

Unaudited Condensed Interim Financial Statements for the six months ended 30 June 2021

	Page
Table of Contents	
Condensed interim consolidated statement comprehensive income	1
Condensed interim statements of financial position	3
Condensed interim consolidated statement of cash flows	5
Condensed interim statements of changes in equity	7
Notes to the condensed interim consolidated financial statements	9
Other information required by Listing Rule Appendix 7.2	22



CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME

		Group					
Note	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020	Change	1.4.2021 to 30.6.2021	1.4.2020 to 30.6.2020	Change	
	RMB '000	RMB '000	%	RMB '000	RMB '000	%	
Revenue	4	652,129	418,524	55.8%	361,307	271,398	33.1%
Cost of sales		(530,311)	(352,513)	50.4%	(295,192)	(226,481)	30.3%
Gross profit		121,818	66,011	84.5%	66,115	44,917	47.2%
Gross profit margin (%)		18.7%	15.8%	2.9%	18.3%	16.6%	1.7%
Other income	5	52,350	9,032	479.6%	5,905	5,061	16.7%
Distribution and selling expenses		(44,540)	(37,266)	19.5%	(22,668)	(25,069)	(9.6%)
Administrative expenses		(37,944)	(34,633)	9.6%	(17,134)	(17,307)	(1.0%)
Other income/(expenses)	6	1,384	(256)	N.M.	1,544	(11)	N.M.
Financial expenses		(2,551)	(506)	404.2%	(1,929)	(125)	1,443.2%
Profit before tax	7	90,517	2,382	3,700.0%	31,833	7,466	326.4%
Tax expense	8	(13,434)	(1,224)	997.5%	(8,634)	(1,157)	646.2%
Profit for the period		77,083	1,158	6,556.6%	23,199	6,309	267.7%
Net profit margin (%)		11.8%	0.3%	11.5%	6.4%	2.3%	4.1%
Profit attributable to:							
Equity holders of the Company		77,083	1,158	6,556.6%	23,199	6,309	267.7%
Earnings per share (cents)							
- Basic		0.19	0.00		0.06	0.02	
- Diluted		0.19	0.00		0.06	0.02	

N.M. denotes Not Meaningful



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CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME (CONT'D)

	Group						
	Note	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020	Change	1.4.2021 to 30.6.2021	1.4.2020 to 30.6.2020	Change
		RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit for the period		77,083	1,158	6,556.6%	23,199	6,309	267.7%
<i>Other comprehensive income</i>							
Items that are or may be reclassified subsequently to profit and loss:							
Currency translation differences arising on consolidation		(173)	16	N.M.	(168)	(1)	N.M.
Total comprehensive income for the period		76,910	1,174	6,451.1%	23,031	6,308	265.1%
Total comprehensive income attributable to:							
Equity holders of the Company		76,910	1,174	6,451.1%	23,031	6,308	265.1%

N.M. denotes Not Meaningful



CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		30.6.2021 RMB '000	31.12.2020 RMB '000	30.6.2021 RMB '000	31.12.2020 RMB '000
Non-current assets					
Property, plant and equipment	10	671,018	695,018	–	–
Investment in subsidiaries		–	–	773,065	796,092
Investment properties	11	3,236	3,373	–	–
Intangible assets	12	36,193	34,202	–	–
Other receivables	15	25,766	11,352	–	–
Total non-current assets		736,213	743,945	773,065	796,092
Current assets					
Inventories	13	453,096	375,791	–	–
Trade receivables	14	301,055	297,817	–	–
Other receivables	15	44,697	13,514	118	14
Due from related parties (trade)		62,310	19,404	–	–
Due from related parties (non-trade)		856	–	–	–
Due from affiliated company (trade)		28	19	–	–
Due from subsidiaries (non-trade)		–	–	200	104
Cash and cash equivalents	16	311,991	41,165	1,401	2,351
		1,174,033	747,710	1,719	2,469
Assets held for sale	17	–	221,656	–	–
Total current assets		1,174,033	969,366	1,719	2,469
Total assets		1,910,246	1,713,311	774,784	798,561
Non-current liabilities					
Deferred tax liabilities		2,918	945	–	–
Deferred income from government grants		802	892	–	–
Lease liabilities		3,553	3,783	–	–
		7,273	5,620	–	–
Current liabilities					
Contract liabilities		113,081	111,867	–	–
Trade payables	18	443,096	334,831	–	–
Other payables	19	178,089	144,117	835	1,979
Due to related parties (trade)		8,517	5,833	–	–
Due to related parties (non-trade)		360	756	–	–
Due to a subsidiary (non-trade)		–	–	110	245
Lease liabilities		463	467	–	–
Deferred income from government grants		180	180	–	–
Income tax payables		4,101	1,464	–	–
Total current liabilities		747,887	599,515	945	2,224
Total liabilities		755,160	605,135	945	2,224



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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Group		Company	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020
	RMB '000	RMB '000	RMB '000	RMB '000
Net current assets	426,146	369,851	774	245
Net assets	1,155,086	1,108,176	773,839	796,337
Equity attributable to the equity holders of the Company				
Share capital	20	250,660	250,660	250,660
Retained earnings		677,599	539,603	538,901
Currency translation reserve		9,873	(16,424)	6,776
Statutory reserves		119,857	–	–
Capital reserve		97,097	–	–
Total equity		1,155,086	773,839	796,337



CONDENSED INTERIM CONSOLIDATION STATEMENT OF CASH FLOWS

	Note	Group			
		1H21	1H20	2Q21	2Q20
		1.1.2021 to 30.6.2021 RMB '000	1.1.2020 to 30.6.2020 RMB '000	1.4.2021 to 30.6.2021 RMB '000	1.4.2020 to 30.6.2020 RMB '000
Cash flow from operating activities					
Profit before tax		90,517	2,382	31,833	7,466
Adjustments for:					
Amortisation of intangible assets	12	4,598	6,255	2,221	3,061
Depreciation for investment properties	11	137	50	69	(40)
Depreciation of property, plant and equipment	7	30,468	32,506	14,535	16,823
Interest expense	7	2,514	651	1,908	279
Interest income	5,7	(335)	41	(193)	(9)
Gain on disposal of a subsidiary	7	(42,323)	–	–	–
(Gain)/loss on disposal of property, plant and equipment	7	(27)	45	(27)	–
Reversal of impairment losses on trade and other receivables	7	(3,449)	–	(3,449)	–
Property, plant and equipment written off	7	48	122	(31)	122
Operating cash flow before working capital changes		82,148	42,052	46,866	27,702
Inventories		(77,305)	24,576	(80,250)	25,618
Trade and other receivables		(73,897)	(159,360)	(17,483)	(106,543)
Trade and other payables		150,263	152,445	107,960	109,432
Contract liabilities		1,214	5,531	(16,984)	7,281
Cash generated from operations		82,423	65,244	40,109	63,490
Interest received		335	(41)	193	9
Income taxes paid		(8,824)	(143)	(2,560)	(76)
Net cash from operating activities		73,934	65,060	37,742	63,423
Cash flow from investing activities					
Proceed from disposal of property, plant and equipment		58	87	58	–
Proceed from disposal of a subsidiary	5	263,131	–	(12)	–
Purchases of property, plant and equipment	Note A	(26,929)	(43,564)	(18,407)	(20,246)
Additions of intangible assets		(6,589)	(2,947)	(3,704)	(2,947)
Net cash from/(used in) investing activities		229,671	(46,424)	(22,065)	(23,193)
Cash flow from financing activities					
Proceeds from bank loans		–	6,500	–	–
Repayment of bank loans		–	(35,600)	–	(29,100)
Payment of lease liabilities		(233)	(571)	(116)	(136)
Bank deposits released from pledge		–	368	–	–
Dividend paid	9	(30,000)	–	(30,000)	–
Interest paid		(2,514)	(651)	(1,908)	(279)
Net cash used in financing activities		(32,747)	(29,954)	(32,024)	(29,515)



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

		Group			
Note	1H21	1H20	2Q21	2Q20	
	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020	1.4.2021 to 30.6.2021	1.4.2020 to 30.6.2020	
	RMB '000	RMB '000	RMB '000	RMB '000	
Net increase/(decrease) in cash and cash equivalents	270,858	(11,318)	(16,347)	10,715	
Cash and cash equivalents at beginning of the period	41,165	42,423	328,360	20,393	
Effect of exchange rate changes on cash and cash equivalents	(32)	63	(22)	60	
Cash and cash equivalents at end of the period	16	311,991	31,168	311,991	
		31,168	311,991	31,168	

Note A

Note	1H21	1H20	2Q21	2Q20
	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020	1.4.2021 to 30.6.2021	1.4.2020 to 30.6.2020
	RMB '000	RMB '000	RMB '000	RMB '000
Total additions to property, plant and equipment	6,546	37,721	1,567	17,142
Add: changes in unpaid portion	5,969	7,020	3,189	3,264
Add/(less): changes in prepayments	14,414	(1,177)	13,651	(160)
Purchase of plant, property and equipment per consolidated statement of cash flows	26,929	43,564	18,407	20,246



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
Balance as at 1.1.2021		250,660	634,582	10,046	115,791	97,097	1,108,176
Total comprehensive income for the period							
Profit for the period		-	77,083	-	-	-	77,083
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation		-	-	(173)	-	-	(173)
<i>Total comprehensive income for the period</i>		-	77,083	(173)	-	-	76,910
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		-	(4,066)	-	4,066	-	-
Balance as at 30.6.2021		250,660	677,599	9,873	119,857	97,097	1,155,086
Balance as at 1.1.2020		250,660	618,983	9,773	110,946	97,097	1,087,459
Total comprehensive income for the period							
Profit for the period		-	1,158	-	-	-	1,158
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation		-	-	16	-	-	16
<i>Total comprehensive income for the period</i>		-	1,158	16	-	-	1,174
Transfer to statutory reserves fund		-	(585)	-	585	-	-
Balance as at 30.6.2020		250,660	619,556	9,789	111,531	97,097	1,088,633



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
Balance as at 1.1.2021		250,660	538,901	6,776	796,337
Total comprehensive income for the period					
Profit for the period		-	30,702	-	30,702
<i>Other comprehensive income</i>					
Currency translation differences arising from translation into the presentation currency		-	-	(23,200)	(23,200)
<i>Total comprehensive income for the period</i>		-	30,702	(23,200)	7,502
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)
Balance as at 30.6.2021		250,660	539,603	(16,424)	773,839
Balance as at 1.1.2020		250,660	538,257	37,453	826,370
Total comprehensive income for the period					
Profit for the period		-	893	-	893
<i>Other comprehensive income</i>					
Currency translation differences arising from translation into the presentation currency		-	-	(12,281)	(12,281)
<i>Total comprehensive loss for the period</i>		-	893	(12,281)	(11,388)
Balance as at 30.6.2020		250,660	539,150	25,172	814,982



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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 six months ended 30 June 2021 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 June 2021	31 December 2020
<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 six months ended 30 June 2021 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 2020.



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(Incorporated in Singapore)
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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

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustment as a result of adopting the following standards:

- SFRS(I) 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)
- Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendment to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS (I)16)

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.

2.2 Use of estimates and judgements (cont'd)

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.

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.

	1.1.2021 to 30.6.2021 RMB'000	1.1.2020 to 30.6.2020 RMB'000	Group 1.4.2021 to 30.6.2021 RMB'000	1.4.2020 to 30.6.2020 RMB'000
Conventional stamping machines	33,413	24,147	17,550	14,378
High performance and high tonnage stamping machines	558,056	350,068	315,496	229,247
Metal parts	60,660	44,309	28,261	27,773
	<u>652,129</u>	<u>418,524</u>	<u>361,307</u>	<u>271,398</u>

5. Other income

	1.1.2021 to 30.6.2021 RMB'000	1.1.2020 to 30.6.2020 RMB'000	Group 1.4.2021 to 30.6.2021 RMB'000	1.4.2020 to 30.6.2020 RMB'000
Sales of raw and scrap materials	4,031	1,579	2,719	802
Cost of raw and scrap materials sold	(3,251)	(1,136)	(2,298)	(556)
Gain from disposals of raw and scrap materials	780	443	421	246
Gain on disposal of a subsidiary	42,323	–	–	–
Government grants and subsidies	7,472	4,084	4,421	2,935
Processing income	1,093	2,044	643	771
Rental income	202	2,470	42	1,076
Interest income	335	(41)	193	9
Others	145	32	185	24
	<u>52,350</u>	<u>9,032</u>	<u>5,905</u>	<u>5,061</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 1.1.2021 to 30.6.2021 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	263,143
Cash of a subsidiary disposed	12
Cash inflow on disposal of a subsidiary	<u>263,131</u>



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

6. Other income/(expenses)

	Group			
	1.1.2021 to 30.6.2021 RMB'000	1.1.2020 to 30.6.2020 RMB'000	1.4.2021 to 30.6.2021 RMB'000	1.4.2020 to 30.6.2020 RMB'000
Reversal of impairment losses on trade and other receivables	3,449	–	3,449	–
Donation	(2,000)	–	(2,000)	–
(Loss)/gain on foreign currency exchange	(179)	(6)	(174)	5
Gain/(loss) on disposal of property, plant and equipment	27	(45)	27	–
Property, plant and equipment written off	(48)	(122)	31	(122)
Others	135	(83)	211	106
	<u>1,384</u>	<u>(256)</u>	<u>1,544</u>	<u>(11)</u>

7. Profit before tax

	Group			
	1.1.2021 to 30.6.2021 RMB'000	1.1.2020 to 30.6.2020 RMB'000	1.4.2021 to 30.6.2021 RMB'000	1.4.2020 to 30.6.2020 RMB'000
Income				
Interest income	(335)	41	(193)	(9)
Expenses				
Amortisation of intangible assets	4,598	6,255	2,221	3,061
Depreciation of investment properties	137	50	69	(40)
Depreciation of property, plant and equipment	30,468	32,506	14,535	16,823
Interest expense	2,514	651	1,908	279

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			
	1.1.2021 to 30.6.2021 RMB'000	1.1.2020 to 30.6.2020 RMB'000	1.4.2021 to 30.6.2021 RMB'000	1.4.2020 to 30.6.2020 RMB'000
Related companies				
Income				
Lease of premises to a related company	–	3,810	–	1,905
Sales to related companies	64,015	55,365	30,168	33,621
Processing services to related companies	1,039	2,444	677	1,082
Expenses				
Lease of premises from a related company	225	291	112	194
Processing services from related companies	1,631	821	977	338

392 15,834



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	Group			
	1.1.2021 to 30.6.2021 RMB'000	1.1.2020 to 30.6.2020 RMB'000	1.4.2021 to 30.6.2021 RMB'000	1.4.2020 to 30.6.2020 RMB'000
Related companies				
Purchases of machineries and parts from related companies	408	33,383		
Purchases of raw materials from related companies	15,766	3,623	10,271	3,361
Purchases of scrap materials from related companies	23,461	12,333	11,932	7,334
Affiliated companies				
<i>Income</i>				
Sales to affiliated companies	51	35	17	13
Processing services to affiliated companies	8	-	8	-
<i>Expenses</i>				
Purchases of machineries and parts from related companies	-	30	-	30
Purchases of scrap materials from related companies	731		182	-

Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group			
	1.1.2021 to 30.6.2021 RMB'000	1.1.2020 to 30.6.2020 RMB'000	1.4.2021 to 30.6.2021 RMB'000	1.4.2020 to 30.6.2020 RMB'000
Directors of the Company:				
- short-term employee benefits	210	210	105	105
- defined contribution benefits	16	16	8	8
- directors' fees	650	650	325	325
	878	878	438	438
Other key management personnel:				
- short-term employee benefits	1,790	1,790	895	895
- defined contribution benefits	77	77	77	77
	1,867	1,867	972	972
	2,745	2,745	1,410	1,410

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:

	Group			
	1.1.2021 to 30.6.2021 RMB'000	1.1.2020 to 30.6.2020 RMB'000	1.4.2021 to 30.6.2021 RMB'000	1.4.2020 to 30.6.2020 RMB'000
Current year income tax	9,738	1,081	4,938	1,082
Deferred income tax expense relating to origination and reversal of temporary differences	1,973	-	1,973	-
Withholding tax	1,723	143	1,723	75
	13,434	1,224	8,634	1,157



9. Dividends

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

	Group & Company			
	1.1.2021 to 30.6.2021 RMB'000	1.1.2020 to 30.6.2020 RMB'000	1.4.2021 to 30.6.2021 RMB'000	1.4.2020 to 30.6.2020 RMB'000
<i>Paid by the Company to owners of the Company</i>				
RMB7.5 cents per qualifying ordinary share (2020: Nil)	30,000	–	30,000	–

10. Property, plant and equipment

During the six months ended 31 December 2021, the Group acquired assets at cost amounting to RMB6.5 million (2020: RMB95.1 million) and disposed of assets at cost amounting to RMB0.08 million (2020: RMB15.2 million)

Impairment of property, plant and equipment

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 amount or value in use is estimated using the discounted cash flow technique to determine the recoverable amount for the allocated CGU. The determination of value in use of the CGU requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. The Group has to make significant judgement and estimates on assumptions that can materially affect the financial statements, such as projected revenue growth, gross profit margin and discount rate. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations.

The cash flow projections used to determine the value in use of the property, plant and equipment and intangible assets (Note 12) were based on 10 years cash flow projection approved by management with a revenue growth rate of 2.9% to 8.7% (2020: 2.9% to 8.7%), gross profit margin of 20.1% to 27.5% (2020: 20.1% to 27.5%) and discounted at a pre-tax discount rate of 9.9% (2020: 9.9%). Based on this assessment, no impairment loss was recognised during the period.



11. Investment properties

	Group	
	30.6.2021 RMB'000	31.12.2020 RMB'000
Cost		
At beginning and end of the period	7,208	7,208
Accumulated amortisation		
At beginning of the period	3,835	3,647
Charge for the period	137	188
At end of the period	3,972	3,835
Net carrying value		
At end of the period	3,236	3,373
Fair value		
At end of the period	21,139	21,139

Investment property comprises a residential property that is leased to the third parties. The lease contains a non-cancellable period varying from 2 to 3 years (2019: 3 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 RMB2,973 (2020: RMB2,973). An increase in the price per square foot would result in a higher fair value.

12. Intangible assets

	Group	
	30.6.2021 RMB'000	31.12.2020 RMB'000
Development costs		
Cost		
At beginning of the period	88,383	79,871
Additions	6,589	8,512
At end of the period	94,972	88,383
Accumulated amortisation		
At beginning of the period	54,181	43,015
Amortisation charge for the period	4,598	11,166
At end of the period	58,779	54,181
Net carrying value		
At end of the period	36,193	34,202



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 amount or value in use is estimated using the discounted cash flow technique to determine the recoverable amount for the allocated CGU. The determination of value in use of the CGU requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. The Group has to make significant judgement and estimates on assumptions that can materially affect the financial statements, such as projected revenue growth, gross profit margin and discount rate. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations. No impairment loss was recognised during the period. Sensitivity analysis on the recoverable amount of the CGU from changes to the assumptions are disclosed in Note 10.

13. Inventories

	Group	
	30.6.2021 RMB'000	31.12.2020 RMB'000
Finished goods		
- at cost	66,491	45,995
- at net realisable value	526	526
Work-in-progress and components parts		
- at cost	279,053	252,547
Raw materials		
- at cost	107,026	76,723
	<hr/>	<hr/>
	453,096	375,791
	<hr/>	<hr/>

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.

As at reporting date, no additional write-down for slow-moving and obsolete inventories.



14. Trade receivables

	Group		Company	
	30.6.2021 RMB'000	31.12.2020 RMB'000	30.6.2021 RMB'000	31.12.2020 RMB'000
Trade receivables	145,550	125,670	–	–
Less: allowance for expected credit losses	(26,707)	(29,413)	–	–
	118,843	96,257	–	–
Bills receivables	182,213	201,560	–	–
	301,056	297,817	–	–

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

	Group		Company	
	30.6.2021 RMB'000	31.12.2020 RMB'000	30.6.2021 RMB'000	31.12.2020 RMB'000
At beginning of the period	29,413	21,918	–	–
Provision for impairment losses	–	7,495	–	–
Reversal of provision for impairment losses	(2,706)	–	–	–
At end of the period	26,707	29,413	–	–

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

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group categorises its trade receivables by its past due status and segregates debtors regarded as credit-impaired where one or more credit impairment events have occurred.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

There has been no change in the estimation techniques or significant assumptions made during the current financial period.



15. Other receivables

	Group		Company	
	30.6.2021 RMB'000	31.12.2020 RMB'000	30.6.2021 RMB'000	31.12.2020 RMB'000
Amount due from employees	7,246	4,776	–	–
Less: allowance for expected credit losses	(637)	(1,195)	–	–
	6,609	3,581	–	–
Advance payments to suppliers	34,229	4,394	–	–
VAT receivables	1,608	307	–	–
Prepayments for property, plant and equipment	25,766	11,352	–	–
Other prepayments	1,173	2,056	118	14
Tax recoverable	–	1,288	–	–
Other receivables	1,289	2,284	–	–
Less: allowance for expected credit losses	(211)	(396)	–	–
	1,078	1,888	–	–
	70,463	24,866	118	14
Non-current	25,766	11,352	–	–
Current	44,697	13,514	118	14
	70,463	24,866	118	14

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

	Group		Company	
	30.6.2021 RMB'000	31.12.2020 RMB'000	30.6.2021 RMB'000	31.12.2020 RMB'000
At beginning of the period	1,591	1,943	–	–
Reversal/write-back of impairment losses	(743)	(352)	–	–
At end of the period	848	1,591	–	–

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.

16. Cash and cash equivalents

	Group		Company	
	30.6.2021 RMB'000	31.12.2020 RMB'000	30.6.2021 RMB'000	31.12.2020 RMB'000
Cash at banks and on hand	11,991	41,165	1,401	2,351
Bank deposits	300,000	–	–	–
	311,991	41,165	1,401	2,351

The Group's bank deposits with financial institution matured on varying dates within 3 months (2020: nil) from the end of the reporting period.



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(Incorporated in Singapore)
(Co. Regn. No: 200409453N)

17. Assets held for sale

	Group	
	30.6.2021 RMB'000	31.12.2020 RMB'000
Property, plant and equipment	–	209,814
Trade and other receivables	–	11,834
Cash and cash equivalents	–	8
	–	221,656

On 4 September 2020, the Group announced that it had entered into a sale and purchase agreement with World Agriculture (Shenyang) Co., Ltd., a related company, to sell all the shareholding interest in Shenyang World High-End Equipment Manufacturing Co., Ltd, to a wholly-owned subsidiary for a consideration of RMB263,143,000. The sale has been completed on 22 March 2021.

18. Trade payables

	Group		Company	
	30.6.2021 RMB'000	31.12.2020 RMB'000	30.6.2021 RMB'000	31.12.2020 RMB'000
Trade payables	443,096	334,831	–	–
	443,096		–	

Trade payables are non-interest bearing with credit periods ranging from 3 to 6 months (2020: 3 to 6 months).

19. Other payables

	Group		Company	
	30.6.2021 RMB'000	31.12.2020 RMB'000	30.6.2021 RMB'000	31.12.2020 RMB'000
Accrued operating expenses	118,006	86,777	604	1,068
VAT payables	4,524	2,597	–	–
Other payables	25,574	18,806	231	911
Bonus payables	21,555	21,538	–	–
Payables relating to property, plant and equipment	8,430	14,399	–	–
	178,089	144,117	835	1,979

20. Share capital

	Group and Company			
	30.6.2021 No. of shares '000	30.6.2021 RMB'000	31.12.2020 No. of shares '000	31.12.2020 RMB'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
	400,000		250,660	

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.

	Note	Group		Company	
		30.6.2021 RMB'000	31.12.2020 RMB'000	30.6.2021 RMB'000	31.12.2020 RMB'000
<i>Financial assets at amortised cost</i>					
Trade receivables	14	301,055	297,817	–	–
Other receivables*	15	7,687	5,469	–	–
Due from related parties (trade)		62,310	19,404	–	–
Due from related parties (non-trade)		856	–	–	–
Due from affiliated company (trade)		28	19	–	–
Due from subsidiaries (non-trade)		–	–	200	104
Cash and cash equivalents	16	311,991	41,165	1,401	2,351
		<u>683,927</u>	<u>363,874</u>	<u>1,601</u>	<u>2,455</u>
<i>Financial liabilities at amortised cost</i>					
Trade payables	18	443,096	334,831	–	–
Other payables #	19	173,565	141,520	835	1,979
Due to related parties (trade)		8,517	5,833	–	–
Due to related parties (non-trade)		360	756	–	–
Due to a subsidiary (non-trade)		–	–	110	245
Leases liabilities		4,016	4,250	–	–
		<u>629,554</u>	<u>487,190</u>	<u>945</u>	<u>2,224</u>

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

Excludes VAT payables

Estimation the fair value

The carrying amounts of the financial assets and the financial liabilities (including trade and other receivables, cash and cash equivalents, trade and other payables and borrowings) are assumed to approximate their fair values because of their short period to maturity.



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 six months ended 30 June 2021, 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 June 2021	As at 31 December 2020
Total number of issued shares	400,000,000	400,000,000
Less: treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>400,000,000</u>	<u>400,000,000</u>

- 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.



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 2021. 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.

	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020	1.4.2021 to 30.6.2021	1.4.2020 to 30.6.2020
(a) Based on weighted average number of ordinary share on issue (RMB); and	0.19	0.00	0.06	0.02
(b) On a fully diluted basis (RMB)	0.19	0.00	0.06	0.02
Weighted average number of shares	400,000,000	400,000,000	400,000,000	400,000,000



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(Incorporated in Singapore)
(Co. Regn. No: 200409453N)

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	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020
	RMB	RMB	RMB	RMB
Net asset value ("NAV") per ordinary share based on issued share capital at the end of the respective periods:	2.89	2.77	1.93	1.99
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 June 2021 ("2Q21"), the Group's turnover increased by 33.1% to RMB361.3 million from RMB271.4 million for the 3 months ended 30 June 2020 ("2Q20").

In terms of sales performance for 2Q21, sales of conventional stamping machines increased by 22.1% while sales of high performance and high tonnage stamping machines increased by 37.6% compared to 2Q20 respectively.

For the 6 months ended 30 June 2021 ("1H21"), the Group's turnover increased by 55.8% to RMB652.1 million from RMB418.5 million for the 6 months ended 30 June 2020 ("1H20").

In terms of sales performance for 1H21, sales of conventional stamping machines increased by 38.4% while sales of high performance and high tonnage stamping machines increased by 59.4% compared to 1H20 respectively.

Overall, the increase in number of units sold in conventional stamping machines and high performance and high tonnage stamping machines together with an upward revision in the average selling prices of the stamping machines, contributed to the overall increase in turnover.

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



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(Incorporated in Singapore)
(Co. Regn. No: 200409453N)

(ii) Gross Profit

The Group's gross profit for 2Q21 increased by 47.2% to RMB66.1 million from RMB44.9 million in 2Q20. The gross profit margin increased by 1.7% to 18.3% in 2Q21 from 16.6% in 2Q20.

In terms of gross profit margin for 2Q21, gross profit margin for conventional stamping machines increased by 0.6% to 14.0% from 13.4% in 2Q20 while gross profit margin for high performance and high tonnage stamping machines increased by 2.5% to 18.5% from 16.0% in 2Q20.

The Group's gross profit for 1H21 increased by 84.5% to RMB121.8 million from RMB66.0 million in 1H20. The gross profit margin for 1H21 increased by 2.9% to 18.7% from 15.8% in 1H20.

In terms of gross profit margin for 1H21, gross profit margin for conventional stamping machines increased by 0.6% to 14.5% from 13.9% in 1H20 while gross profit margin for high performance and high tonnage stamping machines increased by 3.8% to 19.4% from 15.6% in 1H20.

Overall, the increase in the Group's gross profit margin for 1H21 was mainly due to an increase in production of conventional stamping machines and high performance and high tonnage stamping machines together with an upward revision in the average selling prices of the stamping machines which was partially offset by an increase in raw materials costs.

(iii) Other Income

In 2Q21, other income increased by 16.7% to RMB5.9 million from RMB5.1 million in 2Q20.

In 1H21, other income increased by 479.6% to RMB52.4 million from RMB9.0 million in 1H20.

The increase was mainly due to a gain from disposal of subsidiary of RMB42.3 and an increase in grants received from government which were partially offset by a decrease in processing fee received and rental income.

(iv) Distribution and Selling Expenses

In 2Q21, distribution and selling expenses decreased by 9.6% to RMB22.7 million from RMB25.1 million in 2Q20.

In 1H21, distribution and selling expenses increased by 19.5% to RMB44.5 million from RMB37.3 million in 1H20 in tandem with the increase in revenue. As a percentage of total revenue, distribution and selling expenses decreased by 2.1% to 6.8% in 1H21 from 8.9% in 1H20.

Overall, the increase was mainly due to an increase in sales commission payable to sales personnel, rebate to sale agents and sales personnel salaries (due to increase in number of sales personnel).

(v) Administrative Expenses

In 2Q21, administrative expenses decreased by 1.0% to RMB17.1 million from RMB17.3 million in 2Q20.



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(Incorporated in Singapore)
(Co. Regn. No: 200409453N)

In 1H21, administrative expenses increased by 9.6% to RMB37.9 million from RMB34.6 million in 1H20. As a percentage of total revenue, administrative expenses decreased by 2.5% to 5.8% in 1H21 from 8.3% in 1H20.

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 2Q21, depreciation and amortisation expenses decreased by 15.2% to RMB16.8 million from RMB19.8 million in 2Q20.

In 1H21, depreciation and amortisation expenses decreased by 9.3% to RMB35.2 million from RMB38.8 million in 1H20.

The decrease was mainly due to certain property, plant and equipment and intangible assets being fully depreciated and amortised during the period.

(vii) Other Income/(Expenses)

In 2Q21, the Group recorded other income of RMB1.5 million whereas in 2Q20, the Group recorded other expenses of RMB0.01 million.

In 1H21, the Group recorded other income of RMB1.4 million whereas in 1H20, the Group recorded other expenses of RMB0.02 million.

This was mainly due to in 1H21, there was a write-back of impairment losses on trade and other receivables of RMB3.4 million which were partially offset by a donation to charity foundation of RMB2.0 million.

(viii) Financial Expenses

In 2Q21, the Group's finance expenses recorded an increase by 1,443.2% to RMB1.9 million from RMB0.1 million in 2Q20.

In 1H21, the Group's finance expenses recorded an increase by 404.2% to RMB2.6 million from RMB0.5 million in 1H20.

The increase was mainly due to the interest paid for early redemption of bills receivables.

(ix) Profit Before Tax

In 2Q21, the Group's profit before tax ("PBT") increased by 326.4% to RMB31.8 million from RMB7.5 million in 2Q20.

In 1H21, the Group's PBT increased by 3,700.0% to RMB90.5 million from RMB2.4 million in 1H20.



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(Incorporated in Singapore)
(Co. Regn. No: 200409453N)

(x) Tax Expense

In 2Q21, the Group's tax expense increased by 646.2% to RMB8.6 million from RMB1.2 million in 2Q20.

In 1H21, the Group's tax expense increased by 997.5% to RMB13.4 million from RMB1.2 million in 1H20.

The subsidiaries of the Group, World Precise Machinery (China) Ltd., World Precise Machinery Parts (Jiangsu) Co., Ltd. and World Precise Machinery (Shenyang) Co., Ltd. were subjected to tax at the statutory tax rate of 25%.

(xi) Net Profit After Tax

In 2Q21, the Group's net profit after tax ("NPAT") increased by 267.7% to RMB23.2 million from RMB6.3 million in 2Q20. Net profit margin increased by 4.1% to 6.4% from 2.3% in 2Q20.

In 1H21, the Group's NPAT increased by 6,556.6% to RMB77.1 million from RMB1.2 million in 1H20. Net profit margin increased by 11.5% to 11.8% from 0.3% in 1H20.

(B) Consolidated Statement of Financial Position (30 June 2021 vs 31 December 2020)

For the period under review, the Group's non-current assets decreased by approximately RMB7.7 million mainly due to the depreciation and amortisation expenses net of purchases of property, plant and equipment and additions of intangible assets. The decrease was partially offset by an increase in prepayment for property, plant and equipment.

For the period under review, the Group's non-current liabilities increased by RMB1.7 million due to an increase in deferred tax liabilities which were partially offset by revenue recognition of deferred income from government grants and payment of lease liabilities.

The Group's total current assets increased by approximately RMB204.7 million from RMB969.4 million as at 31 December 2020 to RMB1,174.0 million as at 30 June 2021. This was attributable to an increase in inventories (mainly due to increase in sales orders), trade receivables, other receivables (which was mainly due to an increase in prepayment for raw materials and advances to sales personnel for business purposes), amounts due from related parties (trade and non-trade related) and cash and cash equivalents (as explained in the consolidated statement of cash flows) which were partially offset by a disposal of assets held for sale.

The Group's total current liabilities increased by approximately RMB148.4 million from RMB599.5 million as at 31 December 2020 to RMB747.9 million as at 30 June 2021. This was attributable to an increase in contract liabilities (mainly due to increase in advances received from customers), trade payables (mainly due to slow payment to suppliers), other payables (mainly due to an increase in accrued commission for sales personnel, rebates to sales agents and operating expenses which were partially offset by a decrease in payables to property, plant and equipment), amounts due to related parties (trade) and income tax payables.

The Group is in a net current assets position as at 30 June 2021 of RMB426.1 million.



(C) Consolidated Statement of Cash Flows

For the 3 months ended 30 June 2021, the Group recorded a net cash decrease of approximately RMB16.4 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB37.7 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 outflow arising from investing activities which amounted to RMB22.1 million mainly due to the purchases of property, plant and equipment and additions of intangible assets.
- c) the net cash outflow arising from financing activities which amounted to RMB32.0 million mainly due to payment for lease liabilities, dividend paid and interest paid.

For the 6 months ended 30 June 2021, the Group recorded a net cash increase of approximately RMB270.9 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB73.9 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 RM229.7 million mainly due to the proceeds from disposal of a subsidiary 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 RMB32.7 million mainly due to payment of lease liabilities, dividend paid and interest paid.

Cash and cash equivalents as at 30 June 2021 stood at RMB312.0 million.

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

The 1H21 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the 1Q21 Financial Results announcement dated 30 April 2021 i.e., “Barring any unforeseen circumstances, the Group is optimistic to remain profitable in FY2021”.

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, increased external uncertainties and the downward pressure on the China domestic economy, the business environment is expected to be challenging.



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(Co. Regn. No: 200409453N)

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 FY2021.

The Group's order book stood at RMB331.2 million as at 9 August 2021.

11. Dividend

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

No interim dividend was declared or recommended.

(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 1H2121 are as follows: -



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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)
<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	341 704
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u> Processing fees received and sale of raw materials, parts and equipment. Purchase of raw materials.	Associate of the Controlling Shareholder	N/A	90 281
<u>Jiangsu World Agriculture Machinery Co., Ltd.</u> Processing fees received and sale of raw materials, scrap materials, parts and machineries. Processing fees paid and purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	30,555 3,506
<u>Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	



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Processing fees received and sale of raw materials and parts.			1,853
Purchase fees paid and purchase of raw materials, scrap materials and equipment.			8,107
<u>World Agriculture (Shenyang) Co., Ltd.</u> Processing fees received and sales of raw materials, scrap materials, parts and machineries. Purchase of raw materials.	Associate of the Controlling Shareholder	N/A	2,831 5
<u>World Heavy Industry (China) Co., Ltd.</u> Processing fee received and sale of raw materials and parts. Processing fees paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	3,758 15,991
<u>Jiangsu World Precise Machinery Co., Ltd.</u> Land rental paid.	Associate of the Controlling Shareholder	N/A	225
<u>Jiangsu World Furniture Co., Ltd.</u> Processing fee received and sale of raw materials and parts.	Associate of the Controlling Shareholder	N/A	59
<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u> Processing fees received and sale of raw materials, parts and machineries. Purchase of scrap	Associate of the Controlling Shareholder	N/A	25,625 11,941



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materials.			
<u>Danyang World Machinery Parts Manufacturing Co., Ltd.</u>	Associate of the Controlling Shareholder		N/A
Purchase of raw materials and scrap materials.		731	
<u>World High Precision Complete Equipment Co., Ltd.</u>	Associate of the Controlling Shareholder		N/A
Sale of parts.		22	
Total		753	105,872

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 half year and second quarter results of the Group for the financial period ended 30 June 2021 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
13 August 2021