



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

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**CLARIFICATION ON ANNUAL REPORT FOR  
FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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The Board of Directors (the "**Board**") of World Precision Machinery Limited (the "**Company**", and collectively with its subsidiaries, the "**Group**") refers to the query raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 19 June 2020 in relation to the Company's Annual Report 2019 for financial year ended 31 December 2019 ("**Annual Report 2019**"), and set out its response below.

**SGX-ST's query**

- a) With reference to the audited consolidated statement of cash flows on page 74 of the Company's Annual Report 2019, please provide an explanation for the material difference in the amount of the net cash generated from financing activities of approximately RMB7,883,000, as compared to the unaudited financial results announcement of the Company of RMB4,689,000 for the financial year ended 31 December 2019.

Please also explain whether and how the Company has complied with Listing Rule 704(6).

**Company's response**

- a) The material difference was mainly due to the reclassification of bills payables from "cash flows from financing activities" to "cash flows from operating activities" for the Group's financial statements for the financial year ended 31 December 2018, and which led to corresponding adjustments to the Group's financial statements for the financial year ended 31 December 2019.

Though the difference is material, as stated in the Company's announcement on 9 June 2020, the Board had noted that "the restated statements will not have an impact to the total assets, total liabilities and total equity of the Company and the Group and net cash and cash equivalents of the Group for the financial year ended 31 December 2018." Accordingly, the Board took the view that the restated unaudited financial statements announced on 9 June 2020 did not amount to material adjustments to the full-year results first announced on 28 February 2020.



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Nevertheless, with respect to the material difference in the amount of the net cash generated from different activities, the Company would have complied with Listing Rule 704(6) (if applicable) by the release of the two announcements titled “Emphasis of Matter by Independent Auditor” on 9 June 2020 after receipt of the Company's Independent Auditor's Report on the same day after close of market. These two announcements set out, *inter alia*, the reclassification of net cash generated from different activities for the financial year ended 31 December 2018, and the Group's restated unaudited financial statements for the financial year ended 31 December 2019 and for the first quarter ended 31 March 2020. The restated unaudited financial statements, and similarly, the Company's Annual Report 2019 would have incorporated all the reclassifications made.

By Order of the Board

Shao Jianjun  
Executive Chairman  
23 June 2020