



沃得
WORLD

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

EMPHASIS OF MATTER BY INDEPENDENT AUDITORS

The Board of Directors (the "**Board**") of World Precision Machinery Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement on the emphasis of matter by independent auditors dated 9 June 2020 (the "**EOM Announcement**").

Further to the EOM Announcement, the Board wishes to update shareholders of the Company (the "**Shareholders**") that the Group's financial statements for (i) the financial year ended 31 December 2019 ("**FY2019**") which were previously announced on 28 February 2020, and (ii) the first quarter ended 31 March 2020 which were previously announced on 11 May 2020 ("**1Q2020**"), have been restated.

The Group's restated financial statements for FY2019 is attached to this announcement as "**Appendix I**". The Group's restated financial statements for 1Q2020 will be released under a separate announcement and attached as "**Appendix II**".

The Board notes that the restated financial statements have a less than 1% variance to the net profit, net assets and net cash of the Group when compared with the corresponding financial statements of the Group which were previously announced.

By Order of the Board
World Precision Machinery Limited

Shao Jianjun
Executive Chairman
9 June 2020



APPENDIX I - Restated Financial Statements for FY2019

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 fourth quarter from 1 October 2019 to 31 December 2019 (“4Q19”) and the results for the full year from 1 January 2019 to 31 December 2019 (“FY19”). The comparatives are for the fourth quarter from 1 October 2018 to 31 December 2018 (“4Q18”) and the full year from 1 January 2018 to 31 December 2018 (“FY18”). These 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

	Group					
	1.1.2019 to 31.12.2019 RMB '000	1.1.2018 to 31.12.2018 RMB '000	Change %	1.10.2019 to 31.12.2019 RMB '000	1.10.2018 to 31.12.2018 RMB '000	Change %
Revenue	837,226	888,863	(5.8%)	214,756	209,130	2.7%
Cost of sales	(680,430)	(756,719)	(10.1%)	(176,701)	(183,367)	(3.6%)
Gross profit	156,796	132,144	18.7%	38,055	25,763	47.7%
Gross profit margin (%)	18.7%	14.9%	3.8%	17.7%	12.3%	5.4%
Other income and gains	17,410	12,358	40.9%	5,966	3,959	50.7%
Distribution and selling expenses	(83,925)	(80,532)	4.2%	(20,911)	(25,334)	(17.5%)
Administrative expenses	(67,318)	(52,095)	29.2%	(17,906)	(15,435)	16.0%
Other income/(expenses), net	279	-	N.M.	2,343	6	N.M.
Net impairment losses on financial assets	407	(3,421)	N.M.	407	(3,361)	N.M.
Financial expenses	(2,202)	(1,635)	34.7%	(703)	(372)	89.0%
Profit/(loss) before tax	21,447	6,819	214.5%	7,251	(14,774)	N.M.
Tax (expense)/refund	(1,369)	(693)	97.5%	(1,042)	3,910	N.M.
Profit/(loss) for the year/period	20,078	6,126	227.8%	6,209	(10,864)	N.M.
Net profit/(loss) margin (%)	2.4%	0.7%	1.7%	2.9%	(5.2%)	N.M.
Profit/(loss) attributable to:						
Equity holders of the Company	20,078	6,126	227.8%	6,209	(10,864)	N.M.

N.M. denotes Not Meaningful



Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

	Group					
	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	Change	1.10.2019 to 31.12.2019	1.10.2018 to 31.12.2018	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit/(loss) for the year/ period	20,078	6,126	227.8%	6,209	(10,864)	N.M.
Other comprehensive (loss)/income: Items that are or may be reclassified subsequently to profit and loss: Currency translation differences arising on consolidation	(13)	(115)	(88.7%)	12	(15)	N.M.
Total comprehensive income/(loss) for the year/period	<u>20,065</u>	<u>6,011</u>	<u>233.8%</u>	<u>6,221</u>	<u>(10,879)</u>	<u>N.M.</u>
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	<u>20,065</u>	<u>6,011</u>	<u>233.8%</u>	<u>6,221</u>	<u>(10,880)</u>	<u>N.M.</u>

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 China, are wholly-owned subsidiaries of the Company. With effect from 1 December 2015, WHMT, WCNC and WPMM were amalgamated into WPMC.



(B) Profit/(Loss) Before Income Tax

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

	Group			
	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.10.2019 to 31.12.2019	1.10.2018 to 31.12.2018
	RMB '000	RMB '000	RMB '000	RMB '000
(Write back)/provision of impairment losses on trade and other receivables	(407)	2,658	(407)	1,158
Reversal of write-down for slow-moving and obsolete inventories	(2,176)	-	(2,176)	-
Amortisation of intangible assets	8,488	10,363	2,414	2,495
Amortisation of land use rights	-	3,038	(2,278)	760
Bad debts written off (trade)	-	763	-	763
Depreciation of investment properties	360	-	360	-
Depreciation of property, plant and equipment	57,176	53,600	16,711	13,135
loss/(gain) on disposal of property, plant and equipment	365	(19)	365	(19)
Loss/(gain) on foreign currency exchange	842	(276)	(1)	(193)
Interest expense	2,202	1,501	3757	370
Interest income	(226)	(663)	(47)	(51)
Property, plant and equipment written off	185	1	185	(527)



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.

	Group		Company	
	31.12.2019 RMB '000	31.12.2018 RMB '000	31.12.2019 RMB '000	31.12.2018 RMB '000
Non-current assets				
Property, plant and equipment	921,249	757,547	-	-
Investment in subsidiaries	-	-	827,042	812,892
Land use rights	-	122,397	-	-
Investment properties	3,561	-	-	-
Intangibles assets	36,856	36,924	-	-
Other receivables	10,518	18,946	-	-
	<u>972,184</u>	<u>935,814</u>	<u>827,042</u>	<u>812,892</u>
Current assets				
Inventories	378,473	391,167	-	-
Land use rights	-	3,003	-	-
Trade receivables	163,690	128,383	-	-
Other receivables	21,666	36,269	14	14
Due from related parties (trade)	10,188	48,063	-	-
Due from subsidiaries (non-trade)	-	-	57	25
Cash and cash equivalents	42,791	21,261	780	366
	<u>616,808</u>	<u>628,146</u>	<u>851</u>	<u>405</u>
Total assets	<u>1,588,992</u>	<u>1,563,960</u>	<u>827,893</u>	<u>813,297</u>
Non-current liabilities				
Deferred tax liability	5,018	5,018	-	-
Deferred income from government grants	1,072	-	-	-
Lease liabilities	4,801	-	-	-
	<u>10,891</u>	<u>5,018</u>	<u>-</u>	<u>-</u>
Current liabilities				
Contract liabilities	51,450	77,869	-	-
Trade payables	269,754	243,163	-	-
Bills payables	5,000	9,125	-	-
Other payables	129,838	131,952	1,012	-
Due to related parties (trade)	3,696	1,058	-	766
Due to related parties (non-trade)	885	981	-	-
Due to subsidiaries (non-trade)	-	-	511	-
Borrowings	29,100	27,400	-	1,012
Lease liabilities	739	-	-	-
Deferred income from government grants	180	-	-	-
	<u>490,642</u>	<u>491,548</u>	<u>1,523</u>	<u>1,778</u>
Total liabilities	<u>501,533</u>	<u>496,566</u>	<u>1,523</u>	<u>1,778</u>
Net current assets/(liabilities)	<u>126,166</u>	<u>136,598</u>	<u>(672)</u>	<u>(1,373)</u>
Net Assets	<u>1,087,459</u>	<u>1,067,394</u>	<u>826,370</u>	<u>811,519</u>



	Group		Company	
	31.12.2019 RMB '000	31.12.2018 RMB '000	31.12.2019 RMB '000	31.12.2018 RMB '000
Equity attributable to the equity holders of the Company				
Share capital	250,660	250,660	250,660	250,660
Retained earnings	618,983	581,157	538,257	537,542
Currency translation reserve	9,773	9,786	37,453	23,317
Statutory reserves	110,946	128,694	-	-
Capital reserve	97,097	97,097	-	-
Total Equity	1,087,459	1,067,394	826,370	811,519

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

	As at 31 December 2019		As at 31 December 2018	
	Secured RMB '000	Unsecured RMB '000	Secured RMB '000	Unsecured RMB '000
Current liabilities				
Bank loans	29,100	-	27,400	-

Details of any collateral

As at 31 December 2019, bank loans comprised the following:

- 1) RMB6.5 million is secured by personal guarantee by the Group's non-executive director, Mr. Wang Weiyao and his spouse, Mrs. Zhang Ahmei, all of whom are related parties of the Group. The loan is repayable in 1Q2020.
- 2) RMB22.6 million is secured by personal guarantee by the Group's non-executive director, Mr. Wang Weiyao and his spouse, Mrs. Zhang Ahmei, all of whom are related parties of the Group. The loan is repayable in 2Q2020.



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			
	FY19	FY18	4Q19	4Q18
	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.10.2019 to 31.12.2019	1.10.2018 to 31.12.2018
	RMB '000	RMB '000	RMB '000	RMB '000
Cash flows from operating activities				
Profit/(loss) before tax	21,447	6,819	7,251	(14,774)
Adjustments for:				
Amortisation of intangible assets	8,488	10,363	2,414	2,495
Amortisation of land use rights	-	3,038	(2,278)	760
Depreciation of investment properties	360	-	360	-
Depreciation of property, plant and equipment	57,176	53,600	16,711	13,299
Inventories written back	(2,176)	-	(2,176)	-
Interest expense	2,202	1,501	757	370
Interest income	(226)	(50)	(47)	562
Loss/(gain) on disposal of property, plant and equipment	365	(19)	365	(19)
(Write-back)/provision of Impairment losses on trade and other receivables	(407)	7,568	(407)	6,068
Property, plant and equipment written off	185	1	(457)	(527)
Operating profit before working capital changes	87,414	82,821	22,493	8,234
Inventories	14,870	(6,969)	31,953	(2,709)
Trade and other receivables	17,591	8,796	(16,554)	45,135
Trade and other payables	36,222	49,776	(35,202)	(16,134)
Contract liabilities	(26,419)	(1,241)	9,700	(13,135)
Cash generated from operations	129,678	133,183	12,390	21,391
Interest received	213	50	34	(562)
Withholding tax paid	(213)	(198)	(213)	(198)
Taxes paid	(1,156)	(5,574)	(2,963)	(1,865)
Net cash from operating activities	128,522	127,461	9,248	18,766
Cash flows from investing activities				
Purchase of property, plant and equipment (Note A)	(97,837)	(99,136)	(7,832)	(15,842)
Additions of intangible assets	(8,420)	(12,244)	(716)	(1,896)
Proceeds from disposal of property, plant and equipment	276	669	276	669
Net cash (used in)/generated from investing activities	(105,981)	(110,711)	(8,272)	(17,069)
Cash flows from financing activities				
Repayment of bank loans	(50,000)	(48,000)	-	(1,700)
Proceeds from bank loans	51,700	37,400	-	-
Payment of lease liabilities	(990)	-	(990)	-
Bank deposits released from pledge	9,296	570	368	9,331
Bank deposits pledged	(368)	(9,296)	(368)	(9,296)
Interest paid	(1,755)	(1,501)	(310)	(370)
Net cash generated from/(used in) financing activities	7,883	(20,827)	(1,300)	(2,035)



	Group			
	FY19	FY18	4Q19	4Q18
	1.1.2019 to 31.12.2019 RMB '000	1.1.2018 to 31.12.2018 RMB '000	1.10.2019 to 31.12.2019 RMB '000	1.10.2018 to 31.12.2018 RMB '000
Net increase/(decrease) in cash and cash equivalents	30,424	(4,077)	(324)	(338)
Cash and cash equivalents at beginning of the year/period	11,965	15,940	42,794	12,287
Effect of exchange rate changes on cash and cash equivalents	34	102	(47)	16
Cash and cash equivalents at end of the year/period	42,423	11,965	42,423	11,965
Cash and cash equivalents per consolidated statement of cash flows	42,423	11,965	42,423	11,965
Bank deposits pledged	368	9,296	368	9,296
Cash and cash equivalents as per consolidated financial positions	42,791	21,261	42,791	21,261

Note A:

	Group			
	FY19	FY18	4Q19	4Q18
	1.1.2019 to 31.12.2019 RMB '000	1.1.2018 to 31.12.2018 RMB '000	1.10.2019 to 31.12.2019 RMB '000	1.10.2018 to 31.12.2018 RMB '000
Total additions to property, plant and equipment	95,070	100,897	28,665	58,567
Less: right-of-use assets	(1,375)	-	(1,375)	-
Add/(less): Changes in unpaid portion	12,570	(12,601)	(10,672)	(47,609)
(Less)/add: Changes in prepayments	(8,428)	10,840	(8,786)	4,884
Purchase of property, plant and equipment per consolidated statement of cash flows	97,837	99,136	7,832	15,842



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	Currency translation reserve RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Total equity RMB'000
Balance as at 1.1.2019	250,660	581,157	9,786	128,694	97,097	1,067,394
Profit for the year	-	20,078	-	-	-	20,078
<i>Other comprehensive loss</i>						
Currency translation differences arising on consolidation	-	-	(13)	-	-	(13)
Total comprehensive income/(loss) for the year	-	20,078	(13)	-	-	20,065
Transfer to statutory reserve fund	-	17,748	-	(17,748)	-	-
Balance as at 31.12.2019	250,660	618,983	9,773	110,946	97,097	1,087,459

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Total equity RMB'000
Balance as at 1.1.2018	250,660	576,607	9,901	127,118	97,097	1,061,383
Profit for the year	-	6,126	-	-	-	6,126
<i>Other comprehensive income</i>						
Currency translation differences arising on consolidation	-	-	(115)	-	-	(115)
Total comprehensive income/(loss) for the year	-	6,126	(115)	-	-	6,011
Transfer to statutory reserve fund	-	(1,576)	-	1,576	-	-
Balance as at 31.12.2018	250,660	581,157	9,786	128,694	97,097	1,067,394



Company

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total Equity RMB'000
Balance as at 1.1.2019	250,660	537,542	23,317	811,519
Profit for the year	-	715	-	715
<i>Other comprehensive income</i>				
Currency translation differences arising on consolidation	-	-	14,136	14,136
Total comprehensive income for the year	-	715	14,136	14,851
Balance as at 31.12.2019	250,660	538,257	37,453	826,370
	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total Equity RMB'000
Balance as at 1.1.2018	250,660	534,407	(6,259)	778,808
Profit for the year	-	3,135	-	3,135
<i>Other comprehensive Income</i>				
Currency translation differences arising on consolidation	-	-	29,576	29,576
Total comprehensive income for the year	-	3,135	29,576	32,711
Balance as at 31.12.2018	250,660	537,542	23,317	811,519

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 enterprise 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, 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 twelve months ended 31 December 2019, 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(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 December 2019	As at 31 December 2018
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(d)(iv) 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)(v) 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 Group's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications 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 audited financial statements as of 31 December 2019.

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 the new Singapore Financial Standards (International) ("SFRS(I)") 16 Leases for the financial year beginning on or after 1 January 2019. SFRS(I) 16 introduces new and amended requirements with respect to lease accounting. It introduces significant changes to the lease accounting by removing the distinction between operating and finance lease and requiring the recognition of right-to-use assets and lease liabilities at commencement of all leases, except for short-term leases and leases of low value assets.

The Group has adopted all new and revised and interpretations of SFRS(I) that are relevant to its operations and effective for annual periods beginning after 1 January 2019. The adoption of the new and revised SFRS(I) had no significant impact on the financial statements of the Group.

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.

	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.10.2019 to 31.12.2019	1.10.2018 to 31.12.2018
(a) Based on weighted average number of ordinary shares on issue (RMB); and	0.05	0.02	0.02	(0.03)
(b) On a fully diluted basis (RMB)	0.05	0.02	0.02	(0.03)
Weighted average number of shares	400,000,000	400,000,000	400,000,000	400,000,000



7. **Net asset value (for the issuer and group) per ordinary share based on total number of issued share capital excluding treasury shares of the issuer at the end of the:**
(a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RMB	RMB	RMB	RMB
Net asset value per ordinary share based on issued share capital at the end of the respective years:	2.72	2.67	2.07	2.03
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 Income Statement

(i) Turnover

For the 3 months ended 31 December 2019 ("4Q19"), the Group's turnover increased by 2.7% to RMB214.8 million from RMB209.1 million in the 3 months ended 31 December 2018 ("4Q18").

In terms of sales performance for 4Q19, sales of conventional stamping machines decreased by 13.6% while sales of high performance and high tonnage stamping machines increased by 11.1%.

For the full year ended 31 December 2019 ("FY19"), the Group's turnover decreased by 5.8% to RMB837.2 million from RMB888.9 million in the full year ended 31 December 2018 ("FY18").

In terms of sales performance for FY19, sales of conventional stamping machines decreased by 30.4% while sales of high performance and high tonnage stamping machines decreased by 4.4%.

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.

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



(ii) Gross Profit

The Group's gross profit for 4Q19 increased by 47.7% to RMB38.1 million from RMB25.8 million in 4Q18. The gross profit margin increased by 5.4% to 17.7% in 4Q19 from 12.3% in 4Q18.

In terms of gross profit margin for 4Q19 year-on-year, gross profit margin for conventional stamping machines increased by 9.2% to 18.6% from 9.4% in 4Q18 while gross profit margin for high performance and high tonnage stamping machines increased by 3.1% to 18.2% from 15.1% in 4Q18.

The Group's gross profit for FY19 increased by 18.7% to RMB156.8 million from RMB132.1 million in FY18. The gross profit margin for FY19 increased by 3.8% to 18.7% from 14.9% in FY18.

In terms of gross profit margin for FY19, gross profit margin for conventional stamping machines increased by 7.5% to 17.9% from 10.4% in FY18 while gross profit margin for high performance and high tonnage stamping machines increased by 2.7% to 19.9% from 17.2% in FY18.

Overall, the increase in the Group's gross profit margin for FY19 was mainly due to an upward revision in the average selling prices of the stamping machines which was partially offset by a decrease in production of conventional stamping machines and high performance and high tonnage stamping machines.

(iii) Other Income and gains

In 4Q19, the Group's other income increased by 50.7% to RMB6.0 million from RMB4.0 million in 4Q18.

In FY19, the Group's other income increased by 40.9% to RMB17.4 million from RMB12.4 million in FY18.

The increase was mainly due to an increase in grant received from government and processing income which was partially offset by a decrease in penalty income.

(iv) Distribution and Selling Expenses

In 4Q19, the Group's distribution and selling expenses decreased by 17.5% to RMB21.0 million from RMB25.3 million in 4Q18.

In FY19, the Group's distribution and selling expenses increased by 4.2% to RMB83.9 million from RMB80.5 million in FY18. As a percentage of total revenue, distribution and selling expenses increased by 0.9% to 10.0% in FY19 from 9.1% in FY18.

The increase was mainly due to an increase in sales commission payable to sales personnel, sales personnel salary (due to increase in number of sales personnel), rebate to suppliers and travelling expenses.



(v) Administrative Expenses

In 4Q19, the Group's administrative expenses increased by 16.0% to RMB17.9 million from RMB15.4 million in 4Q18.

In FY19, the Group's administrative expenses increased by 29.2% to RMB67.3 million from RMB52.1 million in FY18. As a percentage of total revenue, administrative expenses increased by 2.1% to 8.0% in FY19 from 5.9% in FY18.

Overall, the increase was mainly due to an increase in research and development costs for stamping machines and staff 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 4Q19, the Group's depreciation and amortisation expenses increased by 5.0% to RMB17.2 million from RMB16.4 million in 4Q18.

In FY19, the Group's depreciation and amortisation expenses decreased by 1.5% to RMB66.0 million from RMB67.0 million in FY18.

Overall, the decrease was mainly due to a decrease in amortisation of intangible assets. The decrease was partially offset by an increase in depreciation of property, plant and equipment mainly due to purchase of property, plant and equipment in FY2019.

(vii) Other Income/(Expenses), net

In 4Q19, the Group's recorded a net other income of RMB2.3 million compared to net other income of RMB0.01 million in 4Q18.

In FY19, the Group recorded a net other income of RMB0.3 million compared to net other income of nil in FY18.

Overall, the net other income was mainly due to a write-back of write down inventories in FY2019.

(viii) Net Impairment Losses on Financial Assets

In 4Q19, the Group recorded a net write-back of impairment losses on financial assets of RMB0.4 million compared to a net impairment losses on financial assets of RMB3.4 million in 4Q18.

In FY19, the Group recorded a net write-back of impairment losses on financial assets of RMB0.4 million compared to a net impairment losses on financial assets of RMB3.4 million in FY18.

Overall, it was mainly due to a net write-back of impairment losses on financial assets in FY19 compared to a net impairment losses on financial assets in FY18.



(ix) Finance Expenses

In 4Q19, the Group's finance expenses recorded an increase of 89.0% to RMB0.7 million from RMB0.4 million in 4Q18.

In FY19, the Group's finance expenses recorded an increase of 34.7% to RMB2.2 million from RMB1.6 million in FY18.

The increase was mainly due to a gradual increase in interest expenses relating to a gradual increase in bank loans, interest expenses for lease liabilities and interest paid for early redemption of bill receivables.

(x) Profit/(Loss) Before Tax

In 4Q19, the Group recorded a profit before tax of RMB7.3 million compared to 4Q18 which recorded a loss before tax of RMB14.8 million.

In FY19, the Group's profit before tax increased by 214.5% to RMB21.4 million from RMB6.8 million in FY18.

(xi) Tax (Expense)/Refund

In 4Q19, the Group's tax recorded a tax expense of RMB1.0 million compared to 4Q18 which recorded a tax refund of RMB3.9 million.

In FY19, the Group's tax expense increased by 97.5% to RMB1.4 million from RMB0.7 million in FY18.

WPMC and WPMS enjoyed preferential income tax rate of 15% as WPMC and WPMS have been regarded as High-Tech Enterprise.

WPMP were subjected to tax at the statutory tax rate of 25%.

(xii) Net Profit/(Loss) After Tax

In 4Q19, the Group recorded a profit after tax of RMB6.2 million compared to 4Q18 which recorded a loss after tax of RMB10.9 million.

In FY19, the Group's net profit after tax increased by 227.8% to RMB20.1 million from RMB6.1 million in FY18. Net profit margin increased by 1.7% to 2.4% from 0.7% in FY18.

(B) Consolidated Balance Sheet (31 December 2019 vs 31 December 2018)

For the period under review, the Group's non-current assets increased by approximately RMB36.4 million mainly due to the acquisition of property, plant and equipment and addition of intangible assets net off the depreciation and amortisation expenses and recognition of right-to-use assets (recognised in accordance to SFRS(I) 16 *Leases* effective for the financial year beginning on or after 1 January 2019) which was partially offset by a decrease in prepayment for property, plant and equipment.



For the period under review, the Group's non-current liabilities increased by RMB5.9 million due to the recognition of lease liabilities (recognised in accordance to SFRS(I) 16 *Leases* effective for the financial year beginning on or after 1 January 2019) and recognition of deferred income from government grants.

The Group's total current assets decreased by approximately RMB11.3 million from RMB628.1 million as at 31 December 2018 to RMB616.8 million as at 31 December 2019. This was attributable to a decrease in inventories (which was mainly due to increase in sales in December 2019), other receivables (which was mainly due to a decrease in advance payments to supplier, amount due from employees and tax recoverable) and amounts due from related parties (trade related) which was partially offset by an increase in trade receivables (which was mainly due to increase in bill receivables) and cash and cash equivalents (explain in the consolidated cash flows statement).

Concurrently, the Group's total current liabilities decreased by approximately RMB0.9 million from RMB491.5 million as at 31 December 2018 to RMB490.6 million as at 31 December 2019. This was attributable to a decrease in contract liabilities (which was mainly due to a decrease in advance received from customers), bills payables (which were due and paid to bank), other payables (mainly due to a decrease in payables relating to property, plant and equipment and bonus payables which was partially offset by an increase in other payables and accrued operating expenses) and amounts due to related parties (non-trade) which was partially offset by an increase in trade payables (which was mainly due to slower payment to suppliers), bank loans (which was mainly due to net proceeds from bank loans), amounts due to related parties (trade related) and recognition of lease liabilities and deferred income from government grants.

The Group is in a net current assets position as at 31 December 2019 of RMB126.2 million.

(C) Consolidated Cash Flows Statement

For the 3 months ended 31 December 2019, the Group recorded a net cash decrease of approximately RMB0.3 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB9.3 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 which amounted to RMB1.3 million arose mainly from payment of lease liabilities and interest paid.
- c) the net cash outflow arising from investing activities amounted to RMB8.3 million was mainly due to the acquisition of property, plant and equipment and addition of intangible assets.

For the full year ended 31 December 2019, the Group recorded a net cash increase of approximately RMB30.4 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities amounted to RMB128.5 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 inflow arising from financing activities which amounted to RMB7.9 million arose mainly from net proceeds from bank loans, net bank deposits released from



pledge from financial institution which was partially offset by payment of lease liabilities and interest paid.

- c) the net cash outflow arising from investing activities which amounted to RMB106.0 million was mainly due to the acquisition of property, plant and equipment and addition of intangible assets.

Cash and cash equivalents as at 31 December 2019 stood at RMB42.8 million (of which RMB0.4 million was pledged for letter of credit).

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

The FY19 Financial Results announcement is in line with the statement made in Paragraph 10 of the 9M19 Financial Results announcement dated 13 November 2019 i.e. Barring any unforeseen circumstances, the Group is cautiously optimistic to remain profitable in FY2019.

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.

With the recent global outbreak of the COVID-19, there will be negative financial impact to the Group as its operations are based in China and revenue is derived directly from China.

The extent of the financial impact cannot be ascertained at the moment as the situation remains fluid.

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.

11. Dividend

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

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

(b)(i) Amount per share

A final tax-exempt (one-tier) dividend of RMB0.05 per share has been recommended for the financial year ended 31 December 2019.

(ii) Previous corresponding period

No final 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).

Tax-exempt (one-tier).



(d) The date the dividend is payable.

To be announced later.

(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.

To be announced later.

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has obtained a general mandate from shareholders for IPTs.

IPTs for FY19 are as follows: -

Name of Interested Person	Aggregate value of all IPTs 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 IPTs conducted under shareholders' mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than \$100,000)
	(RMB'000)	(RMB'000)
<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u> Processing fees received, sale of raw materials, part and machineries. Processing fees paid and purchase of raw materials and equipment.	N/A	2,156 1,647
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u> Processing fees received, sale of raw materials and parts. Purchase of raw materials and scrap materials.	N/A	99 3,441



<u>Jiangsu World Agriculture Machinery Co., Ltd.</u> Processing fees received, sale of raw materials, parts and machineries. Processing fees paid and purchase of raw materials, scrap materials and equipment.	N/A	26,706 4,843
<u>Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd.</u> Processing fees received, sale of raw materials, parts and equipment. Processing fees paid and purchase of raw materials, scrap materials and equipment.	N/A	6,112 54,720
<u>World Agriculture (Shenyang) Co., Ltd.</u> Processing fee received and sales of raw materials, parts and scrap materials and rental income of factory. Purchase of raw materials.	N/A	8,023 9
<u>World Heavy Industry (China) Co., Ltd.</u> Sale of raw materials and parts. Processing fee paid, purchase of raw materials and equipment.	N/A	807 12,998
<u>Jiangsu World Crane Co., Ltd.</u> Purchase of equipment.	N/A	2,986
<u>Jiangsu World Precise Machinery Co., Ltd.</u> Land rental paid.	N/A	686
<u>Jiangsu World Furniture Co., Ltd.</u> Processing fee received, sale of raw materials, parts and machineries.	N/A	601



<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u>	N/A	
Processing fee received and sale of raw materials, parts and machineries.		12,298
Purchase of raw materials and scrap materials.		8,442
<u>Jiangsu World Construction Machinery Sales Co., Ltd.</u>		N/A
Purchase of raw materials.	140	
Total	140	146,574

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of Listing Manual

The Company confirms that the undertakings required under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

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

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

Not Applicable.



17. A breakdown of sales.

	The Group		
	FY2019	FY2018	Increase/(decrease)
	RMB'000	RMB'000	%
(a) Sales reported for first half year	430,634	457,584	(5.9)
Profit after tax before deducting non-controlling interest for first half year	6,794	13,767	(50.7)
(b) Sales reported for second half of year	406,592	431,279	(5.7)
(Loss)/profit after tax before deducting non-controlling interest for first half year	13,283	(7,641)	N.M.
(c) Sales reported for full year	837,226	888,863	(5.8)
Profit after tax before deducting non-controlling interest for full year	20,077	6,126	227.7

N.M. denotes Not Meaningful

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

	FY2019	FY2018
	RMB'000	RMB'000
Ordinary	20,000	-
Preference	-	-
Total	-	-

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

Pursuant to Rule 704(13) of the Listing Manual, the Board wishes to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries as at the financial year ended 31 December 2019 who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Shao Jianjun
Executive Chairman
28 February 2020