

Unaudited Condensed Interim Financial Statements for the three months ended 31 March 2024

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CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME

	Note	Group		
		1.1.2024 to 31.3.2024	1.1.2023 to 31.3.2023	Change
		RMB '000	RMB '000	%
Revenue	4	185,174	280,787	(34.1%)
Cost of sales		(158,037)	(236,309)	(33.1%)
Gross profit		27,137	44,478	(39.0%)
<i>Gross profit margin (%)</i>		14.7%	15.8%	(1.1%)
Other income	5	6,993	3,314	111.0%
Distribution and selling expenses		(15,821)	(16,509)	(4.2%)
Administrative expenses		(24,998)	(20,885)	19.7%
Other expenses	6	6,273	(1,810)	N.M.
Net impairment losses on trade and other receivables	7	(1,807)	–	N.M.
Results from operating activities		(2,223)	8,588	N.M.
Finance income		3,364	4,594	(26.8%)
Financial costs		(2,584)	(592)	336.5%
Net finance income		780	4,002	(80.5%)
(Loss)/profit before tax	7	(1,443)	12,590	N.M.
Tax credit/(expense)	8	836	(1,035)	N.M.
(Loss)/profit for the period		(607)	11,555	N.M.
<i>Net (loss)/profit margin (%)</i>		(0.3%)	4.1%	N.M.
(Loss)/profit attributable to:				
Equity holders of the Company		(607)	11,555	N.M.
Earnings per share (cents)				
- Basic		(0.002)	0.03	
- Diluted		(0.002)	0.03	

N.M. denotes Not Meaningful



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CONDENSED INTERIM CONSOLIDATED STATEMENT COMPREHENSIVE INCOME (CONT'D)

	Group		
Note	1.1.2024 to 31.3.2024	1.1.2023 to 31.3.2023	Change
	RMB '000	RMB '000	%
(Loss)/profit for the period	(607)	11,555	N.M.
<i>Other comprehensive (loss)/income</i>			
Items that are or may be reclassified subsequently to profit and loss:			
Foreign currency translation differences – foreign operations	(6,216)	878	N.M.
Total comprehensive (loss)/income for the period	(6,823)	12,433	N.M.
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(6,823)	12,433	N.M.



CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31.3.2024 RMB '000	31.12.2023 RMB '000	31.3.2024 RMB '000	31.12.2023 RMB '000
Non-current assets					
Property, plant and equipment	10	678,618	682,303	3,205	–
Investment in subsidiaries		–	–	657,614	662,266
Investment properties	11	150,087	153,050	–	–
Goodwill	12	25,035	25,035	–	–
Intangible assets	13	24,954	26,992	–	–
Deferred tax assets		2,280	2,392	–	–
Other receivables	16	54,302	55,259	–	–
Total non-current assets		935,276	945,031	660,819	662,266
Current assets					
Inventories	14	384,180	352,656	–	–
Trade receivables	15	260,042	307,422	–	–
Other receivables	16	32,030	44,308	59	5,027
Due from related parties (trade)		110,472	84,877	–	–
Due from affiliated company (trade)		–	64	–	–
Due from subsidiaries (non-trade)		–	–	498	501
Due from related parties (non-trade)		–	–	–	–
Cash and cash equivalents	17	385,773	431,549	210,043	201,817
Total current assets		1,172,497	1,220,876	210,600	207,345
Total assets		2,107,773	2,165,907	871,419	869,611
Non-current liabilities					
Deferred tax liabilities		34,905	36,419	–	–
Deferred income from government grants		244	321	–	–
Bank borrowings		85,000	90,000	–	–
Lease liabilities		15,030	15,180	–	–
		135,179	141,920	–	–
Current liabilities					
Contract liabilities		109,977	94,576	–	–
Trade payables	18	504,215	524,735	–	–
Other payables	19	147,192	177,113	384	1,304
Due to related parties (trade)		5,422	13,456	–	–
Due to affiliated company (trade)		2,016	2,234	–	–
Due to related parties (non-trade)		233	1,033	–	–
Due to a subsidiary (non-trade)		–	–	11,561	7,315
Lease liabilities		1,543	1,543	–	–
Deferred income from government grants		309	309	–	–
Bank borrowings		160,000	160,000	–	–
Income tax payables		2,457	2,935	–	–
Total current liabilities		933,364	977,934	11,945	8,619
Total liabilities		1,068,543	1,119,854	11,945	8,619



CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Group		Company	
		31.3.2024	31.12.2023	31.3.2024	31.12.2023
		RMB '000	RMB '000	RMB '000	RMB '000
Net current assets		239,133	242,942	198,655	198,726
Net assets		1,039,230	1,046,053	859,474	860,992
Equity attributable to the equity holders of the Company					
Share capital	20	250,660	250,660	250,660	250,660
Retained earnings		532,681	533,416	536,234	531,709
Currency translation reserve		27,762	33,978	72,580	78,623
Statutory reserves		131,030	130,902	–	–
Capital reserve		97,097	97,097	–	–
Total equity		1,039,230	1,046,053	859,474	860,992

Aggregate amount of the Group's borrowings and debt securities.

As at 31 March 2024 and 31 December 2023, the Group has borrowings and debt securities as follow:
-

	As at 31 March 2024		As at 31 December 2023	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
Non-current liabilities				
Bank borrowings	85,000	–	90,000	–
Current liabilities				
Bank borrowings	160,000	–	160,000	–

Details of any collateral

As at 31 March 2024, bank borrowings comprised the following:

- 1) RMB 91.0 million is secured over the land and building of World Precise Machinery (China) Co., Ltd. (“WPMC”) and corporate guarantees issued by Jiangsu World Plant-Protecting Machinery Co., Ltd. (“JWPPM”) and Jiangsu World Furniture Co., Ltd., (“JWFC”). JWPPM and JWFC are associates of Mr Wang Weiyao, the Executive Chairman of the Company.
- 2) RMB 54.0 million is secured over the land and building of WPMC and corporate guarantees issued by JWPPM and JWFC. JWPPM and JWFC are associates of Mr Wang Weiyao, the Executive Chairman of the Company.
- 3) RMB 100.0 million is secured over the land use rights of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd., and a corporate guarantee issued by Jiangsu World Machinery & Electronics Group Co., Ltd. (“JWMEG”). JWMEG is associate of Mr Wang Weiyao, the Executive Chairman of the Company.



CONDENSED INTERIM CONSOLIDATION STATEMENT OF CASH FLOWS

	Note	Group	
		1Q24	1Q23
		1.1.2024 to 31.3.2024 RMB '000	1.1.2023 to 31.3.2023 RMB '000
Cash flow from operating activities			
(Loss)/profit before tax		(1,443)	12,590
Adjustments for:			
Amortisation of intangible assets	12	2,038	2,038
Depreciation for investment properties	11	2,963	68
Depreciation of property, plant and equipment	7	15,284	16,636
Interest expense	7	2,656	446
Interest income	7	(3,364)	(4,594)
Gain on disposal of property, plant and equipment	7	–	–
Net impairment losses on trade and other receivables	7	1,807	–
Property, plant and equipment written off	6	541	112
Operating cash flow before working capital changes		20,482	27,296
Inventories		(31,524)	(4,422)
Trade and other receivables		32,319	65,484
Trade and other payables		(61,025)	(75,234)
Contract liabilities		15,401	(7,067)
Cash (used in)/generated from operations		(24,347)	6,057
Interest received		3,364	317
Income taxes and withholding tax credit/(paid)		(1,043)	936
Net cash (used in)/from operating activities		(22,026)	7,310
Cash flow from investing activities			
Purchases of property, plant and equipment	Note A	(9,727)	(2,749)
Effect of foreign currency re-alignment on investing activities		(10,531)	2,491
Net cash used in investing activities		(20,258)	(60,150)
Cash flow from financing activities			
Repayment of bank borrowings		(5,000)	–
Payment of lease liabilities		(348)	(446)
Interest paid		(2,459)	(109)
Net cash used in financing activities		(7,807)	(555)
Net decrease in cash and cash equivalents		(50,091)	(53,395)
Cash and cash equivalents at beginning of the period		431,074	334,543
Effect of exchange rate changes on cash and cash equivalents		4,315	(1,612)
Cash and cash equivalents at end of the period	17	385,298	279,536
Cash and cash equivalents per consolidated statement of cash flows		385,298	279,536
Cash deposits pledged		475	–
Cash and cash equivalents as per consolidated statement of financial positions		385,773	279,536



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

Note A

	Note	Group	
		1Q24	1Q23
		1.1.2024 to 31.3.2024 RMB '000	1.1.2023 to 31.3.2023 RMB '000
Total additions to property, plant and equipment		12,140	1,457
(Less)/add: changes in unpaid portion		(1,455)	407
(Less)/add: changes in prepayments		(958)	885
Purchase of plant, property and equipment per consolidated statement of cash flows		<u>9,727</u>	<u>2,749</u>



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 1.1.2024		250,660	533,416	33,978	130,902	97,097	1,046,053
Total comprehensive loss for the period							
Loss for the period		-	(607)	-	-	-	(607)
<i>Other comprehensive loss</i>							
Currency translation differences arising on consolidation		-	-	(6,216)	-	-	(6,216)
<i>Total comprehensive loss for the period</i>		-	(607)	(6,216)	-	-	(6,823)
Transfer to statutory reserves Fund		-	(128)	-	128	-	-
Balance as at 31.3.2024		250,660	532,681	27,762	131,030	97,097	1,039,230
Balance as at 1.1.2023		250,660	679,499	18,579	128,801	97,097	1,174,636
Total comprehensive income for the period							
Profit for the period		-	11,555	-	-	-	11,555
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation		-	-	878	-	-	878
<i>Total comprehensive income for the period</i>		-	11,555	878	-	-	12,433
Transfer to statutory reserves Fund		-	(1,217)	-	1,217	-	-
Balance as at 31.3.2023		250,660	689,837	19,457	130,018	97,097	1,187,069



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 1.1.2024		250,660	531,709	78,623	860,992
Total comprehensive loss for the period					
Profit for the period		-	4,525	-	4,525
<i>Other comprehensive loss</i>					
Currency translation differences arising from translation into the presentation currency		-	-	(6,043)	(6,043)
<i>Total comprehensive loss for the period</i>		-	4,525	(6,043)	(1,518)
Balance as at 31.3.2024		250,660	536,234	72,580	859,474
Balance as at 1.1.2023		250,660	531,828	38,509	820,997
Total comprehensive income for the period					
Loss for the period		-	(426)	-	(426)
<i>Other comprehensive income</i>					
Currency translation differences arising from translation into the presentation currency		-	-	3,716	3,716
<i>Total comprehensive income for the period</i>		-	(426)	3,716	3,290
Balance as at 31.3.2023		250,660	531,402	42,225	824,287

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



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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.

Statutory Reserves (cont'd)

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 enterprises are prohibited from distributing dividends unless the losses (if any) of previous years have been made good.



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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 3 months ended 31 March 2024 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	
			31 March 2024	31 December 2023
			%	%
<i>Held by the Company</i>				
World Precise Machinery (China) Co., Ltd.	Manufacture and supply of stamping machines and metal parts	People's Republic of China (“ 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
Hainan World Tourism Investment Co., Ltd.	Hotel investment and management services.	PRC	100	-
World Precise Machinery (Thailand) Co., Ltd.	Manufacture and supply of stamping machines and metal parts	Thailand	5	-



1. Corporate information (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Ownership interest held	
			31 March 2024	31 December 2023
			%	%
<i>Held by World Precise Machinery (China) Co., Ltd.</i>				
Jiangsu World Tourism Investment Management Co., Ltd.	Hotel investment and management services.	PRC	100	–
World Precise Machinery (Thailand) Co., Ltd.	Manufacture and supply of stamping machines and metal parts	Thailand	90	–
<i>Held by World Precise Machinery Parts (Jiangsu) Co., Ltd.</i>				
World Precise Machinery (Thailand) Co., Ltd.	Manufacture and supply of stamping machines and metal parts	Thailand	5	–
<i>Held by Hainan World Tourism Investment Co., Ltd.</i>				
Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd.	Hotel operator and management services.	PRC	100	–

2. Basis of preparation

The condensed interim financial statements for the three months ended 31 March 2024 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 2023.

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.



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2. Basis of preparation (cont'd)

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and SFRS(I) Interpretations (“**SFRS(I) INTs**”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2024, where applicable. The adoption of these standards from the effective date has not resulted in material adjustments to the financial position, results of operations or cash flows of the Group for 1Q24. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards

2.2 Use of estimates and judgements

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group’s accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

2.2.1 Critical judgements in applying the entity’s accounting policies.

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group’s accounting policies and which have the significant effect on the amounts recognised in the financial statements.

(i) Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

2.2.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.



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2.2 Use of estimates and judgements (cont'd)

2.2.2 Key sources of estimation uncertainty (cont'd)

(i) Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors, including their best estimate of the impact of COVID-19, specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries and the growth rates of the major industries in which its customers operate. The Group adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 31 March 2024 is RMB 20,310,000 (2023: RMB 18,503,000) (Note 15).

(ii) Measurement of ECL of other receivables

The Company held other receivables due from a subsidiary. The Company uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. 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. Impairment on loan to a third party has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group's assessment is based on qualitative and quantitative factors that are indicative of the risk of default. Remaining other receivables loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The expected loss allowance on the Group's other receivables as at 31 March 2024 is RMB 2,258,000 (2023: RMB 2,258,000) (Note 16).



2.2 Use of estimates and judgements (cont'd)

2.2.2 Key sources of estimation uncertainty (cont'd)

- (iii) Valuation of property, plant and equipment, investment property and intangible assets

Property, plant and equipment, investment property and intangible assets are assessed at the end of each financial year to ascertain whether there is an indication of impairment, if such indications are found, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Management judgement is required in the area of asset impairment, particularly in assessing (i) whether an event has occurred that may indicate that the related asset values may not been recoverable; (ii) whether the carrying value of an asset can be supported by the market value or the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key inputs and assumptions to be applied in estimating the market value of preparing the cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amount of the Group's property, plant and equipment, investment property and intangible assets as at 31 March 2024 was RMB 678,618,000 (2023: RMB 682,303,000), RMB 150,087,000 (2023: RMB 153,050,000) and RMB 24,955,000 (2023: RMB 26,992,000) respectively.

- (iv) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 March 2024 was RMB 678,618,000 (2023: RMB 682,303,000).



2.2 Use of estimates and judgements (cont'd)

2.2.2 Key sources of estimation uncertainty (cont'd)

(v) Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 March 2024 was RMB 384,180,000 (2023: RMB 352,656,000). The allowance on the Group's inventory as at 31 March 2024 is RMB 18,071,000 (2023: RMB 18,071,000).

(vi) Provision for income taxes

The Group mainly has exposure to income taxes in PRC. Due to its inherent nature, judgement is involved in determining the Group's provisions for income taxes. The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The carrying amount of the Group's current income tax payables as at 31 March 2024 was RMB 2,457,000 (2023: RMB 2,935,000).

(vi) Impairment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of goodwill as at 31 March 2024 was RMB 25,035,000 (2023: RMB 25,035,000).

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 sales 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.



4. Segment and revenue information (cont'd)

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.

	Group	
	1.1.2024 to 31.3.2024 RMB '000	1.1.2023 to 31.3.2023 RMB '000
Conventional stamping machines	3,768	4,948
High performance and high tonnage stamping machines	151,844	240,465
Metal parts	29,562	35,374
	<u>185,174</u>	<u>280,787</u>

5. Other income

	Group	
	1.1.2024 to 31.3.2024 RMB '000	1.1.2023 to 31.3.2023 RMB '000
Sales of raw and scrap materials	1,382	1,793
Cost of raw and scrap materials sold	(751)	(1,524)
Gain/(loss) from disposals of raw and scrap materials	631	269
Gain on disposal of property, plant and equipment	–	–
Government grants and subsidies	5,670	2,325
Processing income	264	470
Rental income, net	412	117
Others	16	133
	<u>6,993</u>	<u>3,314</u>

6. Other expenses

	Group	
	1.1.2024 to 31.3.2024 RMB '000	1.1.2023 to 31.3.2023 RMB '000
Government comprehensive fund	148	–
Loss on foreign currency exchange	(6,968)	1,542
Property, plant and equipment written off	541	112
Others	6	156
	<u>6,273</u>	<u>1,810</u>



7. Profit before tax

	Group	
	1.1.2024 to 31.3.2024	1.1.2023 to 31.3.2023
	RMB '000	RMB '000
Income		
Interest income	3,364	4,594
Expenses		
Amortisation of intangible assets	2,038	2,038
Depreciation of investment properties	2,963	68
Depreciation of property, plant and equipment	15,284	16,636
Net impairment losses on trade and other receivables	1,807	–
Interest expense	2,656	446

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	
	1.1.2024 to 31.3.2024	1.1.2023 to 31.3.2023
	RMB '000	RMB '000
Related companies		
<i>Income</i>		
Sales to related companies	29,573	35,490
Processing services to related companies	459	848
<i>Expenses</i>		
Lease of premises from a related company	150	100
Processing services from related companies	1,237	2,535
Purchases of machineries and parts from related companies	2,515	161
Purchases of raw materials from related companies	3,473	10,401
Purchases of scrap materials from related companies	7,000	5,262
Affiliated companies		
<i>Income</i>		
Sales to affiliated companies	116	15
Processing services to affiliated companies	–	1
<i>Expenses</i>		
Purchases of raw materials from affiliated companies	(88)	169
Purchases of scrap materials from affiliated companies	42	295



7.1 Related party transactions (cont'd)

Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	1.1.2024 to 31.3.2024 RMB '000	1.1.2023 to 31.3.2023 RMB '000
Directors of the Company:		
- short-term employee benefits	480	108
- defined contribution benefits	13	8
- directors' fees	268	388
	761	504
Other key management personnel:		
- short-term employee benefits	1,054	999
- defined contribution benefits	37	38
	1,091	1,037
	1,852	1,541

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	
	1.1.2024 to 31.3.2024 RMB '000	1.1.2023 to 31.3.2023 RMB '000
Income tax		
- Current year	(565)	(1,543)
- Under provision in respect of prior years	-	-
	(565)	(1,543)
Deferred tax credit		
- origination and reversal of temporary differences	830	508
- Over provision in respect of prior years	-	-
	830	508
Withholding tax	571	-
	836	(1,035)

9. Dividends

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

	Group & Company	
	1.1.2024 to 31.3.2024 RMB '000	1.1.2023 to 31.3.2023 RMB '000
<i>Paid by the Company to owners of the Company</i>		
RMB nil cents per qualifying ordinary share (2023: RMB nil)	-	-



10. Property, plant and equipment

During the three months ended 31 March 2024, the Group acquired assets at cost amounting to RMB 12.1 million (2023: RMB 17.4 million) and disposed of assets at cost amounting to RMB 1.5 million (2023: RMB 0.3 million)

Impairment of property, plant and equipment and 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 amounts are determined based on the greater of its value in use and its fair value less costs of disposal for the allocated CGU.

11. Investment properties

	Group	
	31.03.2024 RMB '000	31.12.2023 RMB '000
Cost		
At beginning and end of the period	165,269	7,208
Additions	–	935
Additions from acquisition of a new subsidiary	–	157,126
	165,269	165,269
Accumulated amortisation		
At beginning of the period	12,219	4,383
Charge for the period	2,963	7,836
At end of the period	15,182	12,219
Net carrying value		
At end of the period	150,087	153,050
Fair value		
At end of the period	170,996	170,996

Investment property comprises a commercial property that is leased to the third parties. The lease contains a non-cancellable period varying from 3 to 6 years (2022: 3 to 6 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 measurement 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 RMB 22,733 (2023: RMB 22,733). A decrease in the price per square foot would result in a lower fair value. The fair value of the Group's investment properties is approximately RMB 173,388,000 (2023: RMB 173,388,000).

12. Goodwill

	Group	
	31.3.2024 RMB '000	31.12.2023 RMB '000
Cost		
At beginning of the period	25,035	–
Additions	–	25,035
At end of the period	25,035	25,035
Carrying amount	25,035	25,035



12. Goodwill (cont'd)

Goodwill acquired in a business combination is allocated to the cash-generating units that are expected to benefit from the business combination.

During the financial year ended 31 December 2023, goodwill with carrying amount of RMB 25,035,000 was acquired through the purchase of Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd.

The Group tests cash-generating units for impairment annually, or more frequently when there is an indication for impairment.

The Group has measured the recoverable amount of the CGU, which comprised of the land and property, plant and equipment acquired on the business combination, based on fair value less cost of disposal. The Group has determined the fair value of CGU based on the valuation performed by an external professional valuer. The valuer has appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. In relying on the valuation reports, the Group has exercised its judgement and is satisfied that the valuation method and estimates are reflective of current market conditions. The fair value measurement was categorised as a Level 3 in the fair value hierarchy as it is derived from unobservable inputs.

Details of valuation techniques and key inputs for the estimation of the recoverable amounts of CGU based on fair value less cost of disposal:

Type	Valuation technique and significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Leasehold buildings Plant and machinery Electrical fittings Tools and equipment Motor vehicles	Depreciated replacement cost method: Aggregated amount of gross replacement cost of the building and plant and machinery from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors.	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> • replacement cost is higher/(lower); or • depreciation is lower/(higher)
Leasehold land	Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the leasehold land.	The estimated fair value would increase/(decrease) if price psm was higher/(lower)

Management is of the view that no reasonable possible changes in any of the key assumptions would cause the CGU's carrying amount to exceed its recoverable amount or result in the CGU's carrying amount to be equal to its recoverable amount.

There is no impairment for goodwill identified by the management for the financial year.



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13. Intangible assets

	Group	
	31.3.2024 RMB '000	31.12.2023 RMB '000
Development costs		
Cost		
At beginning of the period	106,193	102,304
Additions	–	–
At end of the period	<u>106,193</u>	<u>106,193</u>
Accumulated amortisation		
At beginning of the period	79,201	71,052
Amortisation charge for the period	2,038	8,149
At end of the period	<u>81,239</u>	<u>79,201</u>
Net carrying value		
At end of the period	<u>24,954</u>	<u>26,992</u>

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 are determined based on the greater of its value in use and its fair value less costs of disposal for the allocated CGU.

14. Inventories

	Group	
	31.3.2024 RMB '000	31.12.2023 RMB '000
Finished goods	75,352	89,238
Work-in-progress and components parts	245,114	194,204
Raw materials	63,714	69,214
	<u>384,180</u>	<u>352,656</u>

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.

In 1Q24, a write-down for slow-moving and obsolete inventories to net realisable value amounting to RMB nil (2023: RMB 1,986,000) was recognised in "cost of sales" due to slow-moving inventories and obsolete raw materials.



15. Trade receivables

	Group		Company	
	31.3.2024 RMB '000	31.12.2023 RMB '000	31.3.2024 RMB '000	31.12.2023 RMB '000
Trade receivables	155,367	152,613	–	–
Less: allowance for expected credit losses	(20,310)	(18,503)	–	–
	135,057	134,110	–	–
Bills receivables	124,985	173,312	–	–
	260,042	307,422	–	–

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

	Group		Company	
	31.3.2024 RMB '000	31.12.2023 RMB '000	31.3.2024 RMB '000	31.12.2024 RMB '000
At beginning of the period	18,503	19,570	–	–
Allowance for impairment losses	1,807	–	–	–
Bad debts written off against allowance	–	–	–	–
Reversal of allowance for impairment losses	–	(1,067)	–	–
At end of the period	20,310	18,503	–	–

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

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- historical and current payment patterns of the debtors;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtors.



15. Trade receivables (cont'd)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

16. Other receivables

	Group		Company	
	31.3.2024 RMB '000	31.12.2023 RMB '000	31.3.2024 RMB '000	31.12.2023 RMB '000
Amount due from employees	6,271	4,474	–	–
Less: allowance for expected credit losses	(2,258)	(2,258)	–	–
	4,013	2,216	–	–
Advance payments to suppliers	6,311	14,288	–	–
VAT receivables	–	527	–	–
Other prepayments	390	582	59	–
Prepayments for property, plant and equipment	54,302	55,259	–	–
Interest receivables	–	5,027	–	5,027
Tax recoverable	82	–	–	–
Other receivables	21,234	21,668	–	–
Less: allowance for expected credit losses	–	–	–	–
	21,234	21,668	–	–
	86,332	99,567	59	5,027
Non-current	54,302	55,259	–	–
Current	32,030	44,308	59	5,027
	86,332	99,567	59	5,027

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

	Group		Company	
	31.3.2024 RMB '000	31.12.2023 RMB '000	31.3.2024 RMB '000	31.12.2023 RMB '000
At beginning of the period	2,258	1,725	–	–
Allowance for impairment losses	–	533	–	–
Reversal/write-back of impairment losses	–	–	–	–
At end of the period	2,258	2,258	–	–



16. Other receivables (cont'd)

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.

17. Cash and cash equivalents

	Group		Company	
	31.3.2024 RMB '000	31.12.2023 RMB '000	31.3.2024 RMB '000	31.12.2023 RMB '000
Cash at banks and on hand	277,488	127,223	210,043	2,880
Fixed deposit	108,285	304,326	–	198,937
	<u>385,773</u>	<u>431,549</u>	<u>210,043</u>	<u>201,817</u>

The Group's fixed deposit placed with a financial institution matured within 1 month (2023: 1 month) from the end of the reporting period. The interest rates are ranging from 4.50% to 5.38% (2023: 4.50% to 5.38%) per annum.

18. Trade payables

	Group		Company	
	31.3.2024 RMB '000	31.12.2023 RMB '000	31.3.2024 RMB '000	31.12.2023 RMB '000
Trade payables	<u>504,215</u>	<u>524,735</u>	–	–

Trade payables included reclassification of bill receivables of RMB 74,913,000 (2022: RMB 128,286,000)

Trade payables are non-interest bearing with credit periods ranging from 3 to 6 months (2023: 3 to 6 months).

19. Other payables

	Group		Company	
	31.3.2024 RMB '000	31.12.2023 RMB '000	31.3.2024 RMB '000	31.12.2023 RMB '000
Accrued operating expenses	132,955	137,295	384	1,304
VAT payables	1,865	19,570	–	–
Other tax payables	650	1,056	–	–
Bonus payables	–	8,924	–	–
Payables relating to property, plant and equipment	11,722	10,268	–	–
	<u>147,192</u>	<u>177,113</u>	<u>384</u>	<u>1,304</u>

20. Share capital

	Group and Company			
	31.3.2024 No. of shares '000	31.3.2022 RMB '000	31.12.2023 No. of shares '000	31.12.2023 RMB '000
Issued and fully paid ordinary shares, with no par value				
At beginning and end of period	<u>400,000</u>	<u>250,660</u>	<u>400,000</u>	<u>250,660</u>



20. Share capital (cont'd)

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	
		31.3.2024 RMB '000	31.12.2023 RMB '000	31.3.2024 RMB '000	31.12.2023 RMB '000
<i>Financial assets at amortised cost</i>					
Trade receivables	15	260,042	307,422	–	–
Other receivables*	16	26,027	28,911	59	5,027
Due from related parties (trade)		110,472	84,877	–	–
Due from affiliated company (trade)		–	64	–	–
Due from subsidiaries (non-trade)		–	–	498	501
Cash and cash equivalents	17	385,773	431,549	210,043	201,817
		<u>782,314</u>	<u>852,823</u>	<u>210,600</u>	<u>207,345</u>
<i>Financial liabilities at amortised cost</i>					
Trade payables	18	504,215	573,947	–	–
Other payables #	19	144,677	139,306	384	1,304
Due to related parties (trade)		5,422	21,240	–	–
Due to affiliated company (trade)		2,016	2,302	–	–
Due to subsidiaries (non-trade)		–	–	11,561	–
Due to related parties (non-trade)		233	1,554	–	7,315
Leases liabilities		16,573	16,965	–	–
		<u>673,136</u>	<u>755,314</u>	<u>11,945</u>	<u>8,619</u>

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

Excludes VAT payables other tax payables and deferred income.

Estimation the fair value

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active liquid markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities (excluding derivative instruments) are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.



21. Accounting classifications and fair values (cont'd)

Fair value measurements that use inputs of different hierarchy levels are 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.

	<u>Level 1</u> RMB '000	<u>Level 2</u> RMB '000	<u>Level 3</u> RMB '000
<u>Recurring Fair Value Measurement Group</u>			
<u>2024</u>			
Financial assets:			
Bills receivables	-	124,985	-
	<u> </u>	<u> </u>	<u> </u>
<u>2023</u>			
Financial assets:			
Bills receivables	-	173,312	-
	<u> </u>	<u> </u>	<u> </u>

Except as disclosed in the respective notes, the carrying amounts of the current financial assets and financial liabilities approximate their respective fair values.

The fair values of the bills receivable in Level 2 have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of other investment in Level 2 have been calculated using discounted cash flow model which considers the present value of expected cash flow estimated based on contracted interest rate should the exchange rates between US Dollar against Japanese Yen remain within the contracted upper and lower barrier rates during the contract period to maturity, discounted using a risk-adjusted discount rate. The fair values have been assessed to be approximate to their carrying amounts.



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 three months ended 31 March 2024, 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 31 March 2024	As at 31 December 2023
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(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 2024. 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.

	1.1.2024 to 31.3.2024	1.1.2023 to 31.3.2023
(a) Based on weighted average number of ordinary share on issue (RMB); and	(0.002)	0.03
(b) On a fully diluted basis (RMB)	(0.002)	0.03
Weighted average number of shares	400,000,000	400,000,000



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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	
	31.3.2024	31.12.2023	31.3.2024	31.12.2023
	RMB	RMB	RMB	RMB
Net asset value (“NAV”) per ordinary share based on issued share capital at the end of the respective periods:	2.60	2.62	2.15	2.15
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 31 March 2024 (“1Q24”), the Group’s turnover decreased by 34.1% to RMB 185.2 million from RMB 280.8 million for the 3 months ended 31 March 2023 (“1Q23”).

In terms of sales performance for 1Q24, sales of conventional stamping machines decreased by 23.8% while sales of high performance and high tonnage stamping machines decreased by 36.9% compared to 1Q23 respectively.

Overall, the decrease in number of units sold in conventional stamping machines and 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 1Q24 decreased by 39.0% to RMB 27.1 million from RMB 44.5 million in 1Q23. The gross profit margin decreased by 1.1% to 14.7% in 1Q24 from 15.8% in 1Q23.

In terms of gross profit margin for 1Q24, gross profit margin for conventional stamping machines decreased by 3.4% to 14.2% from 17.6% in 1Q23 while gross profit margin for high



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performance and high tonnage stamping machines decreased by 1.7% to 14.5% from 16.2% in 1Q23.

Overall, the decrease in the Group's gross profit margin for 1Q24 was mainly due to a decrease in production of conventional stamping machines, high performance and high tonnage stamping machines and a downward revision in the average selling prices of the stamping machines.

(iii) Other Income

In 1Q24, other income increased by 111.0% to RMB 7.0 million from RMB 3.3 million in 1Q23.

Overall, the increase was mainly due to an increase in grants received from the government.

(iv) Distribution and Selling Expenses

In 1Q24, distribution and selling expenses decreased by 4.2% to RMB 15.8 million from RMB 16.5 million in 1Q23. As a percentage of total revenue, distribution and selling expenses increased by 2.6% to 8.5% in 1Q24 from 5.9% in 1Q23.

Overall, the decrease was mainly due to a decrease in commission payable to sales personnel.

(v) Administrative Expenses

In 1Q24, administrative expenses increased by 19.7% to RMB 25.0 million from RMB 20.9 million in 1Q23. As a percentage of total revenue, administrative expenses increased by 6.1% to 13.5% in 1Q24 from 7.4% in 1Q23.

Overall, the increase was mainly due to an increase in staff salaries, depreciation and amortisation and research and development costs for stamping machines.

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 1Q24, depreciation and amortisation expenses increased by 8.2% to RMB 20.3 million from RMB 18.7 million in 1Q23.

The increase was mainly due to additional depreciation and amortisation of property, plant and equipment and intangible assets from new subsidiary acquired last year.

(vii) Other Expenses

In 1Q24, other expenses recorded a gain of RMB 6.3 million whereas 1Q23 recorded a loss of RMB 1.8 million in 1Q23.

The gain was mainly due to an increase in foreign currency translation gain.



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(viii) Net Impairment Losses on Trade and Other Receivables

In 1Q24, there was an allowance made for impairment losses on trade and other receivables whereas in 1Q23, there was no such allowance made.

(ix) Net Financial Income/(Costs)

In 1Q24, the Group's finance income recorded a decrease by 26.8% to RMB 3.4 million from RMB 4.6 million in 1Q23.

The decrease was mainly due to a reduction in the quantum of funds allocated to structured deposits and/or fixed deposits placed within financial institutions to earn interest income.

In 1Q24, the Group's finance costs recorded an increase of 336.6% to RMB 2.6 million from RMB 0.6 million in 1Q23, which was mainly due to interest paid for bank borrowings and early redemption of bills receivables.

Overall, the Group achieved a net finance income mainly due to the interest income from the fixed deposit which was partially offset by interest paid for bank borrowings and early redemption of bills receivables.

(ix) Profit Before Tax

In 1Q24, the Group's recorded a loss before tax of RMB 1.46 million whereas in 1Q23 recorded a profit before tax of RMB 12.6 million.

(x) Tax Expense

In 1Q24, the Group recorded a tax credit of RMB 0.8 million whereas in 1Q23, the Group recorded a tax expense of RMB 1.0 million mainly due to an increase in deferred tax assets and reversal of withholding tax which were partially offset by income tax expense.

World Precise Machinery (China) Co., Ltd. ("WPMC") and World Precise Machinery (Shenyang) Co., Ltd. ("WPMS") enjoyed preferential income tax rate of 15% as WPMC and WPMS have been regarded as a High-Tech Enterprise.

World Precise Machinery Parts (Jiangsu) Co., Ltd., Jiangsu World Tourism Investment Management Co., Ltd., Hainan World Tourism Investment Co., Ltd. and Wanning Yinhu Hot Spring Holiday Hotel Co., Ltd., all are PRC incorporated companies, was subjected to tax at the statutory tax rate of 25%.

World Precise Machinery (Thailand) Co., Ltd., a Thailand incorporated company, enjoyed a preferential income tax treatment under scheme of Board of Investment Thailand.

World Precision Machinery Limited, a Singapore incorporated company, was subjected to tax at the statutory tax rate of 17%.

(xi) Net Profit After Tax

In 1Q24, the Group's recorded a net loss after tax of RMB 0.6 million whereas in 1Q23 the Group recorded a profit before tax of RMB 11.6 million.



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(B) Consolidated Statement of Financial Position (31 March 2024 vs 31 December 2023)

For the period under review, the Group's non-current assets decreased by approximately RMB 9.8 million mainly due to an increase in the depreciation and amortisation expenses net of purchases of property, plant and equipment and additions of intangible assets.

For the period under review, the Group's non-current liabilities decreased by RMB 6.7 million due to a decrease in deferred tax liabilities and repayment of bank borrowings.

The Group's total current assets decreased by approximately RMB 48.4 million from RMB 1,220.9 million as at 31 December 2023 to RMB 1,172.5 million as at 31 March 2024. This was attributable to a decrease in trade receivables (mainly due to a decrease in bills receivables from customers) other receivables (which was mainly due to a decrease in advanced payment to supplier which was partially offset by an increase in advanced to staff) and cash and cash equivalents (as explained in the consolidated statement of cash flows) which were partially offset by an increase in inventories (mainly due to increase in sales orders) and amount due from related parties (trade).

The Group's total current liabilities decreased by approximately RMB 44.6 million from RMB 977.9 million as at 31 December 2023 to RMB 933.4 million as at 31 March 2024. This was attributable to a decrease in trade payables (mainly due to slow payment to suppliers which was partially offset by a decrease in reclassification of bill receivables), other payables (mainly due to decrease in VAT payables and accrued operating expense which were partially offset by an increase in payables relating to property, plant and equipment) and amount due to related parties (trade) which were partially offset by an increase in contract liabilities (mainly due to an increase in advances received from customers).

The Group is in a net current assets position as at 31 March 2024 of RMB 239.1 million.

(C) Consolidated Statement of Cash Flows

For the 3 months ended 31 March 2024, the Group recorded a net cash decrease of approximately RMB 50.1 million. This was mainly due to:-

- a) the net cash outflow arising from operating activities which amounted to RMB 22.0 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 RMB 20.3 million mainly due to purchases of property, plant and equipment and effect of foreign currency re-alignment on investing activities.
- c) the net cash outflow arising from financing activities which amounted to RMB 7.8 million mainly due to repayment of bank borrowings, payment for lease liabilities and interest paid.

Cash and cash equivalents as at 31 March 2024 stood at RMB 385.8 million (of which RMB 0.5 million was pledged for letter of guarantee).



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

Despite the Group reporting a loss for the period 1Q24, barring unforeseen circumstances, the Group remains cautiously optimistic to remain profitable for the financial year ending 31 December 2024 (“FY2024”).

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.**

FY2024 will be a challenging year for the Group, with China’s domestic economy still hampered by sluggish consumer and business sentiment, while international geopolitical conflicts including the Russia-Ukraine War and the Israel-Hamas conflict continues to fuel an inflationary and more unstable external environment. As result of these various pressures, the Group’s business outlook will remain subdued in FY2024.

The management is monitoring the development of business environment closely and will adjust its existing business strategies to better mitigate these challenges.

Nonetheless, barring any unforeseen circumstances, the Group is cautiously optimistic to remain profitable in FY2024.

The Group’s order book stood at RMB 446.1 million as at 24 April 2024.

11. **Dividend**

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

Yes. An interim tax-exempt (one-tier) dividend has been recommended.

- (b) (i) **Amount per share**

An interim tax-exempt (one-tier) dividend of RMB 0.37 per share has been recommended for the financial year ending 31 December 2024.

- (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).**

Tax-exempt (one-tier).

- (d) **The date the dividend is payable.**

The proposed dividend will be paid on 21 June 2024 in Singapore Dollar. The exchange rate to be used in determining payment of above special interim tax-exempt (one-tier) dividend in Singapore Dollar will be disclosed in due course.



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- (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.

21 May 2024.

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

Not applicable.

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

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

The IPTs for 1Q24 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.			93
Processing fee paid.			1,015
<u>Jiangsu World Plant-Protecting Machinery Co., Ltd.</u>	Associate of the Controlling Shareholder	N/A	
Processing fees received and sale of parts.			11
Purchase of raw materials and scrap materials.			152



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<u>Jiangsu World Agriculture Machinery Co., Ltd.</u> Processing fees received and sale of raw materials, and parts. Purchase of scrap materials and scrap materials.	Associate of the Controlling Shareholder	N/A	13,574 80
<u>Jiangsu World Agriculture Machinery & Parts Manufacturing Co., Ltd.</u> Processing fees received and sale of raw materials and parts. Processing fees paid and purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	N/A	378 1,718
<u>World Agriculture (Shenyang) Co., Ltd.</u> Sales of raw materials, parts and scrap materials.	Associate of the Controlling Shareholder	N/A	575
<u>World Heavy Industry (China) Co., Ltd.</u> Processing fee received and sale of parts. Processing fee paid and purchase of raw materials, scrap materials and equipment.	Associate of the Controlling Shareholder	N/A	1,361 4,745
<u>Jiangsu World Precise Machinery Co., Ltd.</u> Land rental paid.	Associate of the Controlling Shareholder	N/A	150
<u>Jiangsu World Furniture Co., Ltd.</u> Sale of raw materials and machineries. Purchase of scrap materials.	Associate of the Controlling Shareholder	N/A	116 1,412



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<u>Jiangsu World High End Agriculture Equipment Co., Ltd.</u> Processing fees received and sale of raw materials and parts. Purchase of scrap materials.	Associate of the Controlling Shareholder	N/A	14,025 3,076
<u>Danyang World Machinery Parts Manufacturing Co., Ltd.</u> Purchase of raw materials and scrap materials.	Associate of the Controlling Shareholder	-45	N/A
<u>World High Precision Complete Equipment Co., Ltd.</u> Processing fee received. Purchases of scrap materials.	Associate of the Controlling Shareholder	15 2,026	N/A
Total		1,996	42,481

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.



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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 three months and first quarter results of the Group for the financial period ended 31 March 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wang Weiyao
Executive Chairman

Shao Jianjun
Non-Executive and Non-Independent Director

BY ORDER OF THE BOARD

Wang Weiyao
Executive Chairman
30 April 2024