

UNAUDITED FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 3RD 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	3rd Quarter	3rd Quarter	Change	9 Months	9 Months	Change
	ended 30/09/2016 RMB'000	ended 30/09/2015 RMB'000		ended 30/09/2016 RMB'000	ended 30/09/2015 RMB'000	
Revenue	356,138	344,021	3.5	945,819	863,591	9.5
Cost of sales	(233,639)	(228,069)	2.4	(647,273)	(605,217)	6.9
Gross Profit	122,499	115,952	5.6	298,546	258,374	15.5
Selling and distribution expenses	(12,119)	(18,565)	(34.7)	(40,195)	(42,883)	(6.3)
Administrative expenses	(40,712)	(33,047)	23.2	(112,245)	(97,112)	15.6
Research and development expenses	(7,945)	(6,831)	16.3	(22,211)	(18,221)	21.9
Profit from Operations	61,723	57,509	7.3	123,895	100,158	23.7
Financial (expenses)/income, net	(969)	430	n.m.	(2,221)	2,895	n.m.
Share of profits from associates	356	236	50.8	465	570	(18.4)
Other income	3,516	10,395	(66.2)	13,653	15,497	(11.9)
Other expenses	(1,058)	(7,911)	(86.6)	(3,959)	(2,200)	80.0
Profit Before Tax	63,568	60,659	4.8	131,833	116,920	12.8
Income tax	(11,726)	(9,365)	25.2	(26,558)	(20,927)	26.9
Net Profit After Tax	51,842	51,294	1.1	105,275	95,993	9.7
Other Comprehensive Income						
Items that may be reclassified						
subsequently to profit or loss:						
Currency translation differences arising from consolidation	2,237	(2,163)	n.m.	13,853	(2,163)	n.m.
Changes in fair value of available-for-sale financial assets	389	-	n.m.	389	-	n.m.
Other Comprehensive Income/(Loss) for the period	2,626	(2,163)	n.m.	14,242	(2,163)	n.m.
Total Other Comprehensive Income for the period	54,468	49,131	10.9	119,517	93,830	27.4
Total comprehensive income attributable to equity holders of the Company	54,468	49,131	10.9	119,517	93,830	27.4

n.m.: not meaningful.

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

(A) Other Income

	3rd Quarter	3rd Quarter	Change	9 Months	9 Months	Change
	ended	ended		ended	ended	
	30/09/2016	30/09/2015	%	30/09/2016	30/09/2015	%
	RMB'000	RMB'000		RMB'000	RMB'000	
Sales of steel scrap	533	667	(20.1)	1,407	1,988	(29.2)
Net of sales of raw materials	156	260	(40.0)	639	1,702	(62.5)
Amortisation of deferred income	331	331	-	993	993	-
Government grants	-	851	(100.0)	1,827	1,740	5.0
Foreign exchange gain/(loss), net	2,247	5,357	(58.1)	5,552	1,070	419.0
Fair value gain on derivative financial instruments	-	-	-	-	4,408	(100.0)
Gain on bargain purchase arising from acquisition	-	-	-	2,547	-	n.m.
Settlement of forward contracts	-	-	-	-	666	(100.0)
Fair value changes on contingent consideration	-	2,768	(100.0)	-	2,768	(100.0)
Others-other income	249	161	54.7	687	162	324.1
	3,516	10,395	(66.2)	13,652	15,497	(11.9)

(B) Other Expenses

	30/09/2016	30/09/2015	Change	30/09/2016	30/09/2015	Change
	RMB'000	RMB'000		RMB'000	RMB'000	
			%			%
Amortisation of land use rights	(325)	(325)	-	(976)	(976)	-
Impairment loss on trade receivables	(149)	-	n.m.	(2,061)	-	n.m.
Loss on disposal of property, plant and equipment	(245)	-	n.m.	(336)	-	n.m.
Settlement of forward contracts	(20)	(1,642)	(98.8)	(104)	-	n.m.
Fair value loss on derivative financial instruments	(83)	(4,731)	(98.2)	(151)	-	n.m.
Others-other expense	(236)	(1,213)	(80.5)	(331)	(1,224)	(73.0)
	(1,058)	(7,911)	(86.6)	(3,959)	(2,200)	80.0

(C) Financial (Expenses)/Income, net

	3rd Quarter	3rd Quarter	Change	9 Months	9 Months	Change
	ended	ended		ended	ended	
	30/09/2016	30/09/2015	%	30/09/2016	30/09/2015	%
	RMB'000	RMB'000		RMB'000	RMB'000	
Interest income	726	740	(1.9)	1,442	4,933	(70.8)
Interest expenses	(1,695)	(407)	316.5	(3,663)	(2,038)	79.7
Unwinding of discount on contingent consideration	-	97	(100.0)	-	-	-
	(969)	430	n.m.	(2,221)	2,895	n.m.

(D) Depreciation and Amortisation

	3rd Quarter ended	3rd Quarter ended		9 Months ended	9 Months ended	
	30/09/2016	30/09/2015	Change	30/09/2016	30/09/2015	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation on property, plant and equipment	5,380	4,355	23.5	16,839	13,048	29.1
Amortisation of land use rights	325	325	-	976	976	-
Amortisation of intangible assets	1,979	1,365	45.0	4,710	4,096	15.0
	<u>7,684</u>	<u>6,045</u>	27.1	<u>22,525</u>	<u>18,120</u>	24.3

For the 9 months ended 30 September 2016, the Group's depreciation expenses increased by 29.1% to RMB16.8 million over last corresponding period due to the addition of property, plant and equipment of Chinese subsidiaries and the acquisition of Krauth.

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
	30/09/2016	31/12/2015		30/09/2016	31/12/2015	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
	Unaudited	Audited		Unaudited	Audited	
Assets						
Non-current Assets						
Intangible assets	8,844	10,037	(11.9)	-	-	-
Investment in subsidiaries	-	-	-	33,639	30,149	11.6
Investment in associates	7,433	6,968	6.7	-	-	-
Land use rights	61,191	59,766	2.4	-	-	-
Property, plant and equipment	250,778	245,262	2.2	-	-	-
Held-to-maturity investments	9,479	9,270	2.3	-	-	-
Deferred tax assets	3,333	2,283	46.0	-	-	-
Total Non-current Assets	341,058	333,586	2.2	33,639	30,149	11.6
Current Assets						
Cash and bank balances	320,906	240,444	33.5	34,716	31,717	9.5
Available-for-sale financial assets	10,264	6,545	56.8	-	-	-
Trade receivables	213,600	196,226	8.9	4,343	3,049	42.4
Advances to suppliers	46,298	19,106	142.3	-	-	-
Other receivables, deposits and prepayments	7,694	5,154	49.3	109	-	n.m.
Due from subsidiaries (non-trade)	-	-	-	104,129	108,749	(4.2)
Inventories	241,050	151,784	58.8	5	3,701	(99.9)
Total Current Assets	839,812	619,259	35.6	143,302	147,216	(2.7)
Total Assets	1,180,870	952,845	23.9	176,941	177,365	(0.2)
Liabilities						
Current Liabilities						
Borrowings	101,624	46,839	117.0	-	-	-
Trade payables	132,743	75,934	74.8	1,173	3,924	(70.1)
Other payables and accruals	90,069	83,056	8.4	3,370	1,800	87.2
Due to a related party (trade)	390	429	(9.1)	-	-	-
Derivative financial instruments	151	-	n.m.	-	-	-
Provision for income tax	12,694	10,783	17.7	2,200	2,115	4.0
Total Current Liabilities	337,671	217,041	55.6	6,743	7,839	(14.0)
Non-current Liabilities						
Long-term borrowings	7,120	8,104	(12.1)	-	-	-
Other payables	2,953	2,565	15.1	-	-	-
Deferred income	13,341	14,334	(6.9)	-	-	-
Deferred tax liabilities	24,040	17,018	41.3	-	-	-
Total Non-current Liabilities	47,454	42,021	12.9	-	-	-
Total Liabilities	385,125	259,062	48.7	6,743	7,839	(14.0)
Net Assets	795,745	693,783	14.7	170,198	169,526	0.4
Equity						
Capital and reserves attributable to the equity holders of the Company						
Share capital	168,067	168,067	-	168,067	168,067	-
Capital reserve	33,056	33,056	-	-	-	-
Revenue reserve	561,055	473,335	18.5	6,006	15,222	(60.5)
Statutory reserve	56,221	56,221	-	-	-	-
Translation deficit	(10,020)	(23,873)	(58.0)	(3,875)	(13,763)	(71.8)
Fair value reserve	395	6	n.m.	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
Total Equity	795,745	693,783	14.7	170,198	169,526	0.4

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

	Group		Group	
	As at 30 September 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	51,624	50,000	40,323	6,516
Amount repayable above one year	7,120	-	8,104	-
Total	58,744	50,000	48,427	6,516

Details of any collateral

As at 30 September 2016, borrowings comprised:

- (1) A mortgage loan of USD0.6 million (equivalent to RMB4.0 million) was obtained by a US 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 EUR0.6 million (equivalent to RMB4.2 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 EUR2.9 million (equivalent to RMB21.8 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 EUR3.7 million (equivalent to RMB27.5 million), secured by the land of DTMT from a German commercial bank. In addition, DTMT has outstanding finance leases for its equipment of EUR0.2 million (equivalent to RMB1.2 million).
- (5) 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 RMB50.0 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	3rd Quarter ended 30/09/2016 RMB'000	3rd Quarter ended 30/09/2015 RMB'000	9 Months ended 30/09/2016 RMB'000	9 Months ended 30/09/2015 RMB'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Profit before tax	63,568	60,659	131,833	116,920
Adjustments:				
Amortisation of land use rights	325	325	976	976
Amortisation of intangible assets	1,979	1,365	4,710	4,096
Amortisation of deferred government grant	876	(331)	(993)	(993)
Depreciation of property, plant and equipment	5,380	4,355	16,839	13,048
Fair value changes on contingent consideration	-	(2,768)	-	(2,768)
Fair value loss/(gain) on derivative financial instruments	83	4,731	151	(4,408)
Loss on disposal of property, plant and equipment	245	-	336	-
Settlement of forward contracts	20	1,642	104	(666)
Interest expenses	1,695	407	3,663	2,038
Interest income	(726)	(740)	(1,442)	(4,933)
Unwinding of discount on contingent consideration	-	(97)	-	-
Share of profits from associate	(356)	(236)	(465)	(570)
Bargain purchase arising from the acquisition of a subsidiary	-	-	(2,547)	-
Operating profit before working capital changes	73,089	69,312	153,165	122,740
Trade receivables	(31,891)	(49,886)	8,825	(64,901)
Other receivables, deposits and prepayments	(4,564)	4,997	(2,027)	3,558
Advances to suppliers	(1,937)	(21,229)	(27,134)	(40,353)
Trade payables	34,180	23,275	51,388	40,654
Other payables and accruals	(2,184)	10,908	(1,531)	(2,008)
Due to a related party (trade)	(495)	801	(39)	907
Inventories	(39,558)	(23,926)	(76,253)	(31,539)
Cash generated from operations	26,640	14,252	106,394	29,058
Income tax paid	(6,138)	(4,339)	(19,214)	(12,572)
Net cash generated from operating activities	20,502	9,913	87,180	16,486
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of property, plant and equipment	(4,132)	(5,469)	(16,136)	(19,519)
Purchase of land use rights	(2,401)	-	(2,401)	-
Addition of Intangible assets	(223)	-	(2,018)	-
Interest received	726	701	1,442	4,894
Settlement of forward contracts	(104)	(1,642)	(104)	666
Government grants received	-	-	-	6,240
Net cash outflow on acquisition of a subsidiary	-	-	(15,561)	-
Proceeds from disposal of available-for-sale investments	-	-	-	100,000
Purchase of held-to-maturity investments	-	(8,786)	-	(8,786)
Purchase of available-for-sale financial assets	-	-	(3,694)	-
Net cash (used in)/generated from investing activities	(6,134)	(15,196)	(38,472)	83,495
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Dividend paid	-	-	(17,555)	(24,376)
Proceeds from bank borrowings	16,323	10,795	66,299	21,675
Repayment of loans	(537)	(951)	(20,675)	(2,921)
Interest paid	(1,695)	(407)	(3,663)	(2,038)
Change of pledged deposits	-	1,976	(7,218)	16,855
Net cash generated from/(used in) financing activities	14,091	11,413	17,188	9,195
Net increase in cash and cash equivalents	28,459	6,130	65,896	109,176
Effects of exchange rate changes in cash and cash equivalents	(1,238)	1,753	7,348	474
Cash and cash equivalents at beginning of the period	286,235	162,493	240,212	60,726
Cash and cash equivalents at end of the period	313,456	170,376	313,456	170,376
Note:				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:				
-Cash at bank and in hand	313	2,659	313	2,659
-Fixed deposits with banks	320,593	167,949	320,593	167,949
	320,906	170,608	320,906	170,608
Less: Pledged deposit	(7,450)	(232)	(7,450)	(232)
Cash and cash equivalents per consolidated statement of cash flows	313,456	170,376	313,456	170,376

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 deficit	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
Total comprehensive income for the period	-	-	-	-	105,275	13,853	-	119,128
Dividends	-	-	-	-	(17,555)	-	-	(17,555)
Other comprehensive gain, net of tax	-	-	-	-	-	-	389	389
Balance at 30 September 2016	168,067	56,221	(13,029)	33,056	561,055	(10,020)	395	795,745

	Group							Total equity RMB'000
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation deficit	Fair value reserve	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2015	168,067	44,975	(13,029)	33,056	390,957	(19,139)	-	604,887
Total comprehensive income for the period	-	-	-	-	95,993	(2,163)	-	93,830
Dividends	-	-	-	-	(24,376)	-	-	(24,376)
Balance at 30 September 2015	168,067	44,975	(13,029)	33,056	462,574	(21,302)	-	674,341

	Company			
	Share capital	Revenue reserve	Translation deficit	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	168,067	15,222	(13,763)	169,526
Total comprehensive income for the period	-	8,339	9,888	18,227
Dividends	-	(17,555)	-	(17,555)
Balance at 30 September 2016	168,067	6,006	(3,875)	170,198

	Company			
	Share capital	Revenue reserve	Translation deficit	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	168,067	25,442	(11,712)	181,797
Total comprehensive income for the period	-	11,550	(6,721)	4,829
Dividends	-	(24,376)	-	(24,376)
Balance at 30 September 2015	168,067	12,616	(18,433)	162,250

- 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 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 9 months ended 30 September 2016.

The Company did not hold any treasury shares as at 30 September 2016 or as at 31 December 2015 respectively.

- 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 September 2016 and as at 31 December 2015, 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.

- 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 2016. The adoption of these FRS where applicable did not have any material impact on the financial statements for the 9 months ended 30 September 2016. 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			
	3rd Quarter ended	3rd Quarter ended	9 Months ended	9 Months ended
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
<u>Earnings per ordinary share of the group (in RMB cents):</u>				
(a) Based on weighted average number of ordinary shares on issue; and Weighted average number of ordinary shares for basic earnings per share computation ('000)	14.54	14.39	29.53	26.92
(b) On a fully diluted basis Weighted average number of ordinary shares adjusted for the effect for dilution ('000)	14.54	14.39	29.53	26.92
	356,536	356,536	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
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	223.19	194.59	47.74	47.55
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 and other products.

The recent acquisition of Krauth Technology GmbH ("Krauth") enhances the Group's capability in R&D, design, manufacturing of intelligent terminals and transportation cash management system.

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 9 months ended 30 September 2016:

Revenue

The Group achieved sales of RMB945.8 million, representing an increase of 9.5% or RMB82.2 million over last corresponding period.

Sales of the High Security Segment decreased by 3.9% or RMB24.1 million to RMB590.2 million over last corresponding period due to the drop in orders for ATM safe.

Sales of the Business Solutions Segment increased by 42.6% or RMB106.3 million to RMB355.6 million over last corresponding period due to the organic growth and the acquisition of Krauth, which had sales of RMB75.5 million during the period.

Gross Profit

Gross profit of the Group increased by 15.5% or RMB40.2 million to RMB298.5 million.

Gross margin of the Group increased from 29.9% in last corresponding period to 31.6%. Gross margin of the High Security Segment increased from 33.4% to 35.6% due to the favourable exchange rate. Gross margin of the Business Solutions Segment increased from 21.3% to 24.8% mainly due to the change of product mix.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 6.3%, or RMB2.7 million to RMB40.2 million mainly due to the decrease in after-sales service expenses.

Administrative Expenses

Administrative expenses increased by 15.6%, or RMB15.1 million to RMB112.2 million mainly due to the acquisition of Krauth which incurred RMB15.3 million administrative expenses during the period.

Administrative expenses excluding Krauth decreased marginally by RMB0.2 million.

Financial Income/Expenses

Net financial expenses were RMB2.2 million compared to a net financial income of RMB2.9 million during last corresponding period. It was mainly due to the decrease of the interest income and increase of the interest expense.

Other Income

Other income decreased by RMB1.8 million to RMB13.7 million mainly due to the decrease in fair value gain on derivative financial instruments and fair value changes on contingent consideration and net of sales of raw materials, partially offset by the increase of foreign exchange gain and gain on bargain purchase arising from acquisition of Krauth.

The gain from the acquisition of Krauth was recognised for difference between the carrying amount of the net assets of Krauth acquired and the consideration paid by the Group.

Other Expenses

Other expenses increased by RMB1.8 million to RMB4.0 million mainly due to the increase in impairment loss on trade receivables.

Impairment loss on trade receivables increased by RMB2.1 million mainly due to insolvency of one of the customers, for which an allowance for impairment was provided in the outstanding receivables.

Profit before Tax

Profit before tax was RMB131.8 million, representing an increase of 12.8% or RMB14.9 million as compared to RMB116.9 million during last corresponding period.

Net profit after Tax

Profit after tax was RMB105.3 million, representing an increase of 9.7% or RMB9.3 million as compared to RMB96.0 million during last corresponding period.

For the 3 months ended 30 September 2016:

Revenue

The Group achieved sales of RMB356.1 million, representing an increase of 3.5% or RMB12.1 million over last corresponding period.

Sales of the High Security Segment decreased marginally by 7.3% or RMB19.0 million to RMB239.3 million over last corresponding period due to the drop in orders for ATM safe.

Sales of the Business Solutions Segment increased by 36.2% or RMB31.1 million to RMB116.8 million over last corresponding period due to the organic growth and the acquisition of Krauth, which had sales of RMB28.6 million during the period.

Gross Profit

Gross profit of the Group increased by 5.6% or RMB6.5 million to RMB122.5 million.

Gross margin of the Group increased from 33.7% in last corresponding period to 34.4%. Gross margin of the High Security Segment increased marginally from 36.2% to 37.6%. Gross margin of the Business Solutions Segment increased from 26.2% to 27.8% mainly due to the change of product mix.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 34.7%, or RMB6.4 million to RMB12.1 million mainly due to the decrease in after-sales service expenses.

Administrative Expenses

Administrative expenses increased by 23.2%, or RMB7.7 million to RMB40.7 million mainly due to the acquisition of Krauth which incurred RMB8.5 million administrative expenses during the period.

Administrative expenses excluding Krauth decreased marginally by RMB0.8 million.

Financial Income/Expenses

Net financial expenses were RMB1.0 million compared to a net financial income of RMB0.4 million during last corresponding period. It was mainly due to the increase of the interest expense.

Other Income

Other income decreased by RMB6.9 million to RMB3.5 million mainly due to the decrease in foreign exchange gain and fair value changes on contingent consideration.

Other Expenses

Other expenses decreased by RMB6.9 million to RMB1.1 million mainly due to the decrease in settlement of forward contracts and fair value loss on derivative financial instruments.

Profit before Tax

Profit before tax was RMB63.6 million, representing an increase of 4.8% or RMB2.9 million as compared to RMB60.7 million during last corresponding period.

Net profit after Tax

Profit after tax was RMB51.8 million, representing an increase of 1.1% or RMB0.5 million as compared to RMB51.3 million during last corresponding period.

(b) Statement of financial position of the Group

Non-current Assets

The Group's non-current assets increased by RMB7.5 million from RMB333.6 million as at 31 December 2015 to RMB341.1 million as at 30 September 2016 mainly due to the increase in land use rights, property, plant and equipment and deferred tax assets.

Land use rights increased by RMB1.4 million due to acquisition of land by its Chinese subsidiaries.

Property, plant and equipment increased by RMB5.5 million from RMB245.3 million as at 31 December 2015 to RMB250.8 million as at 30 September 2016 mainly due to the addition of property, plant and equipment of its Chinese subsidiaries and the acquisition of Krauth.

Deferred tax assets increased by RMB1.0 million from RMB2.3 million as at 31 December 2015 to RMB3.3 million as at 30 September 2016 mainly due to the deferred tax recognised on unutilised tax losses mainly in DTMT which can be offset against future profit.

Current Assets

The Group's current assets increased by RMB220.5 million from RMB619.3 million as at 31 December 2015 to RMB839.8 million as at 30 September 2016 mainly due to the increase in cash and bank balances, available-for-sale financial assets, trade receivables, advance to suppliers, other receivables, deposits and prepayments and inventories.

Available-for-sale financial assets increased by RMB3.7 million mainly due to the fact that the Group invested in another bond fund issued by Credit Suisse AG during the period. The bond funds are classified as available-for-sale financial assets with the fair value of RMB10.3 million as at 30 September 2016.

Trade receivables increased by RMB17.4 million from RMB196.2 million as at 31 December 2015 to RMB213.6 million as at 30 September 2016 mainly due to higher sales revenue in September 2016 and the acquisition of Krauth.

Advance to suppliers increased by RMB27.2 million from RMB19.1 million as at 31 December 2015 to RMB46.3 million as at 30 September 2016 mainly due to the increase in advance payment for purchase of raw materials.

Other receivables, deposits and prepayments increased by RMB2.5 million from RMB5.2 million as at 31 December 2015 to RMB7.7 million as at 30 September 2016 mainly due to the acquisition of Krauth.

Inventories increased by RMB89.3 million from RMB151.8 million as at 31 December 2015 to RMB241.1 million as at 30 September 2016 mainly due to stocking up in order to meet the needs of sales growth and the acquisition of Krauth. Inventories in Krauth as at 30 September 2016 were RMB32.9 million.

Current Liabilities

Current liabilities increased by RMB120.7 million from RMB217.0 million as at 31 December 2015 to RMB337.7 million as at 30 September 2016 mainly due to the increase in borrowings, trade payables and other payables and accruals.

Borrowings increased by RMB54.8 million from RMB46.8 million as at 31 December 2015 to RMB101.6 million as at 30 September 2016 due to the additional loans obtained by PRC subsidiary and German subsidiary during the period to finance the working capital of the Group.

Trade payables increased by RMB56.8 million from RMB75.9 million as at 31 December 2015 to RMB132.7 million as at 30 September 2016, which was mainly due to the increase in the purchases by its Chinese and German subsidiaries and the acquisition of Krauth.

Other payables and accruals increased by RMB7.0 million from RMB83.1 million as at 31 December 2015 to RMB90.1 million as at 30 September 2016 was mainly due to the acquisition of Krauth.

Non-current Liabilities

Non-current liabilities increased by RMB5.5 million from RMB42.0 million as at 31 December 2015 to RMB47.5 million as at 30 September 2016 mainly due to the increase in deferred tax liabilities.

Deferred tax liabilities increased by RMB7.0 million from RMB17.0 million as at 31 December 2015 to RMB24.0 million as at 30 September 2016 mainly due to the deferred tax recognized on the undistributed profits of its Chinese subsidiaries.

Shareholders' Equity

As a result of the Group's net profit generated during the period, the shareholders' equity was enhanced from RMB693.8 million as at 31 December 2015 to RMB795.7 million as at 30 September 2016.

(c) Cash Flow Statement of the Group

Net cash generated from operating activities was RMB87.2 million for the 9 months ended 30 September 2016 mainly due to the operating profit before working capital changes, increase in trade payables and decrease in trade receivables, partially offset by the increase in advance to suppliers and inventories.

Net cash used in investing activities was RMB38.5 million for the 9 months ended 30 September 2016 mainly due to purchase of property, plant and equipment, net cash outflow on acquisition of a subsidiary and purchase of available-for-sale financial assets.

Net cash generated from financing activities was RMB17.2 million for the 9 months ended 30 September 2016 mainly due to proceeds from bank borrowings, partially offset by the payment of dividends, the repayment of short-term loans and change 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.

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 in January 2016, we will focus on the integration of this company with leading technologies in ticketing and vending machine into the Group.

Continuous efforts will be made to enhance our growing self-service terminals and ticketing and vending machine. The management will also focus on the restructuring of Krauth and turnaround of DTMT.

The Group has completed the acquisition of METRIC Group Holding Ltd (UK) and certain assets of METRIC mobility solutions AG (Germany) in October 2016. This acquisition is consistent with our strategy on focusing on the synergies in R&D, design and manufacture of self-service terminals.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, 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 Q3 2016: 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 3rd quarter ended 30 September 2016 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
9 November 2016