



**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 2020 to 30 June 2020 (“2Q20”) and the results for the first half year from 1 January 2020 to 30 June 2020 (“1H20”). The comparatives are for the second quarter from 1 April 2019 to 30 June 2019 (“2Q19”) and the first half year from 1 January 2019 to 30 June 2019 (“1H19”). 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					
	1.1.2020 to 30.6.2020	1.1.2019 to 30.6.2019	Change	1.4.2020 to 30.6.2020	1.4.2019 to 30.6.2019	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Revenue	418,524	430,634	(2.8%)	271,398	190,688	42.3%
Cost of sales	(352,513)	(350,515)	0.6%	(226,481)	(150,330)	50.7%
Gross profit	66,011	80,119	(17.6%)	44,917	40,358	11.3%
Gross profit margin (%)	15.8%	18.6%	(2.8%)	16.6%	21.2%	(4.6%)
Other income and gains	9,032	5,730	57.6%	5,061	2,915	73.6%
Distribution and selling expenses	(37,266)	(41,483)	(10.2%)	(25,069)	(17,872)	40.3%
Administrative expenses	(34,633)	(33,613)	3.0%	(17,307)	(18,501)	(6.5%)
Other expenses, net	(256)	(1,147)	(77.7%)	(11)	(627)	(98.2%)
Financial expenses	(506)	(859)	(41.1%)	(125)	(473)	(73.6%)
Profit before tax	2,382	8,747	(72.8%)	7,466	5,800	28.7%
Tax expense	(1,224)	(1,953)	(37.3%)	(1,157)	(1,099)	5.3%
Profit for the period	1,158	6,794	(83.0%)	6,309	4,701	34.2%
Net profit margin (%)	0.3%	1.6%	(1.3%)	2.3%	2.5%	(0.2%)
Profit attributable to:						
Equity holders of the Company	1,158	6,794	(83.0%)	6,309	4,701	34.2%



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

	Group					
	1.1.2020 to 30.6.2020	1.1.2019 to 30.6.2019	Change	1.4.2020 to 30.6.2020	1.4.2019 to 30.6.2019	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Profit for the period	1,158	6,794	(83.0%)	6,309	4,701	34.2%
<i>Other comprehensive income/(loss)</i>						
Items that are or may be reclassified subsequently to profit and loss:						
Currency translation differences arising on consolidation	16	(12)	N.M.	(1)	(38)	(97.4%)
Total comprehensive income for the period	<u>1,174</u>	<u>6,782</u>	<u>(82.7%)</u>	<u>6,308</u>	<u>4,663</u>	<u>35.3%</u>
Total comprehensive income attributable to:						
Equity holders of the Company	<u>1,174</u>	<u>6,782</u>	<u>(82.7%)</u>	<u>6,308</u>	<u>4,663</u>	<u>35.3%</u>

N.M. denotes Not Meaningful

**Explanatory Notes**

On 12 April 2006, the Company was converted to a public limited company. The Company was admitted to the Official List of the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 27 April 2006. World Precise Machinery (China) Co., Ltd. ("WPMC"), World Heavy Machine Tools (China) Co., Ltd. ("WHMT"), World CNC Machine Tool (Jiangsu) Co., Ltd. ("WCNC"), World Precise Machinery Marketing Company ("WPMM"), World Precise Machinery (Shenyang) Co., Ltd. ("WPMS") and World Precise Machinery Parts (Jiangsu) Co., Ltd. ("WPMP") which are incorporated in the China, are wholly-owned subsidiaries of the Company. With effect from 1 December 2015, WHMT, WCNC and WPMM have been amalgamated into WPMC. On 23 April 2020, the Group has incorporated a wholly-owned subsidiary in the China known as Shenyang World High-End Equipment Manufacturing Co., Ltd.



(B) Profit Before Tax

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

	Group			
	1.1.2020 to 30.6.2020	1.1.2019 to 30.6.2019	1.4.2020 to 30.6.2020	1.4.2019 to 30.6.2019
	RMB '000	RMB '000	RMB '000	RMB '000
Amortisation of intangible assets	6,255	4,050	3,061	2,025
Depreciation of investment properties	50	180	(40)	90
Depreciation of property, plant and equipment	32,506	28,278	16,823	14,103
Interest expenses	651	815	279	463
Interest income	41	(160)	(9)	(19)
Loss/(gain) on foreign currency exchange	6	(60)	(5)	(99)
Loss on disposal of property, plant and equipment	45	-	-	-
Property, plant and equipment written off	122	642	122	639



**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	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Non-current assets</b>				
Property, plant and equipment	926,060	921,249	-	-
Investment in subsidiaries	-	-	814,745	-
Investment properties	3,510	3,561	-	827,042
Intangible assets	33,548	36,856	-	-
Other receivables	9,341	10,518	-	-
<b>Total non-current assets</b>	<b>972,459</b>	<b>972,184</b>	<b>814,745</b>	<b>827,042</b>
<b>Current assets</b>				
Inventories	353,897	378,473	-	-
Trade receivables	291,721	163,690	-	-
Other receivables	25,320	21,666	178	14
Due from related parties (trade)	37,809	10,188	-	-
Due from related parties (non-trade)	54	-	-	-
Due from subsidiaries (non-trade)	-	-	81	57
Cash and cash equivalents	31,168	42,791	1,153	780
<b>Total current assets</b>	<b>739,969</b>	<b>616,808</b>	<b>1,412</b>	<b>851</b>
<b>Total assets</b>	<b>1,712,428</b>	<b>1,588,992</b>	<b>816,157</b>	<b>827,893</b>
<b>Non-current liabilities</b>				
Deferred tax liability	5,018	5,018	-	-
Deferred income from government grants	981	1,072	-	-
Lease liabilities	4,016	4,801	-	-
	<b>10,015</b>	<b>10,891</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Contract liabilities	56,981	51,450	-	-
Trade payables	384,078	269,754	-	-
Bills payables	13,530	5,000	-	-
Other payables	143,228	129,838	887	1,012
Due to related parties (trade)	12,578	3,696	-	-
Due to related parties (non-trade)	1,321	885	-	-
Due to a subsidiary (non-trade)	-	-	288	511
Borrowings	-	29,100	-	-
Lease liabilities	804	739	-	-
Deferred income from government grants	180	180	-	-
Income tax payables	1,080	-	-	-
<b>Total current liabilities</b>	<b>613,780</b>	<b>490,642</b>	<b>1,175</b>	<b>1,523</b>
<b>Total liabilities</b>	<b>623,795</b>	<b>501,533</b>	<b>1,175</b>	<b>1,523</b>



	Group		Company	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Net current assets/(liabilities)</b>	126,189	126,166	(237)	(672)
<b>Net assets</b>	1,088,633	1,087,459	814,982	826,370
<b>Equity attributable to the equity holders of the Company</b>				
Share capital	250,660	250,660	250,660	250,660
Retained earnings	619,556	618,983	539,150	538,257
Currency translation reserve	9,789	9,773	25,172	37,453
Statutory reserves	111,531	110,946	-	-
Capital reserve	97,097	97,097	-	-
<b>Total equity</b>	1,088,633	1,087,459	814,982	826,370

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

	As at 30 June 2020		As at 31 December 2019	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Current liabilities</b>				
Borrowings	-	-	29,100	-



**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			
	1H20	1H19	2Q20	2Q19
	1.1.2020 to 30.6.2020	1.1.2019 to 30.6.2019	1.4.2020 to 30.6.2020	1.4.2019 to 30.6.2019
	RMB '000	RMB '000	RMB '000	RMB '000
<b>Cash flow from operating activities</b>				
Profit before tax	2,382	8,747	7,466	5,800
Adjustments for:				
Amortisation of intangible assets	6,255	4,050	3,061	2,025
Depreciation for investment properties	50	180	(40)	90
Depreciation of property, plant and equipment	32,506	28,278	16,823	14,103
Interest expense	651	815	279	463
Interest income	41	(160)	(9)	(19)
Loss on disposal of property, plant and equipment	45	-	-	-
Property, plant and equipment written off	122	642	122	639
Operating cash flow before working capital changes	42,052	42,552	27,702	23,101
Inventories	24,576	(11,282)	25,618	(46,840)
Trade and other receivables	(159,360)	27,569	(106,543)	57,940
Trade and other payables	152,445	56,547	109,432	753
Contract liabilities	5,531	(31,474)	7,281	12,200
Cash generated from operations	65,244	83,912	63,490	47,154
Interest received	(41)	160	9	19
Income taxes paid	(143)	(1,953)	(76)	(1,099)
<b>Net cash from operating activities</b>	<b>65,060</b>	<b>82,119</b>	<b>63,423</b>	<b>46,074</b>
<b>Cash flow from investing activities</b>				
Proceed from disposal of property, plant and equipment	87	-	-	-
Purchase of property, plant and equipment (Note A)	(43,564)	(73,629)	(20,246)	(42,512)
Addition of intangible assets	(2,947)	(5,336)	(2,947)	(2,666)
<b>Net cash used in investing activities</b>	<b>(46,424)</b>	<b>(78,965)</b>	<b>(23,193)</b>	<b>(45,178)</b>
<b>Cash flow from financing activities</b>				
Proceeds from bank loans	6,500	29,100	-	6,500
Repayment of bank loans	(35,600)	(27,400)	(29,100)	(6,500)
Payment of lease liabilities	(571)	(494)	(136)	(247)
Bank deposits released from pledge	368	9,296	-	368
Bank deposits pledged	-	(368)	-	(368)
Interest paid	(651)	(815)	(279)	(463)
<b>Net cash (used in)/from financing activities</b>	<b>(29,954)</b>	<b>9,319</b>	<b>(29,515)</b>	<b>(710)</b>



	Group			
	1H20	1H19	2Q20	2Q19
	1.1.2020 to 30.6.2020 RMB '000	1.1.2019 to 30.6.2019 RMB '000	1.4.2020 to 30.6.2020 RMB '000	1.4.2019 to 30.6.2019 RMB '000
Net (decrease)/increase in cash and cash equivalents	(11,318)	12,473	10,715	186
Cash and cash equivalents at beginning of the period	42,423	11,965	20,393	24,247
Effect of exchange rate changes on cash and cash equivalents	63	3	60	8
Cash and cash equivalents at end of the period	31,168	24,441	31,168	24,441
Cash and cash equivalents per consolidated statement of cash flows	31,168	24,441	31,168	24,441
Bank deposits pledged	-	368	-	368
<b>Cash and cash equivalents as per consolidated statement of financial position</b>	<b>31,168</b>	<b>24,809</b>	<b>31,168</b>	<b>24,809</b>

**Note A**

	1H20	1H19	2Q20	2Q19
	1.1.2020 to 30.6.2020 RMB '000	1.1.2019 to 30.6.2019 RMB '000	1.4.2020 to 30.6.2020 RMB '000	1.4.2019 to 30.6.2019 RMB '000
	Total additions to property, plant and equipment	37,721	60,132	17,142
Add: changes in unpaid portion	7,020	13,640	3,264	7,639
Less: changes in prepayments	(1,177)	(143)	(160)	(1,084)
Purchase of plant, property and equipment per consolidated statement of cash flows	43,564	73,629	20,246	42,512



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

**Group**

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2020</b>	250,660	618,983	9,773	110,946	97,097	1,087,459
Profit for the period	-	1,158	-	-	-	1,158
<i>Other comprehensive income</i>						
Currency translation differences arising on consolidation	-	-	16	-	-	16
Total comprehensive income for the period	-	1,158	16	-	-	1,174
Transfer to statutory reserves fund	-	(585)	-	585	-	-
<b>Balance as at 30.6.2020</b>	250,660	619,556	9,789	111,531	97,097	1,088,633

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2019</b>	250,660	581,157	9,786	128,694	97,097	1,067,394
Profit for the period	-	6,794	-	-	-	6,794
<i>Other comprehensive loss</i>						
Currency translation differences arising on consolidation	-	-	(12)	-	-	(12)
Total comprehensive income/(loss) for the period	-	6,794	(12)	-	-	6,782
Transfer to statutory reserves fund	-	(1,160)	-	1,160	-	-
<b>Balance as at 30.6.2019</b>	250,660	586,791	9,774	129,854	97,097	1,074,176





**Company**

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
<b>Balance as at 1.1.2020</b>	250,660	538,257	37,453	826,370
Profit for the period	-	893	-	893
<i>Other comprehensive loss</i>				
Currency translation differences arising from translation into the presentation currency	-	-	(12,281)	(12,281)
Total comprehensive income/(loss) for the period	-	893	(12,281)	(11,388)
<b>Balance as at 30.6.2020</b>	250,660	539,150	25,172	814,982

  

	Share capital RMB'000	Retained earnings RMB'000	Currency translation reserve RMB'000	Total Equity RMB'000
<b>Balance as at 1.1.2019</b>	250,660	537,542	23,317	811,519
Loss for the period	-	(272)	-	(272)
<i>Other comprehensive income</i>				
Currency translation differences arising from translation into the presentation currency	-	-	4,420	4,420
Total comprehensive (loss)/income for the period	-	(272)	4,420	4,148
<b>Balance as at 30.6.2019</b>	250,660	537,270	27,737	815,667

**Explanatory Notes:**

**Capital Reserve**

Capital reserve arises from amalgamation of subsidiaries. With effect from 1 December 2015, WHMT, WCNC and WPMM were amalgamated into WPMC. This reserve is non-distributable.

**Statutory Reserves**

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

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

The SRF may be used to offset accumulated losses or increase the registered capital of the company, subject to approval from relevant Chinese authorities and is not available for dividend distribution to the shareholders. The Chinese enterprise are prohibited from distributing dividends unless the losses (if any) of previous years have been made good.



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the six months ended 30 June 2020, there has been no change in the issued and paid-up share capital of the Company. There are also no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company does not have any treasury shares and there are no subsidiary holdings.

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

	As at 30 June 2020	As at 31 December 2019
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(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.

**1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current 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 2020. 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.

	1.1.2020 to 30.6.2020	1.1.2019 to 30.6.2019	1.4.2020 to 30.6.2020	1.4.2019 to 30.6.2019
(a) Based on weighted average number of ordinary share on issue (RMB); and	0.00	0.02	0.02	0.01
(b) On a fully diluted basis (RMB)	0.00	0.02	0.02	0.01
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 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	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
	RMB	RMB	RMB	RMB
Net asset value ("NAV") per ordinary share based on issued share capital at the end of the respective periods:	2.72	2.72	2.04	2.07
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 2020 ("2Q20"), the Group's turnover increased by 42.3% to RMB271.4 million from RMB190.7 million for the 3 months ended 30 June 2019 ("2Q19").

In terms of sales performance for 2Q20, sales of conventional stamping machines decreased by 4.5% while sales of high performance and high tonnage stamping machines increased by 49.7%.

For the 6 months ended 30 June 2020 ("1H20"), the Group's turnover decreased by 2.8% to RMB418.5 million from RMB430.6 million for the 6 months ended 30 June 2019 ("1H19").

In terms of sales performance for 1H20, sales of conventional stamping machines decreased by 24.9% while sales of high performance and high tonnage stamping machines increased by 0.7%.

The decrease in number of units sold in conventional stamping machines which was partially offset by an increase in number of units sold in high performance and high tonnage stamping machines and a downward revision in the average selling prices of the stamping machines, contributed to the overall decrease in turnover.

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



**(ii) Gross Profit**

The Group's gross profit for 2Q20 increased by 11.3% to RMB44.9 million from RMB40.4 million in 2Q19. However, the gross profit margin decreased by 4.6% to 16.6% in 2Q20 from 21.2% in 2Q19.

In terms of gross profit margin for 2Q20, gross profit margin for conventional stamping machines decreased by 7.2% to 13.4% from 20.6% in 2Q19 while gross profit margin for high performance and high tonnage stamping machines decreased by 7.1% to 16.0% from 23.1% in 2Q19.

The Group's gross profit for 1H20 decreased by 17.6% to RMB66.0 million from RMB80.1 million in 1H19. The gross profit margin for 1H20 decreased by 2.8% to 15.8% from 18.6% in 1H19.

In terms of gross profit margin for 1H20, gross profit margin for conventional stamping machines decreased by 3.5% to 13.9% from 17.4% in 1H19 while gross profit margin for high performance and high tonnage stamping machines decreased by 5.4% to 15.6% from 21.0% in 1H19.

Overall, the decrease in the Group's gross profit margin for 1H20 was mainly due to a downward revision in the average selling prices of the stamping machines and a decrease in production of conventional stamping machines which was partially offset by an increase in production of high performance and high tonnage stamping machines.

**(iii) Other Income and Gains**

In 2Q20, other income and gains increased by 73.6% to RMB5.1 million from RMB2.9 million in 2Q19.

In 1H20, other income and gains increased by 57.6% to RMB9.0 million from RMB5.7 million in 1H19.

The increase was mainly due to an increase in grants received from government and processing income.

**(iv) Distribution and Selling Expenses**

In 2Q20, distribution and selling expenses increased by 40.3% to RMB25.1 million from RMB17.9 million in 2Q19 in tandem with the increase in revenue.

In 1H20, distribution and selling expenses decreased by 10.2% to RMB37.3 million from RMB41.5 million in 1H19 in tandem with the decrease in revenue. As a percentage of total revenue, distribution and selling expenses decreased by 0.7% to 8.9% in 1H20 from 9.6% in 1H19.

The decrease was mainly due to a decrease in sales commission payable to sales personnel, advertisements, exhibitions, entertainment and travelling expenses.

**(v) Administrative Expenses**

In 2Q20, administrative expenses decreased by 6.5% to RMB17.3 million from RMB18.5 million in 2Q19.



In 1H20, administrative expenses increased by 3.0% to RMB34.6 million from RMB33.6 million in 1H19. As a percentage of total revenue, administrative expenses increased by 0.5% to 8.3% in 1H20 from 7.8% in 1H19.

Overall, the increase was mainly due to an increase in research and development costs for stamping machines which was partially offset by a decrease in staff 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 2Q20, depreciation and amortisation expenses increased by 22.4% to RMB19.8 million from RMB16.2 million in 2Q19.

In 1H20, depreciation and amortisation expenses increased by 19.4% to RMB38.8 million from RMB32.5 million in 1H19.

The increase was mainly due to additional depreciation and amortisation charged in 1H2020 due to acquisition of property plant and equipment and additions of intangible assets during 1H2019 and 1H2020.

**(vii) Other Expenses, net**

In 2Q20, other expenses decreased by 98.2% to RMB0.01 million from RMB0.6 million in 2Q19.

In 1H20, other expenses decreased by 77.7% to RMB0.3 million from RMB1.1 million in 1H19.

The decrease was mainly due to a decrease in payment for government related expenses, quality compensation, fines and penalty.

**(viii) Financial Expenses**

In 2Q20, the Group's finance expenses recorded a decrease of 73.6% to RMB0.1 million from RMB0.5 million in 2Q19.

In 1H20, the Group's finance expenses recorded a decrease of 41.1% to RMB0.5 million from RMB0.9 million in 1H19.

The decrease was mainly due to a decrease in bank loans interest as the banks loans have been fully paid during the period.

**(ix) Profit Before Tax**

In 2Q20, the Group's profit before tax ("PBT") increased by 28.7% to RMB7.5 million from RMB5.8 million in 2Q19.

In 1H20, the Group's PBT decreased by 72.8% to RMB2.4 million from RMB8.7 million in 1H19.

**(x) Tax Expense**

In 2Q20, the Group's tax expense increased by 5.3% to RMB1.2 million from RMB1.1 million in 2Q19.



In 1H20, the Group's tax expense decreased by 37.3% to RMB1.2 million from RMB2.0 million in 1H19.

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

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

**(xi) Net Profit After Tax**

In 2Q20, the Group's net profit after tax ("NPAT") increased by 34.2% to RMB6.3 million from RMB4.7 million in 2Q19. Net profit margin decreased by 0.2% to 2.3% from 2.5% in 2Q19.

In 1H20, the Group's NPAT decreased by 83.0% to RMB1.2 million from RMB6.8 million in 1H19. Net profit margin decreased by 1.3% to 0.3% from 1.6% in 1H19.

**(B) Consolidated Statement of Financial Position (30 June 2020 vs 31 December 2019)**

For the period under review, the Group's non-current assets increased by approximately RMB0.3 million mainly due to the acquisition of property, plant and equipment and additions of intangible assets net of depreciation and amortisation expenses. The increase was partially offset by a decrease in prepayment for property, plant and equipment.

For the period under review, the Group's non-current liabilities decreased by RMB0.9 million due to revenue recognition of deferred income from government grants and lease liabilities expensed off.

The Group's total current assets increased by approximately RMB123.2 million from RMB616.8 million as at 31 December 2019 to RMB740.0 million as at 30 June 2020. This was attributable to an increase in trade receivables (mainly due to reclassification of \$132.9 million of bill receivables received and used to pay suppliers but not yet mature), other receivables (which was mainly due to an increase in prepayment for raw materials) and amounts due from related parties (trade and non-trade related) which were partially offset by a decrease in inventories (mainly due to increase in sales in 2Q2020) and cash and cash equivalents (as explained in the consolidated statement of cash flows).

The Group's total current liabilities increased by approximately RMB123.2 million from RMB490.6 million as at 31 December 2019 to RMB613.8 million as at 30 June 2020. This was attributable to an increase in contract liabilities (mainly due to increase in advance received from customers), trade payables (mainly due to reclassification of \$132.9 million of bill receivables received and used to pay suppliers but not yet mature), bills payables (mainly issued to suppliers for settlement), other payables (mainly due to an increase in accrued operating expenses which were partially offset by a decrease in payables to property, plant and equipment), amounts due to related parties (trade and non-trade related), income tax payables and lease liabilities which were partially offset by a decrease in bank loans (mainly due to repayment of bank loans).

The Group is in a net current assets position as at 30 June 2020 of RMB126.2 million.



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

For the 3 months ended 30 June 2020, the Group recorded a net cash increase of approximately RMB10.7 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB63.4 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 financing activities which amounted to RMB29.5 million mainly due to repayment of bank loans and interest paid.
- c) the net cash outflow arising from investing activities which amounted to RMB23.2 million mainly due to the acquisition of property, plant and equipment and addition of intangible assets.

For the 6 months ended 30 June 2020, the Group recorded a net cash decrease of approximately RMB11.3 million. This was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB65.1 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 financing activities which amounted to RMB30.0 million mainly due to net repayment of bank loans, repayment of lease liabilities and interest paid which were partially offset by bank deposits released from pledge from financial institutions.
- c) the net cash outflow arising from investing activities which amounted to RMB46.4 million mainly due to the acquisition of property, plant and equipment and addition of intangible assets which were partially offset by proceeds from disposal of property, plant and equipment.

Cash and cash equivalents as at 30 June 2020 stood at RMB31.2 million.

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

The 1H20 Financial Results announcement is in line with the statement made in Paragraph 10 disclosed in the 1Q20 Financial Results announcement dated 11 May 2020 i.e., *“The extent of the financial impact cannot be ascertained at the moment as the situation remains fluid.”*.

**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.**

As highlighted in the FY2019 and 1Q2020 Financial Results announcement, with the recent global outbreak of the COVID-19, there will be negative financial impact to the Group as its operations are based in China and revenue is derived directly from China.





With the current complex domestic and global economic situation, recessionary risks to the global economy, increased external uncertainties and the downward pressure on the China domestic economy, the business environment is expected to be challenging. Nonetheless, the extent of the financial impact to the Group for the full financial year ending 31 December 2020 cannot be ascertained at the moment as the situation remains fluid.

The management is monitoring the development of the COVID-19 situation closely and will adjust its existing business strategies to better mitigate the challenges posed by this unfortunate event.

**11. Dividend**

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

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 1H2020 are as follows: -

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandates pursuant to Rule 920 (excluding transactions less than \$100,000)
		(RMB'000)	(RMB'000)
<u>Jiangsu World Machinery and Electronics Group Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials and parts.			271
Processing fees paid and purchase of scrap materials.			902
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts and machineries.			1,118
Purchase of raw materials.			194
<u>Jiangsu World Agriculture Machinery Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of raw materials, parts, equipment and machineries.			29,937
Processing fees paid and purchase of raw materials and scrap materials.			348



<u>Jiangsu World Agriculture Machinery &amp; Parts Manufacturing Co., Ltd.</u>  Processing fees received and sale of raw materials, parts and machineries.  Purchase fees paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	3,993  36,413
<u>World Agriculture (Shenyang) Co., Ltd.</u>  Sales of raw materials, parts, scrap materials and machineries and rental income of factory.  Purchase of raw materials.	Associate of the Controlling Shareholder	N/A	10,881  2
<u>World Heavy Industry (China) Co., Ltd.</u>  Processing fee received and sale of raw materials, parts and scrap materials.  Processing fees paid and purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	1,079  6,320
<u>Jiangsu World Precise Machinery Co., Ltd.</u>  Land rental paid.	Associate of the Controlling Shareholder	N/A	291
<u>Jiangsu World Crane Co. Ltd.</u>  Processing fee paid and purchase of raw materials and equipment.	Associate of the Controlling Shareholder	N/A	1,193
<u>Jiangsu World Furniture Co., Ltd.</u>  Sale of raw materials and parts.	Associate of the Controlling Shareholder	N/A	35



<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u>  Processing fees received and sale of parts and machineries.  Purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	14,341  4,758
<u>Jiangsu World Construction Machinery Sales Co., Ltd.</u>  Purchase of equipment.	Associate of the Controlling Shareholder	30	N/A
<b>Total</b>		<b>30</b>	<b>112,076</b>

**14. 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 2020 to be false or misleading in any material aspect.

**15. 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.

BY ORDER OF THE BOARD

**Shao Jianjun**  
Executive Chairman  
12 August 2020