



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 second quarter from 1 April 2014 to 30 June 2014 (“2Q14”) and the results for the first half year from 1 January 2014 to 30 June 2014 (“1H14”). The comparatives are for the second quarter from 1 April 2013 to 30 June 2013 (“2Q13”) and the first half year from 1 January 2013 to 30 June 2013 (“1H13”). 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 and Loss and Other Comprehensive Income

	Group					
	1.1.2014 to 30.6.2014	1.1.2013 to 30.6.2013	Change	1.4.2014 to 30.6.2014	1.4.2013 to 30.6.2013	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Revenue	467,552	440,506	6.1%	232,793	231,197	0.7%
Cost of sales	(323,308)	(310,939)	4.0%	(161,790)	(162,272)	(0.3%)
Gross profit	144,244	129,567	11.3%	71,003	68,925	3.0%
Gross profit margin (%)	30.9%	29.4%	1.5%	30.5%	29.8%	0.7%
Other income	4,248	8,184	(48.1%)	2,821	5,161	(45.3%)
Distribution and selling expenses	(31,603)	(31,642)	(0.1%)	(15,863)	(18,044)	(12.1%)
Administrative expenses	(37,145)	(32,856)	13.1%	(17,991)	(16,615)	8.3%
Other operating expenses, net	(7,099)	(278)	2,453.6%	(3,836)	(383)	901.6%
Financial expenses	(2,521)	(6,203)	(59.4%)	(1,184)	(2,142)	(44.7%)
Profit before tax	70,124	66,772	5.0%	34,950	36,902	(5.3%)
Tax expense	(14,603)	(21,768)	(32.9%)	(7,606)	(13,571)	(44.0%)
Profit for the period	55,521	45,004	23.4%	27,344	23,331	17.2%
Net Profit margin (%)	11.9%	10.2%	1.7%	11.7%	10.1%	1.6%
Profit attributable to:						
Equity holders of the company	55,521	45,130	23.0%	27,344	23,390	16.9%
Non-controlling interests	-	(126)	N.M	-	(59)	N.M
	55,521	45,004	23.4%	27,344	23,331	17.2%

N.M. denotes Not Meaningful



Statement of comprehensive income
for the second quarter and six months ended 30 June 2014

	Group					
	1.1.2014 to 30.6.2014	1.1.2013 to 30.6.2013	Change	1.4.2014 to 30.6.2014	1.4.2013 to 30.6.2013	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit for the period	55,521	45,004	23.4%	27,344	23,331	17.2%
<i>Other comprehensive Income</i>						
Items that are or may be reclassified subsequently to profit and loss:						
Currency translation differences arising on consolidation	598	2,681	(77.7%)	653	1,923	(66.0%)
Total comprehensive income for the period	<u>56,119</u>	<u>47,685</u>	<u>17.7%</u>	<u>27,997</u>	<u>25,254</u>	<u>10.9%</u>
Total comprehensive income attributable to:						
Equity holders of the company	56,119	47,811	(17.4%)	27,997	25,313	10.6%
Non-controlling interests	-	(126)	N.M	-	(59)	N.M
	<u>56,119</u>	<u>47,685</u>	<u>17.7%</u>	<u>27,997</u>	<u>25,254</u>	<u>10.9%</u>

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.



(B) Profit Before Tax

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

	Group			
	1.1.2014 to 30.6.2014	1.1.2013 to 30.6.2013	1.4.2014 to 30.6.2014	1.4.2013 to 30.6.2013
	RMB '000	RMB '000	RMB '000	RMB '000
Allowance for doubtful debts (trade)	4,201	-	2,665	-
Amortisation of land use rights	1,287	1,501	536	778
Amortisation of intangible assets	598	-	299	-
Bad debts written off (trade)	2,036	976	479	913
Depreciation of property, plant and equipment	25,311	27,431	12,685	13,858
Interest expenses	2,336	5,914	1,159	2,026
Interest income	(153)	(1,795)	(92)	(426)
Net foreign exchange loss/(gain)	662	164	681	348
Property, plant and equipment written off	540	536	323	174



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	
	30.6.2014 RMB '000	31.12.2013 RMB '000	30.6.2014 RMB '000	31.12.2013 RMB '000
Non current assets				
Property, plant and equipment	819,448	809,818	-	-
Land use rights	135,088	137,444	-	-
Investment in subsidiaries	-	-	775,535	758,894
Intangible assets	11,187	11,962	-	-
	<u>965,723</u>	<u>959,224</u>	<u>775,535</u>	<u>758,894</u>
Current assets				
Inventories	412,580	439,351	-	-
Land use rights	3,003	3,003	-	-
Intangible assets	1,245	-	-	-
Trade receivables	312,184	244,888	-	-
Other receivables, deposits and Prepayments	28,608	38,957	-	137
Due from related parties (trade)	4,376	2,962	-	-
Due from related parties (non-trade)	179	-	-	-
Due from subsidiaries (non-trade)	-	-	349	77
Cash and bank balances	7,453	35,285	370	99
	<u>769,628</u>	<u>764,446</u>	<u>719</u>	<u>313</u>
Total assets	<u>1,735,351</u>	<u>1,723,670</u>	<u>776,254</u>	<u>759,207</u>
Non current liabilities				
Bank loans	160,000	215,000	-	-
Deferred tax liability	2,322	1,477	-	-
	<u>162,322</u>	<u>216,477</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade payables	200,080	198,206	-	-
Other payables and accruals	158,392	148,784	2,465	1,799
Due to related parties (trade)	3,159	4,330	-	-
Due to related parties (non-trade)	815	1,170	-	-
Due from a subsidiary (non-trade)	-	-	1,305	821
Bank loans	110,000	85,000	-	-
Income tax payable	3,936	4,175	-	-
	<u>476,382</u>	<u>441,665</u>	<u>3,770</u>	<u>2,620</u>
Total liabilities	<u>638,704</u>	<u>658,142</u>	<u>3,770</u>	<u>2,620</u>
Net current assets/(liabilities)	<u>293,246</u>	<u>322,781</u>	<u>(3,051)</u>	<u>(2,307)</u>
Net Assets	<u>1,096,647</u>	<u>1,065,528</u>	<u>772,484</u>	<u>756,587</u>



	Group		Company	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
	RMB '000	RMB '000	RMB '000	RMB '000
Equity attributable to the equity holders of the Company				
Share capital	250,660	250,660	250,660	250,660
Retained earnings	695,269	671,500	523,244	524,586
Statutory reserves	144,562	137,810	-	-
Currency translation reserve	6,156	5,558	(1,420)	(18,659)
Total Equity	1,096,647	1,065,528	772,484	756,587

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

	As at 30 June 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
Non current liabilities				
Bank loans	160,000	-	215,000	-
Current liabilities				
Bank loans	100,000	10,000	85,000	-

Details of any collateral

As at 30 June 2014, bank loans comprised the following:

- 1) RMB50.0 million is secured by a guarantee issued by the holding company, World Precision Machinery Limited and a related party, Jiangsu World Agricultural Machinery Co., Ltd. (江苏沃得农业机械有限公司), a company in which the Group's controlling shareholder and director, Mr Wang Weiyao, has substantial interest. The loan is repayable quarterly with effect from 1Q2012 and has a maturity date in 1H2015.
- 2) RMB210.0 million is secured by a guarantee issued by a subsidiary, World Precise Machinery (China) Co., Ltd. (沃得精机(中国)有限公司), and land and building of World Precise Machinery (Shenyang) Co., Ltd. (沃得精机(沈阳)有限公司). The loan is repayable quarterly with effect from 1Q2013 and has a maturity date in 3Q2017.
- 3) RMB10.0 million is unsecured and repayable in 4Q2014.

Note:

As at 30 June 2014, trade payables include bills payables amounting to RMB10.0 million (FY2013: RMB31.0 million) which are secured by fixed deposits amounting to RMB1.0 million (FY2013: RMB3.1 million).



1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	1H14	1H13	2Q14	2Q13
	1.1.2014 to 30.6.2014 RMB '000	1.1.2013 to 30.6.2013 RMB '000	1.4.2014 to 30.6.2014 RMB '000	1.4.2013 to 30.6.2013 RMB '000
Cash flow from operating activities				
Profit before tax	70,124	66,772	34,950	36,902
Adjustment for:				
Amortisation of land use rights	1,287	1,501	536	778
Amortisation of intangible assets	598	-	299	-
Depreciation of property, plant and equipment	25,311	27,431	12,685	13,858
Interest expense	2,336	5,914	1,159	2,026
Interest income	(153)	(1,795)	(92)	(426)
Property, plant and equipment written off	540	536	323	174
Operating profit before working capital changes	100,043	100,359	49,860	53,312
Inventories	27,328	8,968	4,650	(8,829)
Receivables	(55,803)	44,649	12,639	45,734
Payables	19,179	8,875	(7,654)	(3,146)
Currency translation adjustments	598	2,448	653	1,935
Cash generated from operations	91,345	165,299	60,148	89,006
Interest received	153	1,795	92	426
Income taxes paid	(13,995)	(15,471)	(7,584)	(11,727)
Net cash from operating activities	77,503	151,623	52,656	77,705
Cash flow from investing activities				
Purchase of property, plant and equipment (Note A)	(43,211)	(32,230)	(26,522)	(15,823)
Net cash used in investing activities	(43,211)	(32,230)	(26,522)	(15,823)
Cash flow from financing activities				
Proceeds from bank loans	10,000	60,000	-	-
Repayment of bank loans	(40,000)	(221,625)	(20,000)	(78,562)
Bank deposits released from pledge	3,588	60,333	4,100	62,650
Bank deposits pledged	(1,000)	(15,126)	(1,000)	(15,126)
Interest paid	(7,123)	(12,801)	(2,356)	(5,628)
Dividend paid	(25,000)	(20,000)	(25,000)	(20,000)
Net cash used in financing activities	(59,535)	(149,219)	(44,256)	(56,666)



	Group			
	1H14	1H13	2Q14	2Q13
	1.1.2014 to 30.6.2014	1.1.2013 to 30.6.2013	1.4.2014 to 30.6.2014	1.4.2013 to 30.6.2013
	RMB '000	RMB '000	RMB '000	RMB '000
Net (decrease)/increase in cash and cash equivalents	(25,243)	(29,826)	(18,122)	5,216
Cash and cash equivalents at beginning of the period	31,696	85,240	24,575	50,443
Effect of exchange rate changes on cash and cash equivalents	-	233	-	(12)
Cash and cash equivalents at end of the period	6,453	55,647	6,453	55,647
Cash and cash equivalents per consolidated statement of cash flows	6,453	55,647	6,453	55,647
Bank deposits pledged	1,000	15,126	1,000	15,126
Cash and cash equivalents as per consolidated statement of financial positions	7,453	70,773	7,453	70,773

Note A

	1H14	1H13	2Q14	2Q13
	1.1.2014 to 30.6.2014	1.1.2013 to 30.6.2013	1.4.2014 to 30.6.2014	1.4.2013 to 30.6.2013
	RMB '000	RMB '000	RMB '000	RMB '000
Total additions to property, plant and equipment	36,038	23,538	27,276	12,875
Add: unpaid portion	9,223	15,675	3,431	9,342
Add/(less): prepayments	2,737	349	(2,988)	(2,347)
Less: interest capitalised	(4,787)	(7,332)	(1,197)	(4,047)
Purchase of plant, property and equipment per consolidated statement of cash flows	43,211	32,230	26,522	15,823



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Share capital RMB'000	Retained earnings RMB'000	Statutory reserves RMB'000	Currency translation reserve RMB'000	Total attributable to equity holders the Company RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance as at 1.1.2014	250,660	671,500	137,810	5,558	1,065,528	-	1,065,528
Profit for the period	-	55,521	-	-	55,521	-	55,521
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation	-	-	-	598	598	-	,598
Total comprehensive income for the period	-	55,521	-	598	56,119	-	56,119
Dividend paid	-	(25,000)	-	-	(25,000)	-	(25,000)
Transfer to statutory reserves	-	(6,752)	6,752	-	-	-	-
Balance as at 30.6.2014	250,660	695,269	144,562	6,156	1,096,647	-	1,096,647
	Share capital RMB'000	Retained earnings RMB'000	Statutory reserves RMB'000	Currency translation reserve RMB'000	Total attributable to equity holders the Company RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance as at 1.1.2013	250,660	603,033	125,416	(403)	978,706	1,001	979,707
Profit for the period	-	45,130	-	-	45,130	(126)	45,004
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation	-	-	-	2,681	2,681	-	2,681
Total comprehensive income for the period	-	45,130	-	2,681	47,811	(126)	47,685
Dividend paid	-	(20,000)	-	-	(20,000)	-	(20,000)
Transfer to statutory reserves	-	(6,341)	6,341	-	-	-	-
Balance as at 30.6.2013	250,660	621,822	131,757	2,278	1,006,517	875	1,007,392



Company

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Balance as at 1.1.2014	250,660	524,586	(18,659)	756,587
Profit for the period	-	23,658	-	23,658
<i>Other comprehensive income</i>				
Currency translation differences	-	-	17,239	17,239
Total comprehensive income for the Period	-	23,658	17,239	40,897
Dividend paid	-	(25,000)	-	(25,000)
Balance as at 30.6.2014	250,660	523,244	(1,420)	772,484

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Balance as at 1.1.2013	250,660	322,495	25,081	598,236
Profit for the period	-	226,812	-	226,812
<i>Other comprehensive income</i>				
Currency translation differences	-	-	(39,250)	(39,250)
Total comprehensive income for the Period	-	226,812	(39,250)	187,562
Dividend paid	-	(20,000)	-	(20,000)
Balance as at 30.6.2013	250,660	529,307	(14,169)	765,798

Explanatory Notes:

Statutory Reserves

The non-distributable statutory reserves represent amounts set aside in compliance with the local laws in China where the subsidiaries operate. The subsidiaries are considered a foreign investment enterprise and the percentage of appropriation from the net profit after tax to the various reserve are funds are determined by the Board of Directors of the subsidiaries.

In accordance with the Foreign Enterprise Law applicable to subsidiaries in China, the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10 per cent of the statutory after tax profits as determined in accordance with the applicable Chinese accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the registered capital of the respective subsidiaries.

The SRF may be used to offset accumulated losses or increase the registered capital of the company, subject to approval from relevant Chinese authorities and is not available for dividend distribution to the shareholders. The Chinese 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, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the three months ended 30 June 2014, there has been no change in the issued and paid-up share capital of the Company. There are also no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 June 2014	As at 31 December 2013
Total number of issued shares	400,000,000	400,000,000
Less: treasury shares	-	-
Total number of issued shares excluding treasury shares	400,000,000	400,000,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current period reported on.**

The Company does not have any outstanding treasury shares as at the end of the current period reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Group's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements as of 31 December 2013.



5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	1.1.2014 to 30.6.2014	1.1.2013 to 30.6.2013	1.4.2014 to 30.6.2014	1.4.2013 to 30.6.2013
(a) Based on weighted average number of ordinary shares on issue (RMB); and	0.14	0.11	0.07	0.06
(b) On a fully diluted basis (RMB)	0.14	0.11	0.07	0.06
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 issued share capital of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
	RMB	RMB	RMB	RMB
Net asset value per ordinary share based on issued share capital at the end of the respective periods:	2.74	2.66	1.93	1.89
No. of shares in computing NAV	400,000,000	400,000,000	400,000,000	400,000,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.



REVIEW OF PERFORMANCE

(A) Consolidated Statement of Profit or Loss and Other Comprehensive Income

(i) Revenue

For the 3 months ended 30 June 2014 ("2Q14"), the Group's turnover increased by 0.7% to RMB232.8 million from RMB231.2 million for the 3 months ended 30 June 2013 ("2Q13").

In terms of sales performance for 2Q14, sales of conventional stamping machines decreased by 23.2% while sales of high performance and high tonnage stamping machines increased by 10.3%.

For the 6 months ended 30 June 2014 ("1H14"), the Group's turnover increased by 6.1% to RMB467.6 million from RMB440.5 million for the 6 months ended 30 June 2013 ("1H13").

In terms of sales performance for 1H14, sales of conventional stamping machines decreased by 21.4% while sales of high performance and high tonnage stamping machines increased by 15.5%.

Overall, the increase in number of units sold in high performance and high tonnage stamping machines, which was partially offset by a decrease in number of units sold in conventional stamping machines and downward 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 Guangdong, Jiangsu, Zhejiang and Shanghai.

(ii) Gross Profit

The Group's gross profit for 2Q14 increased by 3.0% to RMB71.0 million from RMB68.9 million in 2Q13 in tandem with the increase in turnover. The gross profit margin increased by 0.7% to 30.5% in 2Q14 from 29.8% in 2Q13.

In terms of gross profit margin for 2Q14, gross profit margin for conventional stamping machines decreased by 6.8% to 20.5% from 27.3% in 2Q13 while gross profit margin for high performance and high tonnage stamping machines increased by 1.3% to 31.9% from 30.6% in 2Q13.

The Group's gross profit for 1H14 increased by 11.3% to RMB144.2 million from RMB129.6 million in 1H13 in tandem with the increase in turnover. The gross profit margin for 1H14 increased by 1.5% to 30.9% from 29.4% in 1H13.

In terms of gross profit margin for 1H14, gross profit margin for conventional stamping machines decreased by 2.8% to 24.3% from 27.1% in 1H13 while gross profit margin for high performance and high tonnage stamping machines increased by 1.5% to 31.6% from 30.1% in 1H13.

Overall, the increase in the Group's gross profit margin was mainly due to a decrease in overhead costs and an increase in production of high performance and high tonnage stamping machines, which was partially offset by a decrease in production of conventional stamping machines. The decrease in the overhead costs was mainly due to prolonged useful life of



certain property, plant and equipment (see note (vi) for depreciation and amortisation expenses).

(iii) Other Income

In 2Q14, other income decreased by 45.3% to RMB2.8 million from RMB5.2 million in 2Q13.

In 1H14, other income decreased by 48.1% to RMB4.2 million from RMB8.2 million in 1H13.

The decrease was mainly due to a deposit of RMB3.0 million forfeited from a customer due to cancellation of order in 2Q13 and 1H13.

(iv) Distribution and Selling Expenses

In 2Q14, distribution and selling expenses decreased by 12.1% to RMB15.9 million from RMB18.0 million in 2Q13.

In 1H14, distribution and selling expenses decreased marginally by 0.1% to RMB31.6 million from RMB31.6 million in 1H13. As a percentage of total revenue, distribution and selling expenses decreased by 0.4% to 6.8% in 1H14 from 7.2% in 1H13.

The decrease was mainly due to a decrease in publicity and warranty services expense which was offset by an increase in sales commission payable to the sales personnel in tandem with the increase in turnover.

(v) Administrative Expenses

In 2Q14, administrative expenses increased by 8.3% to RMB18.0 million from RMB16.6 million in 2Q13.

In 1H14, administrative expenses increased by 13.1% to RMB37.1 million from RMB32.9 million in 1H14. As a percentage of total revenue, administrative expenses increased by 0.4% to 7.9% in 1H14 from 7.5% in 1H13.

The increase was mainly due to an increase in staff related costs and research and development costs. These expenses were partially offset by part of the research and development costs for stamping machines which had been capitalised.

The Group continues to enhance its technical capabilities to launch higher value added stamping machines through its research and development.

(vi) Depreciation and amortisation expenses

In 2Q14, depreciation and amortisation expenses decreased by 7.6% to RMB13.5 million from RMB14.6 million in 2Q13.

In 1H14, depreciation and amortisation expenses decreased by 6.0% to RMB27.2 million from RMB28.9 million in 1H13.



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

(vii) Other Operating Expenses, net

In 2Q14, other operating expenses increased by 901.6% to RMB3.8 million from RMB0.4 million in 2Q13.

In 1H14, other operating expenses increased by 2,453.6% to RMB7.1 million from RMB0.3 million in 1H13.

Overall, the increase was mainly due to an increase in allowance for doubtful debts and bad debts written off.

(viii) Financial Expenses

In 2Q14, the Group's finance expenses recorded a decrease of 44.7% to RMB1.2 million from RMB2.1 million in 2Q13.

In 1H14, the Group's finance expenses recorded a decrease of 59.4% to RMB2.5 million from RMB6.2 million in 1H13.

The decrease was mainly due to a gradual decrease in interest expenses relating to a gradual decrease in bank loans.

(ix) Profit Before Tax

Overall, the Group's profit before tax ("PBT") had increased in tandem with the Group's gross profit for 2Q14 and 1H14.

In 2Q14, the Group's PBT decreased by 5.3% to RMB35.0 million from RMB36.9 million in 2Q13.

In 1H14, the Group's PBT increased by 5.0% to RMB70.1 million from RMB66.8 million in 1H13.

(x) Tax Expense

Overall, the Group's tax expenses had decreased despite the Group's increased PBT for 1H14 as compared to 1H13. This was mainly due to the Group's tax expenses which included withholding tax payment of RMB2.1 million for 1H14 as compared to RMB8.8 million for 1H13 for the retained earnings distributed from the subsidiaries to the holding company.

In 2Q14, the Group's tax expense decreased by 44.0% to RMB7.6 million from RMB13.6 million in 2Q13.



In 1H14, the Group's tax expense decreased by 32.9% to RMB14.6 million from RMB21.8 million in 1H13.

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

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

(xi) Net Profit After Tax

Overall, the Group's net profit after tax ("NPAT") had increased in tandem with the Group's PBT for 2Q14 and 1H14.

In 2Q14, the Group's NPAT increased by 17.2% to RMB27.3 million from RMB23.3 million in 2Q13. Net profit margin increased by 1.6% to 11.7% from 10.1% in 2Q13.

In 1H14, the Group's NPAT increased by 23.4% to RMB55.5 million from RMB45.0 million in 1H13. Net profit margin increased by 1.7% to 11.9% from 10.2% in 1H13.

(B) Consolidated Statement of Financial Position (30 June 2014 vs 31 December 2013)

For the period under review, the Group's non-current assets increased by approximately RMB6.5 million due to the acquisition of property, plant and equipment net of the depreciation and amortisation charges in respect of its subsidiaries.

For the period under review, the Group's non-current liabilities decreased by RMB54.2 million due to a reclassification of RMB55.0 million long-term bank loans due within a year to current bank loans which was offset by an increase in deferred tax liability of RMB0.8 million. The bank loans were used to fund the acquisition of property, plant and equipment for its subsidiary in Shenyang, China.

The Group's total current assets increased by approximately RMB5.2 million from RMB764.4 million as at 31 December 2013 to RMB769.6 million as at 30 June 2014. This was attributable to an increase in trade receivables (however, trade receivables turnover day had decreased by 7 days to 121 days as at 30 June 2014 from 128 days as at 31 December 2013) and amounts due from related parties (trade and non-trade related) which were offset by a decrease in inventories (in tandem with increase in sales), other receivables, deposits and prepayments (which was mainly due to a decrease in prepayment for raw materials offset by an increase in prepayment for purchase of property, plant and equipment) and cash and cash equivalents.

Concurrently, the Group's total current liabilities increased by approximately RMB34.7 million from RMB441.7 million as at 31 December 2013 to RMB476.4 million as at 30 June 2014. This was attributable to an increase in trade payables, other payables and accruals (mainly due to increase in advance payment received from customers and accrued for property, plant and equipment completed and/or received and operating expenses) and bank loans (reclassification from long term bank loans to short term bank loans) which were offset by a decrease in amounts due to related parties (trade and non-trade related) and tax payables.

The Group is in a net current assets position as at 30 June 2014 of RMB293.2 million.



(C) Consolidated Cash Flow Statement

For the 3 months ended 30 June 2014, the Group recorded a net cash decrease of approximately RMB18.1 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB52.7 million. The reasons were disclosed in the commentary under consolidated statement of profit and loss and other comprehensive income and consolidated statement of financial position.
- b) the net cash outflow arising from financing activities which amounted to RMB44.3 million mainly due to net bank deposits released from pledges with financial institution which were in turn offset by repayments of bank loans, interest paid and dividend paid.
- c) the net cash outflow arising from investing activities amounted to RMB26.5 million and which was mainly due to the acquisition of property, plant and equipment.

For the 6 months ended 30 June 2014, the Group recorded a net cash decrease of approximately RMB25.2 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB77.5 million. The reasons were mainly disclosed in the commentary under consolidated statement of profit and loss and other comprehensive income and consolidated statement of financial position.
- b) the net cash outflow arising from financing activities which amounted to RMB59.5 million mainly due to net bank deposits released from pledges with financial institution offset by net repayments of bank loans, interest paid and dividend paid.
- c) the net cash outflow arising from investing activities which amounted to RMB43.2 million and which was mainly due to the acquisition of property, plant and equipment.

Cash and cash equivalent as at 30 June 2014 stood at RMB7.5 million (of which RMB1.0 million was pledged for bills payable).

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

The 1H14 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the 1Q14 Financial Results announcement dated 30 April 2014 i.e. The Group is generally optimistic about the industry outlook. However, it will tread cautiously as China's industrial output statistics have yet to indicate a clear trend.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

China's GDP growth reacted to the government's mini stimulus measures and rebounded slightly to 7.5%¹. Manufacturing PMI rose to an 18-month high of 52.0 in July², indicating an

¹ <http://www.bloomberg.com/news/2014-07-16/china-s-expansion-accelerates-to-7-5-.html>



expansion in the manufacturing industry. Economists at HSBC expected this positive stance to continue as China's economy embarks its course of recovery over the next few months. Despite various signs of recovery, many analysts were still uncertain about China's current state of economy and some expected the effect of the government's measures to weaken out in second half of the year³.

The Group will continue to tap on China's robust automobile and smart home appliance markets^{4,5}. Higher average disposable income had heightened desire for high-end consumer goods such as cars and high-tech digital appliances, which resulted in a higher demand for their manufacturing capacity. To effectively capture this increase market demand, the Group had also developed new high-end stamping machines with improved precision and reliability such as the JS36 series stamping machines.

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

The Group's order book as at 7 August 2014 stood at RMB99.5 million.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

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

² <http://fortune.com/2014/07/24/chinese-eurozone-pmi-data-show-strong-start-to-3q/>

³ <http://online.wsj.com/articles/china-gdp-rises-slightly-in-second-quarter-1405476158>

⁴

<http://www.ibtimes.com/china-extends-lead-worlds-largest-car-market-sales-gm-ford-china-deliveries-double-digits-1621254>

⁵ http://news.xinhuanet.com/tech/2014-07/03/c_126704295.htm



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

The Group does not have a general mandate from shareholders for IPTs.

BY ORDER OF THE BOARD

Wu Yufang
Chief Executive Officer
12 August 2014



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

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of WORLD PRECISION MACHINERY LIMITED which may render the interim financial results of the Group for the quarter ended 30 June 2014, to be false or misleading in any material aspect.

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

Shao Jianjun
Chairman and Executive Director

Wu Yufang
CEO and Executive Director
12 August 2014