

UNAUDITED FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 1ST QUARTER RESULTS

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

Group	1st Quarter ended 31/03/2017 RMB'000	1st Quarter ended 31/03/2016 RMB'000	Change %
Revenue	354,367	268,661	31.9
Cost of sales	(257,672)	(183,865)	40.1
Gross profit	96,695	84,796	14.0
Selling and distribution expenses	(19,263)	(13,466)	43.0
Administrative expenses	(54,478)	(40,147)	35.7
Research and development expenses	(12,428)	(6,951)	78.8
Profit from operations	10,526	24,232	(56.6)
Financial expenses, net	(2,027)	(174)	n.m.
Share of profits from associates	40	74	(45.9)
Other income	5,558	2,547	118.2
Other expenses	(551)	(1,493)	(63.1)
Profit before tax	13,546	25,186	(46.2)
Income tax credit/(expenses)	1,766	(6,681)	n.m.
Net profit after tax	15,312	18,505	(17.3)
Other comprehensive (loss)/income			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation differences arising from consolidation	(1,085)	7,678	n.m.
Changes in fair value of available-for-sale financial assets	83	11	654.5
Other comprehensive (loss)/income for the period	(1,002)	7,689	n.m.
Total comprehensive income for the period	14,310	26,194	(45.4)

n.m.: not meaningful.

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

(A) Other Income

	1st Quarter ended 31/03/2017 RMB'000	1st Quarter ended 31/03/2016 RMB'000	Change %
Net of sales of raw materials	2,771	57	n.m.
Sales of steel scrap	32	389	(91.8)
Amortisation of deferred income	331	331	-
Gain on bargain purchase arising from acquisition	-	2,547	(100.0)
Foreign exchange gain/(loss), net	768	(1,715)	n.m.
Government grants	843	862	(2.2)
Reversal of long-term outstanding accrued purchases	74	-	n.m.
Others-other income	739	76	872.4
	<u>5,558</u>	<u>2,547</u>	118.2

(B) Other Expenses

	1st Quarter ended 31/03/2017 RMB'000	1st Quarter ended 31/03/2016 RMB'000	Change %
Amortisation of land use rights	(337)	(325)	3.7
Impairment loss on trade receivables	(39)	(800)	(95.1)
Loss on disposal of property, plant and equipment	(104)	(111)	(6.3)
Fair value (loss)/gain on derivative financial instruments	(71)	21	n.m.
Others-other expense	-	(278)	(100.0)
	<u>(551)</u>	<u>(1,493)</u>	(63.1)

(C) Financial (Expenses)/Income, net

	1st Quarter ended 31/03/2017 RMB'000	1st Quarter ended 31/03/2016 RMB'000	Change %
Interest income	395	468	(15.6)
Interest expenses	(1,803)	(642)	180.8
Net interest on net defined benefit liability	(619)	-	n.m.
	<u>(2,027)</u>	<u>(174)</u>	n.m.

(D) Depreciation and Amortisation

	1st Quarter ended 31/03/2017 RMB'000	1st Quarter ended 31/03/2016 RMB'000	Change %
Depreciation on property, plant and equipment	6,954	4,957	40.3
Amortisation of land use rights	337	325	3.7
Amortisation of intangible assets	4,503	1,365	229.9
	<u>11,794</u>	<u>6,647</u>	77.4

For the 3 months ended 31 March 2017, the Group's depreciation expenses increased by 40.3% to RMB7.0 million over last corresponding period due to the addition of property, plant and equipment of Chinese subsidiaries and the acquisition of Metric.

For the 3 months ended 31 March 2017, the Group's amortisation of intangible assets increased by RMB3.1 million to RMB4.5 million over last corresponding period due to the acquisition of Metric.

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			Group vari.
	As At	As At	Change	As At	As At	Change	
	31/03/2017	31/12/2016		31/03/2017	31/12/2016		
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Unaudited	Audited		Unaudited	Audited			
Assets							
Non-current Assets							
Intangible assets	79,708	81,456	(2.1)	-	-	-	-1,748
Investment in subsidiaries	-	-	-	48,360	48,625	(0.5)	0
Investment in associates	7,133	7,093	0.6	-	-	-	40
Land use rights	60,512	60,850	(0.6)	-	-	-	-338
Property, plant and equipment	301,672	289,665	4.1	-	-	-	12,007
Held-to-maturity investments	6,230	6,268	(0.6)	-	-	-	-38
Deferred tax assets	23,052	19,885	15.9	-	-	-	3,167
Total Non-current Assets	478,307	465,217	2.8	48,360	48,625	(0.5)	13,090
Current Assets							
Cash and bank balances	318,177	295,006	7.9	13,746	32,725	(58.0)	23,171
Held-to-maturity investments	3,526	3,561	(1.0)	-	-	-	-35
Available-for-sale financial assets	10,642	10,596	0.4	-	-	-	46
Trade receivables	213,335	260,850	(18.2)	3,922	5,704	(31.2)	-47,515
Advances to suppliers	52,472	35,053	49.7	-	1,126	(100.0)	17,419
Other receivables, deposits and prepayments	10,621	9,849	7.8	18	310	(94.2)	772
Due from related party (trade)	992	-	n.m.	-	-	-	992
Due from subsidiaries (non-trade)	-	-	-	162,248	152,610	6.3	0
Derivative financial instruments	1,356	1,427	(5.0)	-	-	-	-71
Inventories	338,088	274,299	23.3	(100)	-	n.m.	63,789
Total Current Assets	949,209	890,641	6.6	179,834	192,475	(6.6)	58,568
Total Assets	1,427,516	1,355,858	5.3	228,194	241,100	(5.4)	71,658
Liabilities							
Current Liabilities							
Borrowings	162,226	106,872	51.8	-	-	-	55,354
Trade payables	133,866	110,355	21.3	663	2,816	(76.5)	23,511
Other payables and accruals	139,431	153,335	(9.1)	582	1,363	(57.3)	-13,904
Due to a related party (trade)	243	242	0.4	-	-	-	1
Provision for income tax	5,827	9,566	(39.1)	1,884	1,894	(0.5)	-3,739
Due to subsidiaries	-	-	-	47,647	67,050	(28.9)	0
Total Current Liabilities	441,593	380,370	16.1	50,776	73,123	(30.6)	61,223
Non-current Liabilities							
Long-term borrowings	15,173	16,859	(10.0)	-	-	-	-1,686
Other payables	3,068	2,961	3.6	-	-	-	107
Pension liability	77,270	76,423	1.1	-	-	-	847
Deferred income	12,883	13,214	(2.5)	-	-	-	-331
Deferred tax liabilities	37,327	40,139	(7.0)	-	-	-	-2,812
Total Non-current Liabilities	145,721	149,596	(2.6)	-	-	-	-3,875
Total Liabilities	587,314	529,966	10.8	50,776	73,123	(30.6)	57,348
Net Assets	840,202	825,892	1.7	177,418	167,977	5.6	14,310
Equity							
Capital and reserves attributable to the equity holders of the Company							
Share capital	154,623	154,623	-	154,623	154,623	-	0
Capital reserve	33,056	33,056	-	-	-	-	0
Revenue reserve	593,192	577,880	2.6	12,695	2,364	437.0	15,312
Statutory reserve	60,639	60,639	-	-	-	-	0
Translation reserve	11,502	12,587	(8.6)	10,100	10,990	(8.1)	-1,085
Fair value reserve	219	136	61.0	-	-	-	83
Merger deficit	(13,029)	(13,029)	-	-	-	-	0
Total Equity	840,202	825,892	1.7	177,418	167,977	5.6	14,310

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

	Group		Group	
	As at 31 March 2017		As at 31 December 2016	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	87,226	75,000	56,872	50,000
Amount repayable above one year	15,173	-	16,859	-
Total	102,399	75,000	73,731	50,000

Details of any collateral

As at 31 March, borrowings comprised:

- (1) A mortgage loan of USD0.5 million (equivalent to RMB3.7 million) was obtained by a USA subsidiary of the Company from East West Bank to finance the acquisition of a warehouse in USA. The Company provided corporate guarantee for the loan.
- (2) A loan of EUR0.5 million (equivalent to RMB3.8 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the purchase of machine. The loan was secured by the machine itself.
- (3) A loan of EUR3.4 million (equivalent to RMB24.8 million) was obtained from HSBC Bank by Deutsche Mechatronics GmbH ("DTMT") to finance the working capital. The Company provided corporate guarantee for the loan.
- (4) DTMT has an outstanding loan of EUR3.5 million (equivalent to RMB25.6 million), secured by the land of DTMT from a German commercial bank. In addition, DTMT has outstanding finance leases for its equipment of EUR0.3 million (equivalent to RMB2.3 million).
- (5) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR1.0 million (equivalent to RMB7.1 million) to finance the acquisition of freehold land and building. In addition, Krauth has outstanding finance leases for its equipment of EUR0.2 million (equivalent to RMB1.7 million).
- (6) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR2.4 million (equivalent to RMB17.7 million) to finance the working capital. The Company provided corporate guarantee and pledged bank balance for the loan.
- (7) Metric Group Limited has an outstanding loan of GBP1.6 million (equivalent to RMB13.4 million) to finance the working capital. In addition, it has an outstanding finance leases for its equipment of GBP0.3 million (equivalent to RMB2.3 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 RMB75.0 million was obtained by a PRC subsidiary of the Company from Bank of China to finance the daily payment to suppliers.

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

GROUP CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES

	1st Quarter ended 31/03/2017 RMB'000	1st Quarter ended 31/03/2016 RMB'000
Profit before tax	13,546	25,186
Adjustments:		
Amortisation of land use rights	337	325
Amortisation of intangible assets	4,503	1,365
Amortisation of deferred government grant	(331)	(331)
Depreciation of property, plant and equipment	6,954	4,957
Fair value loss/(gain) on derivative financial instruments	71	(21)
Loss on disposal of property, plant and equipment	104	111
Interest expenses	1,803	642
Interest income	(395)	(468)
Share of profits from associate	(40)	(74)
Bargain purchase arising from the acquisition of a subsidiary	-	(2,547)
Operating profit before working capital changes	26,552	29,145
Trade receivables	48,590	47,146
Other receivables, deposits and prepayments	(702)	1,866
Advances to suppliers	(17,354)	(8,343)
Trade payables	23,069	16,145
Other payables and accruals	(18,752)	(16,571)
Due from related party (trade)	(992)	(143)
Due to a related party (trade)	-	(429)
Inventories	(61,884)	(30,026)
Cash (used in)/generated from operations	(1,473)	38,790
Income tax paid	(7,477)	(5,622)
Net cash (used in)/from operating activities	(8,950)	33,168

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(16,008)	(9,017)
Addition of Intangible assets	(2,836)	(1,795)
Interest received	395	485
Net cash outflow on acquisition of subsidiaries	-	(15,561)
Net cash used in investing activities	(18,449)	(25,888)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from bank borrowings	55,937	50,340
Repayment of loans	(2,390)	(10,118)
Interest paid	(1,803)	(610)
Deposit for bank guarantee	(21,005)	(7,218)
Net cash from financing activities	30,739	32,394

Net increase in cash and cash equivalents

Effects of exchange rate changes in cash and cash equivalents	(1,174)	2,007
Cash and cash equivalents at beginning of the period	270,005	240,212

Cash and cash equivalents at end of the period

272,171	281,893
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Note:

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:

-Cash at bank and in hand	718	316
-Fixed deposits with banks	317,459	289,027
	318,177	289,343
Less: Pledged deposit	(46,006)	(7,450)
Cash and cash equivalents per consolidated statement of cash flows	272,171	281,893

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 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 2017	154,623	60,639	(13,029)	33,056	577,880	12,587	136	825,892
Profit for the year	-	-	-	-	15,312	-	-	15,312
Other comprehensive loss, net of tax	-	-	-	-	-	(1,085)	83	(1,002)
Balance at 31 March 2017	154,623	60,639	(13,029)	33,056	593,192	11,502	219	840,202

	Group							Total equity 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 2016	168,067	56,221	(13,029)	33,056	473,335	(23,873)	6	693,783
Effect of change in functional currency	(13,444)	-	-	-	(5,845)	19,289	-	-
	154,623	56,221	(13,029)	33,056	467,490	(4,584)	6	693,783
Profit for the year	-	-	-	-	18,505	-	-	18,505
Other comprehensive loss, net of tax	-	-	-	-	-	7,678	11	7,689
Balance at 31 March 2016	154,623	56,221	(13,029)	33,056	485,995	3,094	17	719,977

	Company			
	Share capital	Revenue reserve	Translation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017	154,623	2,364	10,990	167,977
Total comprehensive income for the period	-	10,331	(890)	9,441
Balance at 31 March 2017	154,623	12,695	10,100	177,418

	Company			
	Share capital	Revenue reserve	Translation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	168,067	15,222	(13,763)	169,526
Effect of change in functional currency	(13,444)	(872)	14,316	-
	154,623	14,350	553	169,526
Total comprehensive income for the period	-	3,056	7,519	10,575
Balance at 31 March 2016	154,623	17,406	8,072	180,101

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There have been no changes in the Company's share capital during the 3 months ended 31 March 2017.

The Company did not hold any treasury shares and subsidiary holdings as at 31 March 2017 or as at 31 December 2016 respectively.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings 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 31 March 2017 and as at 31 December 2016, respectively.

- 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 qualifications or emphasis of a matter).**

Not applicable.

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

There are certain new Financial Reporting Standards ("FRS") that are published and mandatory for accounting periods beginning on or after 1 January 2017. The adoption of these FRS where applicable did not have any material impact on the financial statements for the 3 months ended 31 March 2017. Apart from this, the same accounting policies and methods of computation have been consistently applied.

- 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.**

Not applicable.

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	
	1st Quarter ended	1st Quarter ended
	31/03/2017	31/03/2016
<u>Earnings per ordinary share of the group</u>		
<u>(in RMB cents):</u>		
(a) Based on weighted average number of ordinary shares on issue; and	4.29	5.19
Weighted average number of ordinary shares for basic earnings per share computation ('000)	356,536	356,536
(b) On a fully diluted basis	4.29	5.19
Weighted average number of ordinary shares adjusted for the effect for dilution ('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
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	235.66	231.64	49.76	47.11
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. The review must discuss any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.**

OUR BUSINESS

The Group is a global leading manufacturer in the high security equipment. 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 and Germany, the Group has a global market presence in all major countries.

The Group also provides business solutions to customers by designing, engineering, manufacturing and assembling electro-mechanical equipment, Ticketing and Vending Machine ("TVM") and other products.

Priding itself on core competencies in precision engineering, the Group endeavours to provide integrated solutions to its customers by leveraging on its R&D capabilities, production expertise and excellent customer service.

(a) Profit statement of the Group

For the 3 months ended 31 March 2017:

Revenue

The Group achieved sales of RMB354.4 million, representing an increase of 31.9% or RMB85.7 million over last corresponding period.

Sales of the High Security Segment increased by 3.2% or RMB4.9 million to RMB159.1 million over last corresponding period due to the sales growth in ATM safes.

Sales of the Business Solutions Segment increased by 70.6% or RMB80.8 million to RMB195.3 million over last corresponding period due to the organic growth and the acquisition of Metric, which had sales of RMB77.2 million during the period.

Gross Profit

Gross profit of the Group increased by 14.0% or RMB11.9 million to RMB96.7 million.

Gross margin of the Group decreased from 31.6% in last corresponding period to 27.3%. Gross margin of the High Security Segment decreased from 36.1% to 26.7% mainly due to the increase of steel price. Gross margin of the Business Solutions Segment increased from 25.4% to 27.8% mainly due to the change of product mix.

Selling and Distribution Expenses

Selling and distribution expenses increased by 43.0%, or RMB5.8 million to RMB19.3 million mainly due to the acquisition of Metric, which incurred RMB5.3 million selling and distribution expenses.

Selling and distribution expenses excluding Metric UK and Almex marginally increased by RMB0.5 million.

Administrative Expenses

Administrative expenses increased by 35.7%, or RMB14.3 million to RMB54.5 million mainly due to the acquisition of Metric, which incurred RMB17.3 million administrative expenses during the period.

Administrative expenses excluding Metric UK and Almex decreased by RMB3.0 million mainly due to the decrease in salary expenses.

Research and development expenses

Research and development expenses increased by 78.8%, or RMB5.5 million to RMB12.4 million mainly due to the development of new products to meet global customer needs and the acquisition of Metric, which incurred RMB1.4 million research and development expenses during the period.

Financial Expenses

Financial expenses increased by RMB1.9 million to RMB2.0 million mainly due to the increase of the interest expenses.

Other Income

Other income increased by RMB3.0 million to RMB5.6 million mainly due to the increase of sales of raw materials and foreign exchange gain, partially offset by the decrease of gain on bargain purchase arising from acquisition.

Other Expenses

Other expenses decreased by RMB0.9 million to RMB0.6 million mainly due to the decrease of impairment loss on trade receivables.

Income Tax Credit/(Expenses)

Income tax credit was RMB1.8 million compared to income tax expenses of RMB6.7 million in 2016 Q1. It was mainly due to the decrease of profit before tax, deferred tax assets recognized from the unutilised tax losses and partial settlement of deferred tax liabilities generated from the differences between the carrying amount of property, plant and equipment and intangible assets and their tax bases.

Profit before Tax

Profit before tax was RMB13.5 million, representing a decrease of 46.2% or RMB11.7 million as compared to RMB25.2 million during last corresponding period.

Net profit after Tax

Profit after tax was RMB15.3 million, representing a decrease of 17.3% or RMB3.2 million as compared to RMB18.5 million during last corresponding period.

(b) Statement of financial position of the Group

Non-current Assets

The Group's non-current assets increased by RMB13.1 million from RMB465.2 million as at 31 December 2016 to RMB478.3 million as at 31 March 2017 mainly due to the increase in property, plant and equipment and deferred tax assets, partially offset by the decrease in intangible assets.

Property, plant and equipment increased by RMB12.0 million from RMB289.7 million as at 31 December 2016 to RMB301.7 million as at 31 March 2017 mainly due to the addition of property, plant and equipment of its German and Chinese subsidiaries.

Deferred tax assets increased by RMB3.2 million from RMB19.9 million as at 31 December 2016 to RMB23.1 million as at 31 March 2017 mainly due to the deferred tax recognised on unutilised tax losses which can be offset against the future profit.

Intangible assets decreased by RMB1.7 million mainly due to the amortisation.

Current Assets

The Group's current assets increased by RMB58.6 million from RMB890.6 million as at 31 December 2016 to RMB949.2 million as at 31 March 2017 mainly due to the increase in cash and bank balances, advances to suppliers and inventories, partially offset by the decrease in trade receivables.

Advances to suppliers increased by RMB17.4 million from RMB35.1 million as at 31 December 2016 to RMB52.5 million as at 31 March 2017 mainly due to the increase in advance payment for purchase of raw materials.

Inventories increased by RMB63.8 million from RMB274.3 million as at 31 December 2016 to RMB338.1 million as at 31 March 2017 mainly due to stock up in order to mitigate the impact of steel price rise and meet the needs of sales growth.

Trade receivables decreased by RMB47.6 million from RMB260.9 million as at 31 December 2016 to RMB213.3 million as at 31 March 2017 mainly due to the better collection.

Current Liabilities

Current liabilities increased by RMB61.2 million from RMB380.4 million as at 31 December 2016 to RMB441.6 million as at 31 March 2017 mainly due to the increase in borrowings and trade payables, partially offset by the decrease in other payables and accruals and provision for income tax.

Borrowings increased by RMB55.3 million from RMB106.9 million as at 31 December 2016 to RMB162.2 million as at 31 March 2017 due to the additional loans obtained by subsidiaries during the period to finance the working capital of the Group.

Trade payables increased by RMB23.5 million from RMB110.4 million as at 31 December 2016 to RMB133.9 million as at 31 March 2017 was mainly due to the increase in the purchase by its Chinese and German subsidiaries.

Other payables and accruals decreased by RMB13.9 million from RMB153.3 million as at 31 December 2016 to RMB139.4 million as at 31 March 2017 was mainly due to the payment of the accrued bonus as at 31 December 2016.

Provision for income tax decreased by RMB3.8 million from RMB9.6 million as at 31 December 2016 to RMB5.8 million as at 31 March 2017 was mainly due to the decrease in profit before tax of 2017 Q1 compared with 2016 Q4.

Non-current Liabilities

Non-current liabilities decreased by RMB3.9 million from RMB149.6 million as at 31 December 2016 to RMB145.7 million as at 31 March 2017 mainly due to the decrease in long-term borrowings and deferred tax liabilities.

Deferred tax liabilities decreased by RMB2.8 million from RMB40.1 million as at 31 December 2016 to RMB37.3 million as at 31 March 2017 mainly due to the partial settlement of deferred tax liabilities generated from the differences between the carrying amount of property, plant and equipment and intangible assets and their tax bases.

Shareholders' Equity

As a result of the Group's net profit generated during the period, the shareholders' equity was enhanced from RMB825.9 million as at 31 December 2016 to RMB840.2 million as at 31 March 2017.

(c) Cash Flow Statement of the Group

Net cash used in operating activities was RMB9.0 million for the 3 months ended 31 March 2017 mainly due to increase in advances to suppliers, inventories and decrease in other payables and accruals, partially offset by the operating profit before working capital changes, increase in trade payables and decrease in trade receivables. The increase in advances to suppliers and inventories was mainly due to the increase in advance payment for purchase of raw materials and stock up in order to mitigate the impact of steel price rise and meet the needs of sales growth.

Net cash used in investing activities was RMB18.4 million for the 3 months ended 31 March 2017 mainly due to purchase of property, plant and equipment and addition of intangible assets.

Net cash from financing activities was RMB30.7 million for the 3 months ended 31 March 2017 mainly due to proceeds from bank borrowings, partially offset by the repayment of short-term loans, interest paid and deposit for bank guarantee.

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.

The Group will continue its efforts in expanding markets in the Asia Pacific region, Europe and USA. Meanwhile we will also continue to focus on innovation, value-add product development and production efficiency.

After acquiring Krauth, Metric UK and the purchase of certain assets of Metric AG, we will focus on the integration synergies in joint development of self-service terminals.

Management will focus on restructuring and turnaround of Almex.

11. Dividend

(a) Current Financial Period Reported On 31 March 2017

Any dividend declared for the current financial period reported on?

An interim dividend (tax exempt one-tier) of S\$ 0.01 per ordinary share is declared on 11 May 2017.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the previous financial period reported on?

An interim dividend (tax exempt one-tier) of S\$ 0.01 per ordinary share was declared on 12 May 2016.

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

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

Not applicable.

13. Interested Person Transactions (“IPTs”)

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 Q1 2017: RMB1.0 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 2016 with aggregate annual rental at RMB3.97 million.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7H under Rule 720(1) of the Listing Manual.

15. 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 1st quarter ended 31 March 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Johnny Liu
Chairman & CEO

Liu Bin
Executive Director

BY ORDER OF THE BOARD

Johnny Liu
Chairman & CEO
11 May 2017