

UNAUDITED FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 3RD QUARTER RESULTS

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	3rd Quarter ended 30/09/2019	3rd Quarter ended 30/09/2018	Change %	9 Months ended 30/09/2019	9 Months ended 30/09/2018	Change %
	RMB'000	RMB'000 (Restated)		RMB'000	RMB'000 (Restated)	
Revenue	490,887	464,732	5.6	1,385,103	1,343,871	3.1
Cost of sales	(352,777)	(347,886)	1.4	(1,023,137)	(1,004,607)	1.8
Gross Profit	138,110	116,846	18.2	361,966	339,264	6.7
Selling and distribution expenses	(24,011)	(24,895)	(3.6)	(74,449)	(69,782)	6.7
Administrative expenses	(55,286)	(55,427)	(0.3)	(151,744)	(157,301)	(3.5)
Research and development expenses	(14,219)	(17,485)	(18.7)	(51,473)	(56,920)	(9.6)
Profit from Operations	44,594	19,039	134.2	84,300	55,261	52.5
Financial expenses, net	(1,087)	(1,543)	(29.6)	(5,171)	(5,461)	(5.3)
Share of results from associates	93	508	(81.7)	707	1,301	(45.7)
Other income	11,445	18,788	(39.1)	22,606	20,794	8.7
Other expenses	(7,192)	(3,018)	138.3	(7,766)	(6,266)	23.9
Impairment losses on trade receivables and contract assets	(360)	(136)	164.7	(586)	(3,246)	(81.9)
Profit Before Tax	47,493	33,638	41.2	94,090	62,383	50.8
Income tax	(9,167)	(10,266)	(10.7)	(26,276)	(13,797)	90.4
Net Profit After Tax	38,326	23,372	64.0	67,814	48,586	39.6
Other Comprehensive Income						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Currency translation differences arising from consolidation	8,548	17,545	(51.3)	7,392	17,108	(56.8)
Financial assets, at FVOCI (debt securities)						
– Changes of fair value	(11)	(11)	0.0	603	(679)	n.m.
– Reclassification upon realisation of investment	-	-	0.0	446	-	n.m.
Other Comprehensive Income/(loss) for the period	8,537	17,534	(51.3)	8,441	16,429	(48.6)
Total Comprehensive Income for the period	46,863	40,906	14.6	76,255	65,015	17.3

n.m.: not meaningful.

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

(A) Other Income

	3rd Quarter ended 30/09/2019 RMB'000	3rd Quarter ended 30/09/2018 RMB'000	Change %	9 Months ended 30/09/2019 RMB'000	9 Months ended 30/09/2018 RMB'000	Change %
Net gain on sales of raw materials	2,587	14	n.m.	5,205	289	n.m.
Sales of steel scrap	754	854	(11.7)	2,188	2,455	(10.9)
Foreign exchange gain, net	5,875	15,721	(62.6)	6,022	11,999	(49.8)
Amortisation of deferred government grant	172	91	89.0	515	273	88.6
Government grants	938	827	13.4	5,956	1,591	274.4
Reversal of long term unclaimed payable	-	301	(100.0)	-	1,337	(100.0)
Gain on disposal of property, plant and equipment	427	406	5.2	427	406	5.2
Others	692	574	20.6	2,293	2,444	(6.2)
	11,445	18,788	(39.1)	22,606	20,794	8.7

Reversal of long term unclaimed payable in Q3 2018 and 9 months ended 30 September 2018 pertained to write back of provision for warranty as well as a reversal of overaccruals.

(B) Other Expenses

	3rd Quarter ended 30/09/2019 RMB'000	3rd Quarter ended 30/09/2018 RMB'000 (Restated)	Change %	9 Months ended 30/09/2019 RMB'000	9 Months ended 30/09/2018 RMB'000 (Restated)	Change %
Loss on settlement of forward contracts	(5)	(1,613)	(99.7)	(5)	(2,415)	(99.8)
Fair value loss on forward contract	(1,486)	(932)	59.4	(1,466)	(3,270)	(55.2)
Impairment loss on intangible assets	(5,560)	-	n.m.	(5,560)	-	n.m.
Loss on disposal of financial assets, at FVOCI	-	-	n.m.	(391)	-	n.m.
Others	(141)	(473)	(70.2)	(344)	(581)	(40.8)
	(7,192)	(3,018)	138.3	(7,766)	(6,266)	23.9

With effect from Q1 2019, the Group has reclassified the amortisation of land use rights previously presented under "other expenses" to "cost of sales" 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.

During the quarter, the Group undertook an assessment of its customer relationship intangible assets which arose from the acquisition of business in previous years. Based on the assessment, the Group impaired fully its customer relationship intangible asset and recognised an impairment loss of RMB 5.6 million.

(C) Financial Expenses, net

	3rd Quarter ended 30/09/2019 RMB'000	3rd Quarter ended 30/09/2018 RMB'000	Change %	9 Months ended 30/09/2019 RMB'000	9 Months ended 30/09/2018 RMB'000	Change %
Interest income	1,022	494	106.9	2,369	1,184	100.1
Interest expenses	(1,592)	(1,504)	5.9	(5,970)	(5,059)	18.0
Net interest on net defined benefit liability	(517)	(533)	(3.0)	(1,570)	(1,586)	(1.0)
	(1,087)	(1,543)	(29.6)	(5,171)	(5,461)	(5.3)

(D) Depreciation and Amortisation

	3rd Quarter ended	3rd Quarter ended		9 Months ended	9 Months ended	
	30/09/2019	30/09/2018	Change	30/09/2019	30/09/2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation on property, plant and equipment	9,367	8,551	9.5	28,041	24,899	12.6
Amortisation of land use rights	337	337	-	1,012	1,012	-
Amortisation of intangible assets	4,362	4,204	3.8	13,104	12,549	4.4
Depreciation of right-of-use assets	4,053	-	n.m.	10,321	-	n.m.
	18,119	13,092	38.4	52,478	38,460	36.4

The increase in depreciation and amortisation expenses in Q3 2019 and 9 months 2019 was largely due to depreciation accounted on the right-of-use assets following the adoption of SFRS(I) 16 Leases on 1 January 2019 as well as additions of property, plant and equipment at our German operations.

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
	30/09/2019	31/12/2018		30/09/2019	31/12/2018	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
	Unaudited	Audited		Unaudited	Audited	
Assets						
Non-current Assets						
Intangible assets	59,259	66,238	(10.5)	-	-	-
Investment in subsidiaries	-	-	-	280,050	269,403	4.0
Investment in associates	8,982	8,275	8.5	-	-	-
Land use rights	57,138	58,150	(1.7)	-	-	-
Property, plant and equipment	327,069	327,191	(0.0)	-	-	-
Right-of-use assets	37,279	-	n.m.	-	-	-
Deferred tax assets	25,495	24,947	2.2	-	-	-
Total Non-current Assets	515,222	484,801	6.3	280,050	269,403	4.0
Current Assets						
Cash and bank balances	358,372	335,281	6.9	55,203	66,542	(17.0)
Financial assets, at FVOCI	17,938	16,480	8.8	-	-	-
Trade receivables	279,393	220,097	26.9	46,465	6,118	659.5
Advances to suppliers	20,851	21,103	(1.2)	-	-	-
Other receivables, deposits and prepayments	15,524	14,843	4.6	-	-	-
Due from a related party (trade)	-	680	(100.0)	-	-	-
Due from subsidiaries (non-trade)	-	-	-	19,751	41,336	(52.2)
Contract assets	21,727	39,169	(44.5)	-	-	-
Inventories	445,923	412,257	8.2	-	-	-
Total Current Assets	1,159,728	1,059,910	9.4	121,419	113,996	6.5
Total Assets	1,674,950	1,544,711	8.4	401,469	383,399	4.7
Liabilities						
Current Liabilities						
Borrowings	138,548	153,500	(9.7)	-	-	-
Trade payables	131,265	127,294	3.1	1,248	161	675.2
Other payables and accruals	119,505	107,153	11.5	16,485	15,131	8.9
Due to related parties (trade & non-trade)	633	9,313	(93.2)	-	9,069	(100.0)
Derivative financial instruments	1,466	-	n.m.	-	-	-
Provision for income tax	12,258	4,069	201.3	1,931	1,545	25.0
Contract liabilities	112,579	74,425	51.3	63	-	n.m.
Due to subsidiaries (trade)	-	-	-	101,145	74,213	36.3
Total Current Liabilities	516,254	475,754	8.5	120,872	100,119	20.7
Non-current Liabilities						
Long-term borrowings	55,513	27,123	104.7	-	-	-
Pension liability	81,413	80,949	0.6	-	-	-
Deferred income	11,384	11,898	(4.3)	-	-	-
Deferred tax liabilities	28,216	24,432	15.5	-	-	-
Total Non-current Liabilities	176,526	144,402	22.2	-	-	-
Total Liabilities	692,780	620,156	11.7	120,872	100,119	20.7
Net Assets	982,170	924,555	6.2	280,597	283,280	(0.9)
Equity						
Capital and reserves attributable to the equity holders of the Company						
Share capital	154,623	154,623	-	154,623	154,623	-
Capital reserve	33,056	33,056	-	-	-	-
Revenue reserve	707,775	658,601	7.5	102,393	117,069	(12.5)
Statutory reserve	62,393	62,393	-	-	-	-
Translation reserve	36,987	29,595	25.0	23,581	11,588	103.5
Fair value reserve	365	(684)	n.m.	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
Total Equity	982,170	924,555	6.2	280,597	283,280	(0.9)

(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 September 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	78,048	60,500	76,044	77,456
Amount repayable above one year	55,513	-	27,123	-
Total	133,561	60,500	103,167	77,456

Details of any collateral

As at 30 September 2019, borrowings comprised:

- (1) A mortgage loan of USD0.2 million (equivalent to RMB1.6 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 EUR0.4 million (equivalent to RMB3.2 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the purchase of machine. The loan was secured by the machine itself. In addition, it has outstanding lease liabilities of EUR0.3 million (equivalent to RMB2.0 million).
- (3) A loan of EUR1.9 million (equivalent to RMB14.6 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the construction of warehouse. The Company provided corporate guarantee for the loan.
- (4) DTMT has an outstanding loan of EUR1.0 million (equivalent to RMB11.7 million). The Company provided corporate guarantee for the loan.
- (5) DTMT has an outstanding loan of EUR2.4 million (equivalent to RMB18.5 million), secured by the land of DTMT from a German commercial bank. In addition, DTMT has outstanding lease liabilities of EUR2.1 million (equivalent to RMB16.5 million).
- (6) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR1.1 million (equivalent to RMB8.9 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 RMB1.7 million).
- (7) Metric Group Limited has an outstanding loan of GBP2.4 million (equivalent to RMB20.9 million) to finance the working capital. The Company provided pledged bank balance for the loan. In addition, it has outstanding lease liabilities of GBP0.7 million (equivalent to RMB5.9 million).
- (8) Almex GmbH ("Almex") has outstanding lease liabilities of EUR0.07 million (equivalent to RMB0.5 million).
- (9) 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 RMB60.5 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 RMB16.4 million.
- (10) Southeast Asia subsidiaries have outstanding lease liabilities of RMB11.5 million.
- (11) Lease liabilities are accrued 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.**

GROUP CASH FLOW STATEMENT

	3rd Quarter ended 30/09/2019 RMB'000	3rd Quarter ended 30/09/2018 RMB'000 Restated	9 Months ended 30/09/2019 RMB'000	9 Months ended 30/09/2018 RMB'000 Restated
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Profit before tax	47,493	33,638	94,090	62,383
Adjustments:				
Amortisation of land use rights	337	337	1,012	1,012
Amortisation of intangible assets	4,362	4,204	13,104	12,549
Amortisation of deferred government grant	(172)	(91)	(515)	(273)
Depreciation of property, plant and equipment	9,367	8,551	28,041	24,899
Depreciation of right-of-use assets	4,053	-	10,321	-
Impairment of intangible assets	5,560	-	5,560	-
Loss on disposal of financial assets, at FVOCI	-	-	391	-
Fair value loss on forward contract	1,486	932	1,466	3,270
Gain on disposal of property, plant and equipment	(427)	(406)	(427)	(406)
Loss on settlement of forward contracts	5	1,613	5	2,415
Interest expenses	2,109	2,037	7,540	6,645
Interest income	(1,022)	(494)	(2,369)	(1,184)
Share of profits from associates	(93)	(508)	(707)	(1,301)
Gain on foreign exchange	783	(4,412)	(1,874)	(2,373)
Reversal of long unclaimed accrued purchases	-	(301)	-	(1,337)
Operating profit before working capital changes	73,841	45,100	155,638	106,299
Contract assets	2,876	(5,832)	16,941	(9,618)
Trade receivables	2,219	14,038	(55,513)	35,633
Other receivables, deposits and prepayments	(1,296)	4,363	(606)	711
Advances to suppliers	(2,257)	(848)	54	6,866
Inventories	21,735	(16,732)	(32,149)	(70,135)
Contract liabilities	24,714	20,796	39,038	16,725
Trade payables	(8,361)	(7,354)	4,272	(28,024)
Other payables and accruals	16,048	6,685	11,616	(8,632)
Due from a related party (trade)	-	168	680	(323)
Due to related parties (trade & non-trade)	(707)	1,473	(8,680)	1,473
Cash generated from operations	128,812	61,857	131,291	50,975
Income tax paid	(4,639)	(7,062)	(14,841)	(15,420)
Net cash from operating activities	124,173	54,795	116,450	35,555
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of property, plant and equipment	(4,754)	(3,828)	(28,687)	(25,134)
Addition of Intangible assets	(3,412)	(2,624)	(11,463)	(9,991)
Proceed from disposal of property, plant and equipment	431	432	838	869
Interest received	1,022	494	2,369	1,184
Payment from settlement of forward contracts	(5)	(2,415)	(5)	(2,415)
Proceed from disposal of financial assets, at FVOCI	-	-	6,128	-
Purchase of financial assets, at FVOCI	-	-	(6,589)	-
Net cash used in investing activities	(6,718)	(7,941)	(37,409)	(35,487)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Dividend paid	(18,640)	(17,773)	(18,640)	(17,773)
Proceeds from bank borrowings	28,585	4,017	136,210	109,918
Repayment of loans	(47,508)	(7,211)	(160,146)	(137,810)
Interest paid	(1,929)	(2,037)	(4,789)	(6,645)
Withdrawal/(Placement) of pledged deposits	32,211	(2,146)	898	(6,920)
Repayment of lease liabilities	(3,800)	-	(10,459)	-
Net cash used in financing activities	(11,081)	(25,150)	(56,926)	(59,230)
Net increase/(decrease) in cash and cash equivalents	106,374	21,704	22,115	(59,162)
Effects of exchange rate changes in cash and cash equivalents	(783)	10,430	1,874	9,451
Cash and cash equivalents at beginning of the period	206,093	167,306	287,695	249,151
Cash and cash equivalents at end of the period	311,684	199,440	311,684	199,440
Note:				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:				
-Cash at bank and in hand	817	714	817	714
-Fixed deposits with banks	357,555	254,714	357,555	254,714
	358,372	255,428	358,372	255,428
Less: Pledged deposit	(46,688)	(55,988)	(46,688)	(55,988)
Cash and cash equivalents per consolidated statement of cash flows	311,684	199,440	311,684	199,440

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/(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	-	-	-	-	67,814	-	-	67,814
Dividends	-	-	-	-	(18,640)	-	-	(18,640)
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	7,392	1,049	8,441
Balance at 30 September 2019	154,623	62,393	(13,029)	33,056	707,775	36,987	365	982,170

	Group							Total equity 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 2018	154,623	60,965	(13,029)	33,056	621,718	16,154	310	873,797
Profit for the period	-	-	-	-	48,586	-	-	48,586
Dividends	-	-	-	-	(17,773)	-	-	(17,773)
Other comprehensive income, net of tax	-	-	-	-	-	17,108	(679)	16,429
Balance at 30 September 2018	154,623	60,965	(13,029)	33,056	652,531	33,262	(369)	921,039

	Company			Total equity RMB'000
	Share capital	Revenue reserve	Translation reserve	
	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	-	3,964	11,993	15,957
Dividends	-	(18,640)	-	(18,640)
Balance at 30 September 2019	154,623	102,393	23,581	280,597

	Company			Total equity RMB'000
	Share capital	Revenue reserve	Translation reserve	
	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2018	154,623	114,798	(2,467)	266,954
Total comprehensive income for the period	-	14,077	14,710	28,787
Dividends	-	(17,773)	-	(17,773)
Balance at 30 September 2018	154,623	111,102	12,243	277,968

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 3 months ended 30 September 2019.

The Company did not hold any treasury shares or subsidiary holdings as at 30 September 2019 and 31 December 2018.

- 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 2019 and 31 December 2018.

- 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.**

Except as disclosed in paragraph 5 below, 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 2018.

- 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.**

SFRS(I) 16 Leases introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments. Remaining lease payments under the operating leases will be recognised at their present value discounted using an appropriate discount rate and the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

As a lessee, the Group had adopted SFRS(I) 16 using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of accumulative profits at 1 January 2019, with no restatement of comparative information. The Group had applied the practical expedient to grandfather the definition of a lease on transition and the practical expedient to recognise ROU assets equal to its lease liabilities as at 1 January 2019.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position of the Group as at 1 January 2019. Lease liabilities are included in "Borrowings" in the statement of financial position.

During the first three quarters ended 30 September 2019, the Group recognised depreciation charge of RMB10.3 million and interest costs of RMB1.2 million from these leases.

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 30/09/2019	3rd Quarter ended 30/09/2018	9 Months ended 30/09/2019	9 Months ended 30/09/2018
		Restated		Restated
<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	10.75	6.56	19.02	13.63
Weighted average number of ordinary shares for basic earnings per share computation ('000)	356,536	356,536	356,536	356,536
(b) On a fully diluted basis	10.75	6.56	19.02	13.63
Weighted average number of ordinary shares adjusted for the effect for dilution ('000)	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 30/09/2019	As at 31/12/2018	As at 30/09/2019	As at 31/12/2018
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	275.48	259.32	78.70	79.45
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 9 months ended 30 September 2019:

Revenue

The Group achieved sales of RMB1,385.1 million, representing an increase of 3.1% or RMB41.2 million over last corresponding period.

Sales of the High Security Segment decreased by 6.5% or RMB46.4 million to RMB668.6 million over last corresponding period due to the decrease in sales of ATM safes.

Sales of the Business Solutions Segment increased by 13.9% or RMB87.6 million to RMB716.5 million over last corresponding period due to the increase in sales of new products.

Gross Profit

Gross profit of the Group increased by 6.7% or RMB22.7 million to RMB362.0 million.

Gross margin of the Group increased from 25.2% last corresponding period to 26.1%. Gross margin of the High Security Segment remained relatively stable at 26.7%. Gross margin of the Business Solutions Segment increased from 23.6% to 25.6% mainly due to the change of the product mix.

Selling and distribution expenses

Selling and distribution expenses increased by 6.7% or RMB4.7 million to RMB74.4 million mainly due to the increase in sales.

Administrative expenses

Administrative expenses decreased by 3.5% or RMB5.6 million to RMB151.7 million mainly due to better control over the administrative expenses.

Research and development expenses

Research and development expenses decreased by 9.6% or RMB5.4 million to RMB51.5 million mainly due to the completion of some development projects.

Financial Expenses, net

Financial expenses decreased by RMB0.3 million to RMB5.2 million primarily due to increase in interest income, partially offset by the increase in interest expenses which was due to the recognition of interest expenses on lease liabilities in accordance with SFRS(I) 16 Leases.

Other Income

Other income increased by 8.7% or RMB1.8 million to RMB22.6 million mainly due to the increase in sales of raw materials and government grants, partially offset by the decrease in net foreign exchange gain and reversal of long term unclaimed payable.

Other Expenses

Other expenses increased by RMB1.5 million to RMB7.8 million mainly due to the increase in impairment loss on intangible assets, partially offset by the decrease in loss on settlement of forward contracts and fair value loss on forward contracts.

Impairment loss on intangible assets pertained to the impairment loss on customer relationship, mainly due to the decline in its recoverable amount.

Impairment losses of trade receivables and contract assets

The Group adopted Expected Credit Losses (ECL) model to assess its credit losses. Based on ECL model, impairment losses decreased by RMB2.7 million to RMB0.6 million..

Profit before Tax

Profit before tax was RMB94.1 million, representing an increase of RMB31.7 million as compared to RMB62.4 million during last corresponding period.

Income Tax Expenses

Income tax expenses increased by RMB12.5 million. It mainly due to the increase in profit before tax generated from the profitable subsidiaries and accrual of withholding tax for the undistributed profit from Chinese subsidiaries to Singapore holding companies.

Net profit after Tax

Profit after tax was RMB67.8 million, representing an increase of RMB19.2 million as compared to RMB48.6 million during last corresponding period.

(a) Profit statement of the Group

For the 3 months ended 30 September 2019:

Revenue

The Group achieved sales of RMB490.9 million, representing an increase of 5.6% or RMB26.2 million over last corresponding period.

Sales of the High Security Segment decreased by 1.2% or RMB2.9 million to RMB246.9 million over last corresponding period due to the decrease in sales of ATM safes.

Sales of the Business Solutions Segment increased by 13.5% or RMB29.1 million to RMB244.0 million over last corresponding period due to the increase in sales of new products.

Gross Profit

Gross profit of the Group increased by 18.2% or RMB21.3 million to RMB138.1 million.

Gross margin of the Group increased from 25.1% last corresponding period to 28.1%. Gross margin of the High Security Segment increased from 25.5% to 25.6% and gross margin of the Business Solutions Segment increased from 24.7% to 30.7% which were mainly due to the change of the product mix.

Research and development expenses

Research and development expenses decreased by RMB3.3 million to RMB14.2 million mainly due to the completion of some development projects.

Other Income

Other income decreased by RMB7.3 million to RMB11.4 million mainly due to the decrease in net foreign exchange gain, partially offset by the increase in sales of raw materials.

Other Expenses

Other expenses increased by RMB4.2 million to RMB7.2 million mainly due to impairment loss on intangible assets and fair value loss on forward contracts, partially offset by the decrease in loss on settlement of forward contracts.

Impairment loss on intangible assets pertained to the impairment loss on customer relationship, mainly due to the decline in its recoverable amount.

Profit before Tax

Profit before tax was RMB47.5 million, representing an increase of RMB13.9 million as compared to RMB33.6 million during last corresponding period.

Income Tax Expenses

Income tax expenses decreased by RMB1.1 million. It mainly due to partial settlement of deferred tax liabilities arising from the differences between the carrying amount of intangible assets and their tax bases.

Net profit after Tax

Profit after tax was RMB38.3 million, representing an increase of RMB14.9 million as compared to RMB23.4 million during last corresponding period.

(b) Statement of financial position of the Group

Non-current Assets

The Group's non-current assets increased by RMB30.4 million from RMB484.8 million as at 31 December 2018 to RMB515.2 million as at 30 September 2019 mainly due to the increase in right-of-use assets on adoption of SFRS(I) 16, partially offset by the decrease in intangible assets and land use rights.

Following the adoption of SFRS(I) 16 Leases on 1 January 2019, the Group recognised ROU assets and lease liabilities in relation to its existing operating lease arrangements. Refer to Item 5 for more details.

Intangible assets decreased by RMB6.9 million from RMB66.2 million as at 31 December 2018 to RMB59.3 million as at 30 September 2019 mainly due to the impairment loss recognised of RMB 5.6 million.

Land use rights decreased by RMB1.1 million from RMB58.2 million as at 31 December 2018 to RMB57.1 million as at 30 September 2019 mainly due to amortization of land use rights.

Current Assets

The Group's current assets increased by RMB99.8 million from RMB1,059.9 million as at 31 December 2018 to RMB1,159.7 million as at 30 September 2019 mainly due to the increase in cash and bank balances, financial assets, at FVOCI, trade receivables and inventories, partially offset by the decrease in contract assets.

Financial assets, at FVOCI increased by RMB1.4 million from RMB16.5 million as at 31 December 2018 to RMB17.9 million as at 30 September 2019 mainly due to fair value changes.

Trade receivables increased by RMB59.3 million from RMB220.1 million as at 31 December 2018 to RMB279.4 million as at 30 September 2019 mainly due to higher revenue registered in Q3 2019.

Inventories increased by RMB33.6 million from RMB412.3 million as at 31 December 2018 to RMB445.9 million as at 30 September 2019 mainly due to the increase in production to meet sales demand.

Contract assets decreased by RMB17.5 million from RMB39.2 million as at 31 December 2018 to RMB21.7 million as at 30 September 2019 mainly due to timing of milestone billings on project sales.

Current Liabilities

Current liabilities increased by RMB40.5 million from RMB475.8 million as at 31 December 2018 to RMB516.3 million as at 30 September 2019 mainly due to the increase in trade payables, other payables and accruals, derivative financial instruments, provision for income tax and contract liabilities, partially offset by the decrease in borrowings and amounts due to related parties (trade & non-trade).

Trade payables increased by RMB4.0 million from RMB127.3 million as at 31 December 2018 to RMB131.3 million as at 30 September 2019 in tandem with increase in inventories.

Other payables and accruals increased by RMB12.3 million from RMB107.2 million as at 31 December 2018 to RMB119.5 million as at 30 September 2019 mainly due to the increase in other tax payable and accrued payroll and bonus.

Derivative financial instruments pertained to the fair value loss on forward contracts entered into by the Group.

Provision for income tax increased by RMB8.2 million from RMB4.1 million as at 31 December 2018 to RMB12.3 million as at 30 September 2019 mainly due to the increase in profit before tax generated by the profitable subsidiaries.

Contract liabilities increased by RMB38.2 million from RMB74.4 million as at 31 December 2018 to RMB112.6 million as at 30 September 2019 due to the increase in advance payment from customers.

Borrowings decreased by RMB15.0 million from RMB153.5 million as at 31 December 2018 to RMB138.5 million as at 30 September 2019 mainly due to net repayments.

Amounts due to related parties (trade & non-trade) decreased by RMB8.7 million from RMB9.3 million as at December 2018 to RMB0.6 million as at 30 September 2019 mainly due to the payments made.

Non-current Liabilities

Non-current liabilities increased by RMB32.1 million from RMB144.4 million as at 31 December 2018 to RMB176.5 million as at 30 September 2019 mainly due to the increase in long-term borrowings and deferred tax liabilities.

Long-term borrowings increased by RMB28.4 million from RMB27.1 million as at 31 December 2018 to RMB55.5 million as at 30 September 2019 mainly due to the recognition of lease liabilities on adoption of SFRS(I) 16. See Item 5 for more details.

Deferred tax liabilities increased by RMB3.8 million from RMB24.4 million as at 31 December 2018 to RMB28.2 million as at 30 September 2019 mainly due to the 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 period after netoff against dividends paid, shareholders' equity increased from RMB924.6 million as at 31 December 2018 to RMB982.2 million as at 30 September 2019.

(c) Cash Flow Statement of the Group

Net cash from operating activities was RMB116.5 million for the 9 months ended 30 September 2019 mainly due to the operating profit before working capital changes and increase in contract liabilities, trade payables and other payables and accruals and decrease in contract assets, partially offset by the decrease in amounts due to related parties (trade & non-trade) and increase in trade receivables and inventories.

Net cash used in investing activities was RMB37.4 million for the 9 months ended 30 September 2019 mainly due to purchase of property, plant and equipment, addition of intangible assets and purchase of financial assets, partially offset by the increase in interest received and proceed from disposal of financial assets.

Net cash used in financing activities was RMB56.9 million for the 9 months ended 30 September 2019 mainly due to the dividend paid, repayment of loans, interest paid and repayment of lease liabilities, partially offset by the proceeds from bank borrowings.

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 management expects trading conditions to remain challenging. Rising raw materials prices, a shrinking ATM market and labour cost challenges will remain headwinds for our business. On-going trade issues between China and US will bring uncertainties to the Group's future performance. The Group has operations in Philippines and Vietnam which will help to limit the impacts of trade tariffs.

The Group will continue its efforts to expand new products lines. We will also continue to focus on innovation and the development of new generation Ticketing Vending Machines and other cashless terminals.

The Group will continue to focus on the joint development of self-service solutions among its China, Germany and UK subsidiaries.

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 (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 Q3 2019: 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 2019 with aggregate annual rental at RMB4.2 million.

14. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

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.

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 2019 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
14 November 2019