

## UNAUDITED FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 30 JUNE 2016

## PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 2ND 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	2nd Quarter ended 30/06/2016 RMB'000	2nd Quarter ended 30/06/2015 RMB'000	Change %	6 Months ended 30/06/2016 RMB'000	6 Months ended 30/06/2015 RMB'000	Change %
Revenue	321,020	272,454	17.8	589,681	519,570	13.5
Cost of sales	(229,769)	(196,141)	17.1	(413,634)	(377,148)	9.7
<b>Gross Profit</b>	<b>91,251</b>	<b>76,313</b>	<b>19.6</b>	<b>176,047</b>	<b>142,422</b>	<b>23.6</b>
Selling and distribution expenses	(14,610)	(13,915)	5.0	(28,076)	(24,318)	15.5
Administrative expenses	(31,386)	(30,324)	3.5	(71,533)	(64,065)	11.7
Research and development expenses	(7,315)	(4,635)	57.8	(14,266)	(11,390)	25.3
<b>Profit from Operations</b>	<b>37,940</b>	<b>27,439</b>	<b>38.3</b>	<b>62,172</b>	<b>42,649</b>	<b>45.8</b>
Financial (expenses)/income, net	(1,078)	807	n.m.	(1,252)	2,465	n.m.
Share of profits from associates	35	291	(88.0)	109	334	(67.4)
Other income	7,708	9,941	(22.5)	10,103	15,761	(35.9)
Other expenses	(1,526)	(346)	341.0	(2,867)	(4,948)	(42.1)
<b>Profit Before Tax</b>	<b>43,079</b>	<b>38,132</b>	<b>13.0</b>	<b>68,265</b>	<b>56,261</b>	<b>21.3</b>
Income tax	(8,151)	(8,788)	(7.2)	(14,832)	(11,562)	28.3
<b>Net Profit After Tax</b>	<b>34,928</b>	<b>29,344</b>	<b>19.0</b>	<b>53,433</b>	<b>44,699</b>	<b>19.5</b>
<b>Other Comprehensive Income</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Currency translation differences arising from consolidation	3,938	(10,336)	n.m.	11,616	(10,336)	n.m.
Changes in fair value of available-for-sale financial assets	130	-	n.m.	130	-	n.m.
Other Comprehensive Income for the period	4,068	(10,336)	n.m.	11,746	(10,336)	n.m.
<b>Total Other Comprehensive Income for the period</b>	<b>38,996</b>	<b>19,008</b>	<b>105.2</b>	<b>65,179</b>	<b>34,363</b>	<b>89.7</b>
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>38,996</b>	<b>19,008</b>	<b>105.2</b>	<b>65,179</b>	<b>34,363</b>	<b>89.7</b>

n.m.: not meaningful.

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

(A) Other Income

	2nd Quarter ended 30/06/2016 RMB'000	2nd Quarter ended 30/06/2015 RMB'000	Change %	6 Months ended 30/06/2016 RMB'000	6 Months ended 30/06/2015 RMB'000	Change %
Sales of steel scrap	484	803	(39.7)	874	1,321	(33.8)
Net of sales of raw materials	426	1,154	(63.1)	483	1,442	(66.5)
Amortisation of deferred income	331	331	-	662	662	-
Government grants	1,007	95	n.m.	1,869	889	110.2
Foreign exchange gain, net	5,020	544	822.8	3,305	-	n.m.
Fair value gain on derivative financial instruments	-	3,938	(100.0)	-	9,139	(100.0)
Gain on bargain purchase arising from acquisition	-	-	-	2,547	-	n.m.
Settlement of forward contracts	-	3,067	(100.0)	-	2,308	(100.0)
Gain on disposal of property, plant and equipment	21	-	n.m.	-	-	-
Others	419	9	n.m.	363	-	n.m.
	7,708	9,941	(22.5)	10,103	15,761	(35.9)

(B) Other Expenses

	2nd Quarter ended 30/06/2016 RMB'000	2nd Quarter ended 30/06/2015 RMB'000	Change %	6 Months ended 30/06/2016 RMB'000	6 Months ended 30/06/2015 RMB'000	Change %
Amortisation of land use rights	(325)	(344)	(5.5)	(651)	(651)	-
Foreign exchange loss, net	-	-	-	-	(4,287)	(100.0)
Impairment loss on trade receivables	(1,112)	-	n.m.	(1,912)	-	n.m.
Loss on disposal of property, plant and equipment	-	-	-	(90)	-	n.m.
Fair value loss on derivative financial instruments	(88)	-	n.m.	(67)	-	n.m.
Others	(1)	(2)	(50.0)	(147)	(10)	n.m.
	(1,526)	(346)	341.0	(2,867)	(4,948)	(42.1)

(C) Financial (Expenses)/Income, net

	2nd Quarter ended 30/06/2016 RMB'000	2nd Quarter ended 30/06/2015 RMB'000	Change %	6 Months ended 30/06/2016 RMB'000	6 Months ended 30/06/2015 RMB'000	Change %
Interest income	248	1,909	(87.0)	716	4,193	(82.9)
Interest expenses	(1,326)	(1,054)	25.8	(1,968)	(1,631)	20.7
Unwinding of discount on contingent consideration	-	(48)	(100.0)	-	(97)	(100.0)
	(1,078)	807	n.m.	(1,252)	2,465	n.m.

**(D) Depreciation and Amortisation**

	2nd Quarter ended 30/06/2016 RMB'000	2nd Quarter ended 30/06/2015 RMB'000	Change %	6 Months ended 30/06/2016 RMB'000	6 Months ended 30/06/2015 RMB'000	Change %
Depreciation on property, plant and equipment	6,502	4,413	47.3	11,459	8,693	31.8
Amortisation of land use rights	326	344	(5.2)	651	651	-
Amortisation of intangible assets	1,366	1,366	-	2,731	2,731	-
	8,194	6,123	33.8	14,841	12,075	22.9

For the 6 months ended 30 June 2016, the Group's depreciation expenses increased by 31.8% to RMB11.5 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
	30/06/2016	31/12/2015		30/06/2016	31/12/2015	
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Audited	%	Unaudited	Audited	%
<b>Assets</b>						
<b>Non-current Assets</b>						
Intangible assets	10,560	10,037	5.2	-	-	-
Investment in subsidiaries	-	-	-	33,877	30,149	12.4
Investment in associates	7,077	6,968	1.6	-	-	-
Land use rights	59,115	59,766	(1.1)	-	-	-
Property, plant and equipment	250,717	245,262	2.2	-	-	-
Held-to-maturity investments	9,431	9,270	1.7	-	-	-
Deferred tax assets	3,337	2,283	46.2	-	-	-
<b>Total Non-current Assets</b>	<b>340,237</b>	<b>333,586</b>	2.0	<b>33,877</b>	<b>30,149</b>	12.4
<b>Current Assets</b>						
Cash and bank balances	293,685	240,444	22.1	19,142	31,717	(39.6)
Available-for-sale financial assets	10,018	6,545	53.1	-	-	-
Trade receivables	181,320	196,226	(7.6)	8,876	3,049	191.1
Advances to suppliers	44,287	19,106	131.8	-	-	-
Other receivables, deposits and prepayments	2,978	5,154	(42.2)	-	-	-
Due from subsidiaries (non-trade)	-	-	-	111,301	108,749	2.3
Inventories	200,949	151,784	32.4	-	3,701	(100.0)
<b>Total Current Assets</b>	<b>733,237</b>	<b>619,259</b>	18.4	<b>139,319</b>	<b>147,216</b>	(5.4)
<b>Total Assets</b>	<b>1,073,474</b>	<b>952,845</b>	12.7	<b>173,196</b>	<b>177,365</b>	(2.4)
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Borrowings	86,319	46,839	84.3	-	-	-
Trade payables	97,989	75,934	29.0	-	3,924	(100.0)
Other payables and accruals	91,597	83,056	10.3	2,507	1,800	39.3
Due to a related party (trade)	885	429	106.3	-	-	-
Derivative financial instruments	67	-	n.m.	-	-	-
Provision for income tax	9,526	10,783	(11.7)	1,477	2,115	(30.2)
<b>Total Current Liabilities</b>	<b>286,383</b>	<b>217,041</b>	31.9	<b>3,984</b>	<b>7,839</b>	(49.2)
<b>Non-current Liabilities</b>						
Long-term borrowings	7,727	8,104	(4.7)	-	-	-
Other payables	2,827	2,565	10.2	-	-	-
Deferred income	13,672	14,334	(4.6)	-	-	-
Deferred tax liabilities	21,458	17,018	26.1	-	-	-
<b>Total Non-current Liabilities</b>	<b>45,684</b>	<b>42,021</b>	8.7	<b>-</b>	<b>-</b>	-
<b>Total Liabilities</b>	<b>332,067</b>	<b>259,062</b>	28.2	<b>3,984</b>	<b>7,839</b>	(49.2)
<b>Net Assets</b>	<b>741,407</b>	<b>693,783</b>	6.9	<b>169,212</b>	<b>169,526</b>	(0.2)
<b>Equity</b>						
<b>Capital and reserves attributable to the equity holders of the Company</b>						
Share capital	168,067	168,067	-	168,067	168,067	-
Capital reserve	33,056	33,056	-	-	-	-
Revenue reserve	509,213	473,335	7.6	3,800	15,222	(75.0)
Statutory reserve	56,221	56,221	-	-	-	-
Translation deficit	(12,257)	(23,873)	(48.7)	(2,655)	(13,763)	(80.7)
Fair value reserve	136	6	n.m.	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
<b>Total Equity</b>	<b>741,407</b>	<b>693,783</b>	6.9	<b>169,212</b>	<b>169,526</b>	(0.2)

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

	Group		Group	
	As at 30 June 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	56,319	30,000	40,323	6,516
Amount repayable above one year	7,727	-	8,104	-
Total	64,046	30,000	48,427	6,516

**Details of any collateral**

As at 30 June 2016, borrowings comprised:

- (1) A mortgage loan of USD0.6 million (equivalent to RMB4.2 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 RMB4.3 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the purchase of machine. The loan was secured by the machine itself.
- (3) A loan of EUR3.6 million (equivalent to RMB26.4 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 EUR3.8 million (equivalent to RMB27.8 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 RMB1.3 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 RMB30.0 million was obtained by a PRC subsidiary of the Company from Bank of China to finance the daily payment to suppliers.

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

**GROUP CASH FLOW STATEMENT**

**CASH FLOWS FROM OPERATING ACTIVITIES**

	2nd Quarter ended 30/06/2016 RMB'000	2nd Quarter ended 30/06/2015 RMB'000	6 Months ended 30/06/2016 RMB'000	6 Months ended 30/06/2015 RMB'000
Profit before tax	43,079	38,132	68,265	56,261
Adjustments:				
Amortisation of land use rights	326	344	651	651
Amortisation of intangible assets	1,366	1,366	2,731	2,731
Amortisation of deferred government grant	(1,538)	(331)	(1,869)	(662)
Depreciation of property, plant and equipment	6,502	4,413	11,459	8,693
Fair value loss/(gain) on derivative financial instruments	88	(3,938)	67	(9,139)
(Gain)/loss on disposal of property, plant and equipment	(21)	-	90	-
Settlement of forward contracts	-	(3,067)	-	(2,308)
Interest expenses	1,326	1,054	1,968	1,631
Interest income	(248)	(1,909)	(716)	(4,193)
Unwinding of discount on contingent consideration	-	48	-	97
Share of profits from associate	(35)	(291)	(109)	(334)
Bargain purchase arising from the acquisition of a subsidiary	-	-	(2,547)	-
<b>Operating profit before working capital changes</b>	<b>50,845</b>	<b>35,821</b>	<b>79,990</b>	<b>53,428</b>
Trade receivables	(6,430)	(27,514)	40,716	(15,015)
Other receivables, deposits and prepayments	671	(2,128)	2,537	(1,439)
Advances to suppliers	(16,854)	(16,868)	(25,197)	(19,124)
Trade payables	1,063	17,750	17,208	17,379
Other payables and accruals	16,048	10,333	(523)	(12,916)
Due to a related party (trade)	1,028	173	456	106
Inventories	(6,669)	(12,828)	(36,695)	(7,613)
<b>Cash generated from operations</b>	<b>39,702</b>	<b>4,739</b>	<b>78,492</b>	<b>14,806</b>
Income tax paid	(7,454)	(2,236)	(13,076)	(8,233)
<b>Net cash generated from operating activities</b>	<b>32,248</b>	<b>2,503</b>	<b>65,416</b>	<b>6,573</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property, plant and equipment	(2,987)	(5,585)	(12,004)	(14,050)
Addition of Intangible assets	-	-	(1,795)	-
Interest received	231	1,909	716	4,193
Settlement of forward contracts	-	3,067	-	2,308
Government grants received	1,262	2,340	1,262	6,240
Net cash outflow on acquisition of a subsidiary	-	-	(15,561)	-
Proceeds from disposal of available-for-sale investments	-	38,000	-	100,000
Purchase of available-for-sale financial assets	(3,694)	-	(3,694)	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(5,188)</b>	<b>39,731</b>	<b>(31,076)</b>	<b>98,691</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Dividend paid	(17,555)	(24,376)	(17,555)	(24,376)
Proceeds from bank borrowings	-	4,717	49,976	10,880
Repayment of loans	(10,384)	(870)	(20,138)	(1,970)
Interest paid	(1,358)	(1,054)	(1,968)	(1,631)
Change of pledged deposits	-	967	(7,218)	14,879
<b>Net cash (used in)/generated from financing activities</b>	<b>(29,297)</b>	<b>(20,616)</b>	<b>3,097</b>	<b>(2,218)</b>

**Net (decrease)/increase in cash and cash equivalents**

Effects of exchange rate changes in cash and cash equivalents	6,579	892	8,586	(1,279)
Cash and cash equivalents at beginning of the period	281,893	139,983	240,212	60,726

**Cash and cash equivalents at end of the period**

<b>286,235</b>	<b>162,493</b>	<b>286,235</b>	<b>162,493</b>
----------------	----------------	----------------	----------------

**Note:**

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

-Cash at bank and in hand	339	196	339	196
-Fixed deposits with banks	293,346	164,505	293,346	164,505
	<b>293,685</b>	<b>164,701</b>	<b>293,685</b>	<b>164,701</b>
Less: Pledged deposit	(7,450)	(2,208)	(7,450)	(2,208)

Cash and cash equivalents per consolidated statement of cash flows

<b>286,235</b>	<b>162,493</b>	<b>286,235</b>	<b>162,493</b>
----------------	----------------	----------------	----------------

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group							Total equity
	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	
<b>Balance at 1 January 2016</b>	<b>168,067</b>	<b>56,221</b>	<b>(13,029)</b>	<b>33,056</b>	<b>473,335</b>	<b>(23,873)</b>	<b>6</b>	<b>693,783</b>
Total comprehensive income for the period	-	-	-	-	53,433	11,616	-	65,049
Dividends	-	-	-	-	(17,555)	-	-	(17,555)
Other comprehensive gain, net of tax	-	-	-	-	-	-	130	130
<b>Balance at 30 June 2016</b>	<b>168,067</b>	<b>56,221</b>	<b>(13,029)</b>	<b>33,056</b>	<b>509,213</b>	<b>(12,257)</b>	<b>136</b>	<b>741,407</b>

	Group							Total equity
	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	
<b>Balance at 1 January 2015</b>	<b>168,067</b>	<b>44,975</b>	<b>(13,029)</b>	<b>33,056</b>	<b>390,957</b>	<b>(19,139)</b>	<b>-</b>	<b>604,887</b>
Total comprehensive income for the period	-	-	-	-	44,699	(10,336)	-	34,363
Dividends	-	-	-	-	(24,376)	-	-	(24,376)
<b>Balance at 30 June 2015</b>	<b>168,067</b>	<b>44,975</b>	<b>(13,029)</b>	<b>33,056</b>	<b>411,280</b>	<b>(29,475)</b>	<b>-</b>	<b>614,874</b>

	Company			
	Share capital	Revenue reserve	Translation deficit	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2016</b>	<b>168,067</b>	<b>15,222</b>	<b>(13,763)</b>	<b>169,526</b>
Total comprehensive income for the period	-	6,133	11,108	17,241
Dividends	-	(17,555)	-	(17,555)
<b>Balance at 30 June 2016</b>	<b>168,067</b>	<b>3,800</b>	<b>(2,655)</b>	<b>169,212</b>

	Company			
	Share capital	Revenue reserve	Translation deficit	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2015</b>	<b>168,067</b>	<b>25,442</b>	<b>(11,712)</b>	<b>181,797</b>
Total comprehensive income for the period	-	8,925	(3,210)	5,715
Dividends	-	(24,376)	-	(24,376)
<b>Balance at 30 June 2015</b>	<b>168,067</b>	<b>9,991</b>	<b>(14,922)</b>	<b>163,136</b>

- 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 6 months ended 30 June 2016.

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

- 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 6 months ended 30 June 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			
	2nd Quarter ended	2nd Quarter ended	6 Months ended	6 Months ended
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
<b><u>Earnings per ordinary share of the group (in RMB cents):</u></b>				
(a) Based on weighted average number of ordinary shares on issue; and	9.80	8.23	14.99	12.54
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	9.80	8.23	14.99	12.54
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
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	207.95	194.59	47.46	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 and modules, semi-conductor instruments 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 6 months ended 30 June 2016:

### **Revenue**

The Group achieved sales of RMB589.7 million, representing an increase of 13.5% or RMB70.1 million over last corresponding period.

Sales of the High Security Segment decreased marginally by 1.5% or RMB5.2 million to RMB350.9 million over last corresponding period.

Sales of the Business Solutions Segment increased by RMB75.3 million to RMB238.8 million over last corresponding period due to the organic growth and the acquisition of Krauth, which had sales of RMB46.9 million during the period.

### **Gross Profit**

Gross profit of the Group increased by 23.6% or RMB33.6 million to RMB176.0 million.

Gross margin of the Group increased from 27.4% in last corresponding period to 29.9%. Gross margin of the High Security Segment increased from 31.4% to 34.3% due to the favourable exchange rate and lower steel price. Gross margin of the Business Solutions Segment increased from 18.7% to 23.3% mainly due to the change of product mix.

### **Selling and Distribution Expenses**

Selling and distribution expenses increased by 15.5%, or RMB3.8 million to RMB28.1 million, in which Krauth incurred RMB2.3 million selling and distribution expenses during the period. The remaining increment was due to the increase in after-sales service expenses.

### **Administrative Expenses**

Administrative expenses increased by 11.7%, or RMB7.5 million to RMB71.5 million mainly due to the acquisition of Krauth which incurred RMB6.9 million administrative expenses during the period.

Administrative expenses excluding Krauth increased marginally by RMB0.6 million.

### **Financial Income/Expenses**

Net financial expenses were RMB1.3 million compared to a net financial income of RMB2.5 million during last corresponding period. It was mainly due to the decrease of the interest income.

### **Other Income**

Other income decreased by RMB5.7 million to RMB10.1 million mainly due to the decrease in fair value gain on derivative financial instruments and settlement of forward contracts, partially offset by the increase of foreign exchange gain and gain 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 decreased by RMB2.1 million to RMB2.9 million mainly due to the decrease in foreign exchange loss, partially offset by the increase in impairment loss on trade receivables.

Impairment loss on trade receivables increased by RMB1.9 million mainly due to insolvency of one of the Group's customers, for which an allowance for impairment was provided in the outstanding receivables.

### **Profit before Tax**

Profit before tax was RMB68.3 million, representing an increase of 21.3% or RMB12.0 million as compared to RMB56.3 million during last corresponding period.

### **Net profit after Tax**

Profit after tax was RMB53.4 million, representing an increase of 19.5% or RMB8.7 million as compared to RMB44.7 million during last corresponding period.

For the 3 months ended 30 June 2016:

**Revenue**

The Group achieved sales of RMB321.0 million, representing an increase of 17.8% or RMB48.6 million over last corresponding period.

Sales of the High Security Segment increased marginally by 2.1% or RMB4.1 million to RMB196.6 million over last corresponding period.

Sales of the Business Solutions Segment increased by RMB44.5 million to RMB124.4 million over last corresponding period due to the organic growth and the acquisition of Krauth, which had sales of RMB26.1 million during the period.

**Gross Profit**

Gross profit of the Group increased by 19.6% or RMB14.9 million to RMB91.3 million.

Gross margin of the Group increased from 28.0% in last corresponding period to 28.4%. Gross margin of the High Security Segment increased marginally from 32.3% to 32.9%. Gross margin of the Business Solutions Segment increased from 17.7% to 21.4% mainly due to the change of product mix.

**Financial Income/Expenses**

Net financial expenses were RMB1.1 million compared to a net financial income of RMB0.8 million during last corresponding period. It was mainly due to the decrease of the interest income.

**Other Income**

Other income decreased by RMB2.2 million to RMB7.7 million mainly due to the decrease in fair value gain on derivative financial instrument and settlement of forward contracts, partially offset by the increase of foreign exchange gain.

**Other Expenses**

Other expenses increased by RMB1.2 million to RMB1.5 million mainly due to the increase of impairment loss on trade receivables.

Impairment loss on trade receivables increased by RMB1.1 million is due to insolvency of one of the Group's customers, for which an allowance for impairment was provided in the outstanding receivables.

**Profit before Tax**

Profit before tax was RMB43.1 million, representing an increase of 13.0% or RMB4.9 million as compared to RMB38.1 million during last corresponding period.

**Net profit after Tax**

Profit after tax was RMB34.9 million, representing an increase of 19.0% or RMB5.6 million as compared to RMB29.3 million during last corresponding period.

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

### **Non-current Assets**

The Group's non-current assets increased by RMB6.6 million from RMB333.6 million as at 31 December 2015 to RMB340.2 million as at 30 June 2016 mainly due to the increase in property, plant and equipment and deferred tax assets.

Property, plant and equipment increased by RMB5.4 million from RMB245.3 million as at 31 December 2015 to RMB250.7 million as at 30 June 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 June 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 RMB113.9 million from RMB619.3 million as at 31 December 2015 to RMB733.2 million as at 30 June 2016 mainly due to the increase in cash and bank balance, available-for-sale financial assets, advance to suppliers and inventories, and partially offset by the decrease in trade receivables and other receivables, deposits and prepayments.

Available-for-sale financial assets increased by RMB3.5 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 RMB10.0 million as at 30 June 2016.

Advance to suppliers increased by RMB25.2 million from RMB19.1 million as at 31 December 2015 to RMB44.3 million as at 30 June 2016 mainly due to the increase in advance payment for purchase of raw materials.

Inventories increased by RMB49.1 million from RMB151.8 million as at 31 December 2015 to RMB200.9 million as at 30 June 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 June 2016 were RMB15.8 million.

Trade receivables decreased by RMB14.9 million from RMB196.2 million as at 31 December 2015 to RMB181.3 million as at 30 June 2016 mainly due to the better collection.

Other receivables, deposits and prepayments decreased by RMB2.2 million from RMB5.2 million as at 31 December 2015 to RMB3.0 million as at 30 June 2016 mainly due to the decrease in prepayments for property, plant and equipment.

### **Current Liabilities**

Current liabilities increased by RMB69.4 million from RMB217.0 million as at 31 December 2015 to RMB286.4 million as at 30 June 2016 mainly due to the increase in borrowings, trade payables and other payables and accruals.

Borrowings increased by RMB39.5 million from RMB46.8 million as at 31 December 2015 to RMB86.3 million as at 30 June 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 RMB22.1 million from RMB75.9 million as at 31 December 2015 to RMB98.0 million as at 30 June 2016, which was mainly due to the increase in the purchases by its Chinese and German subsidiaries.

Other payables and accruals increased by RMB8.5 million from RMB83.1 million as at 31 December 2015 to RMB91.6 million as at 30 June 2016 was mainly due to the acquisition of Krauth.

### **Non-current Liabilities**

Non-current liabilities increased by RMB3.7 million from RMB42.0 million as at 31 December 2015 to RMB45.7 million as at 30 June 2016 mainly due to the increase in deferred tax liabilities.

Deferred tax liabilities increased by RMB4.5 million from RMB17.0 million as at 31 December 2015 to RMB21.5 million as at 30 June 2016 mainly due to the deferred tax recognised 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 RMB741.4 million as at 30 June 2016.

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

Net cash generated from operating activities was RMB65.4 million for the 6 months ended 30 June 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, and decrease in other payables and accruals.

Net cash used in investing activities was RMB31.1 million for the 6 months ended 30 June 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 RMB3.1 million for the 6 months ended 30 June 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 into the Group.

Continuous efforts will be made to enhance our growing self-service machines and gaming terminal businesses. The management will also focus on the restructuring of Krauth and turnaround of DTMT.

**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 Q2 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 2nd quarter ended 30 June 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  
11 August 2016