to 30.9.2021
		RMB '000	RMB '000	%	RMB '000	RMB '000
Revenue	4	842,687	989,273	(14.8%)	284,087	337,144
Cost of sales		(699,266)	(787,780)	(11.2%)	(230,065)	(257,469)
Gross profit		143,421	201,493	(28.8%)	54,022	79,675
Gross profit margin (%)		17.0%	20.4%	(3.4%)	21.3%	23.6%
Other income	5	14,248	60,339	(76.4%)	4,515	8,324
Distribution and selling expenses		(64,076)	(72,052)	(11.1%)	(23,665)	(27,512)
Administrative expenses		(64,927)	(61,847)	5.0%	(19,641)	(23,903)
Other (expenses)/gains	6	2,970	(2,722)	N.M.	4,778	(657)
Net (provision)/write-back of impairment losses on trade and other receivables	7	(173)	(1,917)	(91.0%)	345	(5,366)
Results from operating activities		31,463	123,294	(74.5%)	20,354	30,561
Finance income		12,475	6,060	105.9%	3,069	5,725
Financial costs		(2,283)	(2,882)	(20.8%)	(524)	(331)
Net finance income		10,192	3,178	220.7%	2,545	5,394
Profit before tax	7	41,655	126,472	(67.1%)	22,899	35,955
Tax expense	8	(8,211)	(14,505)	(43.4%)	(6,805)	(1,071)
Profit for the period		33,444	111,967	(70.1%)	16,094	34,884
Net profit margin (%)		4.0%	11.3%	(7.3%)	6.3%	10.3%
Profit attributable to:						
Equity holders of the Company		33,444	111,967	(70.1%)	16,094	34,884
Earnings per share (RMB per share)						
- Basic		0.08	0.28		0.04	0.09
- Diluted		0.08	0.28		0.04	0.09

N.M. denotes Not Meaningful



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**CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME (CONT'D)**

Group						
Note	1.1.2022 to 30.9.2022	1.1.2021 to 30.9.2021	Change	1.7.2022 to 30.9.2022	1.7.2021 to 30.9.2021	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit for the period	33,444	111,967	(70.1%)	16,094	34,884	(53.9%)
<i>Other comprehensive income</i>						
Items that are or may be reclassified subsequently to profit and loss:						
Foreign currency translation differences - foreign operations	2,262	(11)	N.M.	940	162	480.2%
Total comprehensive income for the period	35,706	111,956	(68.1%)	17,034	35,046	(51.4%)
Total comprehensive income attributable to:						
Equity holders of the Company	35,706	111,956	(68.1%)	17,034	35,046	(51.4%)

N.M. denotes Not Meaningful



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**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

		Group		Company	
	Note	30.9.2022	31.12.2021	30.9.2022	31.12.2021
		RMB '000	RMB '000	RMB '000	RMB '000
<b>Non-current assets</b>					
Property, plant and equipment	10	700,148	699,571	—	—
Investment in subsidiaries		—	—	**603,188	757,825
Investment properties	11	2,894	3,099	—	—
Intangible assets	12	37,178	39,084	—	—
Other receivables	15	20,733	47,112	—	—
Total non-current assets		760,953	788,866	603,188	757,825
<b>Current assets</b>					
Inventories	13	428,967	416,363	—	—
Trade receivables	14	429,470	439,817	—	—
Other receivables	15	115,345	117,737	68	13
Due from related parties (trade)		68,534	21,108	—	—
Due from affiliated company (trade)		7	3	—	—
Due from subsidiaries (non-trade)		—	—	338	196
Other investment	16	100,000	300,000	—	—
Cash and cash equivalents	17	207,308	28,661	**200,827	874
Total current assets		1,349,631	1,323,689	201,233	1,083
<b>Total assets</b>		2,110,584	2,112,555	804,421	758,908
<b>Non-current liabilities</b>					
Deferred tax liabilities		5,563	7,072	—	—
Deferred income from government Grants		878	1,041	—	—
Lease liabilities		10,817	11,135	—	—
		17,258	19,248	—	—
<b>Current liabilities</b>					
Contract liabilities		76,411	85,298	—	—
Trade payables	18	531,691	520,744	—	—
Other payables	19	277,552	289,637	781	1,014
Due to related parties (trade)		26,101	2,498	—	—
Due to affiliated company (trade)		131	—	—	—
Due to related parties (non-trade)		1,210	261	—	—
Due to a subsidiary (non-trade)		—	—	116	188
Lease liabilities		419	429	—	—
Deferred income from government grants		218	218	—	—
Income tax payables		2,188	2,523	—	—
Total current liabilities		915,921	901,608	897	1,202
<b>Total liabilities</b>		933,179	920,856	897	1,202



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**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Group		Company	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Net current assets/(liabilities)</b>	433,710	422,081	200,336	(119)
<b>Net assets</b>	1,177,405	1,191,699	803,524	757,706
<b>Equity attributable to the equity holders of the Company</b>				
Share capital	20	250,660	250,660	250,660
Retained earnings		688,405	543,714	538,361
Currency translation reserve		12,484	9,150	(31,315)
Statutory reserves		128,759	–	–
Capital reserve		97,097	–	–
<b>Total equity</b>		1,177,405	803,524	757,706

\*\* The Company's wholly owned subsidiary, World Precise Machinery (China) Co., Ltd. has carried out capital reduction exercise which resulted a decrease in investment in subsidiary and an increase in cash at bank. Please refer to the announcements released via SGXNet dated 23/08/2022 and 08/09/2022.

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

As at 30 September 2022 and 31 December 2021, the Group does not have borrowings and debt securities.



**CONDENSED INTERIM CONSOLIDATION STATEMENT OF CASH FLOWS**

		Group			
	Note	9M22	9M21	3Q22	3Q21
		1.1.2022 to 30.9.2022	1.1.2021 to 30.9.2021	1.7.2022 to 30.9.2022	1.7.2021 to 30.9.2021
		RMB '000	RMB '000	RMB '000	RMB '000
<b>Cash flow from operating activities</b>					
Profit before tax		41,655	126,472	22,899	35,955
Adjustments for:					
Amortisation of intangible assets	12	5,786	6,818	2,037	2,220
Depreciation for investment properties	11	205	205	68	68
Depreciation of property, plant and equipment	7	44,572	45,294	14,336	14,826
Interest expense	7	1,729	2,836	340	322
Interest income	7	(12,475)	(6,060)	(3,069)	(5,725)
Gain on disposal of a subsidiary	7	–	(42,323)	–	–
(Gain)/loss on disposal of property, plant and equipment	7	(60)	(212)	–	(185)
Net provision/(write-back) of impairment losses on trade and other receivables	7	173	1,917	(345)	5,366
Property, plant and equipment written off	6	842	80	632	32
Operating cash flow before working capital changes		82,427	135,027	36,898	52,879
Inventories		(12,604)	(72,027)	11,357	5,278
Trade and other receivables		(30,914)	(148,481)	(14,256)	(74,584)
Trade and other payables		32,475	176,069	(27,627)	25,806
Contract liabilities		(8,886)	(7,143)	8,325	(8,357)
Cash generated from operations		62,498	83,445	14,697	1,022
Interest received		3,501	6,060	31	5,725
Income taxes and withholding tax paid		(10,055)	(10,633)	(4,475)	(1,809)
<b>Net cash from operating activities</b>		<b>55,944</b>	<b>78,872</b>	<b>10,253</b>	<b>4,938</b>
<b>Cash flow from investing activities</b>					
Purchases of property, plant and equipment	Note A	(23,846)	(23,555)	(9,721)	3,374
Additions of intangible assets		(6,648)	(10,592)	(2,769)	(4,003)
Proceed from disposal of property, plant and equipment		53	255	–	197
Proceed from disposal of a subsidiary	5	–	263,131	–	–
Proceed from realisation of other investment		800,000	–	500,000	–
Payment for other investment		(600,000)	(300,000)	(300,000)	–
Interest received from other investment		5,022	–	2,279	–
Repayment from loan to a third party		100,000	–	–	–
Provision of loan to a third party		(100,000)	–	–	–
<b>Net cash from/(used in) investing activities</b>		<b>174,581</b>	<b>(70,761)</b>	<b>189,789</b>	<b>(432)</b>
<b>Cash flow from financing activities</b>					
Payment of lease liabilities		(847)	(350)	(282)	(117)
Bank deposit pledge		(71)	–	–	–
Bank deposits released from pledge		71	–	71	–
Dividend paid	9	(50,000)	(30,000)	–	–
Interest paid		(1,210)	(2,836)	(167)	(322)
<b>Net cash used in financing activities</b>		<b>(52,057)</b>	<b>(33,186)</b>	<b>(378)</b>	<b>(439)</b>



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

	Note	Group			
		9M22	9M21	3Q22	3Q21
		1.1.2022 to 30.9.2022	1.1.2021 to 30.9.2021	1.7.2022 to 30.9.2022	1.7.2021 to 30.9.2021
		RMB '000	RMB '000	RMB '000	RMB '000
Net increase/(decrease) in cash and cash equivalents		178,468	(25,075)	199,664	4,067
Cash and cash equivalents at beginning of the period		28,661	41,165	7,576	11,991
Effect of exchange rate changes on cash and cash Equivalents		179	(82)	68	(50)
Cash and cash equivalents at end of the period	17	207,308	16,008	207,308	16,008

### **Note A**

	Note	9M22	9M21	3Q22	3Q21
		1.1.2022 to 30.9.2022	1.1.2021 to 30.9.2021	1.7.2022 to 30.9.2022	1.7.2021 to 30.9.2021
		RMB '000	RMB '000	RMB '000	RMB '000
Total additions to property, plant and equipment		43,215	11,503	10,013	4,957
Add(less): changes in unpaid portion		7,010	2,127	3,369	(3,842)
(Less)/add: changes in prepayments		(26,379)	9,925	(3,661)	(4,489)
Purchase of plant, property and equipment per consolidated statement of cash flows		23,846	23,555	9,721	(3,374)



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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
<b>Balance as at 1.1.2022</b>		250,660	709,155	10,222	124,565	97,097	1,191,699
Total comprehensive income for the period							
Profit for the period		-	33,444	-	-	-	33,444
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation		-	-	2,262	-	-	2,262
<i>Total comprehensive income for the period</i>		-	33,444	2,262	-	-	35,706
Transactions with owners, recognised directly in equity							
<i>Distributions to owners</i>							
Dividend paid	9	-	(50,000)	-	-	-	(50,000)
<i>Total distributions to owners</i>		-	(50,000)	-	-	-	(50,000)
Transfer to statutory reserves fund		-	(4,194)	-	4,194	-	-
<b>Balance as at 30.9.2022</b>		250,660	688,405	12,484	128,759	97,097	1,177,405





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## 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
<b>Balance as at 1.1.2021</b>		250,660	634,582	10,046	115,791	97,097	1,108,176
Total comprehensive income for the period							
Profit for the period		-	111,967	-	-	-	111,967
<i>Other comprehensive loss</i>							
Currency translation differences arising on consolidation		-	-	(11)	-	-	(11)
<i>Total comprehensive income for the period</i>		-	111,967	(11)	-	-	111,956
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		-	(8,100)	-	8,100	-	-
<b>Balance as at 30.9.2021</b>		250,660	708,449	10,035	123,891	97,097	1,190,132



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## 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
<b>Balance as at 1.1.2022</b>		250,660	538,361	(31,315)	757,706
Total comprehensive loss for the period					
Profit for the period		-	55,353	-	55,353
<i>Other comprehensive income</i>					
Currency translation differences arising from translation into the presentation currency		-	-	40,465	40,465
<i>Total comprehensive income for the period</i>		-	55,353	40,465	95,818
Transactions with owners, recognised directly in equity					
<i>Distributions to owners</i>					
Dividend paid	9	-	(50,000)	-	(50,000)
<i>Total distributions to owners</i>		-	(50,000)	-	(50,000)
<b>Balance as at 30.9.2022</b>		250,660	543,714	9,150	803,524
<b>Balance as at 1.1.2021</b>		250,660	538,901	6,776	796,337
Total comprehensive loss for the period					
Profit for the period		-	29,600	-	29,600
<i>Other comprehensive loss</i>					
Currency translation differences arising from translation into the presentation currency		-	-	(31,793)	(31,793)
<i>Total comprehensive loss for the period</i>		-	29,600	(31,793)	(2,193)
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)
<b>Balance as at 30.9.2021</b>		250,660	538,501	(25,017)	764,144



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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 nine months ended 30 September 2022 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	
			30 September 2022	31 December 2021
			%	%
<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

### **2. Basis of preparation**

The condensed interim financial statements for the nine months ended 30 September 2022 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 2021.



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## **2. Basis of preparation (cont'd)**

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**

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and SFRS(I) Interpretations (“**SFRS(I) INTs**”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2022, where applicable. The adoption of these standards from the effective date has not resulted in material adjustments to the financial position, results of operations or cash flows of the Group for 1H22. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards

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

#### **Measurement of fair values**

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.



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## **2.2 Use of estimates and judgements (cont'd)**

### **Measurement of fair values (cont'd)**

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.



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#### 4.1 Disaggregation of revenue (cont'd)

	1.1.2022 to 30.9.2022 RMB'000	1.1.2021 to 30.9.2021 RMB'000	Group 1.7.2022 to 30.9.2022 RMB'000	1.7.2021 to 30.9.2021 RMB'000
Conventional stamping machines	26,036	48,545	8,819	15,132
High performance and high tonnage stamping machines	750,108	857,403	254,740	299,347
Metal parts	66,543	83,325	20,528	22,665
	<u>842,687</u>	<u>989,273</u>	<u>284,087</u>	<u>337,144</u>

#### 5. Other income

	1.1.2022 to 30.9.2022 RMB'000	1.1.2021 to 30.9.2021 RMB'000	Group 1.7.2022 to 30.9.2022 RMB'000	1.7.2021 to 30.9.2021 RMB'000
Sales of raw and scrap materials	5,913	9,880	2,575	5,849
Cost of raw and scrap materials sold	(5,353)	(8,426)	(2,160)	(5,175)
Gain from disposals of raw and scrap materials	560	1,454	415	674
Gain on disposal of a subsidiary	—	42,323	—	—
Gain on disposal of property, plant and equipment	60	212	—	185
Government grants and subsidies	10,556	12,707	3,489	5,235
Processing income	1,715	2,436	447	1,343
Rental income, net	742	1,022	163	820
Gain on stock count	456	—	—	—
Others	159	185	1	67
	<u>14,248</u>	<u>60,339</u>	<u>4,515</u>	<u>8,324</u>

##### 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 1.1.2022 to 30.9.2022 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	<u>263,143</u>
Cash of a subsidiary disposed	<u>12</u>
Cash inflow on disposal of a subsidiary	<u>263,131</u>



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## 5.1. Disposal of subsidiary (cont'd)

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

## 6. Other expenses

	Group			
	1.1.2022 to 30.9.2022 RMB'000	1.1.2021 to 30.9.2021 RMB'000	1.7.2022 to 30.9.2022 RMB'000	1.7.2021 to 30.9.2021 RMB'000
Donation	—	2,000	—	—
Fine and penalty	65	200	65	200
Government comprehensive fund	148	148	—	148
(Gain)/loss on foreign currency exchange	(4,098)	—	(5,548)	180
Property, plant and equipment written off	842	80	632	32
Quality compensation	—	370	—	—
Others	73	(76)	73	97
	(2,970)	2,722	(4,778)	657

## 7. Profit before tax

	Group			
	1.1.2022 to 30.9.2022 RMB'000	1.1.2021 to 30.9.2021 RMB'000	1.7.2022 to 30.9.2022 RMB'000	1.7.2021 to 30.9.2021 RMB'000
<b>Income</b>				
Interest income	(12,475)	(6,060)	(3,069)	(5,725)
<b>Expenses</b>				
Amortisation of intangible assets	5,786	6,818	2,037	2,220
Depreciation of investment properties	205	205	68	68
Depreciation of property, plant and equipment	44,572	45,294	14,336	14,826
Net provision/(write-back) of impairment losses on trade and other receivables	173	1,917	(345)	5,366
Interest expense	1,729	2,836	340	322

## 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			
	1.1.2022 to 30.9.2022 RMB'000	1.1.2021 to 30.9.2021 RMB'000	1.7.2022 to 30.9.2022 RMB'000	1.7.2021 to 30.9.2021 RMB'000
<b>Related companies</b>				
<b>Income</b>				
Lease of premises to a related company	—	1,607	—	1,607
Sales to related companies	73,015	87,133	20,021	23,118
Processing services to related companies	2,545	2,325	900	1,286
<b>Expenses</b>				
Lease of premises from a related company	450	338	150	113
Processing services from related companies	3,204	12,603	3,297	10,972





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	1.1.2022 to 30.9.2022 RMB'000	1.1.2021 to 30.9.2021 RMB'000	Group 1.7.2022 to 30.9.2022 RMB'000	1.7.2021 to 30.9.2021 RMB'000
<b>Related companies</b>				
Purchases of machineries and parts from related companies	5,968	990	922	582
Purchases of raw materials from related companies	32,492	22,660	8,934	6,894
Purchases of scrap materials from related companies	31,320	32,840	12,302	9,379
<b>Affiliated companies</b>				
<i>Income</i>				
Sales to affiliated companies	686	52	248	1
Processing services to affiliated companies	13	8	11	—
<i>Expenses</i>				
Purchases of machineries and parts from affiliated companies	—	38	—	38
Purchases of raw materials from related companies	246	—	196	—
Purchases of scrap materials from affiliated companies	967	1,286	465	555

### **Key management personnel compensation**

Key management personnel compensation is analysed as follows:

	1.1.2022 to 30.9.2022 RMB'000	1.1.2021 to 30.9.2021 RMB'000	Group 1.7.2022 to 30.9.2022 RMB'000	1.7.2021 to 30.9.2021 RMB'000
Directors of the Company:				
- short-term employee benefits	303	315	101	105
- defined contribution benefits	18	24	6	8
- directors' fees	960	675	320	25
	1,281	1,014	427	138
Other key management personnel:				
- short-term employee benefits	2,688	2,685	896	985
- defined contribution benefits	105	116	35	39
	2,793	2,801	931	1,024
	4,074	3,815	1,358	1,162

## **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:



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## 8. Tax expense (cont'd)

	Group			
	1.1.2022 to 30.9.2022 RMB'000	1.1.2021 to 30.9.2021 RMB'000	1.7.2022 to 30.9.2022 RMB'000	1.7.2021 to 30.9.2021 RMB'000
Current year income tax	6,916	8,451	4,444	(1,287)
Deferred income tax expense relating to origination and reversal of temporary differences	(1,509)	4,331	2,330	2,358
Withholding tax	2,804	1,723	31	—
	<u>8,211</u>	<u>14,505</u>	<u>6,805</u>	<u>1,071</u>

## 9. Dividends

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

	Group & Company			
	1.1.2022 to 30.9.2022 RMB'000	1.1.2021 to 30.9.2021 RMB'000	1.7.2022 to 30.9.2022 RMB'000	1.7.2021 to 30.9.2021 RMB'000
<i>Paid by the Company to owners of the Company</i>				
RMB12.5 cents per qualifying ordinary share (2021: RMB7.5 cents)	<u>50,000</u>	<u>30,000</u>	<u>—</u>	<u>—</u>

## 10. Property, plant and equipment

During the nine months ended 31 December 2022, the Group acquired assets at cost amounting to RMB37.0 million (2021: RMB65.4 million) and disposed of assets at cost amounting to RMB13.0 million (2021: RMB5.4 million)

### *Impairment of property, plant and equipment and 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 amounts are determined based on the greater of its value in use and its fair value less costs of disposal for the allocated CGU.

### *Determination of fair value less cost of disposal*

In 2021, the Group engaged external independent valuer to determine the fair value less cost of disposal of the property, plant and equipment, and intangible assets. The valuer has appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. In relying on the valuation reports, the Group has exercised its judgement and is satisfied that the valuation method and estimates are reflective of current market conditions. The recoverable amount of the CGU was estimated to be higher than its carrying amount, and no impairment was required in 2021. The fair value measurement was categorised as a Level 3 in the fair value hierarchy as it is derived from unobservable inputs.



#### 10. Property, plant and equipment (cont'd)

Details of valuation techniques and key inputs for the estimation of the recoverable amounts of CGU based on fair value less cost of disposal:

Type	Valuation technique and significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Leasehold buildings Plant and machinery Electrical fittings Tools and equipment Motor vehicles	<i>Depreciated replacement cost method:</i> Aggregated amount of gross replacement cost of the building and plant and machinery from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors.	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>• replacement cost is higher/(lower); or</li> <li>• depreciation is lower/(higher).</li> </ul>
Leasehold land	<i>Direct comparison method:</i> The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the leasehold land.  Price per square metre (" <b>psm</b> ") of comparable properties range from RMB104 to RMB2,611.	The estimated fair value would increase/(decrease) if price psm was higher/(lower).
Intangible assets	<i>Relief-from-royalty method:</i> The relief-from-royalty method considers the discounted estimated payments that are expected to be avoided as result of the intangible assets being owned.	The estimated fair value would increase/(decrease) if estimated payments that are expected to be avoided was higher/(lower).



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## 11. Investment properties

	Group	
	30.9.2022 RMB'000	31.12.2021 RMB'000
<b>Cost</b>		
At beginning and end of the period	7,208	7,208
<b>Accumulated amortisation</b>		
At beginning of the period	4,109	3,835
Charge for the period	205	274
At end of the period	4,314	4,109
<b>Net carrying value</b>		
At end of the period	2,894	3,099
<b>Fair value</b>		
At end of the period	15,790	15,790

Investment property comprises a commercial property that is leased to the third parties. The lease contains a non-cancellable period varying from 3 to 6 years (2021: 3 to 6 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. 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 RMB2,221 (2021: RMB2,221). An increase in the price per square foot would result in a higher fair value.

## 12. Intangible assets

	Group	
	30.9.2022 RMB'000	31.12.2021 RMB'000
<b>Development costs</b>		
<b>Cost</b>		
At beginning of the period	102,305	88,383
Additions	3,879	13,921
At end of the period	106,184	102,304
<b>Accumulated amortisation</b>		
At beginning of the period	63,220	54,181
Amortisation charge for the period	5,786	9,039
At end of the period	69,006	63,220
<b>Net carrying value</b>		
At end of the period	37,178	39,084



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## 12. Intangible assets (cont'd)

### *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 amounts are determined based on the greater of its value in use and its fair value less costs of disposal for the allocated CGU. See Note 10 for the determination of recoverable amount of the property, plant and equipment and intangible assets for the CGU.

## 13. Inventories

	Group	
	30.9.2022 RMB'000	31.12.2021 RMB'000
Finished goods		
- at cost	42,066	62,975
- at net realisable value	16,851	16,851
Work-in-progress and components parts		
- at cost	244,413	268,074
Raw materials		
- at cost	122,211	65,037
- at net realisable value	3,426	3,426
	<u>428,967</u>	<u>416,363</u>

### *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 9M22, a write-down for slow-moving and obsolete inventories to net realisable value amounting to RMB nil (2021: RMB10,966,000) was recognised in "Cost of sales" due to slow-moving inventories and obsolete raw materials.

## 14. Trade receivables

	Group		Company	
	30.9.2022 RMB'000	31.12.2021 RMB'000	30.9.2022 RMB'000	31.12.2021 RMB'000
Trade receivables	182,594	137,650	—	—
Less: allowance for expected credit losses	(27,546)	(27,453)	—	—
	155,048	110,197	—	—
Bills receivables	274,422	329,620	—	—
	<u>429,470</u>	<u>439,817</u>	—	—



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#### 14. Trade receivables (cont'd)

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

	Group		Company	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the period	27,453	29,413	—	—
Provision for impairment losses	93	2,821	—	—
Bad debts written off against allowance	—	(4,781)	—	—
At end of the period	27,546	27,453	—	—

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

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- historical and current payment patterns of the debtors;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtors.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.



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#### 14. Trade receivables (cont'd)

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

#### 15. Other receivables

	Group		Company	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amount due from employees	4,555	4,472	—	—
Less: allowance for expected credit losses	(1,333)	(1,309)	—	—
	3,222	3,163	—	—
Advance payments to suppliers	2,371	3,950	—	—
VAT receivables	215	893	—	—
Other prepayments	952	2,197	68	13
Prepayments for property, plant and equipment	20,733	47,112	—	—
Loan to a third party **	100,000	100,000	—	—
Interest receivables	3,951	1,425	—	—
Tax recoverable	3,054	4,273	—	—
Other receivables	1,715	1,915	—	—
Less: allowance for expected credit losses	(135)	(79)	—	—
	1,580	1,836	—	—
	136,078	164,849	68	13
Non-current	20,733	47,112	—	—
Current	115,345	117,737	68	13
	136,078	164,849	68	13

\*\* Please refer to the announcement dated 10 May 2022 for more information.

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

	Group		Company	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the period	1,388	1,591	—	—
Provision for impairment losses	80	—	—	—
Reversal/write-back of impairment losses	—	(203)	—	—
At end of the period	1,468	1,388	—	—

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.



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## 16. Other investment

	Group		Company	
	30.9.2022	31.12.2021	31.9.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposit	100,000	300,000	—	—

The Group invested in a principal protected currency linked structured investment. As at the reporting date, the outstanding contract has a total notional principal value of RMB100,000,000 and has a maturity period within 2 months from reporting date. The investment bears a base interest rate of 1.30% per annum plus additional interest pegged to exchange rate movement during the investment period.

## 17. Cash and cash equivalents

	Group		Company	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks and on hand	207,308	28,661	200,827	874

## 18. Trade payables

	Group		Company	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	531,691	520,744	—	—

Trade payables are non-interest bearing with credit periods ranging from 3 to 6 months (2021: 3 to 6 months).

## 19. Other payables

	Group		Company	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued operating expenses	119,430	145,185	421	684
VAT payables	8,843	3,752	—	—
Other taxes payable	1,063	817	—	—
Other payables	108,143	92,011	360	330
Bonus payables	25,336	26,125	—	—
Payables relating to property, plant and equipment	14,737	21,747	—	—
	277,552	289,637	781	1,014

## 20. Share capital

	Group and Company			
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	No. of shares	No. of shares	No. of shares	No. of shares
	'000	'000	'000	'000
Issued and fully paid ordinary shares, with no par value				
At beginning and end of period	400,000	250,660	400,000	250,660





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## 20. Share capital (cont'd)

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.

## 21. 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.

		Group		Company	
	Note	30.9.2022 RMB'000	31.12.2021 RMB'000	30.9.2022 RMB'000	31.12.2021 RMB'000
<i>Financial assets at amortised cost</i>					
Trade receivables	14	155,048	110,197	—	—
Other receivables*	15	108,753	106,424	—	—
Due from related parties (trade)		68,534	21,108	—	—
Due from affiliated company (trade)		7	3	—	—
Due from subsidiaries (non-trade)		—	—	338	196
Cash and cash equivalents	17	207,308	28,661	200,827	874
		<u>539,650</u>	<u>266,393</u>	<u>201,165</u>	<u>1,070</u>
<i>Financial asset measured at FVOCI</i>					
Bills receivables		<u>274,422</u>	<u>329,620</u>	<u>—</u>	<u>—</u>
<i>Financial asset measured at FVTPL</i>					
Other investment		<u>100,000</u>	<u>300,000</u>	<u>—</u>	<u>—</u>
<i>Financial liabilities at amortised cost</i>					
Trade payables	18	531,691	520,744	—	—
Other payables #	19	267,646	285,068	781	1,014
Due to related parties (trade)		26,101	2,498	—	—
Due to affiliated company (trade)		131	—	—	—
Due to related parties (non-trade)		1,210	261	—	—
Due to a subsidiary (non-trade)		—	—	116	188
Leases liabilities		11,236	11,564	—	—
		<u>838,015</u>	<u>820,135</u>	<u>897</u>	<u>1,202</u>

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

# Excludes VAT payables, other tax payables and deferred income.

### 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), due from related parties (non-trade), 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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**21. Accounting classifications and fair values (cont'd)**

***Valuation techniques and inputs used in Level 2 fair value measurements***

The fair values of the bills receivable in Level 2 have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of other investment in Level 2 have been calculated using discounted cash flow model which considers the present value of expected cash flow estimated based on contracted interest rate should the exchange rates between US Dollar against Japanese Yen remain within the contracted upper and lower barrier rates during the contract period to maturity, discounted using a risk-adjusted discount rate. The fair values have been assessed to be approximate to their carrying amounts.



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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 nine months ended 30 September 2022, 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 30 September 2022	As at 31 December 2021
Total number of issued shares	400,000,000	400,000,000
Less: treasury shares	-	-
Total number of issued shares excluding treasury shares	400,000,000	400,000,000

- 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.



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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 2022. 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.

	1.1.2022 to 30.9.2022	1.1.2021 to 30.9.2021	1.7.2022 to 30.9.2022	1.7.2021 to 30.9.2021
(a) Based on weighted average number of ordinary share on issue (RMB); and	0.08	0.28	0.04	0.09
(b) On a fully diluted basis (RMB)	0.08	0.28	0.04	0.09
Weighted average number of shares	400,000,000	400,000,000	400,000,000	400,000,000



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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	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	RMB	RMB	RMB	RMB
Net asset value ("NAV") per ordinary share based on issued share capital at the end of the respective periods:	2.94	2.98	2.01	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) Revenue**

For the 3 months ended 30 September 2022 ("3Q22"), the Group's turnover decreased by 15.7% to RMB284.1 million from RM337.1 million for the 3 months ended 30 September 2021 ("3Q21").

In terms of sales performance for 3Q22, sales of conventional stamping machines decreased by 41.7% while sales of high performance and high tonnage stamping machines decreased by 14.9% compared to 3Q21 respectively.

For the 9 months ended 30 September 2022 ("9M22"), the Group's turnover decreased by 14.8% to RMB842.7 million from RMB989.3 million for the 9 months ended 30 September 2021 ("9M21").

In terms of sales performance for 9M22, sales of conventional stamping machines decreased by 46.4% while sales of high performance and high tonnage stamping machines decreased by 12.5% compared to 9M21 respectively.

Overall, the decrease in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines which was partially offset by an upward revision in the average selling prices of the stamping machines, contributed to the overall decrease 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 3Q22 decreased by 32.2% to RMB54.0 million from RMB79.7 million in 3Q21. The gross profit margin decreased by 2.3% to 21.3% in 3Q22 from 23.6% in 3Q21.

In terms of gross profit margin for 3Q22, gross profit margin for conventional stamping machines decreased by 18.0% to 6.9% from 24.9% in 3Q21 while gross profit margin for high performance and high tonnage stamping machines decreased by 7.1% to 17.7% from 24.8% in 3Q21.

The Group's gross profit for 9M22 decreased by 28.8% to RMB143.3 million from RMB201.5 million in 9M21. The gross profit margin for 9M22 decreased by 3.4% to 17.0% from 20.4% in 9M21.

In terms of gross profit margin for 9M22, gross profit margin for conventional stamping machines decreased by 2.5% to 15.2% from 17.7% in 9M21 while gross profit margin for high performance and high tonnage stamping machines decreased by 4.2% to 17.1% from 21.3% in 9M21.

Overall, the decrease in the Group's gross profit margin for 9M22 was mainly due to a decrease in production of conventional stamping machines and high performance and high tonnage stamping machines and an increase in labour and raw materials costs which was partially offset by an upward revision in the average selling prices of the stamping machines.

**(iii) Other Income**

In 3Q22, other income decreased by 45.8% to RMB4.5 million from RMB8.3 million in 3Q21.

In 9M22, other income decreased by 76.4% to RMB14.2 million from RMB60.3 million in 9M21.

Overall, the decrease was mainly due to there was a gain from disposal of subsidiary of RMB42.3 million in 9M21.

**(iv) Distribution and Selling Expenses**

In 3Q22, distribution and selling expenses decreased by 14.0% to RMB23.7 million from RMB27.5 million in 3Q21.

In 9M22, distribution and selling expenses decreased by 11.1% to RMB64.1 million from RMB72.1 million in 9M21, in tandem with the decrease in revenue. As a percentage of total revenue, distribution and selling expenses increased by 0.3% to 7.6% in 9M22 from 7.3% in 9M21.

Overall, the decrease was mainly due to a decrease in sales commission payable to sales personnel and rebates to sale agents.



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**(v) Administrative Expenses**

In 3Q22, administrative expenses decreased by 17.8% to RMB19.6 million from RMB23.9 million in 3Q21.

In 9M22, administrative expenses increased by 5.0% to RMB64.9 million from RMB61.8 million in 9M21. As a percentage of total revenue, administrative expenses increased by 1.4% to 7.7% in 9M22 from 6.3% in 9M21.

Overall, the increase was mainly due to an increase in research and development costs for stamping machines and staff 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 3Q22, depreciation and amortisation expenses decreased by 3.9% to RMB16.4 million from RMB17.1 million in 3Q21.

In 9M22, depreciation and amortisation expenses decreased by 3.4% to RMB50.6 million from RMB52.3 million in 9M21.

The decrease was mainly due to certain 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)/Gains**

In 3Q22, there was other gains of RMB4.8 million whereas in 3Q2021 there was other expenses of RMB0.1 million.

In 9M22, there was other gains of RMB3.0 million whereas in 9M2021 there was other expenses of RMB2.7 million in 9M21.

This was mainly due to in 9M22, there was a foreign exchange gain of RMB4.1 million whereas in 9M2021 there was a donation to charity foundation of RMB2.0 million.

**(viii) Net (Provision)/Write-back of Impairment Losses on Trade and Other Receivables**

In 3Q22, there was a write back of impairment on trade and other receivables of RMB0.3 million whereas in 3Q2021 there was a provision of impairment on trade and other receivables of RMB5.4 million.

In 9M22, the Group's net provision of impairment losses on trade and other receivables decreased by 91.0% to RMB0.2 million from RMB1.9 million in 9M21.

**(ix) Net Financial Income/(Costs)**

In 3Q22, the Group's finance income recorded a decrease by 46.4% to RMB3.1 million from RMB5.7 million in 3Q21.



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In 9M22, the Group's finance income recorded an increase by 105.9% to RMB12.5 million from RMB6.1 million in 9M21.

Overall, the increase was mainly due to interest income from the provision of loan to a third party and structured deposit.

In 3Q22, the Group's finance costs recorded an increase by 58.3% to RMB0.5 million from RMB0.3 million in 3Q21.

In 9M22, the Group's finance costs recorded a decrease by 20.8% to RMB2.3 million from RMB2.9 million in 9M21.

The decrease was mainly due to lesser interest paid for early redemption of bills receivables as lesser encashment for early redemption of bills receivables during the 9M22.

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

**(ix) Profit Before Tax**

In 3Q22, the Group's profit before tax ("**PBT**") decreased by 36.3% to RMB22.9 million from RMB36.0 million in 3Q21.

In 9M22, the Group's PBT decreased by 67.1% to RMB41.7 million from RMB126.5 million in 9M21.

**(x) Tax Expense**

In 3Q22, the Group's tax expense increased by 535.4% to RMB6.8 million from RMB1.1 million in 3Q21.

The increase was mainly due to an increase in income tax, deferred tax liabilities and withholding tax.

In 9M22, the Group's tax expense decreased by 43.4% to RMB8.2 million from RMB14.5 million in 9M21.

The decrease was mainly due to a decrease in income tax and deferred tax liabilities which was partially offset by an increase in withholding tax.

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 3Q22, the Group's net profit after tax ("**NPAT**") decreased by 53.9% to RMB16.1 million from RMB34.9 million in 3Q21. Net profit margin decreased by 4.0% to 6.3% from 10.3% in 3Q21.





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In 9M22, the Group's NPAT decreased by 70.1% to RMB33.4 million from RMB112.0 million in 9M21. Net profit margin decreased by 7.3% to 4.0% from 11.3% in 9M21.

**(B) Consolidated Statement of Financial Position (30 September 2022 vs 31 December 2021)**

For the period under review, the Group's non-current assets decreased by approximately RMB27.9 million mainly due to the decrease in prepayment for property, plant and equipment.

For the period under review, the Group's non-current liabilities decreased by RMB2.0 million due to a decrease 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 RMB25.9 million from RMB1,323.7 million as at 31 December 2021 to RMB1,349.6 million as at 30 September 2022. This was attributable to an increase in inventories (mainly due to increase in sales orders), , amounts due from related parties (trade) and cash and cash equivalents (as explained in the consolidated statement of cash flows) which were partially offset by a decrease in trade receivables (mainly due to slower collection from customers), other receivables (which was mainly due to a decrease in prepayment for raw materials and expenses which were partially offset by an increase in interest receivables) and structured deposit placed with financial institutions.

The Group's total current liabilities increased by approximately RMB14.3 million from RMB901.6 million as at 31 December 2021 to RMB915.9 million as at 30 September 2022. This was attributable to an increase in trade payables (mainly due to slow payment to suppliers) and amounts due to related parties (trade and non-trade) which were partially offset by a decrease in contract liabilities (mainly due to a decrease in advances received from customers), other payables (mainly due to a decrease in accrued operating expenses and payables relating to property, plant and equipment which were partially offset by an increase in VAT payables and others payables) and income tax payables.

The Group is in a net current assets position as at 30 September 2022 of RMB433.7 million.

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

For the 3 months ended 30 September 2022, the Group recorded a net cash increase of approximately RMB199.7 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB10.3 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.
- b) the net cash inflow arising from investing activities which amounted to RMB189.8 million mainly due to the proceed from realisation of structured deposit and interest received from structured deposit which were partially offset by the purchases of property, plant and equipment and additions of intangible assets.
- c) the net cash outflow arising from financing activities which amounted to RMB0.4 million mainly due to payment for lease liabilities and interest paid.



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For the 9 months ended 30 September 2022, the Group recorded a net cash increase of approximately RMB178.5 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB55.9 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 inflow arising from investing activities which amounted to RM174.6 million mainly due to the proceed from realisation of structured deposit and interest received from structured deposit which were partially offset by the purchases of property, plant and equipment and additions of intangible assets.
- b) the net cash outflow arising from financing activities which amounted to RMB52.1 million mainly due to payment of lease liabilities, dividend paid and interest paid.

Cash and cash equivalents as at 30 September 2022 stood at RMB207.3 million.

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

The 9M22 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the 1H22 Financial Results announcement dated 12 August 2022 i.e., “Barring any unforeseen circumstances, the Group is optimistic to remain profitable in FY2022”.

**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 RMB439.5 million as at 8 November 2022.

**11. Dividend**

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

No interim dividend was declared or recommended.



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**(b) (i) Amount per share**

Not applicable.

**(ii) Previous corresponding period**

No interim dividend was declared or recommended in the previous corresponding period.

**(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).**

Not Applicable.

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

Not Applicable.

**(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.**

Not Applicable.

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

No dividend has been declared / (recommended) for the current financial period reported on as dividend, if any, will be declared at the full year results announcement.

**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 9M22 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)
		(RMB'000)	(RMB'000)



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<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	483   918
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Purchase of raw materials.	Associate of the Controlling Shareholder	N/A	560   129
<u>Jiangsu World Agriculture Machinery Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Processing fees paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	36,277   2,005
<u>Jiangsu World Agriculture Machinery &amp; Parts Manufacturing Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Purchase fees paid and purchase of raw materials and scrap materials	Associate of the Controlling Shareholder	N/A	4,850   9,262
<u>World Agriculture (Shenyang) Co., Ltd.</u>  Processing fees received and sales of raw materials, scrap materials and parts.	Associate of the Controlling Shareholder	N/A	1,785



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<u>World Heavy Industry (China) Co., Ltd.</u>  Processing fee received and sale of raw materials, parts and machineries.  Processing fees paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	3,125   39,980
<u>Jiangsu World Crane Co., Ltd.</u>  Processing fees paid and purchase of equipment.	Associate of the Controlling Shareholder	N/A	840
<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>  Sale of raw materials and parts.	Associate of the Controlling Shareholder	N/A	36
<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	28,478  14,219
<u>Danyang World Machinery Parts Manufacturing Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	662  1,213	N/A



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<u>World High Precision Complete Equipment Co., Ltd.</u>	Associate of the Controlling Shareholder		N/A
Sale of raw materials and parts.		1	
Purchase of raw materials.		5,633	
<b>Total</b>		<b>7,509</b>	<b>143,397</b>

**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.

**15. Statement Pursuant to Rule 705(5) of the Listing Manual**

The Directors confirm that, to the best of their knowledge and belief, nothing has come to the attention of the Board of Directors which may render the unaudited nine months and third quarter results of the Group for the financial period ended 30 September 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Shao JianJun  
Executive Chairman

Wang Weiyao  
Non-Executive and Non-Independent Director

BY ORDER OF THE BOARD

**Shao Jianjun**  
Executive Chairman  
10 November 2022