

UNAUDITED FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018

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

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

Group	3rd Quarter ended	3rd Quarter ended	Change %	9 Months ended	9 Months ended	Change %
	30/09/2018 RMB'000	30/09/2017 RMB'000		30/09/2018 RMB'000	30/09/2017 RMB'000	
Revenue	463,145	432,553	7.1	1,340,888	1,192,753	12.4
Cost of sales	(347,550)	(312,401)	11.3	(1,003,670)	(872,848)	15.0
Gross Profit	115,595	120,152	(3.8)	337,218	319,905	5.4
Selling and distribution expenses	(24,895)	(19,218)	29.5	(69,782)	(59,585)	17.1
Administrative expenses	(55,427)	(54,479)	1.7	(157,301)	(159,076)	(1.1)
Research and development expenses	(17,485)	(15,021)	16.4	(56,920)	(41,058)	38.6
Profit from Operations	17,788	31,434	(43.4)	53,215	60,186	(11.6)
Financial expenses, net	(1,543)	(2,615)	(41.0)	(5,461)	(6,518)	(16.2)
Share of results from associates	508	353	43.9	1,301	560	132.3
Other income	18,788	7,053	166.4	20,794	15,118	37.5
Other expenses	(3,359)	(5,417)	(38.0)	(8,455)	(4,342)	94.7
Profit Before Tax	32,182	30,808	4.5	61,394	65,004	(5.6)
Income tax	(10,266)	(5,241)	95.9	(13,797)	(9,112)	51.4
Net Profit After Tax	21,916	25,567	(14.3)	47,597	55,892	(14.8)
Other Comprehensive Income/(loss)						
<u>Items that may be reclassified</u>						
<u>subsequently to profit or loss:</u>						
Currency translation differences arising from consolidation	17,475	(592)	n.m.	16,991	5,539	206.8
Changes in financial assets, at fair value through other comprehensive income	(11)	124	n.m.	(679)	114	n.m.
Other Comprehensive Income/(Loss) for the period	17,464	(468)	n.m.	16,312	5,653	188.6
Total Comprehensive Income for the period	39,380	25,099	56.9	63,909	61,545	3.8

n.m.: not meaningful.

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

(A) Other Income

	3rd Quarter ended 30/09/2018 RMB'000	3rd Quarter ended 30/09/2017 RMB'000	Change %	9 Months ended 30/09/2018 RMB'000	9 Months ended 30/09/2017 RMB'000	Change %
Net of sales of raw materials	14	3,183	(99.6)	289	6,499	(95.6)
Sales of steel scrap	854	853	0.1	2,455	2,209	11.1
Foreign exchange gain, net	15,721	-	n.m.	11,999	-	n.m.
Amortisation of deferred income	91	91	-	273	673	(59.4)
Government grants	827	2,260	(63.4)	1,591	3,625	(56.1)
Reversal of long term unclaimed payable	301	99	204.0	1,337	505	164.8
Gain on disposal of property, plant and equipment	406	-	n.m.	406	-	n.m.
Others	574	567	1.2	2,444	1,607	52.1
	<u>18,788</u>	<u>7,053</u>	<u>166.4</u>	<u>20,794</u>	<u>15,118</u>	<u>37.5</u>

(B) Other Expenses

	3rd Quarter ended 30/09/2018 RMB'000	3rd Quarter ended 30/09/2017 RMB'000	Change %	9 Months ended 30/09/2018 RMB'000	9 Months ended 30/09/2017 RMB'000	Change %
Amortisation of land use rights	(337)	(337)	-	(1,012)	(1,012)	-
Impairment loss on trade receivables	(4)	(6)	(33.3)	(1,177)	(46)	n.m.
Loss on disposal of property, plant and equipment	-	(44)	(100.0)	-	(304)	(100.0)
Foreign exchange loss, net	-	(4,733)	(100.0)	-	(942)	(100.0)
Fair value loss on forward contracts	(932)	(136)	585.3	(3,270)	(1,483)	120.5
Loss on settlement of forward contracts	(1,613)	-	n.m.	(2,415)	-	n.m.
Others	(473)	(161)	193.8	(581)	(555)	4.7
	<u>(3,359)</u>	<u>(5,417)</u>	<u>(38.0)</u>	<u>(8,455)</u>	<u>(4,342)</u>	<u>94.7</u>

(C) Financial Expenses, net

	3rd Quarter ended 30/09/2018 RMB'000	3rd Quarter ended 30/09/2017 RMB'000	Change %	9 Months ended 30/09/2018 RMB'000	9 Months ended 30/09/2017 RMB'000	Change %
Interest income	494	114	333.3	1,184	1,390	(14.8)
Interest expenses	(1,504)	(2,100)	(28.4)	(5,059)	(6,026)	(16.0)
Net interest on net defined benefit liability	(533)	(629)	(15.3)	(1,586)	(1,882)	(15.7)
	<u>(1,543)</u>	<u>(2,615)</u>	<u>(41.0)</u>	<u>(5,461)</u>	<u>(6,518)</u>	<u>(16.2)</u>

(D) Depreciation and Amortisation

	3rd Quarter ended	3rd Quarter ended		9 Months ended	9 Months ended	
	30/09/2018	30/09/2017	Change	30/09/2018	30/09/2017	Change
	<u>RMB'000</u>	<u>RMB'000</u>	%	<u>RMB'000</u>	<u>RMB'000</u>	%
Depreciation on property, plant and equipment	8,551	7,526	13.6	24,899	21,172	17.6
Amortisation of land use rights	337	337	-	1,012	1,012	-
Amortisation of intangible assets	<u>4,204</u>	<u>4,046</u>	3.9	<u>12,549</u>	<u>12,843</u>	(2.3)
	13,092	11,909	9.9	38,460	35,027	9.8

For the 9 months ended 30 September 2018, the Group's depreciation expenses increased by 17.6% to RMB24.9 million over last corresponding period due to the addition of property, plant and equipment of German and Chinese subsidiaries.

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
	30/09/2018	31/12/2017		30/09/2018	31/12/2017	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
	Unaudited	Audited		Unaudited	Audited	
Assets						
Non-current Assets						
Intangible assets	76,123	76,820	(0.9)	-	-	-
Investment in subsidiaries	-	-	-	97,401	92,517	5.3
Investment in associates	8,812	7,510	17.3	-	-	-
Land use rights	58,487	59,500	(1.7)	-	-	-
Property, plant and equipment	331,787	326,601	1.6	-	-	-
Deferred tax assets	20,054	19,360	3.6	-	-	-
Total Non-current Assets	495,263	489,791	1.1	97,401	92,517	5.3
Current Assets						
Cash and bank balances	255,428	298,219	(14.3)	57,224	11,846	383.1
Financial assets, at fair value through other comprehensive income	16,846	16,748	0.6	-	-	-
Trade receivables	283,532	307,872	(7.9)	6,370	6,826	(6.7)
Advances to suppliers	28,719	35,339	(18.7)	-	-	-
Other receivables, deposits and prepayments	10,163	10,581	(4.0)	-	332	(100.0)
Due from a related party (trade)	323	-	n.m.	-	-	-
Due from subsidiaries (non-trade)	-	-	-	173,601	217,892	(20.3)
Inventories	456,540	373,661	22.2	-	-	-
Total Current Assets	1,051,551	1,042,420	0.9	237,195	236,896	0.1
Total Assets	1,546,814	1,532,211	1.0	334,596	329,413	1.6
Liabilities						
Current Liabilities						
Borrowings	163,660	185,200	(11.6)	-	-	-
Trade payables	138,236	160,972	(14.1)	2,509	1,858	35.0
Other payables and accruals	163,082	151,944	7.3	2,487	1,548	60.7
Due to related parties (trade)	1,716	243	606.2	-	-	-
Derivative financial instruments	3,885	608	539.0	-	-	-
Provision for income tax	9,324	6,464	44.2	1,781	841	111.8
Due to subsidiaries	-	-	-	49,851	58,212	(14.4)
Total Current Liabilities	479,903	505,431	(5.1)	56,628	62,459	(9.3)
Non-current Liabilities						
Long-term borrowings	27,815	31,418	(11.5)	-	-	-
Other payables	3,860	3,503	10.2	-	-	-
Pension liability	80,965	79,364	2.0	-	-	-
Deferred income	12,177	12,450	(2.2)	-	-	-
Deferred tax liabilities	20,531	24,618	(16.6)	-	-	-
Total Non-current Liabilities	145,348	151,353	(4.0)	-	-	-
Total Liabilities	625,251	656,784	(4.8)	56,628	62,459	(9.3)
Net Assets	921,563	875,427	5.3	277,968	266,954	4.1
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	653,137	623,313	4.8	111,102	114,798	(3.2)
Statutory reserve	60,965	60,965	-	-	-	-
Translation reserve	33,180	16,189	105.0	12,243	(2,467)	n.m.
Fair value reserve	(369)	310	n.m.	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
Total Equity	921,563	875,427	5.3	277,968	266,954	4.1

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

	Group		Group	
	As at 30 September 2018		As at 31 December 2017	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	82,160	81,500	105,200	80,000
Amount repayable above one year	27,815	-	31,418	-
Total	109,975	81,500	136,618	80,000

Details of any collateral

As at 30 September, borrowings comprised:

- (1) A mortgage loan of USD0.4 million (equivalent to RMB2.4 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 RMB3.3 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 EUR2.0 million (equivalent to RMB16.0 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 EUR2.8 million (equivalent to RMB22.8 million), secured by the land of DTMT from a German commercial bank.
- (5) DTMT has an outstanding loan of EUR0.5 million (equivalent to RMB4.0 million) to finance the working capital. The Company provided corporate guarantee for the loan. In addition, DTMT has outstanding finance leases for its equipment of EUR0.8 million (equivalent to RMB6.1 million).
- (6) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR0.7 million (equivalent to RMB5.6 million) to finance the acquisition of freehold land and building. In addition, Krauth has outstanding finance leases for its equipment of EUR0.2 million (equivalent to RMB1.3 million).
- (7) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR3.3 million (equivalent to RMB26.1 million) to finance the working capital. The Company provided corporate guarantee and pledged bank balance for the loan.
- (8) Metric Group Limited has an outstanding loan of GBP2.4 million (equivalent to RMB21.3 million) to finance the working capital. The Company provided pledged bank balance for the loan. In addition, it has an outstanding finance leases for its equipment of GBP0.1 million (equivalent to RMB1.1 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 RMB81.5 million was obtained by a PRC subsidiary of the Company from Bank of China to finance the daily payment to suppliers.

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

GROUP CASH FLOW STATEMENT

	3rd Quarter ended 30/09/2018 RMB'000	3rd Quarter ended 30/09/2017 RMB'000	9 Months ended 30/09/2018 RMB'000	9 Months ended 30/09/2017 RMB'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Profit before tax	32,182	30,808	61,394	65,004
Adjustments:				
Amortisation of land use rights	337	337	1,012	1,012
Amortisation of intangible assets	4,204	4,046	12,549	12,843
Amortisation of deferred government grant	(91)	(91)	(273)	(673)
Depreciation of property, plant and equipment	8,551	7,526	24,899	21,172
Fair value loss on forward contracts	932	136	3,270	1,483
(Gain)/loss on disposal of property, plant and equipment	(406)	44	(406)	304
Settlement of forward contracts	1,613	-	2,415	-
Interest expenses	2,037	2,100	6,645	6,026
Interest income	(494)	(114)	(1,184)	(1,390)
Share of results from associates	(508)	(353)	(1,301)	(560)
Gain on foreign exchange	(4,412)	-	(2,373)	-
Reversal of long unclaimed accrued purchases	(301)	-	(1,337)	-
Operating profit before working capital changes	43,644	44,439	105,310	105,221
Trade receivables	15,014	(7,015)	29,577	(3,542)
Other receivables, deposits and prepayments	2,349	4,147	619	1,172
Advances to suppliers	(968)	2,129	6,760	(10,497)
Trade payables	(7,319)	(25,480)	(24,317)	21,619
Other payables and accruals	25,258	(10,112)	7,728	(860)
Due from a related party (trade)	168	-	(323)	-
Due to related parties (trade)	1,473	-	1,473	-
Inventories	(19,156)	(17,399)	(76,835)	(134,636)
Cash from/(used in) operations	60,463	(9,291)	49,992	(21,523)
Income tax paid	(7,090)	(5,198)	(15,458)	(17,493)
Net cash from/(used in) operating activities	53,373	(14,489)	34,534	(39,016)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of property, plant and equipment	(3,828)	(15,566)	(25,134)	(42,921)
Addition of Intangible assets	(2,624)	(2,926)	(9,991)	(8,793)
Proceed from disposal of property, plant and equipment	432	-	869	-
Interest received	494	114	1,184	1,390
Payment from settlement of forward contracts	(2,415)	-	(2,415)	-
Government grants received	1,591	-	1,591	-
Proceeds from disposal of held-to-maturity investments	-	-	-	3,716
Purchase of financial assets, at fair value through other comprehensive income	-	-	-	(6,594)
Net cash used in investing activities	(6,350)	(18,378)	(33,896)	(53,202)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Dividend paid	(17,773)	-	(17,773)	(17,438)
Proceeds from bank borrowings	4,017	8,466	109,918	97,273
Repayment of loans	(7,211)	(465)	(137,810)	(5,193)
Interest paid	(2,037)	(2,100)	(6,645)	(6,026)
Placement of bank guarantee	(2,146)	(7,399)	(6,920)	(28,386)
Net cash (used in)/from financing activities	(25,150)	(1,498)	(59,230)	40,230
Net (decrease)/increase in cash and cash equivalents	21,873	(34,365)	(58,592)	(51,988)
Effects of exchange rate changes in cash and cash equivalents	10,261	1,141	8,881	23
Cash and cash equivalents at beginning of the period	167,306	251,264	249,151	270,005
Cash and cash equivalents at end of the period	199,440	218,040	199,440	218,040
Note:				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:				
-Cash at bank and in hand	714	751	714	751
-Fixed deposits with banks	254,714	270,676	254,714	270,676
	255,428	271,427	255,428	271,427
Less: Pledged deposit	(55,988)	(53,387)	(55,988)	(53,387)
Cash and cash equivalents per consolidated statement of cash flows	199,440	218,040	199,440	218,040

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

	Group							Total equity RMB'000
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation reserve	Fair value reserve	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2018	154,623	60,965	(13,029)	33,056	623,313	16,189	310	875,427
Profit for the period	-	-	-	-	47,597	-	-	47,597
Dividends	-	-	-	-	(17,773)	-	-	(17,773)
Other comprehensive income, net of tax	-	-	-	-	-	16,991	(679)	16,312
Balance at 30 September 2018	154,623	60,965	(13,029)	33,056	653,137	33,180	(369)	921,563

	Group							Total equity RMB'000
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation reserve	Fair value reserve	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2017	154,623	60,639	(13,029)	33,056	577,880	12,587	136	825,892
Profit for the period	-	-	-	-	55,892	-	-	55,892
Dividends	-	-	-	-	(17,438)	-	-	(17,438)
Other comprehensive income, net of tax	-	-	-	-	-	5,539	114	5,653
Balance at 30 September 2017	154,623	60,639	(13,029)	33,056	616,334	18,126	250	869,999

	Company			
	Share capital	Revenue reserve	Translation reserve	Total equity
	RMB'000	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

	Company			
	Share capital	Revenue reserve	Translation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017	154,623	2,364	10,990	167,977
Total comprehensive income for the period	-	76,141	(8,837)	67,304
Dividends	-	(17,438)	-	(17,438)
Balance at 30 September 2017	154,623	61,067	2,153	217,843

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

There have been no changes in the Company's share capital during the 9 months ended 30 September 2018.

The Company does not have any outstanding convertibles because it has not issued any.

The Company did not hold any treasury shares and subsidiary holdings as at 30 September 2018 or as at 31 December 2017 respectively.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company's total number of issued shares was 356,536,000 as at 30 September 2018 and as at 31 December 2017, respectively.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported thereon.**

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported thereon.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the quarter ended 31 March 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I)s 1 First-time Adoption of Singapore Financial Reporting Standards (International). The adoption of the new standards did not have any significant impact on the financial statements for the 9 months ended 30 September 2018. Apart from this, the same accounting policies and methods of computation have been consistently applied.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	3rd Quarter ended	3rd Quarter ended	9 Months ended	9 Months ended
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
<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 Weighted average number of ordinary shares for basic earnings per share computation ('000)	6.15	7.17	13.35	15.68
	356,536	356,536	356,536	356,536
(b) On a fully diluted basis	6.15	7.17	13.35	15.68
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
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	258.48	245.54	77.96	74.87
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, Philippines and Germany, the Group has a global market presence in all major countries.

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

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

(a) Profit statement of the Group

For the 9 months ended 30 September 2018:

Revenue

The Group achieved sales of RMB1,340.9 million, representing an increase of 12.4% or RMB148.1 million over last corresponding period.

Sales of the High Security Segment increased by 25.8% or RMB146.6 million to RMB715.0 million over last corresponding period due to the sales growth in safes products and gaming products.

Sales of the Business Solutions Segment marginally increased by 0.2% or RMB1.5 million to RMB625.9 million over last corresponding period.

Gross Profit

Gross profit of the Group increased by 5.4% or RMB17.3 million to RMB337.2 million.

Gross margin of the Group decreased from 26.8% in last corresponding period to 25.1%. Gross margin of the High Security Segment decreased from 28.8% to 26.7% and gross margin of the Business Solutions Segment decreased from 25.0% to 23.3% mainly due to the change of product mix.

Selling and distribution expenses

Selling and distribution expenses increased by 17.1% or RMB10.2 million to RMB69.8 million mainly due to the increase in commission fee, after-sales service fee, advertising fee and sales personnel.

Administrative expenses

Administrative expenses decreased by 1.1% or RMB1.8 million to RMB157.3 million mainly due to the strict control over the administrative expenses.

Research and development expenses

Research and development expenses increased by RMB15.9 million to RMB56.9 million mainly due to more research and development expenses input during the period in order to develop the new products and software to meet global customer needs.

Other Income

Other income increased by RMB5.7 million to RMB20.8 million mainly due to the increase of foreign exchange gain, net, partially offset by the decrease of sales of raw materials and government grants.

Other Expenses

Other expenses increased by RMB4.1 million to RMB8.5 million mainly due to the increase of impairment loss on trade receivables, fair value loss on forward contracts and loss on settlement of forward contracts.

Profit before Tax

Profit before tax was RMB61.4 million, representing a decrease of 5.6% or RMB3.6 million as compared to RMB65.0 million during last corresponding period.

Income Tax Expenses

Income tax expenses increased by RMB4.7 million. It was mainly due to the increase of profit before tax generated from the profitable subsidiaries.

Net profit after Tax

Profit after tax was RMB47.6 million, representing a decrease of 14.8% or RMB8.3 million as compared to RMB55.9 million during last corresponding period.

(a) Profit statement of the Group

For the 3 months ended 30 September 2018:

Revenue

The Group achieved sales of RMB463.1 million, representing an increase of 7.1% or RMB30.6 million over last corresponding period.

Sales of the High Security Segment increased by 3.9% or RMB8.4 million to RMB220.9 million over last corresponding period due to the sales growth in ATM safes.

Sales of the Business Solutions Segment increased by 10.1% or RMB22.2 million to RMB242.2 million over last corresponding period due to the increase of sales orders.

Gross Profit

Gross profit of the Group decreased by 3.8% or RMB4.6 million to RMB115.6 million.

Gross margin of the Group decreased from 27.8% in last corresponding period to 25.0%. Gross margin of the High Security Segment decreased from 30.6% to 28.5% and gross margin of the Business Solutions Segment decreased from 25.1% to 21.7% mainly due to the change of product mix.

Selling and distribution expenses

Selling and distribution expenses increased by 29.5% or RMB5.7 million to RMB24.9 million mainly due to the increase in freight fee and after-sales service fee.

Research and development expenses

Research and development expenses increased by RMB2.5 million to RMB17.5 million mainly due to more research and development expenses input during the period in order to develop the new products and software to meet global customer needs.

Other Income

Other income increased by RMB11.7 million to RMB18.8 million mainly due to the increase of foreign exchange gain, net, partially offset by the decrease of sales of raw materials and government grants.

Other Expenses

Other expenses decreased by RMB2.1 million to RMB3.4 million mainly due to the decrease of foreign exchange loss, net, partially offset by the increase of loss on settlement of forward contracts.

Profit before Tax

Profit before tax was RMB32.2 million, representing an increase of 4.5% or RMB1.4 million as compared to RMB30.8 million during last corresponding period.

Income Tax Expenses

Income tax expenses increased by RMB5.0 million. It was mainly due to the increase of profit before tax generated from the profitable subsidiaries.

Net profit after Tax

Profit after tax was RMB21.9 million, representing a decrease of RMB3.7 million as compared to RMB25.6 million during last corresponding period.

(b) Statement of financial position of the Group

Non-current Assets

The Group's non-current assets increased by RMB5.5 million from RMB489.8 million as at 31 December 2017 to RMB495.3 million as at 30 September 2018 mainly due to the increase in investment in associates and property, plant and equipment, partially offset by the decrease in land use rights.

Investment in associates increased by RMB1.3 million from RMB7.5 million as at 31 December 2017 to RMB8.8 million as at 30 September 2018 mainly due to the increase of the profit from associates.

Property, plant and equipment increased by RMB5.2 million from RMB326.6 million as at 31 December 2017 to RMB331.8 million as at 30 September 2018 mainly due to the addition of property, plant and equipment of its German and Chinese subsidiaries.

Land use rights decreased by RMB1.0 million from RMB59.5 million as at 31 December 2017 to RMB58.5 million as at 30 September 2018 mainly due to the amortisation.

Current Assets

The Group's current assets increased by RMB9.2 million from RMB1,042.4 million as at 31 December 2017 to RMB1,051.6 million as at 30 September 2018 mainly due to the increase in inventories partially offset by the decrease in cash and bank balances, trade receivables and advances to suppliers.

Inventories increased by RMB82.8 million from RMB373.7 million as at 31 December 2017 to RMB456.5 million as at 30 September 2018 mainly due to stock up in order to meet the needs of sales growth.

Trade receivables decreased by RMB24.4 million from RMB307.9 million as at 31 December 2017 to RMB283.5 million as at 30 September 2018 mainly due to the better collection.

Advances to suppliers decreased by RMB6.6 million from RMB35.3 million as at 31 December 2017 to RMB28.7 million as at 30 September 2018 mainly due to the decrease in advance payment for purchase of raw materials.

Current Liabilities

Current liabilities decreased by RMB25.5 million from RMB505.4 million as at 31 December 2017 to RMB479.9 million as at 30 September 2018 mainly due to the decrease in borrowings and trade payables, partially offset by the increase in other payables and accruals, due to related parties (trade), derivative financial instruments and provision for income tax.

Borrowings decreased by RMB21.5 million from RMB185.2 million as at 31 December 2017 to RMB163.7 million as at 30 September 2018 due to the repayment.

Trade payables decreased by RMB22.8 million from RMB161.0 million as at 31 December 2017 to RMB138.2 million as at 30 September 2018 mainly due to the payment for raw materials purchase by its Chinese and German subsidiaries.

Other payables and accruals increased by RMB11.2 million from RMB151.9 million as at 31 December 2017 to RMB163.1 million as at 30 September 2018 mainly due to the increase of advance from customers.

Due to related parties (trade) increased by RMB1.5 million from RMB0.2 million as at 31 December 2017 to RMB1.7 million as at 30 September 2018 mainly due to the unpaid rental fee of 2018 Q3, amounting to RMB1.0 million.

Derivative financial instruments increased by RMB3.3 million due to the changes of the fair value of the unsettled forward contracts resulting from the fluctuation of the exchange rate of Chinese Yuan against USD during the period.

Provision for income tax increased by RMB2.8 million from RMB6.5 million as at 31 December 2017 to RMB9.3 million as at 30 September 2018 mainly due to the increase of profit before tax generated from the profitable subsidiaries.

Non-current Liabilities

Non-current liabilities decreased by RMB6.1 million from RMB151.4 million as at 31 December 2017 to RMB145.3 million as at 30 September 2018 mainly due to decrease in long-term borrowings and deferred tax liabilities, partially offset by the increase in pension liability.

Long-term borrowings decreased by RMB3.6 million from RMB31.4 million as at 31 December 2017 to RMB27.8 million as at 30 September 2018 due to the reclassification from non-current liabilities to current liabilities.

Deferred tax liabilities decreased by RMB4.1 million from RMB24.6 million as at 31 December 2017 to RMB20.5 million as at 30 September 2018 mainly due to the profit distribution from Chinese subsidiaries to Singapore holding companies and the partial settlement of deferred tax liabilities arising from the differences between the carrying amount of property, plant and equipment and intangible assets and their tax bases.

Pension liability increased by RMB1.6 million from RMB79.4 million as at 31 December 2017 to RMB81.0 million as at 30 September 2018 mainly due to the fluctuation of the exchange rate of Chinese Yuan against GBP during the period.

Shareholders' Equity

As a result of the Group's net profit generated during the period, the shareholders' equity was enhanced from RMB875.4 million as at 31 December 2017 to RMB921.6 million as at 30 September 2018.

(c) Cash Flow Statement of the Group

Net cash from operating activities was RMB34.5 million for the 9 months ended 30 September 2018 mainly due to the operating profit before working capital changes, the increase in other payables and accruals and due to related parties (trade) and the decrease in trade receivables and advances to suppliers, partially offset by the decrease in trade payables and increase in inventories. The increase in inventories was mainly due to the stock up in order to meet the needs of sales growth.

Net cash used in investing activities was RMB33.9 million for the 9 months ended 30 September 2018 mainly due to purchase of property, plant and equipment, addition of intangible assets and payment from settlement of forward contracts, partially offset by interest received and government grants received.

Net cash used in financing activities was RMB59.2 million for the 9 months ended 30 September 2018 mainly due to dividends paid, repayment of short-term loans, interest paid and placement of bank guarantee, 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, ATM market shrinking and overhead challenge will serve to affect group performance. On-going trading issues between China and US is not expected to have material impact on the performance in 2018, while it will bring some uncertainties on Group's future performance. To the positive, our gaming machine sales are strong in 2018.

The Group will continue its efforts in expanding new products lines. Meanwhile we will also continue to focus on innovation and the development of new generation of Ticketing and Vending Machines.

The Group will continue to focus on the integration synergies in joint development of self-service terminals between the Group and its German 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.

Not applicable.

13. Interested Person Transactions (“IPTs”)

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nantong Mayway Products Corp.	Rental for land and buildings for Q3 2018: RMB1.0 million	NIL

*As stated in our Prospectus dated 24 July 2007, under the Restructuring Exercise, the Group has entered into two lease agreements with a related company, Nantong Mayway Products Corp, for the lease of land and buildings for a minimum period of 12 years commencing 1 January 2007. The annual rental will be re-negotiated at the end of the three years at the then prevailing market rate.

The Group has re-negotiated with Nantong Mayway Products Corp. and the two lease agreements was renewed for a period of 3 years commencing from 1 January 2016 with aggregate annual rental at RMB3.97 million.

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

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

15. Negative confirmation pursuant to Rule 705(5).

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 3rd quarter ended 30 September 2018 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
8 November 2018