

## UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR PERIOD ENDED 30 JUNE 2020

## PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS ENDED 30 JUNE 2020

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group   | 6 Months<br>ended<br>30/06/2020<br>RMB'000 | 6 Months<br>ended<br>30/06/2019<br>RMB'000<br>(Reclassified) | Change<br>%   |
|---|--|--|---------------|
| Revenue   | 779,828                                    | 896,641  | (13.0)        |
| Cost of sales   | (563,840)                                  | (670,360)  | (15.9)        |
| <b>Gross Profit</b>   | <b>215,988</b>                             | <b>226,281</b>   | <b>(4.5)</b>  |
| Selling and distribution expenses                                     | (51,082)                                   | (50,438)   | 1.3           |
| Administrative expenses   | (85,297)                                   | (96,458)   | (11.6)        |
| Research and development expenses                                     | (35,332)                                   | (37,254)   | (5.2)         |
| <b>Profit from Operations</b>   | <b>44,277</b>                              | <b>42,131</b>  | <b>5.1</b>    |
| Financial expenses, net   | (1,023)                                    | (4,084)  | (75.0)        |
| Share of results from associates                                      | 1,701                                      | 614  | 177.0         |
| Other income  | 13,364                                     | 8,756  | 52.6          |
| Other expenses  | (22,719)                                   | (594)  | n.m.          |
| Impairment losses of financial assets                                 | (317)                                      | (226)  | 40.3          |
| <b>Profit Before Tax</b>  | <b>35,283</b>                              | <b>46,597</b>  | <b>(24.3)</b> |
| Income tax  | (14,418)                                   | (17,109)   | (15.7)        |
| <b>Net Profit After Tax</b>   | <b>20,865</b>                              | <b>29,488</b>  | <b>(29.2)</b> |
| <b>Other Comprehensive Income</b>                                     |  |  |               |
| <u>Items that may be reclassified subsequently to profit or loss:</u> |  |  |               |
| Currency translation differences arising from consolidation           | 8,943                                      | (1,156)  | n.m.          |
| Financial assets, at FVOCI  |  |  |               |
| – Changes of fair value   | -  | 614  | (100.0)       |
| – Reclassification upon realisation of investment                     | (504)                                      | 446  | n.m.          |
| Other Comprehensive Income/(loss) for the period                      | 8,439                                      | (96)   | n.m.          |
| <b>Total Comprehensive Income for the period</b>                      | <b>29,304</b>                              | <b>29,392</b>  | <b>(0.3)</b>  |

n.m.: not meaningful.

**1(a)(ii) Profit before tax is determined after crediting/(charging) the following:****(A) Other Income**

|  | 6 Months<br>ended<br>30/06/2020<br>RMB'000 | 6 Months<br>ended<br>30/06/2019<br>RMB'000<br>(Reclassified) | Change<br>% |
|--|--|--|-------------|
| Foreign exchange gain, net                                 | 5,563                                      | 147  | n.m.        |
| Government grants  | 4,612                                      | 5,018  | (8.1)       |
| Gain on settlement of forward currency contracts           | 1,057                                      | -  | n.m.        |
| Other investments at fair value (reclassified from equity) | 504  | -  |             |
| Repair and maintenance income                              | 438  | 193  | 126.9       |
| Amortisation of deferred government grant                  | 343  | 343  | -           |
| Sales of steel scrap                                       | 117  | 1,434  | (91.8)      |
| Fair value gain on forward currency contracts              | -  | 20   | (100.0)     |
| Others   | 730  | 1,601  | (54.4)      |
|  | <u>13,364</u>                              | <u>8,756</u>   | 52.6        |

The Group has reclassified the net gain on sales of raw materials previously presented under "other income" to "Revenue" as the Group is of the view that such reclassification better reflects the substance of the transactions. Accordingly, the prior period comparatives have been restated to conform to such presentation.

**(B) Other Expenses**

|  | 6 Months<br>ended<br>30/06/2020<br>RMB'000 | 6 Months<br>ended<br>30/06/2019<br>RMB'000 | Change<br>% |
|--|--|--|-------------|
| Impairment loss on intangible assets               | (11,435)                                   | -  | n.m.        |
| Impairment loss on right-of-use (ROU) assets       | (6,854)                                    | -  | n.m.        |
| Impairment loss on property, plant and equipment   | (902)                                      | -  | n.m.        |
| Fair value loss on forward currency contracts      | (2,776)                                    | -  | n.m.        |
| Fair value loss on other investments at fair value | (552)                                      | (391)                                      | n.m.        |
| Others   | (200)                                      | (203)                                      | (1.5)       |
|  | <u>(22,719)</u>                            | <u>(594)</u>                               | n.m.        |

For the 6 months ended 30 June 2020, the Group undertook an assessment of its development costs, ROU assets and property, plant and equipment. Based on the assessment, the Group recognised impairment loss of RMB11.4 million on development costs intangible assets, RMB6.9 million on its ROU assets and RMB0.9 million on its property, plant and equipment.

**(C) Financial Expenses, net**

|   | 6 Months<br>ended<br>30/06/2020<br>RMB'000 | 6 Months<br>ended<br>30/06/2019<br>RMB'000 | Change<br>% |
|---|--|--|-------------|
| Interest income                               | 3,440                                      | 1,347                                      | 155.4       |
| Interest expenses                             | (3,595)                                    | (4,378)                                    | (17.9)      |
| Net interest on net defined benefit liability | (868)                                      | (1,053)                                    | (17.6)      |
|   | <u>(1,023)</u>                             | <u>(4,084)</u>                             | (75.0)      |

**(D) Depreciation and Amortisation**

|   | 6 Months<br>ended<br>30/06/2020<br><u>RMB'000</u> | 6 Months<br>ended<br>30/06/2019<br><u>RMB'000</u> | Change<br>% |
|---|---|---|-------------|
| Depreciation on property, plant and equipment | 15,996  | 16,475  | (2.9)       |
| Depreciation of right-of-use assets           | 9,500   | 9,142   | 3.9         |
| Amortisation of intangible assets             | <u>9,821</u>                                      | <u>8,742</u>                                      | 12.3        |
|   | 35,317  | 34,359  | 2.8         |

For the 6 months ended 30 June 2020, the Group's amortisation of intangible assets increased by 12.3% to RMB9.8 million over last corresponding period due to the addition in intangible assets of development costs.

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        |                |              |
|---|------------------|------------------|--------------|----------------|----------------|--------------|
|   | As At            | As At            | Change       | As At          | As At          | Change       |
|   | 30/06/2020       | 31/12/2019       |              | 30/06/2020     | 31/12/2019     |              |
|   | RMB'000          | RMB'000          | %            | RMB'000        | RMB'000        | %            |
| Unaudited   | Audited          |                  | Unaudited    | Audited        |                |              |
| <b>Assets</b>   |                  |                  |              |                |                |              |
| <b>Non-current Assets</b>   |                  |                  |              |                |                |              |
| Intangible assets   | 38,864           | 55,863           | (30.4)       | -              | -              | -            |
| Investment in subsidiaries  | -                | -                | -            | 277,577        | 273,532        | 1.5          |
| Investment in associates  | 10,308           | 8,607            | 19.8         | -              | -              | -            |
| Property, plant and equipment   | 298,424          | 305,790          | (2.4)        | -              | -              | -            |
| Right-of-use assets   | 103,608          | 117,698          | (12.0)       | -              | -              | -            |
| Deferred tax assets   | 851              | 1,486            | (42.7)       | -              | -              | -            |
| <b>Total Non-current Assets</b>   | <b>452,055</b>   | <b>489,444</b>   | <b>(7.6)</b> | <b>277,577</b> | <b>273,532</b> | <b>1.5</b>   |
| <b>Current Assets</b>   |                  |                  |              |                |                |              |
| Cash and bank balances  | 514,499          | 448,421          | 14.7         | 53,652         | 48,263         | 11.2         |
| Other investments at fair value   | 2,440            | 20,060           | (87.8)       | -              | -              | -            |
| Trade receivables   | 254,343          | 263,296          | (3.4)        | 45,275         | 35,766         | 26.6         |
| Advances to suppliers   | 26,427           | 23,703           | 11.5         | -              | -              | -            |
| Other receivables, deposits and prepayments                                   | 16,913           | 12,376           | 36.7         | -              | -              | -            |
| Due from subsidiaries (non-trade)   | -                | -                | -            | 16,200         | 28,370         | (42.9)       |
| Derivative financial instruments  | -                | 2,606            | (100.0)      | -              | -              | -            |
| Contract assets   | 23,922           | 25,337           | (5.6)        | -              | -              | -            |
| Inventories   | 379,287          | 367,768          | 3.1          | 1,146          | 1,860          | (38.4)       |
| <b>Total Current Assets</b>   | <b>1,217,831</b> | <b>1,163,567</b> | <b>4.7</b>   | <b>116,273</b> | <b>114,259</b> | <b>1.8</b>   |
| <b>Total Assets</b>   | <b>1,669,886</b> | <b>1,653,011</b> | <b>1.0</b>   | <b>393,850</b> | <b>387,791</b> | <b>1.6</b>   |
| <b>Liabilities</b>  |                  |                  |              |                |                |              |
| <b>Current Liabilities</b>  |                  |                  |              |                |                |              |
| Borrowings  | 124,745          | 129,626          | (3.8)        | -              | -              | -            |
| Trade payables  | 147,002          | 124,256          | 18.3         | 1,692          | 2,095          | (19.2)       |
| Other payables and accruals   | 115,209          | 115,391          | (0.2)        | 6,046          | 6,723          | (10.1)       |
| Due to related parties (trade & non-trade)                                    | 1,087            | 7,790            | (86.0)       | -              | 6,842          | (100.0)      |
| Derivative financial instruments  | 170              | -                | n.m.         | -              | -              | -            |
| Provision for income tax  | 8,859            | 8,070            | 9.8          | 1,061          | 853            | 24.4         |
| Contract liabilities  | 85,917           | 95,953           | (10.5)       | 30             | 30             | -            |
| Due to subsidiaries (trade)   | -                | -                | -            | 83,994         | 76,419         | 9.9          |
| <b>Total Current Liabilities</b>  | <b>482,989</b>   | <b>481,086</b>   | <b>0.4</b>   | <b>92,823</b>  | <b>92,962</b>  | <b>(0.1)</b> |
| <b>Non-current Liabilities</b>  |                  |                  |              |                |                |              |
| Long-term borrowings  | 52,012           | 65,130           | (20.1)       | -              | -              | -            |
| Pension liability   | 75,198           | 79,997           | (6.0)        | -              | -              | -            |
| Deferred income   | 10,869           | 11,212           | (3.1)        | -              | -              | -            |
| Deferred tax liabilities  | 27,985           | 24,057           | 16.3         | -              | -              | -            |
| <b>Total Non-current Liabilities</b>  | <b>166,064</b>   | <b>180,396</b>   | <b>(7.9)</b> | <b>-</b>       | <b>-</b>       | <b>-</b>     |
| <b>Total Liabilities</b>  | <b>649,053</b>   | <b>661,482</b>   | <b>(1.9)</b> | <b>92,823</b>  | <b>92,962</b>  | <b>(0.1)</b> |
| <b>Net Assets</b>   | <b>1,020,833</b> | <b>991,529</b>   | <b>3.0</b>   | <b>301,027</b> | <b>294,829</b> | <b>2.1</b>   |
| <b>Equity</b>   |                  |                  |              |                |                |              |
| <b>Capital and reserves attributable to the equity holders of the Company</b> |                  |                  |              |                |                |              |
| Share capital   | 154,623          | 154,623          | -            | 154,623        | 154,623        | -            |
| Capital reserve   | 172,946          | 172,946          | -            | -              | -              | -            |
| Revenue reserve   | 589,037          | 568,172          | 3.7          | 125,516        | 123,682        | 1.5          |
| Statutory reserve   | 76,711           | 76,711           | -            | -              | -              | -            |
| Translation reserve   | 40,545           | 31,602           | 28.3         | 20,888         | 16,524         | 26.4         |
| Fair value reserve  | -                | 504              | (100.0)      | -              | -              | -            |
| Merger deficit  | (13,029)         | (13,029)         | -            | -              | -              | -            |
| <b>Total Equity</b>   | <b>1,020,833</b> | <b>991,529</b>   | <b>3.0</b>   | <b>301,027</b> | <b>294,829</b> | <b>2.1</b>   |

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

**The Group's borrowings refer to aggregate borrowings from banks, financial institutions, and lease liabilities.**

|                                 | Group              |           | Group                  |           |
|---------------------------------|--------------------|-----------|------------------------|-----------|
|                                 | As at 30 June 2020 |           | As at 31 December 2019 |           |
|                                 | Secured            | Unsecured | Secured                | Unsecured |
|                                 | RMB'000            | RMB'000   | RMB'000                | RMB'000   |
| Borrowings                      |                    |           |                        |           |
| Amount repayable in one year    | 54,249             | 70,496    | 52,635                 | 76,991    |
| Amount repayable above one year | 52,012             | -         | 65,130                 | -         |
| Total                           | 106,261            | 70,496    | 117,765                | 76,991    |

**Details of any collateral**

As at 30 June 2020, borrowings comprised:

- (1) An outstanding mortgage loan of USD0.1 million (equivalent to RMB0.9 million) from East West Bank to finance the acquisition of a warehouse in USA. The Company provided corporate guarantee for the loan.
- (2) An outstanding loan of EUR1.7 million (equivalent to RMB13.4 million) which relates to a loan obtained by Format Tresorbau GmbH & Co. KG to finance the construction of warehouse. The Company provided corporate guarantee for the loan. In addition, it has outstanding lease liabilities of EUR0.5 million (equivalent to RMB4.2 million).
- (3) DTMT has an outstanding loan of EUR1.5 million (equivalent to RMB12.1 million). The Company provided corporate guarantee for the loan.
- (4) DTMT has an outstanding loan of EUR2.0 million (equivalent to RMB15.9 million), secured by the land of DTMT from a German commercial bank. In addition, DTMT has outstanding lease liabilities of EUR1.7 million (equivalent to RMB13.1 million).
- (5) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR0.4 million (equivalent to RMB3.2 million) to finance the acquisition of freehold land and building and working capital. In addition, Krauth has outstanding lease liabilities of EUR0.2 million (equivalent to RMB1.6 million).
- (6) Metric Group Limited has an outstanding loan of GBP2.4 million (equivalent to RMB20.6 million) to finance the working capital. The Company provided pledged bank balance for the loan. In addition, it has outstanding lease liabilities of GBP1.6 million (equivalent to RMB14.3 million).
- (7) Other European subsidiaries have outstanding lease liabilities of EUR0.2 million (equivalent to RMB1.9 million).
- (8) The Group's sales are mainly transacted in USD, while the major purchases are transacted in RMB. For the purpose of operating activities, a loan of RMB48.5 million was obtained by a PRC subsidiary of the Company from Chinese bank to finance the daily payment to suppliers. In addition, PRC subsidiaries have outstanding lease liabilities of RMB10.9 million.
- (9) Southeast Asia subsidiaries have outstanding lease liabilities of RMB16.2 million.
- (10) Lease liabilities are secured on the respective right-of-use assets.

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.**

|  | 6 Months<br>ended<br>30/06/2020<br>RMB'000 | 6 Months<br>ended<br>30/06/2019<br>RMB'000 |
|--|--|--|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>   |  |  |
| Profit before tax  | 35,283                                     | 46,597                                     |
| Adjustments:   |  |  |
| Amortisation of intangible assets  | 9,821                                      | 8,742                                      |
| Amortisation of deferred government grant  | (343)                                      | (343)                                      |
| Depreciation of property, plant and equipment  | 15,996                                     | 16,475                                     |
| Depreciation of right-of-use assets  | 9,500                                      | 9,142                                      |
| Impairment of intangible assets  | 11,435                                     | -  |
| Impairment of ROU assets   | 6,854                                      | -  |
| Impairment of property, plant and equipment  | 902  | -  |
| Fair value loss on other investments at fair value   | 552  | 391  |
| Other investments at fair value (reclassified from equity)   | (504)                                      | -  |
| Fair value loss/(gain) on forward contract   | 2,776                                      | (20)                                       |
| Gain on settlement of forward contracts  | (1,057)                                    | -  |
| Interest expenses  | 4,463                                      | 5,431                                      |
| Interest income  | (3,440)                                    | (1,347)                                    |
| Share of results from associates   | (1,701)                                    | (614)                                      |
| Gain on foreign exchange   | (1,277)                                    | (2,657)                                    |
| <b>Operating profit before working capital changes</b>   | <b>89,260</b>                              | <b>81,797</b>                              |
| Contract assets  | 1,117                                      | 14,065                                     |
| Trade receivables  | 9,079                                      | (57,732)                                   |
| Other receivables, deposits and prepayments  | (4,385)                                    | 690  |
| Advances to suppliers  | (2,784)                                    | 2,311                                      |
| Inventories  | (12,041)                                   | (53,884)                                   |
| Contract liabilities   | (10,740)                                   | 14,324                                     |
| Trade payables   | 22,240                                     | 12,633                                     |
| Other payables and accruals  | (201)                                      | (4,432)                                    |
| Due from a related party (trade)   | -  | 680  |
| Due to related parties (trade & non-trade)   | (6,703)                                    | (7,973)                                    |
| Settlement of forward contract   | 1,057                                      | -  |
| Pension liability  | (765)                                      | -  |
| <b>Cash generated from operations</b>  | <b>85,134</b>                              | <b>2,479</b>                               |
| Income tax paid  | (7,719)                                    | (10,202)                                   |
| <b>Net cash from/(used in) operating activities</b>  | <b>77,415</b>                              | <b>(7,723)</b>                             |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>   |  |  |
| Purchase of property, plant and equipment  | (6,936)                                    | (23,933)                                   |
| Addition of Intangible assets  | (4,197)                                    | (8,051)                                    |
| Proceed from disposal of property, plant and equipment   | 440  | 407  |
| Interest received  | 3,440                                      | 1,347                                      |
| Proceed from disposal of other investments at fair value   | 17,068                                     | 6,128                                      |
| Purchase of other investments at fair value  | -  | (6,589)                                    |
| <b>Net cash from/(used) in investing activities</b>  | <b>9,815</b>                               | <b>(30,691)</b>                            |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>   |  |  |
| Proceeds from bank borrowings  | 27,393                                     | 107,625                                    |
| Repayment of loans   | (47,332)                                   | (119,297)                                  |
| Interest paid  | (3,595)                                    | (2,860)                                    |
| Withdrawal/(Placement) of pledged deposits   | 1,948                                      | (31,313)                                   |
| <b>Net cash used in financing activities</b>   | <b>(21,586)</b>                            | <b>(45,845)</b>                            |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  | <b>65,644</b>                              | <b>(84,259)</b>                            |
| Effects of exchange rate changes in cash and cash equivalents  | 2,382                                      | 2,657                                      |
| Cash and cash equivalents at beginning of the period   | 406,541                                    | 287,695                                    |
| <b>Cash and cash equivalents at end of the period</b>  | <b>474,567</b>                             | <b>206,093</b>                             |
| <b>Note:</b>   |  |  |
| For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised: |  |  |
| -Cash in hand  | 817  | 757  |
| -Cash at bank  | 513,682                                    | 284,235                                    |
|  | <b>514,499</b>                             | <b>284,992</b>                             |
| Less: Pledged deposit  | (39,932)                                   | (78,899)                                   |
| Cash and cash equivalents per consolidated statement of cash flows   | <b>474,567</b>                             | <b>206,093</b>                             |

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          |                   |                 |                 |                 |                     |                    | Total equity<br>RMB'000 |
|--|----------------|-------------------|-----------------|-----------------|-----------------|---------------------|--------------------|-------------------------|
|  | Share capital  | Statutory reserve | Merger deficit  | Capital reserve | Revenue reserve | Translation reserve | Fair value reserve |                         |
|  | RMB'000        | RMB'000           | RMB'000         | RMB'000         | RMB'000         | RMB'000             | RMB'000            |                         |
| Balance at 1 January 2020              | 154,623        | 76,711            | (13,029)        | 172,946         | 568,172         | 31,602              | 504                | 991,529                 |
| Profit for the period                  | -              | -                 | -               | -               | 20,865          | -                   | -                  | 20,865                  |
| Other comprehensive income, net of tax | -              | -                 | -               | -               | -               | 8,943               | (504)              | 8,439                   |
| <b>Balance at 30 June 2020</b>         | <b>154,623</b> | <b>76,711</b>     | <b>(13,029)</b> | <b>172,946</b>  | <b>589,037</b>  | <b>40,545</b>       | <b>-</b>           | <b>1,020,833</b>        |

|  | Group          |                   |                 |                 |                 |                     |                              | Total equity<br>RMB'000 |
|--|----------------|-------------------|-----------------|-----------------|-----------------|---------------------|------------------------------|-------------------------|
|  | Share capital  | Statutory reserve | Merger deficit  | Capital reserve | Revenue reserve | Translation reserve | Fair value reserve/(deficit) |                         |
|  | RMB'000        | RMB'000           | RMB'000         | RMB'000         | RMB'000         | RMB'000             | RMB'000                      |                         |
| Balance at 1 January 2019              | 154,623        | 62,393            | (13,029)        | 33,056          | 658,601         | 29,595              | (684)                        | 924,555                 |
| Profit for the period                  | -              | -                 | -               | -               | 29,488          | -                   | -                            | 29,488                  |
| Other comprehensive income, net of tax | -              | -                 | -               | -               | -               | (1,156)             | 1,060                        | (96)                    |
| <b>Balance at 30 June 2019</b>         | <b>154,623</b> | <b>62,393</b>     | <b>(13,029)</b> | <b>33,056</b>   | <b>688,089</b>  | <b>28,439</b>       | <b>376</b>                   | <b>953,947</b>          |

|   | Company        |                 |                     |                |
|---|----------------|-----------------|---------------------|----------------|
|   | Share capital  | Revenue reserve | Translation reserve | Total equity   |
|   | RMB'000        | RMB'000         | RMB'000             | RMB'000        |
| Balance at 1 January 2020                 | 154,623        | 123,682         | 16,524              | 294,829        |
| Total comprehensive income for the period | -              | 1,834           | 4,364               | 6,198          |
| <b>Balance at 30 June 2020</b>            | <b>154,623</b> | <b>125,516</b>  | <b>20,888</b>       | <b>301,027</b> |

|   | Company        |                 |                     |                |
|---|----------------|-----------------|---------------------|----------------|
|   | Share capital  | Revenue reserve | Translation reserve | Total equity   |
|   | RMB'000        | RMB'000         | RMB'000             | RMB'000        |
| Balance at 1 January 2019                 | 154,623        | 117,069         | 11,588              | 283,280        |
| Total comprehensive income for the period | -              | (174)           | 180                 | 6              |
| <b>Balance at 30 June 2019</b>            | <b>154,623</b> | <b>116,895</b>  | <b>11,768</b>       | <b>283,286</b> |

- 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.**

There was no change in the Company's share capital during the 6 months ended 30 June 2020.

The Company did not hold any treasury shares or subsidiary holdings as at 30 June 2020 and 31 December 2019.

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

The Company's total number of issued shares was 356,536,000 as at 30 June 2020 and 31 December 2019.

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

Not applicable.

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

Not applicable.

- 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 modifications or emphasis of a matter).**

Not applicable.

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

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2019.

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

The adoption of the new/revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.



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

|  | Group             |                   |
|--|-------------------|-------------------|
|  | 6 Months<br>ended | 6 Months<br>ended |
|  | 30/06/2020        | 30/06/2019        |
| <b><u>Earnings per ordinary share of the group</u></b>   |                   |                   |
| <b><u>(in RMB cents):</u></b>  |                   |                   |
| (a) Based on weighted average number of ordinary shares on issue; and<br>Weighted average number of ordinary shares for basic earnings per share<br>computation ('000) | 5.85              | 8.27              |
| (b) On a fully diluted basis<br>Weighted average number of ordinary shares adjusted for the effect for dilution<br>(‘000)  | 356,536           | 356,536           |

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    |            |
|---|------------|------------|------------|------------|
|   | As at      | As at      | As at      | As at      |
|   | 30/06/2020 | 31/12/2019 | 30/06/2020 | 31/12/2019 |
| Net asset value per ordinary share based on issued share<br>capital at the end of the respective periods (in RMB cents) | 286.32     | 278.10     | 84.43      | 82.69      |
| No. of ordinary shares used in computing net asset value ('000)   | 356,536    | 356,536    | 356,536    | 356,536    |

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.**

#### **OUR BUSINESS**

The Group is a global leading designer and manufacturer in the high security products. We supply safes for Automated Teller Machines (“ATM”) in the banking industry as well as for commercial and residential purposes. With its UL and CEN certified production base in China, Vietnam, Philippines and Germany, the Group has a global market presence in all major countries.

The Group takes advantages of its strong R&D capabilities, vertically integrated solutions and large-scale operations to provide business solutions to customers by designing, engineering, manufacturing and assembling electro-mechanical equipment, Ticketing Vending Machine (“TVM”) and other products.

## **(a) Profit statement of the Group**

For the 6 months ended 30 June 2020:

### **Revenue**

The Group achieved sales of RMB779.8 million, representing a decrease of 13.0% or RMB116.8 million over last corresponding period.

Sales of the High Security Segment decreased by 5.3% or RMB22.6 million to RMB401.5 million over last corresponding period due to a decrease in sales of ATM safes.

Sales of the Business Solutions Segment decreased by 19.9% or RMB94.2 million to RMB378.3 million over last corresponding period due to the decrease in sales of intelligent terminal machine. Sales of these intelligent terminal machine have been negatively impacted by the COVID-19 pandemic.

### **Gross Profit**

Gross profit of the Group decreased by 4.5% or RMB10.3 million to RMB216.0 million in tandem with decrease in revenue although gross margin of the Group increased from 25.2% in the last corresponding period to 27.7%. The improvement in gross margin is largely contributed by the appreciation of USD against RMB as a significant proportion of revenue is denominated in USD whereas our costs are predominantly denominated in RMB.

Gross margin of the High Security Segment increased from 27.8% to 31.3% and gross margin of the Business Solutions Segment increased from 22.9% to 23.9%.

### **Administrative expenses**

Administrative expenses decreased by 11.6% or RMB11.2 million to RMB85.3 million mainly due to the decrease in salary and travelling expenses.

### **Research and development expenses**

Research and development expenses decreased by 5.2% or RMB1.9 million to RMB35.3 million mainly due to the control over the expenses.

### **Financial expenses, net**

Financial expenses decreased by RMB3.1 million to RMB1.0 million mainly due to the increase in interest income and a decrease in interest expense.

### **Share of results from associates**

Share of results from associates increased by RMB1.1 million mainly due to improved results from our associates.

### **Other Income**

Other income increased by RMB4.6 million to RMB13.4 million mainly due to the increase in net foreign exchange gain and gain on settlement of forward contracts, partially offset by the decrease in sales of steel scrap.

### **Other Expenses**

Other expenses increased by RMB22.1 million to RMB22.7 million mainly due to the increase in impairment loss on intangible assets, ROU assets and property, plant and equipment and fair value loss on forward currency contracts.

Impairment losses on intangible assets, ROU assets and property, plant and equipment were recognised due to a decline in its recoverable amount. For 1H 2020, Metric UK's cash flows continued to deteriorate and based on management's assessment, further impairment of RMB19.2 million was recognised. Following this impairment charge, the carrying amount of property, plant and equipment, intangible assets and ROU assets of Metric UK is now insignificant.

### **Profit before Tax**

Profit before tax was RMB35.3 million, representing a decrease of RMB11.3 million as compared to RMB46.6 million during last corresponding period.

### **Income Tax Expenses**

Income tax expenses decreased by 15.7%, or RMB2.7 million, from RMB17.1 million in 2019 to RMB14.4 million mainly due to the decrease in profits generated from the profitable subsidiaries.

### **Net profit after Tax**

Profit after tax was RMB20.9 million, representing a decrease of RMB8.6 million as compared to RMB29.5 million during last corresponding period.

## **(b) Statement of financial position of the Group**

### **Non-current Assets**

The Group's non-current assets decreased by RMB37.3 million from RMB489.4 million as at 31 December 2019 to RMB452.1 million as at 30 June 2020 mainly due to the decrease in intangible assets, property, plant and equipment and right-of-use assets, and partially offset by the increase in investment in associates.

Intangible assets decreased by RMB17.0 million from RMB55.9 million as at 31 December 2019 to RMB38.9 million as at 30 June 2020 mainly due to the impairment loss recognised of RMB11.4 million and amortization of RMB9.8 million, partially offset by the addition of RMB4.2 million.

Property, plant and equipment decreased by RMB7.4 million from RMB305.8 million as at 31 December 2019 to RMB298.4 million as at 30 June 2020 mainly due to depreciation of RMB16.0 million and impairment of RMB0.9 million, offset by additions made during the period.

Right-of-use assets decreased by RMB14.1 million from RMB117.7 million as at 31 December 2019 to RMB103.6 million as at 30 June 2020 mainly due to depreciation of RMB9.5 million and impairment of RMB6.9 million, offset by new leases entered into during the period.

Investment in associates increased by RMB1.7 million from RMB8.6 million as at 31 December 2019 to RMB10.3 million as at 30 June 2020 due to share of profits recognised during the period.

### **Current Assets**

The Group's current assets increased by RMB54.2 million from RMB1,163.6 million as at 31 December 2019 to RMB1,217.8 million as at 30 June 2020 mainly due to the increase in cash and bank balances, advances to suppliers, other receivables, deposits and prepayments and inventories, partially offset by the decrease in other investments at fair value, trade receivables, derivative financial instruments and contract assets.

Advances to suppliers increased by RMB2.7 million from RMB23.7 million as at 31 December 2019 to RMB26.4 million as at 30 June 2020 mainly due to the increase in advance payment for purchase of raw materials.

Other receivables, deposits and prepayments increased by RMB4.5 million from RMB12.4 million as at 31 December 2019 to RMB16.9 million as at 30 June 2020 mainly due to the deposits placed and prepaid insurance.

Inventories increased by RMB11.5 million from RMB367.8 million as at 31 December 2019 to RMB379.3 million as at 30 June 2020 mainly due to shipment delays due in part to COVID-19.

Other investments at fair value includes debt securities investment and equity securities investment. It decreased by RMB17.7 million from RMB20.1 million as at 31 December 2019 to RMB2.4 million as at 30 June 2020 mainly due to the disposal of investment.

Trade receivables decreased by RMB9.0 million from RMB263.3 million as at 31 December 2019 to RMB254.3 million as at 30 June 2020 in tandem with decrease in revenue during the period.

Derivative financial instruments pertained to the fair value on forward contracts entered into by the Group. It is in a loss position of RMB0.2 million as at 30 June 2020 as compared to gain position of RMB2.6 million as at 31 December 2019.

Contract assets decreased by RMB1.4 million from RMB25.3 million as at 31 December 2019 to RMB23.9 million as at 30 June 2020 mainly due to timing of milestone billings on project sales.

### **Current Liabilities**

Current liabilities increased by RMB1.9 million from RMB481.1 million as at 31 December 2019 to RMB483.0 million as at 30 June 2020 mainly due to the increase in trade payables, partially offset by the decrease in borrowings, amounts due to related parties (trade & non-trade) and contract liabilities.

Trade payables increased by RMB22.7 million from RMB124.3 million as at 31 December 2019 to RMB147.0 million as at 30 June 2020 due to increase in the purchases made.

Borrowings decreased by RMB4.9 million from RMB129.6 million as at 31 December 2019 to RMB124.7 million as at 30 June 2020 mainly due to net repayments.

Amounts due to related parties (trade & non-trade) decreased by RMB6.7 million from RMB7.8 million as at December 2019 to RMB1.1 million as at 30 June 2020 mainly due to the payments made.

Contract liabilities decreased by RMB10.1 million from RMB96.0 million as at 31 December 2019 to RMB85.9 million as at 30 June 2020 due to the decrease in advance payment from customers.

### **Non-current Liabilities**

Non-current liabilities decreased by RMB14.3 million from RMB180.4 million as at 31 December 2019 to RMB166.1 million as at 30 June 2020 mainly due to the decrease in long-term borrowings and pension liability, partially offset by the increase in deferred tax liabilities.

Long-term borrowings decreased by RMB13.1 million from RMB65.1 million as at 31 December 2019 to RMB52.0 million as at 30 June 2020 mainly due to the reclassification from non-current liabilities to current liabilities. Total borrowings have decreased due to net repayments made during the period.

Pension liability decreased by RMB4.8 million from RMB80.0 million as at 31 December 2019 to RMB75.2 million as at 30 June 2020 mainly due to the translation of the liability from GBP to RMB. GBP has depreciated by approximately 5% against RMB during the period.

Deferred tax liabilities increased by RMB3.9 million from RMB24.1 million as at 31 December 2019 to RMB28.0 million as at 30 June 2020 mainly due to deferred tax recognized on the undistributed profits of its Chinese subsidiaries.

### **Shareholders' Equity**

As a result of the Group's total comprehensive income generated during the period, shareholders' equity increased from RMB991.5 million as at 31 December 2019 to RMB1,020.8 million as at 30 June 2020.

### **(c) Cash Flow Statement of the Group**

Net cash from operating activities was RMB77.4 million for the 6 months ended 30 June 2020 mainly due to the operating profit before working capital changes and increase in trade payables and decrease in trade receivables, partially offset by the decrease in contract liabilities and due to related parties (trade & non-trade) and increase in other receivables, deposits and prepayments, advances to suppliers and inventories.

Net cash from investing activities was RMB9.8 million for the 6 months ended 30 June 2020 mainly due to interest received and proceeds from disposal of financial assets, partially offset by purchase of property, plant and equipment and addition of intangible assets.

Net cash used in financing activities was RMB21.6 million for the 6 months ended 30 June 2020 mainly due to the repayment of loans and interest, partially offset by the proceeds from bank borrowings and withdrawal of pledged deposits.

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

Not applicable.

**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.**

Since January 2020, the COVID-19 outbreak has affected our business operations, supply chains and logistics. The Group's results for the full year 2020 will be negatively impacted by COVID-19, although the full impact currently cannot be assessed, as the situation has not yet stabilized. Specifically, COVID-19 has significantly hurt our European operations, such as Deutsche Mechatronics GmbH and Metric UK business.

The Group's management expects trade conditions to remain challenging. Rising raw materials prices, a shrinking ATM market, and labour cost challenges will remain as headwinds for our business. On-going trade and political issues between China and the US will also bring uncertainties to the Group's future performance.

## 11. Dividend

If a decision regarding dividend has been made:

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

An interim Dividend has been declared.

**(b) Current Financial Period Reported On**

An interim dividend (tax exempt one-tier) of S\$ 0.01 per ordinary share is declared on 13 August 2020.

**Corresponding Period of the Immediately Preceding Financial Year**

An interim dividend (tax exempt one-tier) of S\$ 0.01 per ordinary share was declared on 14 May 2019.

**(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).**

This is a tax exempt (one-tier) dividend.

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

Payment of the interim tax exempt dividend will be made before November 30, 2020.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

To be announced at a later date.

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

| Name of Interested Person                    | Aggregate value of all interested person transactions during the financial period 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 during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|--|---|--|
| Nantong Mayway Products Corp.                | Rental for land and buildings for half year 2020: RMB2.1 million  | NIL  |
| Duowei Electromechanical (Tongzhou) Co., Ltd | Raw materials purchase for half year 2020: RMB1.8 million   | NIL  |

\*As stated in our Prospectus dated 24 July 2007, under the Restructuring Exercise, the Group has entered into two lease agreements with a related company, Nantong Mayway Products Corp, for the lease of land and buildings for a minimum period of 12 years commencing 1 January 2007. The annual rental will be re-negotiated at the end of the three years at the then prevailing market rate.

The Group has re-negotiated with Nantong Mayway Products Corp. and the two lease agreements was renewed for a period of 3 years commencing from 1 January 2019 with aggregate annual rental at RMB4.2 million.

**14. Negative confirmation pursuant to Rule 705(5).**

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 2nd quarter ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Johnny Liu  
Chairman & CEO

Liu Bin  
Executive Director

**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).**

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

**BY ORDER OF THE BOARD**

Johnny Liu  
Chairman & CEO  
13 August 2020