

UNAUDITED FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 4TH QUARTER AND FULL YEAR RESULTS

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

Group	4th Quarter ended 31/12/2013 RMB'000	4th Quarter ended 31/12/2012 RMB'000	change %	12 Months ended 31/12/2013 RMB'000	12 Months ended 31/12/2012 RMB'000	change %
Revenue	226,711	180,181	25.8	1,027,584	711,707	44.4
Cost of sales	(161,702)	(141,858)	14.0	(783,991)	(556,666)	40.8
Gross Profit	65,009	38,323	69.6	243,593	155,041	57.1
Selling and distribution expenses	(6,900)	(11,953)	(42.3)	(61,322)	(43,231)	41.8
Administrative expenses	(12,886)	(14,806)	(13.0)	(67,160)	(53,303)	26.0
Research and development expenses	(14,014)	(5,176)	170.7	(24,843)	(11,950)	107.9
Profit from Operations	31,209	6,388	388.6	90,268	46,557	93.9
Financial (expenses)/income, net	369	1,959	(81.2)	(790)	1,714	n.m.
Other income	19,854	9,707	104.5	37,257	14,935	149.5
Other expenses	247	(9,635)	n.m.	(8,680)	(13,484)	(35.6)
Profit Before Tax	51,679	8,419	513.8	118,055	49,722	137.4
Income tax	(6,496)	(3,450)	88.3	(17,698)	(9,452)	87.2
Net Profit After Tax	45,183	4,969	809.3	100,357	40,270	149.2
Other Comprehensive Income						
Currency translation differences arising from consolidation	(1,694)	(267)	534.5	1,551	423	266.7
Total Comprehensive Income for the period	43,489	4,702	824.9	101,908	40,693	150.4
Total Comprehensive Income Attributable to Equity Holders of the Company	43,489	4,702	824.9	101,908	40,693	150.4

n.m.: not meaningful.

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

(A) Other Income

	4th Quarter ended 31/12/2013 RMB'000	4th Quarter ended 31/12/2012 RMB'000	Change %	12 Months ended 31/12/2013 RMB'000	12 Months ended 31/12/2012 RMB'000	Change %
Sales of steel scrap	358	429	(16.6)	1,183	1,019	16.1
Net of sales of raw materials	1,030	1,365	(24.5)	1,455	1,365	6.6
Fair value gain on derivative financial instruments	6,509	5,370	21.2	9,496	4,275	122.1
Settlement of forward contracts	5,036	(40)	n.m.	14,456	1,853	680.1
Amortisation of deferred income	240	240	-	960	560	71.4
Government grants	722	252	186.5	3,323	3,816	(12.9)
Fair value changes on contingent consideration	2,999	-	n.m.	2,999	-	n.m.
Allowance for trade doubtful debts written back	483	141	242.6	482	141	241.8
Allowance for stock obsolescence written back	450	1,051	(57.2)	450	-	n.m.
Allowance for non-trade doubtful debts written	79	-	n.m.	79	-	n.m.
Others	1,948	899	116.7	2,374	1,906	24.6
	19,854	9,707	104.5	37,257	14,935	149.5

(B) Other Expenses

	4th Quarter ended 31/12/2013 RMB'000	4th Quarter ended 31/12/2012 RMB'000	Change %	12 Months ended 31/12/2013 RMB'000	12 Months ended 31/12/2012 RMB'000	Change %
Amortisation of land use rights	(231)	(231)	-	(924)	(924)	-
Foreign exchange gain/(loss), net	665	(1)	n.m.	(7,567)	(3,157)	139.7
Loss on disposal of property, plant and intangible assets written off	(187)	(253)	(26.1)	(187)	(253)	(26.1)
Impairment loss on plant and equipment	-	(316)	(100.0)	-	(316)	(100.0)
Impairment loss on trade receivables	-	(6,225)	(100.0)	-	(6,225)	(100.0)
Withholding tax on dividends	-	(118)	(100.0)	-	(118)	(100.0)
Fair value changes on contingent consideration	-	(662)	(100.0)	-	(662)	(100.0)
Others	-	(1,340)	(100.0)	-	(1,340)	(100.0)
	-	(489)	(100.0)	(2)	(489)	(99.6)
	247	(9,635)	n.m.	(8,680)	(13,484)	(35.6)

(C) Financial (Expenses)/Income, net

	4th Quarter ended 31/12/2013 RMB'000	4th Quarter ended 31/12/2012 RMB'000	change %	12 Months ended 31/12/2013 RMB'000	12 Months ended 31/12/2012 RMB'000	change %
Interest income	1,364	1,755	(22.3)	2,140	4,656	(54.0)
Interest expenses	(327)	1,500	n.m.	(348)	(1,646)	(78.9)
Unwinding of discount on contingent consideration	(668)	(1,296)	(48.5)	(2,582)	(1,296)	99.2
	369	1,959	(81.2)	(790)	1,714	n.m.

(D) Depreciation and Amortisation

	4th Quarter ended 31/12/2013 RMB'000	4th Quarter ended 31/12/2012 RMB'000	change %	12 Months ended 31/12/2013 RMB'000	12 Months ended 31/12/2012 RMB'000	change %
Depreciation on property, plant and equipment	3,392	3,794	(10.6)	13,084	14,668	(10.8)
Amortisation of land use rights	231	231	-	924	924	-
Amortisation of intangible assets	1,087	1,092	(0.5)	4,850	3,227	50.3
	4,710	5,117	(8.0)	18,858	18,819	0.2

For the 12 months ended 31 December 2013, the Group's depreciation expenses decreased by 10.8% to RMB13.1 million over 2012 mainly due to the impairment of fixed assets in 2012.

For the 12 months ended 31 December 2013, the Group's amortisation of intangible assets increased by 50.3% to RMB4.9 million over last year as the Group started to amortize a major project from September 2012. Intangible assets comprise of technical know-how and development expenditure incurred, which are capitalised and amortised using the straight-line method over their estimated useful lives.

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
	31/12/2013	31/12/2012		31/12/2013	31/12/2012	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Unaudited	Audited		Unaudited	Audited	
Assets						
Non-current Assets						
Intangible assets	20,782	22,078	(5.9)	-	-	-
Investment in subsidiaries	-	-	-	30,039	32,183	(6.7)
Land use rights	43,218	44,142	(2.1)	-	-	-
Property, plant and equipment	129,125	118,852	8.6	-	-	-
Deferred tax assets	-	409	(100.0)	-	-	-
Total Non-current Assets	193,125	185,481	4.1	30,039	32,183	(6.7)
Current Assets						
Cash and bank balances	168,762	100,851	67.3	3,959	9,668	(59.1)
Trade receivables	148,160	110,696	33.8	1,985	-	n.m.
Advances to suppliers	6,621	16,518	(59.9)	96	-	n.m.
Other receivables, deposits and prepayment	8,324	5,136	62.1	58	4	n.m.
Due from subsidiaries (non-trade)	-	-	-	112,269	127,790	(12.1)
Derivative financial instruments	13,322	4,122	223.2	-	-	-
Inventories	117,993	96,363	22.4	-	-	-
Total Current Assets	463,182	333,686	38.8	118,367	137,462	(13.9)
Total Assets	656,307	519,167	26.4	148,406	169,645	(12.5)
Liabilities						
Current Liabilities						
Borrowings	12,469	10,871	14.7	-	-	-
Trade payables	99,139	76,506	29.6	4,536	-	n.m.
Other payables and accruals	57,940	29,773	94.6	23,172	3,230	617.4
Due to related parties (trade)	722	631	14.4	-	-	-
Due to a related party (non-trade)	3,600	-	n.m.	-	-	-
Provision for income tax	5,574	3,152	76.8	-	-	-
Total Current Liabilities	179,444	120,933	48.4	27,708	3,230	757.8
Non-current Liabilities						
Other payable	-	23,283	(100.0)	-	23,283	(100.0)
Deferred income	10,560	11,520	(8.3)	-	-	-
Deferred tax liabilities	3,576	2,612	36.9	-	-	-
Total Non-current Liabilities	14,136	37,415	(62.2)	-	23,283	(100.0)
Total Liabilities	193,580	158,348	22.2	27,708	26,513	4.5
Net Assets	462,727	360,819	28.2	120,698	143,132	(15.7)
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/(accumulated losses)	237,504	146,364	62.3	(43,027)	(29,758)	44.6
Statutory reserve	38,740	29,523	31.2	-	-	-
Translation (deficit)/reserve	(1,611)	(3,162)	(49.1)	(4,342)	4,823	n.m.
Merger deficit	(13,029)	(13,029)	-	-	-	-
Total Equity	462,727	360,819	28.2	120,698	143,132	(15.7)

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

Amount repayable in one year or less, or on demand

	Group		Group	
	As at 31 December 2013		As at 31 December 2012	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	12,469	-	10,871	-

Details of any collateral

A German subsidiary of the Company obtained a EUR1.5 million bank loan from Frankfurt Branch, ICBC Bank Germany. The loan was fully guaranteed by a bank deposit of RMB13.3 million placed by its PRC subsidiary in Jiang Su Branch, ICBC Bank China.

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

	4th Quarter ended 31/12/2013 RMB'000	4th Quarter ended 31/12/2012 RMB'000	12 Months ended 31/12/2013 RMB'000	12 Months ended 31/12/2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	51,679	8,419	118,055	49,722
Adjustments:				
Amortisation of land use rights	231	231	924	924
Amortisation of intangible assets	1,087	1,092	4,850	3,227
Amortisation of deferred government grant	(240)	(240)	(960)	(560)
Depreciation of property, plant and equipment	3,392	3,794	13,084	14,668
Impairment of plant and equipment	-	6,225	-	6,225
Intangible assets written off	-	316	-	316
Fair value changes on contingent consideration	(2,999)	1,340	(2,999)	1,340
Fair value gain on derivative financial instruments	(6,509)	(5,370)	(9,496)	(4,275)
Loss on disposal of property, plant and equipment	177	253	177	253
Settlement of forward contracts	(5,036)	40	(14,456)	(1,853)
Interest expenses	(1,587)	(204)	348	2,942
Interest income	(1,364)	(1,755)	(2,140)	(4,656)
Allowance for stock obsolescence	(450)	(1,051)	(450)	-
Unwinding of discount on contingent consideration	2,582	-	2,582	-
Allowance for non-trade doubtful debts written back	(79)	-	(79)	-
Allowance for trade doubtful debts written back	(482)	-	(482)	-
Operating profit before working capital changes	40,402	13,090	108,958	68,273
Trade receivables	89,867	18,320	(36,968)	(29,114)
Other receivables, deposits and prepayments	(5,275)	(1,710)	(2,583)	(1,188)
Advances to suppliers	29,441	11,490	9,976	(6,172)
Trade payables	(28,201)	3,188	22,767	20,330
Other payables and accruals	(17,361)	4,410	7,455	12,180
Due from related party (trade)	-	(838)	-	-
Due to related parties (trade)	(3,632)	(41)	91	(41)
Inventories	(24,790)	(6,255)	(20,529)	(14,775)
Cash generated from operations	80,451	41,654	89,167	49,493
Income tax paid	(4,625)	(2,964)	(13,950)	(7,662)
Net cash generated from operating activities	75,826	38,690	75,217	41,831
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(7,006)	(6,955)	(23,443)	(28,622)
Development costs incurred	(6)	(741)	(3,554)	(5,007)
Interest received	764	1,755	1,540	4,656
Settlement of forward contracts	5,036	(40)	14,458	1,853
Government grants received	-	7,280	-	7,280
Proceed from disposal of property, plant and equipment	42	54	42	54
Refund of government grant	-	-	-	(1,700)
Net cash used in investing activities	(1,170)	1,353	(10,959)	(21,486)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	-	-	(17,772)
Proceeds from bank borrowings	8	-	1,475	2,958
Repayment of short-term loans	-	(38,696)	-	(55,485)
Due to a related party (non-trade)	3,600	-	3,600	-
Interest paid	(836)	(465)	(827)	(1,646)
Pledged deposits	1,379	(21,209)	(2,422)	-
Withdrawals of deposit for bank guarantee	-	55,274	-	55,274
Net cash generated from/(used in) financing activities	4,151	(5,096)	1,826	(16,671)
Net increase in cash and cash equivalents	78,807	34,947	66,084	3,674
Effects of exchange rate changes in cash and cash equivalent	(47)	(968)	(595)	1,802
Cash and cash equivalents at beginning of the period	70,442	49,734	83,713	78,237
Cash and cash equivalents at end of the period	149,202	83,713	149,202	83,713
Note:				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents				
-Cash at bank and in hand	56,712	69,351	56,712	69,351
-Fixed deposits with banks	112,050	31,500	112,050	31,500
	168,762	100,851	168,762	100,851
Less: Pledged deposit	(19,560)	(17,138)	(19,560)	(17,138)
Cash and cash equivalents per consolidated statement of cash flows	149,202	83,713	149,202	83,713

- 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						
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation deficit	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	168,067	29,523	(13,029)	33,056	146,364	(3,162)	360,819
Total comprehensive income for the period	-	-	-	-	100,357	1,551	101,908
Transfer to statutory reserve	-	9,217	-	-	(9,217)	-	-
Balance at 31 December 2013	168,067	38,740	(13,029)	33,056	237,504	(1,611)	462,727

	Group						
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation deficit	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2012	168,067	28,738	(13,029)	20,483	137,224	(3,585)	337,898
Total comprehensive income for the period	-	-	-	-	40,270	423	40,693
Dividends	-	-	-	-	(17,772)	-	(17,772)
Transfer to capital reserve	-	-	-	12,573	(12,573)	-	-
Transfer to statutory reserve	-	785	-	-	(785)	-	-
Balance at 31 December 2012	168,067	29,523	(13,029)	33,056	146,364	(3,162)	360,819

	Company			
	Share capital	Accumulated losses	Translation (deficit)/reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	168,067	(29,758)	4,823	143,132
Total comprehensive loss for the period	-	(13,269)	(9,165)	(22,434)
Balance at 31 December 2013	168,067	(43,027)	(4,342)	120,698

	Company			
	Share capital	Accumulated losses	Translation (deficit)/reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2012	168,067	29,210	(2,506)	194,771
Total comprehensive income for the period	-	(41,196)	7,329	(33,867)
Dividends	-	(17,772)	-	(17,772)
Balance at 31 December 2012	168,067	(29,758)	4,823	143,132

- 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 financial year ended 31 December 2013.

The Company did not hold any treasury shares as at 31 December 2013 or 31 December 2012 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 31 December 2013 and at 31 December 2012.

- 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 2013. The adoption of these FRS where applicable did not have any material impact on the financial statements for the 12 months ended 31 December 2013. 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			
	4th Quarter ended	4th Quarter ended	12 Months ended	12 Months ended
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Earnings per ordinary share of the group				
(in RMB cents):				
(a) Based on weighted average number of ordinary shares on issue; and	12.67	1.39	28.15	11.29
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	12.67	1.39	28.15	11.29
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	As at	As at	As at
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	129.78	101.20	33.85	40.15
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 business. 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 designs and manufactures products for the semi-conductor and automotive industries and is recognized for its premium quality and reliability in this area.

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

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

Revenue

For the 12 months ended 31 December 2013, the Group achieved sales of RMB1,027.6 million, representing an increase of 44.4% or RMB315.9 million over last year.

For the 12 months ended 31 December 2013, sales of High Security Segment increased by 45.8% or RMB304.1 million to RMB968.1 million over last year due to strong demand in USA and Asia markets.

For the 12 months ended 31 December 2013, sales of Semiconductors Segment increased by 24.7% or RMB11.8 million to RMB59.5 million over last year due to higher demand for our precision products.

Gross Profit

For the 12 months ended 31 December 2013, gross profit of the Group increased by 57.1% or RMB88.6 million to RMB243.6 million, which was mainly driven by the strong sales growth.

For the 12 months ended 31 December 2013, gross margin increased from 21.8% in 2012 to 23.7% mainly due to the higher margin of High Security Segment. Gross margin of High Security Segment increased from 20.9% to 23.2% due to better cost control and that of the Semiconductors Segment decreased from 34.6% to 32.6% due to change of product mix.

Selling and Distribution Expenses

For the 12 months ended 31 December 2013, selling and distribution expenses increased by RMB18.1 million or 41.8% to RMB61.3 million mainly due to increases in customer service expenses, brand royalty expenses, logistics expenses and commission. These increases were in line with the sales growth.

Administrative Expenses

For the 12 months ended 31 December 2013, administrative expenses increased by 26.0% or RMB13.9 million to RMB67.2 million due to larger operation scale.

Research and Development Expenses

For the 12 months ended 31 December 2013, research and development expenses increased by 107.9% or RMB12.9 million to RMB24.8 million due to the development of new products to meet global customer demand.

Financial Income/Expenses

For the 12 months ended 31 December 2013, net financial expenses were RMB0.8 million compared to a net financial income of RMB1.7 million in 2012. It was mainly due to the decrease of the interest income and increase in unwinding of discount on contingent consideration for acquisition of Format.

Other Income

For the 12 months ended 31 December 2013, other income increased by RMB22.3 million to RMB37.3 million mainly due to the increase in gain on settlement of forward contracts, fair value gain on the derivative financial instruments and fair value changes on contingent consideration.

The Group continued to enter into RMB/USD forward contracts for hedging purposes during the year.

Other Expenses

For the 12 months ended 31 December 2013, other expenses decreased by RMB4.8 million to RMB8.7 million mainly due to the decrease of impairment loss on plant and equipment, partially offset by the increase of foreign exchange loss arising from the appreciation of Renminbi.

Profit before Tax

For the 12 months ended 31 December 2013, profit before tax was RMB118.1 million, representing an increase of 137.4% or RMB68.3 million as compared to RMB49.7 million in 2012.

Net profit after Tax

For the 12 months ended 31 December 2013, profit after tax was RMB100.4 million, representing an increase of 149.2% or RMB60.1 million as compared to RMB40.3 million last year.

(b) Statement of financial position of the Group

Non-current Assets

Non-current assets marginally increased by RMB7.6 million from RMB185.5 million as at 31 December 2012 to RMB193.1 million as at 31 December 2013.

Current Assets

The Group's current assets increased by RMB129.5 million from RMB333.7 million as at 31 December 2012 to RMB463.2 million as at 31 December 2013 mainly due to increase in cash and bank balances, trade receivables, derivative financial instruments and inventories.

Trade receivables increased by RMB37.5 million from RMB110.7 million as at 31 December 2012 to RMB148.2 million as at 31 December 2013 which was in line with sales growth.

Inventories increased by RMB21.6 million from RMB96.4 million as at 31 December 2012 to RMB118.0 million as at 31 December 2013 which was in line with sales growth.

Derivative financial instruments increased by RMB9.2 million from RMB4.1 million as at 31 December 2012 to RMB13.3 million as at 31 December 2013 which was due to the larger profit position on forex forward contracts in 2013.

Current Liabilities

Current liabilities increased by RMB58.5 million from RMB120.9 million as at 31 December 2012 to RMB179.4 million as at 31 December 2013 mainly due to increase in trade payables and other payables and accruals.

Trade payables increased by RMB22.6 million from RMB76.5 million as at 31 December 2012 to RMB99.1 million as at 31 December 2013, which was in line with the sales growth.

The increase of other payables and accruals was mainly due to the reclassification of the contingent consideration for the acquisition of Format from non-current liabilities.

Non-current Liabilities

Non-current liabilities decreased by RMB23.3 million from RMB37.4 million as at 31 December 2012 to RMB14.1 million as at 31 December 2013 mainly due to the decrease in other payables as the contingent consideration for the acquisition of Format was reclassified to current liabilities according to the acquisition contract.

Shareholders' Equity

The Group's net profit position during the year helped to enhance the shareholders' equity from RMB360.8 million as at 31 December 2012 to RMB462.7 million as at 31 December 2013, representing an increase of 28.2%.

(c) Cash Flow Statement of the Group

Net cash generated from operating activities was RMB75.2 million for the 12 months ended 31 December 2013 mainly due to increase in operating profit before working capital changes, decrease in advances to suppliers, increase in trade payables, and increase in other payables and accruals, partially offset by the increase in trade receivables and inventories.

Net cash used in investing activities was RMB10.9 million for the 12 months ended 31 December 2013 mainly due to the addition of property, plant and equipment and development cost incurred.

Net cash generated from financing activities was RMB1.8 million for the 12 months ended 31 December 2013 mainly due to the proceeds from bank borrowing and increase in non-trade amounts due to a related party.

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 and USA. Meanwhile we will also continue to focus on innovation, product development and production efficiency.

The management will continue to address the issue of high costs in Format against the backdrop of the challenging European economic environment and improvements in operations are expected.

11. Dividend

(a) Current Financial Period Reported On 31 December 2013

- (i) Any dividend declared for the current financial period reported on? No.
- (ii) Any dividend recommended for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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 Q4 2013: RMB0.9 million	NIL
Nantong Wiedson Hi-Wits Precision Works Co. Ltd.	Purchase of raw material for Q4 2013: RMB0.4 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 2013 with aggregate annual rental at RMB3.74 million.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	2013		
	High Security RMB'000	Semiconductors RMB'000	Consolidated RMB'000
Revenue			
External sales	978,321	49,263	1,027,584
Total Sales	978,321	49,263	1,027,584
Segment results			
Profit after operations	101,394	12,665	114,059
Finance expenses, net			(790)
Unallocated income			4,786
Profit before tax			118,055
Income tax			(17,698)
Profit after tax			100,357
Other segment items			
Capital expenditure			
-Property, plant and equipment	23,394	49	23,443
-Intangible assets	3,554	-	3,554
Amortization on land use right	924	-	924
Amortization on intangible assets	4,850	-	4,850

	2012		
	High Security RMB'000	Semiconductors RMB'000	Consolidated RMB'000
Revenue			
External sales	663,999	47,708	711,707
Inter-segment sales	-	-	-
Total Sales	663,999	47,708	711,707
Segment results			
Profit from operations	51,116	4,494	55,610
Net finance expenses			1,714
Unallocated expenses			(7,602)
Profit before tax			49,722
Income tax			(9,452)
Profit after tax			40,270
Other segment items			
Capital expenditure			
-Property, plant and equipment	28,357	265	28,622
-Intangible assets	5,007	-	5,007
Depreciation	13,433	1,235	14,668
Amortization on intangible assets	3,227	-	3,227
Amortization on land use right	924	-	924

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to section 8 for the analysis.

17. A breakdown of sales.

	Group		
	2013 RMB'000	2012 RMB'000	Change %
(a) Sales reported for first half year	505,468	344,725	46.6%
(b) Profit after tax for first half year	28,105	20,165	39.4 %
(c) Sales reported for second half year	522,116	366,982	42.3%
(d) Profit after tax for second half year	72,252	20,105	259.4 %

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (2013) Nil (Recommended)	Previous Full Year (2012) S\$0.01
Ordinary		

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Dr Johnny Liu Jiayan	51	Brother of the Executive Vice Chairman, Mr Liu Bin	Chairman and CEO of the Company (2007)	N/A
Liu Bin	62	Brother of the Chairman, CEO and Controlling Shareholder, Dr Johnny Liu Jiayan	Executive Vice Chairman of the Company (2007) Executive Vice Chairman of Tri Star Inc, a wholly-owned PRC subsidiary (2005)	N/A

BY ORDER OF THE BOARD

Johnny Liu Jiayan
Chairman & CEO
24 February 2014