

## UNAUDITED FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2020

## PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS ENDED 31 DECEMBER 2020

## 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group                                                                      | 6 Months<br>ended<br>31/12/2020<br>RMB'000 | 6 Months<br>ended<br>31/12/2019<br>RMB'000 | Change<br>%   | 12 Months<br>ended<br>31/12/2020<br>RMB'000 | 12 Months<br>ended<br>31/12/2019<br>RMB'000 | Change<br>%   |
|----------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|---------------|---------------------------------------------|---------------------------------------------|---------------|
| Revenue                                                                    | 983,112                                    | 985,518                                    | (0.2)         | 1,762,940                                   | 1,882,159                                   | (6.3)         |
| Cost of sales                                                              | (703,411)                                  | (684,626)                                  | 2.7           | (1,267,251)                                 | (1,354,986)                                 | (6.5)         |
| <b>Gross Profit</b>                                                        | <b>279,701</b>                             | <b>300,892</b>                             | <b>(7.0)</b>  | <b>495,689</b>                              | <b>527,173</b>                              | <b>(6.0)</b>  |
| Selling and distribution expenses                                          | (53,524)                                   | (48,956)                                   | 9.3           | (104,606)                                   | (99,394)                                    | 5.2           |
| Administrative expenses                                                    | (97,512)                                   | (101,879)                                  | (4.3)         | (182,809)                                   | (198,337)                                   | (7.8)         |
| Research and development expenses                                          | (37,606)                                   | (38,320)                                   | (1.9)         | (72,938)                                    | (75,574)                                    | (3.5)         |
| <b>Profit from Operations</b>                                              | <b>91,059</b>                              | <b>111,737</b>                             | <b>(18.5)</b> | <b>135,336</b>                              | <b>153,868</b>                              | <b>(12.0)</b> |
| Financial expenses, net                                                    | (1,034)                                    | (3,056)                                    | (66.2)        | (2,057)                                     | (7,140)                                     | (71.2)        |
| Share of results from associates                                           | (420)                                      | (282)                                      | 48.9          | 1,281                                       | 332                                         | 285.8         |
| Other income                                                               | 26,932                                     | 16,557                                     | 62.7          | 31,957                                      | 25,313                                      | 26.2          |
| Other expenses                                                             | (65,135)                                   | (44,540)                                   | 46.2          | (79,515)                                    | (45,134)                                    | 76.2          |
| Impairment losses of financial assets                                      | (4,506)                                    | 4,495                                      | n.m.          | (4,823)                                     | 4,269                                       | n.m.          |
| <b>Profit Before Tax</b>                                                   | <b>46,896</b>                              | <b>84,911</b>                              | <b>(44.8)</b> | <b>82,179</b>                               | <b>131,508</b>                              | <b>(37.5)</b> |
| Income tax credit/(expenses)                                               | 5,565                                      | (35,290)                                   | n.m.          | (8,853)                                     | (52,399)                                    | (83.1)        |
| <b>Net Profit After Tax</b>                                                | <b>52,461</b>                              | <b>49,621</b>                              | <b>5.7</b>    | <b>73,326</b>                               | <b>79,109</b>                               | <b>(7.3)</b>  |
| <b>Other Comprehensive Income</b>                                          |                                            |                                            |               |                                             |                                             |               |
| <u>Items that may be reclassified subsequently to profit or loss:</u>      |                                            |                                            |               |                                             |                                             |               |
| Currency translation differences arising from consolidation                | (25,131)                                   | 3,163                                      | n.m.          | (16,188)                                    | 2,007                                       | n.m.          |
| Financial assets, at FVOCI                                                 | -                                          | -                                          | -             | -                                           | -                                           | -             |
| – Changes of fair value                                                    | -                                          | (126)                                      | (100.0)       | -                                           | 488                                         | (100.0)       |
| – Reclassification upon realisation of investment                          | -                                          | 254                                        | (100.0)       | (504)                                       | 700                                         | n.m.          |
| <u>Items that will not be reclassified subsequently to profit or loss:</u> |                                            |                                            |               |                                             |                                             |               |
| Re-measurement gains/(losses) on defined benefit pension scheme            | (5,981)                                    | 5,173                                      | n.m.          | (5,981)                                     | 5,173                                       | n.m.          |
| Movement of deferred tax relating to pension deficit                       | -                                          | (1,863)                                    | (100.0)       | -                                           | (1,863)                                     | (100.0)       |
| Equity investment at FVOCI                                                 | -                                          | -                                          | -             | -                                           | -                                           | -             |
| – Net changes in fair value                                                | (2,404)                                    | -                                          | n.m.          | (2,404)                                     | -                                           | n.m.          |
| Other Comprehensive Income/(loss) for the period                           | (33,516)                                   | 6,601                                      | n.m.          | (25,077)                                    | 6,505                                       | n.m.          |
| <b>Total Comprehensive Income for the period</b>                           | <b>18,945</b>                              | <b>56,222</b>                              | <b>(66.3)</b> | <b>48,249</b>                               | <b>85,614</b>                               | <b>(43.6)</b> |

n.m.: not meaningful.

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

**(A) Other Income**

|                                                            | 6 Months<br>ended<br>31/12/2020<br>RMB'000 | 6 Months<br>ended<br>31/12/2019<br>RMB'000 | Change<br>% | 12 Months<br>ended<br>31/12/2020<br>RMB'000 | 12 Months<br>ended<br>31/12/2019<br>RMB'000 | Change<br>% |
|------------------------------------------------------------|--------------------------------------------|--------------------------------------------|-------------|---------------------------------------------|---------------------------------------------|-------------|
| Government grants                                          | 9,125                                      | 2,722                                      | n.m.        | 13,737                                      | 7,740                                       | 77.5        |
| Gain on settlement of forward currency contracts           | 7,364                                      | 484                                        | n.m.        | 8,421                                       | 484                                         | n.m.        |
| Fair value gain on forward currency contracts              | 6,760                                      | 2,586                                      | n.m.        | 3,984                                       | 2,606                                       | 52.9        |
| Repair and maintenance income                              | 672                                        | 1,299                                      | (48.3)      | 1,110                                       | 1,492                                       | (25.6)      |
| Amortisation of deferred government grant                  | 343                                        | 343                                        | -           | 686                                         | 686                                         | -           |
| Other investments at fair value (reclassified from equity) | -                                          | -                                          | -           | 504                                         | -                                           | n.m.        |
| Write back of other liabilities                            | 421                                        | 713                                        | (41.0)      | 421                                         | 713                                         | (41.0)      |
| Sales of steel scrap                                       | 149                                        | 544                                        | (72.6)      | 266                                         | 1,978                                       | (86.6)      |
| Rental income                                              | 240                                        | 1,253                                      | (80.8)      | 240                                         | 1,253                                       | (80.8)      |
| Tooling and mould income                                   | -                                          | 4,731                                      | n.m.        | -                                           | 4,731                                       | n.m.        |
| Foreign exchange gain, net                                 | -                                          | 173                                        | n.m.        | -                                           | 320                                         | n.m.        |
| Others                                                     | 1,858                                      | 1,709                                      | 8.7         | 2,588                                       | 3,310                                       | (21.8)      |
|                                                            | 26,932                                     | 16,557                                     | 62.7        | 31,957                                      | 25,313                                      | 26.2        |

**(B) Other Expenses**

|                                                    | 6 Months<br>ended<br>31/12/2020<br>RMB'000 | 6 Months<br>ended<br>31/12/2019<br>RMB'000 | Change<br>% | 12 Months<br>ended<br>31/12/2020<br>RMB'000 | 12 Months<br>ended<br>31/12/2019<br>RMB'000 | Change<br>% |
|----------------------------------------------------|--------------------------------------------|--------------------------------------------|-------------|---------------------------------------------|---------------------------------------------|-------------|
| Impairment loss on right-of-use (ROU) assets       | (23,321)                                   | (9,496)                                    | n.m.        | (30,175)                                    | (9,496)                                     | n.m.        |
| Impairment loss on intangible assets               | -                                          | (32,486)                                   | n.m.        | (11,435)                                    | (32,486)                                    | (64.8)      |
| Impairment loss on property, plant and equipment   | (700)                                      | (1,581)                                    | (55.7)      | (1,602)                                     | (1,581)                                     | 1.3         |
| Idle land fee                                      | (5,283)                                    | -                                          | n.m.        | (5,283)                                     | -                                           | n.m.        |
| Provision for onerous contracts                    | (26,509)                                   | -                                          | n.m.        | (26,509)                                    | -                                           | n.m.        |
| Foreign exchange loss, net                         | (7,384)                                    | -                                          | n.m.        | (1,821)                                     | -                                           | n.m.        |
| Fair value loss on other investments at fair value | -                                          | (8)                                        | n.m.        | (552)                                       | (399)                                       | 38.3        |
| Loss on disposal of property, plant and equipment  | (239)                                      | (89)                                       | n.m.        | (239)                                       | (89)                                        | n.m.        |
| Others                                             | (1,699)                                    | (880)                                      | 93.1        | (1,899)                                     | (1,083)                                     | 75.3        |
|                                                    | (65,135)                                   | (44,540)                                   | 46.2        | (79,515)                                    | (45,134)                                    | 76.2        |

**Impairment loss on non-financial assets**

The following impairment losses on non-financial assets were recognised by the Group during the financial year 2020:

| RMB'000           | Metric Group | Others | Total  |
|-------------------|--------------|--------|--------|
| ROU assets        | 8,175        | 22,000 | 30,175 |
| Intangible assets | 11,435       | -      | 11,435 |
| PPE               | 1,602        | -      | 1,602  |
| TOTAL             | 21,212       | 22,000 | 43,212 |

Impairment loss of RMB 30.2 million was recognised on the Group's right of use assets with RMB 8.2 million resulting from a sub-group consisting of 3 entities, Metric Group Holdings Limited, Metric Group Limited and Metric Group Inc. (collectively referred to as "Metric Group") and another RMB 22.0 resulting from 2 land parcels held by the Group.

**Metric Group**

During the year, Metric Group continued to report losses, triggering a further impairment review of their assets. Resulting from the impairment review, its right of use assets, intangible assets and property, plant and equipment were further written down by RMB 8.2 million, RMB 11.4 million and RMB 1.6 million respectively. Following these impairment provisions, the carrying amounts of ROU assets, intangible assets and property, plant and equipment of Metric Group are now insignificant.

## Land Parcels

The Group acquired 2 land parcels in Nantong with a view to expanding its production capacities. According to these land transfer contracts, the Group is required to satisfy certain conditions, including achievement of set investment amounts, output values per acre and tax amounts paid per acre. Due to a slowdown in the demand for the Group's products, the Group has delayed its expansion plans resulting in the Group not meeting the conditions stipulated in the land transfer contracts.

In February 2021, the Group received formal notice from the government that part of these land parcels would be reclaimed by the government should the stipulated conditions not be met by end of Year 2021. Management has undertaken a review and is of the view that the current market conditions are not favourable for further investments on the undeveloped portions of these land parcels. The management will negotiate with the government on the matter. On grounds of prudence, the Group is fully impairing the carrying amount of these two land parcels which are at risk of being reclaimed.

The Group has also made a provision of idle land fee of RMB 5.3 million in accordance with Urban Real Estate Administration Law of PRC.

## Provision for onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

During the financial year, due to the impact of the pandemic on the entertainment sector, a key customer cancelled a shipment which was placed before the outbreak of COVID-19. Resulting from this cancellation, the Group has written down raw materials of RMB7.1 million and made a provision for onerous contract of RMB12.1 million from its non-cancellable purchase commitments.

Another customer also terminated their e-Bike project with the Group during the year. To support the e-Bike project, the Group had entered into various purchase and project development contracts with several suppliers and therefore, a provision for onerous contract of RMB14.4 million was made resulting from this termination. The Group has commenced legal proceedings in Germany to seek recourse from the customer. On grounds of prudence, the Group has made the necessary provisions on the onerous supply contracts and has not recognised any contingent asset that may arise from the litigation claim.

## (C) Financial Expenses, net

|                                               | 6 Months<br>ended<br>31/12/2020 | 6 Months<br>ended<br>31/12/2019 | Change | 12 Months<br>ended<br>31/12/2020 | 12 Months<br>ended<br>31/12/2019 | Change |
|-----------------------------------------------|---------------------------------|---------------------------------|--------|----------------------------------|----------------------------------|--------|
|                                               | RMB'000                         | RMB'000                         | %      | RMB'000                          | RMB'000                          | %      |
| Interest income                               | 2,598                           | 3,354                           | (22.5) | 6,038                            | 4,701                            | 28.4   |
| Interest expenses                             | (3,019)                         | (5,236)                         | (42.3) | (6,614)                          | (9,614)                          | (31.2) |
| Net interest on net defined benefit liability | (613)                           | (1,174)                         | (47.8) | (1,481)                          | (2,227)                          | (33.5) |
|                                               | (1,034)                         | (3,056)                         | (66.2) | (2,057)                          | (7,140)                          | (71.2) |

## (D) Depreciation and Amortisation

|                                               | 6 Months<br>ended<br>31/12/2020 | 6 Months<br>ended<br>31/12/2019 | Change | 12 Months<br>ended<br>31/12/2020 | 12 Months<br>ended<br>31/12/2019 | Change |
|-----------------------------------------------|---------------------------------|---------------------------------|--------|----------------------------------|----------------------------------|--------|
|                                               | RMB'000                         | RMB'000                         | %      | RMB'000                          | RMB'000                          | %      |
| Depreciation on property, plant and equipment | 14,986                          | 16,991                          | (11.8) | 30,982                           | 33,466                           | (7.4)  |
| Depreciation of right-of-use assets           | 7,487                           | 9,690                           | (22.7) | 16,987                           | 18,832                           | (9.8)  |
| Amortisation of intangible assets             | 6,253                           | 9,388                           | (33.4) | 16,074                           | 18,130                           | (11.3) |
|                                               | 28,726                          | 36,069                          | (20.4) | 64,043                           | 70,428                           | (9.1)  |

For the 6 months ended 31 December 2020, the Group's depreciation on property, plant and equipment and depreciation on right of use assets decreased by 11.8% and 22.7% respectively, as some property, plant and equipment and right-of-use assets were fully depreciated in 2019.

For the 6 months and 12 months ended 31 December 2020, the Group's amortisation of intangible assets decreased by 33.4% and 11.3% respectively, mainly due to the impairment on the intangible assets of development costs.

**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       |
|                                                                               | 31/12/2020       | 31/12/2019       |               | 31/12/2020     | 31/12/2019     |              |
|                                                                               | RMB'000          | RMB'000          | %             | RMB'000        | RMB'000        | %            |
|                                                                               | Unaudited        | Audited          |               | Unaudited      | Audited        |              |
| <b>Assets</b>                                                                 |                  |                  |               |                |                |              |
| <b>Non-current Assets</b>                                                     |                  |                  |               |                |                |              |
| Intangible assets                                                             | 34,658           | 55,863           | (38.0)        | -              | -              | -            |
| Investment in subsidiaries                                                    | -                | -                | -             | 256,440        | 273,532        | (6.2)        |
| Investment in associates                                                      | 8,088            | 8,607            | (6.0)         | -              | -              | -            |
| Property, plant and equipment                                                 | 292,603          | 305,790          | (4.3)         | -              | -              | -            |
| Right-of-use assets                                                           | 73,734           | 117,698          | (37.4)        | -              | -              | -            |
| Deferred tax assets                                                           | 15,474           | 1,486            | n.m.          | -              | -              | -            |
| <b>Total Non-current Assets</b>                                               | <b>424,557</b>   | <b>489,444</b>   | <b>(13.3)</b> | <b>256,440</b> | <b>273,532</b> | <b>(6.2)</b> |
| <b>Current Assets</b>                                                         |                  |                  |               |                |                |              |
| Cash and bank balances                                                        | 538,065          | 448,421          | 20.0          | 57,765         | 48,263         | 19.7         |
| Other investments at fair value                                               | -                | 20,060           | n.m.          | -              | -              | -            |
| Trade receivables                                                             | 297,445          | 263,296          | 13.0          | 9,856          | 35,766         | (72.4)       |
| Advances to suppliers                                                         | 39,906           | 23,703           | 68.4          | -              | -              | -            |
| Other receivables, deposits and prepayments                                   | 17,869           | 12,376           | 44.4          | -              | -              | -            |
| Due from subsidiaries (non-trade)                                             | -                | -                | -             | 45,467         | 28,370         | 60.3         |
| Derivative financial instruments                                              | 6,590            | 2,606            | n.m.          | -              | -              | -            |
| Contract assets                                                               | 27,400           | 25,337           | 8.1           | -              | -              | -            |
| Inventories                                                                   | 319,956          | 367,768          | (13.0)        | -              | 1,860          | n.m.         |
| <b>Total Current Assets</b>                                                   | <b>1,247,231</b> | <b>1,163,567</b> | <b>7.2</b>    | <b>113,088</b> | <b>114,259</b> | <b>(1.0)</b> |
| <b>Total Assets</b>                                                           | <b>1,671,788</b> | <b>1,653,011</b> | <b>1.1</b>    | <b>369,528</b> | <b>387,791</b> | <b>(4.7)</b> |
| <b>Liabilities</b>                                                            |                  |                  |               |                |                |              |
| <b>Current Liabilities</b>                                                    |                  |                  |               |                |                |              |
| Borrowings                                                                    | 122,144          | 129,626          | (5.8)         | -              | -              | -            |
| Trade payables                                                                | 157,182          | 124,256          | 26.5          | 3,672          | 2,095          | 75.3         |
| Other payables and accruals                                                   | 133,476          | 115,391          | 15.7          | 5,256          | 6,723          | (21.8)       |
| Due to related parties (trade & non-trade)                                    | 7,363            | 7,790            | (5.5)         | 6,527          | 6,842          | (4.6)        |
| Provision for income tax                                                      | 2,839            | 8,070            | (64.8)        | 393            | 853            | (53.9)       |
| Contract liabilities                                                          | 58,079           | 95,953           | (39.5)        | -              | 30             | n.m.         |
| Due to subsidiaries (trade)                                                   | -                | -                | -             | 74,103         | 76,419         | (3.0)        |
| <b>Total Current Liabilities</b>                                              | <b>481,083</b>   | <b>481,086</b>   | <b>(0.0)</b>  | <b>89,951</b>  | <b>92,962</b>  | <b>(3.2)</b> |
| <b>Non-current Liabilities</b>                                                |                  |                  |               |                |                |              |
| Long-term borrowings                                                          | 48,554           | 65,130           | (25.5)        | -              | -              | -            |
| Pension liability                                                             | 83,090           | 79,997           | 3.9           | -              | -              | -            |
| Deferred income                                                               | 10,526           | 11,212           | (6.1)         | -              | -              | -            |
| Deferred tax liabilities                                                      | 25,922           | 24,057           | 7.8           | -              | -              | -            |
| <b>Total Non-current Liabilities</b>                                          | <b>168,092</b>   | <b>180,396</b>   | <b>(6.8)</b>  | <b>-</b>       | <b>-</b>       | <b>-</b>     |
| <b>Total Liabilities</b>                                                      | <b>649,175</b>   | <b>661,482</b>   | <b>(1.9)</b>  | <b>89,951</b>  | <b>92,962</b>  | <b>(3.2)</b> |
| <b>Net Assets</b>                                                             | <b>1,022,613</b> | <b>991,529</b>   | <b>3.1</b>    | <b>279,577</b> | <b>294,829</b> | <b>(5.2)</b> |
| <b>Equity</b>                                                                 |                  |                  |               |                |                |              |
| <b>Capital and reserves attributable to the equity holders of the Company</b> |                  |                  |               |                |                |              |
| Share capital                                                                 | 154,623          | 154,623          | -             | 154,623        | 154,623        | -            |
| Capital reserve                                                               | 191,236          | 172,946          | 10.6          | -              | -              | -            |
| Revenue reserve                                                               | 586,971          | 568,172          | 3.3           | 127,911        | 123,682        | 3.4          |
| Statutory reserve                                                             | 89,802           | 76,711           | 17.1          | -              | -              | -            |
| Translation reserve                                                           | 15,414           | 31,602           | (51.2)        | (2,957)        | 16,524         | n.m.         |
| Fair value reserve                                                            | (2,404)          | 504              | n.m.          | -              | -              | -            |
| Merger deficit                                                                | (13,029)         | (13,029)         | -             | -              | -              | -            |
| <b>Total Equity</b>                                                           | <b>1,022,613</b> | <b>991,529</b>   | <b>3.1</b>    | <b>279,577</b> | <b>294,829</b> | <b>(5.2)</b> |

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

**The Group's borrowings refer to aggregate borrowings from banks, financial institutions, and lease liabilities.**

|                                 | Group                  |           | Group                  |           |
|---------------------------------|------------------------|-----------|------------------------|-----------|
|                                 | As at 31 December 2020 |           | As at 31 December 2019 |           |
|                                 | Secured                | Unsecured | Secured                | Unsecured |
|                                 | RMB'000                | RMB'000   | RMB'000                | RMB'000   |
| Borrowings                      |                        |           |                        |           |
| Amount repayable in one year    | 57,096                 | 65,048    | 52,635                 | 76,991    |
| Amount repayable above one year | 48,554                 | -         | 65,130                 | -         |
| Total                           | 105,650                | 65,048    | 117,765                | 76,991    |

**Details of any collateral**

As at 31 December 2020, borrowings comprised:

- (1) An outstanding mortgage loan of USD0.1 million (equivalent to RMB0.4 million) from East West Bank to finance the acquisition of a warehouse in USA. The Company provided corporate guarantee for the loan.
- (2) An outstanding loan of EUR1.6 million (equivalent to RMB12.5 million) which relates to a loan obtained by Format Tresorbau GmbH & Co. KG to finance the construction of warehouse. The Company provided corporate guarantee for the loan. In addition, it has outstanding lease liabilities of EUR0.4 million (equivalent to RMB3.4 million).
- (3) DTMT has an outstanding loan of EUR1.5 million (equivalent to RMB12.1 million). The Company provided corporate guarantee for the loan.
- (4) DTMT has an outstanding loan of EUR1.8 million (equivalent to RMB14.1 million), secured by the land of DTMT from a German commercial bank. In addition, DTMT has outstanding lease liabilities of EUR1.4 million (equivalent to RMB11.5 million).
- (5) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR1.0 million (equivalent to RMB8.3 million) to finance the acquisition of freehold land and building and working capital. In addition, Krauth has outstanding lease liabilities of EUR0.1 million (equivalent to RMB1.1 million).
- (6) Metric Group Limited has an outstanding loan of GBP2.4 million (equivalent to RMB21.0 million) to finance the working capital. The Company provided pledged bank balance for the loan. In addition, it has outstanding lease liabilities of GBP1.4 million (equivalent to RMB12.9 million).
- (7) Other European subsidiaries have outstanding lease liabilities of EUR0.2 million (equivalent to RMB1.9 million).
- (8) 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 RMB48.5 million was obtained by a PRC subsidiary of the Company from Chinese bank to finance the daily payment to suppliers. In addition, PRC subsidiaries have outstanding lease liabilities of RMB7.3 million.
- (9) Southeast Asia subsidiaries have outstanding lease liabilities of RMB15.7 million.
- (10) Lease liabilities are secured on the respective right-of-use assets.

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

|                                                                                                                    | 6 Months<br>ended<br>31/12/2020<br>RMB'000 | 6 Months<br>ended<br>31/12/2019<br>RMB'000 | 12 Months<br>ended<br>31/12/2020<br>RMB'000 | 12 Months<br>ended<br>31/12/2019<br>RMB'000 |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|---------------------------------------------|---------------------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                                 |                                            |                                            |                                             |                                             |
| Profit before tax                                                                                                  | 46,896                                     | 84,911                                     | 82,179                                      | 131,508                                     |
| Adjustments:                                                                                                       |                                            |                                            |                                             |                                             |
| Amortisation of intangible assets                                                                                  | 6,253                                      | 9,388                                      | 16,074                                      | 18,130                                      |
| Amortisation of deferred government grant                                                                          | (343)                                      | (343)                                      | (686)                                       | (686)                                       |
| Depreciation of property, plant and equipment                                                                      | 14,986                                     | 16,991                                     | 30,982                                      | 33,466                                      |
| Depreciation of right-of-use assets                                                                                | 7,487                                      | 9,690                                      | 16,987                                      | 18,832                                      |
| Impairment of intangible assets                                                                                    | -                                          | 32,486                                     | 11,435                                      | 32,486                                      |
| Impairment of ROU assets                                                                                           | 23,321                                     | 9,496                                      | 30,175                                      | 9,496                                       |
| Impairment of property, plant and equipment                                                                        | 700                                        | 1,581                                      | 1,602                                       | 1,581                                       |
| Fair value loss on other investments at fair value                                                                 | -                                          | 8                                          | 552                                         | 399                                         |
| Other investments at fair value (reclassified from equity)                                                         | -                                          | -                                          | (504)                                       | -                                           |
| Fair value gain on forward contract                                                                                | (6,760)                                    | (2,586)                                    | (3,984)                                     | (2,606)                                     |
| Loss on disposal of property, plant and equipment                                                                  | 239                                        | 89                                         | 239                                         | 89                                          |
| Gain on settlement of forward contracts                                                                            | (7,364)                                    | (484)                                      | (8,421)                                     | (484)                                       |
| Interest expenses                                                                                                  | 3,632                                      | 6,410                                      | 8,095                                       | 11,841                                      |
| Interest income                                                                                                    | (2,598)                                    | (3,354)                                    | (6,038)                                     | (4,701)                                     |
| Provision for onerous contracts                                                                                    | 26,509                                     | -                                          | 26,509                                      | -                                           |
| Share of profits from associates                                                                                   | 420                                        | 282                                        | (1,281)                                     | (332)                                       |
| (Gain)/loss on foreign exchange                                                                                    | (284)                                      | 1,726                                      | (1,561)                                     | (931)                                       |
| Write back of other liabilities                                                                                    | (421)                                      | (713)                                      | (421)                                       | (713)                                       |
| <b>Operating profit before working capital changes</b>                                                             | <b>112,673</b>                             | <b>165,578</b>                             | <b>201,933</b>                              | <b>247,375</b>                              |
| Contract assets                                                                                                    | (2,377)                                    | (531)                                      | (1,260)                                     | 13,534                                      |
| Trade receivables                                                                                                  | (43,758)                                   | (677)                                      | (34,679)                                    | (58,409)                                    |
| Other receivables, deposits and prepayments                                                                        | (1,150)                                    | (9,088)                                    | (5,535)                                     | (8,398)                                     |
| Advances to suppliers                                                                                              | (13,409)                                   | (4,971)                                    | (16,193)                                    | (2,660)                                     |
| Inventories                                                                                                        | 56,152                                     | 98,851                                     | 44,111                                      | 44,967                                      |
| Contract liabilities                                                                                               | (27,781)                                   | 6,500                                      | (38,521)                                    | 20,824                                      |
| Trade payables                                                                                                     | (15,258)                                   | (15,464)                                   | 6,982                                       | (2,831)                                     |
| Other payables and accruals                                                                                        | 18,030                                     | 13,251                                     | 17,829                                      | 8,819                                       |
| Due from a related party (trade)                                                                                   | -                                          | -                                          | -                                           | 680                                         |
| Due to related parties (trade & non-trade)                                                                         | 6,276                                      | 7,973                                      | (427)                                       | -                                           |
| Settlement of forward contract                                                                                     | 7,364                                      | 484                                        | 8,421                                       | 484                                         |
| Pension liability                                                                                                  | 489                                        | (3,181)                                    | (276)                                       | (3,181)                                     |
| <b>Cash generated from operations</b>                                                                              | <b>97,251</b>                              | <b>258,725</b>                             | <b>182,385</b>                              | <b>261,204</b>                              |
| Income tax paid                                                                                                    | (19,387)                                   | (15,626)                                   | (27,106)                                    | (25,828)                                    |
| <b>Net cash from operating activities</b>                                                                          | <b>77,864</b>                              | <b>243,099</b>                             | <b>155,279</b>                              | <b>235,376</b>                              |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                                 |                                            |                                            |                                             |                                             |
| Purchase of property, plant and equipment                                                                          | (10,802)                                   | (3,002)                                    | (17,738)                                    | (26,935)                                    |
| Addition of Intangible assets                                                                                      | (1,766)                                    | (8,776)                                    | (5,963)                                     | (16,827)                                    |
| Proceed from disposal of property, plant and equipment                                                             | 549                                        | 6,300                                      | 989                                         | 6,707                                       |
| Interest received                                                                                                  | 2,598                                      | 3,354                                      | 6,038                                       | 4,701                                       |
| Net cash outflow on acquisition of business                                                                        | -                                          | (2,325)                                    | -                                           | (2,325)                                     |
| Dividend received                                                                                                  | 1,798                                      | -                                          | 1,798                                       | -                                           |
| Proceeds from disposal of other investments at fair value                                                          | (150)                                      | 421                                        | 16,918                                      | 6,549                                       |
| Purchase of financial assets, at FVOCI                                                                             | -                                          | (31)                                       | -                                           | (6,620)                                     |
| <b>Net cash from/(used) in investing activities</b>                                                                | <b>(7,773)</b>                             | <b>(4,059)</b>                             | <b>2,042</b>                                | <b>(34,750)</b>                             |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>                                                                 |                                            |                                            |                                             |                                             |
| Dividend paid                                                                                                      | (17,165)                                   | (20,163)                                   | (17,165)                                    | (20,163)                                    |
| Proceeds from borrowings                                                                                           | 25,297                                     | 35,327                                     | 52,690                                      | 142,952                                     |
| Repayment of borrowings                                                                                            | (34,839)                                   | (84,144)                                   | (82,171)                                    | (203,441)                                   |
| Interest paid                                                                                                      | (4,500)                                    | (6,760)                                    | (8,095)                                     | (9,620)                                     |
| Withdrawal of pledged deposits                                                                                     | 1,050                                      | 37,019                                     | 2,998                                       | 5,706                                       |
| <b>Net cash used in financing activities</b>                                                                       | <b>(30,157)</b>                            | <b>(38,721)</b>                            | <b>(51,743)</b>                             | <b>(84,566)</b>                             |
| <b>Net increase in cash and cash equivalents</b>                                                                   | <b>39,934</b>                              | <b>200,319</b>                             | <b>105,578</b>                              | <b>116,060</b>                              |
| Effects of exchange rate changes in cash and cash equivalents                                                      | (15,318)                                   | 129                                        | (12,936)                                    | 2,786                                       |
| Cash and cash equivalents at beginning of the period                                                               | 474,567                                    | 206,093                                    | 406,541                                     | 287,695                                     |
| <b>Cash and cash equivalents at end of the period</b>                                                              | <b>499,183</b>                             | <b>406,541</b>                             | <b>499,183</b>                              | <b>406,541</b>                              |
| <b>Note:</b>                                                                                                       |                                            |                                            |                                             |                                             |
| For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised: |                                            |                                            |                                             |                                             |
| -Cash in hand                                                                                                      | 838                                        | 850                                        | 838                                         | 850                                         |
| -Cash at bank                                                                                                      | 537,227                                    | 447,571                                    | 537,227                                     | 447,571                                     |
|                                                                                                                    | <b>538,065</b>                             | <b>448,421</b>                             | <b>538,065</b>                              | <b>448,421</b>                              |
| Less: Pledged deposit                                                                                              | (38,882)                                   | (41,880)                                   | (38,882)                                    | (41,880)                                    |
| Cash and cash equivalents per consolidated statement of cash flows                                                 | <b>499,183</b>                             | <b>406,541</b>                             | <b>499,183</b>                              | <b>406,541</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          |                   |                 |                 |                 |                     |                    |
|----------------------------------------|----------------|-------------------|-----------------|-----------------|-----------------|---------------------|--------------------|
|                                        | 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            |
| <b>Balance at 1 January 2020</b>       | <b>154,623</b> | <b>76,711</b>     | <b>(13,029)</b> | <b>172,946</b>  | <b>568,172</b>  | <b>31,602</b>       | <b>504</b>         |
| Profit for the period                  | -              | -                 | -               | -               | 73,326          | -                   | -                  |
| Dividends                              | -              | -                 | -               | -               | (17,165)        | -                   | -                  |
| Transfer to statutory reserve          | -              | 13,091            | -               | -               | (13,091)        | -                   | -                  |
| Transfer to capital reserve            | -              | -                 | -               | 18,290          | (18,290)        | -                   | -                  |
| Other comprehensive income, net of tax | -              | -                 | -               | -               | (5,981)         | (16,188)            | (2,908)            |
| <b>Balance at 31 December 2020</b>     | <b>154,623</b> | <b>89,802</b>     | <b>(13,029)</b> | <b>191,236</b>  | <b>586,971</b>  | <b>15,414</b>       | <b>(2,404)</b>     |

|                                        | Group          |                   |                 |                 |                 |                     |                              |
|----------------------------------------|----------------|-------------------|-----------------|-----------------|-----------------|---------------------|------------------------------|
|                                        | Share capital  | Statutory reserve | Merger deficit  | Capital reserve | Revenue reserve | Translation reserve | Fair value reserve/(deficit) |
|                                        | RMB'000        | RMB'000           | RMB'000         | RMB'000         | RMB'000         | RMB'000             | RMB'000                      |
| <b>Balance at 1 January 2019</b>       | <b>154,623</b> | <b>62,393</b>     | <b>(13,029)</b> | <b>33,056</b>   | <b>658,601</b>  | <b>29,595</b>       | <b>(684)</b>                 |
| Profit for the period                  | -              | -                 | -               | -               | 79,109          | -                   | -                            |
| Dividends                              | -              | -                 | -               | -               | (18,640)        | -                   | -                            |
| Transfer to statutory reserve          | -              | 14,318            | -               | -               | (14,318)        | -                   | -                            |
| Transfer to capital reserve            | -              | -                 | -               | 139,890         | (139,890)       | -                   | -                            |
| Other comprehensive income, net of tax | -              | -                 | -               | -               | 3,310           | 2,007               | 1,188                        |
| <b>Balance at 31 December 2019</b>     | <b>154,623</b> | <b>76,711</b>     | <b>(13,029)</b> | <b>172,946</b>  | <b>568,172</b>  | <b>31,602</b>       | <b>504</b>                   |

|                                           | Company        |                 |                     |                |
|-------------------------------------------|----------------|-----------------|---------------------|----------------|
|                                           | Share capital  | Revenue reserve | Translation reserve | Total equity   |
|                                           | RMB'000        | RMB'000         | RMB'000             | RMB'000        |
| <b>Balance at 1 January 2020</b>          | <b>154,623</b> | <b>123,682</b>  | <b>16,524</b>       | <b>294,829</b> |
| Total comprehensive income for the period | -              | 21,394          | (19,481)            | 1,913          |
| Dividends                                 | -              | (17,165)        | -                   | (17,165)       |
| <b>Balance at 31 December 2020</b>        | <b>154,623</b> | <b>127,911</b>  | <b>(2,957)</b>      | <b>279,577</b> |

|                                           | Company        |                 |                     |                |
|-------------------------------------------|----------------|-----------------|---------------------|----------------|
|                                           | Share capital  | Revenue reserve | Translation reserve | Total equity   |
|                                           | RMB'000        | RMB'000         | RMB'000             | RMB'000        |
| <b>Balance at 1 January 2019</b>          | <b>154,623</b> | <b>117,069</b>  | <b>11,588</b>       | <b>283,280</b> |
| Total comprehensive income for the period | -              | 25,253          | 4,936               | 30,189         |
| Dividends                                 | -              | (18,640)        | -                   | (18,640)       |
| <b>Balance at 31 December 2019</b>        | <b>154,623</b> | <b>123,682</b>  | <b>16,524</b>       | <b>294,829</b> |

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

There was no change in the Company's share capital during the 12 months ended 31 December 2020.

The Company did not hold any treasury shares or subsidiary holdings as at 12 months ended 31 December 2020 and 31 December 2019.

- 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 2020 and 31 December 2019.

- 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 modifications 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 accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2019.

- 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.**

The Group has applied the following amendments to SFRS(I)s that are effective for the annual periods beginning on or after 1 January 2020:

- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*
- Amendment to References to Conceptual Framework in SFRS(I) standards

The adoption of the new/revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.

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          |                |                 |                 |
|--------------------------------------------------------------------------------------------|----------------|----------------|-----------------|-----------------|
|                                                                                            | 6 Months ended | 6 Months ended | 12 Months ended | 12 Months ended |
|                                                                                            | 31/12/2020     | 31/12/2019     | 31/12/2020      | 31/12/2019      |
| <b><u>Earnings per ordinary share of the group</u></b>                                     |                |                |                 |                 |
| <b><u>(in RMB cents):</u></b>                                                              |                |                |                 |                 |
| (a) Based on weighted average number of ordinary shares on issue; and                      | 14.71          | 13.92          | 20.57           | 22.19           |
| 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                                                               | 14.71          | 13.92          | 20.57           | 22.19           |
| 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      |
|                                                                                                                      | 31/12/2020 | 31/12/2019 | 31/12/2020 | 31/12/2019 |
| Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents) | 286.82     | 278.10     | 78.41      | 82.69      |
| No. of ordinary shares used in computing net asset value ('000)                                                      | 356,536    | 356,536    | 356,536    | 356,536    |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **OUR BUSINESS**

The Group is a global leading designer and manufacturer in the high security products. We supply safes for Automated Teller Machines ("ATM") in the banking industry as well as for commercial and residential purposes. With its UL and CEN certified production base in China, Vietnam, Philippines and Germany, the Group has a global market presence in all major countries.

The Group takes advantages of its strong R&D capabilities, vertically integrated solutions and large-scale operations to provide business solutions to customers by designing, engineering, manufacturing and assembling electro-mechanical equipment, Ticketing Vending Machine ("TVM") and other products.

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

For the 12 months ended 31 December 2020:

### **Revenue**

The Group achieved sales of RMB1,762.9 million, representing a decrease of 6.3% or RMB119.2 million over the last corresponding period.

Sales of the High Security Segment increased by 4.3% or RMB39.8 million to RMB960.7 million over the last corresponding period due to an increase in sales of gun safes.

Sales of the Business Solutions Segment decreased by 16.5% or RMB159.0 million to RMB802.2 million over the last corresponding period due to the impact by COVID-19 pandemic and lockdown of many areas in the world.

### **Gross Profit**

Gross profit of the Group decreased by 6.0% or RMB31.5 million to RMB495.7 million.

Gross margin of the Group remained fairly constant at 28.0%. Gross margin of the High Security Segment increased from 29.5% to 31.5%, while gross margin of the Business Solutions Segment decreased from 26.5% to 24.1% mainly due to the change in product mix.

### **Selling and distribution expenses**

Selling and distribution expenses increased by 5.2% or RMB5.2 million to RMB104.6 million mainly due to the increase in online advertising expense incurred to support online sales of the recently acquired subsidiary, Eisenbach Tresore GmbH.

### **Administrative expenses**

Administrative expenses decreased by 7.8% or RMB15.5 million to RMB182.8 million mainly due to the enhanced control on administrative expenses.

### **Research and development expenses**

Research and development expenses decreased by 3.5% or RMB2.6 million to RMB72.9 million mainly due to the completion of some development projects.

### **Financial expenses, net**

Financial expenses decreased by RMB5.1 million to RMB2.1 million mainly due to the increase in interest income and the decrease in interest expense due to a net decrease in outstanding borrowings.

### **Other Income**

Other income increased by RMB6.6 million to RMB32.0 million mainly due to the increase in government grant, gain on settlement of forward currency contracts and fair value gain on forward currency contracts, partially offset by the decrease in sales of steel scrap, rental income and tooling and mould income.

The sales of steel scrap decreased by RMB1.7 million to RMB0.3 million mainly due to the enhanced control on steel utilization.

### **Other Expenses**

Other expenses increased by RMB34.4 million to RMB79.5 million mainly due to the increase in impairment loss on ROU assets, idle land fee, provision for onerous contracts and net foreign exchange loss, partially offset by the decrease in impairment loss on intangible assets. Detailed analysis please refer to Note 1(a)(ii)(B).

### **Impairment losses of financial assets**

Impairment losses of financial assets increased by RMB9.1 million to RMB4.8 million mainly due to the increase in trade receivables.

### **Profit before Tax**

Profit before tax was RMB82.2 million, representing a decrease of RMB49.3 million as compared to RMB131.5 million during last corresponding period.

### **Income Tax Expenses**

Income tax expenses decreased by RMB43.5 million, from RMB52.4 million in 2019 to RMB8.9 million mainly due to the decrease in profits generated from the profitable subsidiaries, settlement of deferred tax liabilities due to distributed profits of its Chinese subsidiaries and more deferred tax assets recognised. And moreover, the Group wrote off deferred tax assets of RMB20.4 million at one of our subsidiaries after assessing its recoverability in 2019, while it did not occur in 2020.

### **Net profit after Tax**

Profit after tax was RMB73.3 million, representing a decrease of RMB5.8 million as compared to RMB79.1 million during last corresponding period.

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

For the 6 months ended 31 December 2020:

### **Revenue**

The Group achieved sales of RMB983.1 million, representing a decrease of 0.2% or RMB2.4 million over last corresponding period.

Sales of the High Security Segment increased by 12.6% or RMB62.4 million to RMB559.2 million over last corresponding period due to an increase in sales of gun safes.

Sales of the Business Solutions Segment decreased by 13.3% or RMB64.8 million to RMB423.9 million over last corresponding period due to the impact by COVID-19 pandemic and lockdown of many areas in the world.

### **Gross Profit**

Gross profit of the Group decreased by 7.0% or RMB21.2 million to RMB279.7 million.

Gross margin of the Group decreased from 30.5% in the last corresponding period to 28.5%. Gross margin of the High Security Segment increased from 31.0% to 31.6%, while gross margin of the Business Solutions Segment decreased from 30.0% to 24.3% mainly due to the change in product mix.

### **Selling and distribution expenses**

Selling and distribution expenses increased by 9.3% or RMB4.6 million to RMB53.5 million mainly due to the increase in online advertising expense incurred to support online sales of the recently acquired subsidiary, Eisenbach Tresore GmbH..

### **Administrative expenses**

Administrative expenses decreased by 4.3% or RMB4.4 million to RMB97.5 million mainly due to the enhanced control on administrative expenses.

### **Financial expenses, net**

Financial expenses decreased by RMB2.0 million to RMB1.0 million mainly due to the decrease in interest expense.

### **Other Income**

Other income increased by RMB10.4 million to RMB26.9 million mainly due to the increase in government grant, gain on settlement of forward currency contracts and fair value gain on forward currency contracts, partially offset by the decrease in rental income and tooling and mould income.

### **Other Expenses**

Other expenses increased by RMB20.6 million to RMB65.1 million mainly due to the increase in impairment loss on ROU assets, idle land fee, provision for onerous contracts and net foreign exchange loss, partially offset by the decrease in impairment loss on intangible assets. Detailed analysis please refer to Note 1(a)(ii)(B).

### **Impairment losses of financial assets**

Impairment losses of financial assets increased by RMB9.0 million to RMB4.5 million mainly due to the increase in trade receivables.

### **Profit before Tax**

Profit before tax was RMB46.9 million, representing a decrease of RMB38.0 million as compared to RMB84.9 million during last corresponding period.

### **Income Tax Credit/(expenses)**

Income tax credit was RMB5.6 million, compared to income tax expenses of RMB35.3 million during last corresponding period mainly due to the decrease in profits generated from the profitable subsidiaries, settlement of deferred tax liabilities due to distributed profits of its Chinese subsidiaries and more deferred tax assets recognised. And moreover, the Group wrote off deferred tax assets of RMB20.4 million at one of our subsidiaries after assessing its recoverability in 2019, while it did not occur in 2020.

### **Net profit after Tax**

Profit after tax was RMB52.5 million, representing an increase of RMB2.9 million as compared to RMB49.6 million during last corresponding period.

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

### **Non-current Assets**

The Group's non-current assets decreased by RMB64.8 million from RMB489.4 million as at 31 December 2019 to RMB424.6 million as at 31 December 2020 mainly due to the decrease in intangible assets, property, plant and equipment and right-of-use assets, and partially offset by the increase in deferred tax assets.

Intangible assets decreased by RMB21.2 million from RMB55.9 million as at 31 December 2019 to RMB34.7 million as at 31 December 2020 mainly due to the impairment loss recognised of RMB11.4 million and amortization of RMB16.1 million, partially offset by the addition of RMB6.0 million.

Property, plant and equipment decreased by RMB13.2 million from RMB305.8 million as at 31 December 2019 to RMB292.6 million as at 31 December 2020 mainly due to depreciation of RMB31.0 million and impairment of RMB1.6 million, offset by additions of RMB 17.7 million made during the period.

Right-of-use assets decreased by RMB44.0 million from RMB117.7 million as at 31 December 2019 to RMB73.7 million as at 31 December mainly due to depreciation of RMB17.0 million and impairment of RMB30.2 million, offset by new leases entered into during the period.

Deferred tax assets increased by RMB14.0 million from RMB1.5 million as at 31 December 2019 to RMB15.5 million as at 31 December 2020 mainly due to the accrual of inventory provision, impairment loss on leasehold land, unfulfilled purchase and payment obligations, employee occupational disease compensation and annuity insurance plan.

### **Current Assets**

The Group's current assets increased by RMB83.6 million from RMB1,163.6 million as at 31 December 2019 to RMB1,247.2 million as at 31 December 2020 mainly due to the increase in cash and bank balances, trade receivables, advances to suppliers, other receivables, deposits and prepayments, derivative financial instruments and contract assets, partially offset by the decrease in other investments at fair value and inventories.

Trade receivables increased by RMB34.1 million from RMB263.3 million as at 31 December 2019 to RMB297.4 million as at 31 December 2020 mainly due to higher revenue registered in Q4 2020.

Advances to suppliers increased by RMB16.2 million from RMB23.7 million as at 31 December 2019 to RMB39.9 million as at 31 December 2020 mainly due to the increase in advance payment for purchase of raw materials.

Other receivables, deposits and prepayments increased by RMB5.5 million from RMB12.4 million as at 31 December 2019 to RMB17.9 million as at 31 December 2020 mainly due to the deposits placed and prepaid insurance.

Derivative financial instruments pertained to the fair value on forward contracts entered into by the Group. It increased by RMB4.0 million from RMB2.6 million as at 31 December 2019 to RMB6.6 million as at 31 December 2020 due to the fluctuation of the exchange rate of CNY against USD and CNY against EUR during the period.

Contract assets increased by RMB2.1 million from RMB25.3 million as at 31 December 2019 to RMB27.4 million as at 31 December 2020 mainly due to the growth in project sales and timing of milestone billings on project sales.

Other investments at fair value comprising debt securities investment and equity securities investment have been disposed or written off during the year.

Inventories decreased by RMB47.8 million from RMB367.8 million as at 31 December 2019 to RMB320.0 million as at 31 December 2020 in tandem with decrease in revenue.

### **Current Liabilities**

Current liabilities were RMB RMB481.1 million as at 31 December 2020, compared to RMB 481.1 million as at 31 December 2019. During the year, there was a decrease in borrowings, provision for income tax and contract liabilities which was partially offset by an increase in trade payables and other payables and accruals.

Borrowings decreased by RMB7.5 million from RMB129.6 million as at 31 December 2019 to RMB122.1 million as at 31 December 2020 mainly due to net repayments.

Provision for income tax decreased by RMB5.3 million from RMB8.1 million as at December 2019 to RMB2.8 million as at 31 December 2020 mainly due to the decrease in profit before tax generated from the profitable subsidiaries.

Contract liabilities decreased by RMB37.9 million from RMB96.0 million as at 31 December 2019 to RMB58.1 million as at 31 December 2020 due to the decrease in advance payment from customers.

Trade payables increased by RMB32.9 million from RMB124.3 million as at 31 December 2019 to RMB157.2 million as at 31 December 2020 mainly due to more purchase of raw materials made.

Other payables and accruals increased by RMB18.1 million from RMB115.4 million as at 31 December 2019 to RMB133.5 million as at 31 December 2020 due to the increase in accrued bonus.

#### **Non-current Liabilities**

Non-current liabilities decreased by RMB12.3 million from RMB180.4 million as at 31 December 2019 to RMB168.1 million as at 31 December 2020 mainly due to the decrease in long-term borrowings, partially offset by the increase in pension liability and deferred tax liabilities.

Long-term borrowings decreased by RMB16.5 million from RMB65.1 million as at 31 December 2019 to RMB48.6 million as at 31 December 2020 mainly due to the reclassification from non-current liabilities to current liabilities. Total borrowings have decreased due to net repayments made during the period.

Pension liability increased by RMB3.1 million from RMB80.0 million as at 31 December 2019 to RMB83.1 million as at 31 December 2020 mainly due to re-measurement of the defined benefit pension scheme in 2020.

Deferred tax liabilities increased by RMB1.8 million from RMB24.1 million as at 31 December 2019 to RMB25.9 million as at 31 December 2020 mainly due to the recognized deferred tax liabilities arising from the differences between the carrying amount of intangible assets and right-of-use assets and their tax bases.

#### **Shareholders' Equity**

As a result of the Group's total comprehensive income generated during the period, shareholders' equity increased from RMB991.5 million as at 31 December 2019 to RMB1,022.6 million as at 31 December 2020.

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

Net cash from operating activities was RMB155.3 million for the 12 months ended 31 December 2020 mainly due to the operating profit before working capital changes of RMB201.9 million partially offset by working capital changes of RMB19.5 million.

Net cash from investing activities was RMB2.0 million for the 12 months ended 31 December 2020 mainly due to interest received and proceeds from disposal of other investments at fair value, partially offset by purchase of property, plant and equipment and addition of intangible assets.

Net cash used in financing activities was RMB51.7 million for the 12 months ended 31 December 2020 mainly due to the dividend paid, repayment of borrowings and interest, partially offset by the proceeds from borrowings and withdrawal 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 COVID-19 outbreak has negatively impacted our business operations, supply chains and logistics with negative impacts to the Group's revenue and results, particularly with our European operations. This is projected to continue in 2021.

Management expects trading conditions to remain challenging. Steady appreciation of Reminbi against US dollar, rising raw materials prices, a shrinking ATM market with ebanking and other fintech solutions, and labour cost challenges will remain as head winds for our business. On-going trade and political issues between China and the US will also bring uncertainties to the Group's future performance.

11. **Dividend**

If a decision regarding dividend has been made:

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended);**

No dividend has been declared.

- (b) **Current Financial Period Reported On**

Not applicable.

**Corresponding Period of the Immediately Preceding Financial Year**

Not applicable.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) **The date the dividend is payable.**

Not applicable.

- (e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

12. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for that decision.**

No dividend has been recommended for the current financial period reported on. The Company wishes to reserve resources for the Company's further development.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

| Name of Interested Person     | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Nantong Mayway Products Corp. | Rental for land and buildings for the second half year 2020: RMB2.1 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 were renewed for a period of 3 years commencing from 1 January 2019 with aggregate annual rental at RMB4.2 million.

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

16. **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.**

|                                   | 2020                     |                               |                         |
|-----------------------------------|--------------------------|-------------------------------|-------------------------|
|                                   | High Security<br>RMB'000 | Business Solutions<br>RMB'000 | Consolidated<br>RMB'000 |
| <b>Revenue</b>                    |                          |                               |                         |
| External sales                    | 960,750                  | 802,190                       | 1,762,940               |
| Total Sales                       | 960,750                  | 802,190                       | 1,762,940               |
| <b>Segment results</b>            |                          |                               |                         |
| Profit/(loss) after operations*   | 90,960                   | (5,734)                       | 85,226                  |
| Finance cost, net                 |                          |                               | (2,057)                 |
| Unallocated income                |                          |                               | (990)                   |
| <b>Profit before tax</b>          |                          |                               | 82,179                  |
| Income tax                        |                          |                               | (8,853)                 |
| <b>Profit after tax</b>           |                          |                               | 73,326                  |
| <b>Other segment items</b>        |                          |                               |                         |
| Capital expenditure               |                          |                               |                         |
| -Property, plant and equipment    | 11,570                   | 6,168                         | 17,738                  |
| -Intangible assets                | -                        | 5,963                         | 5,963                   |
| Amortisation on intangible assets | 6,049                    | 10,025                        | 16,074                  |

\*Due to the pandemic, certain customer contracts were cancelled during this year. Resulting from these cancellations, the Group made provision for onerous contracts (refer to Note 1(a)(ii)(B)). As a result, the business solutions segment registered a loss from operation for the year ended 31 December 2020.

|                                   | 2019                                   |                                             |                                       |
|-----------------------------------|----------------------------------------|---------------------------------------------|---------------------------------------|
|                                   | High Security<br>(Restated)<br>RMB'000 | Business Solutions<br>(Restated)<br>RMB'000 | Consolidated<br>(Restated)<br>RMB'000 |
| <b>Revenue</b>                    |                                        |                                             |                                       |
| External sales                    | 920,989                                | 961,170                                     | 1,882,159                             |
| Total Sales                       | 920,989                                | 961,170                                     | 1,882,159                             |
| <b>Segment results</b>            |                                        |                                             |                                       |
| Profit after operations           | 120,956                                | 19,293                                      | 140,249                               |
| Finance cost, net                 |                                        |                                             | (7,140)                               |
| Unallocated expenses              |                                        |                                             | (1,601)                               |
| <b>Profit before tax</b>          |                                        |                                             | 131,508                               |
| Income tax                        |                                        |                                             | (52,399)                              |
| <b>Profit after tax</b>           |                                        |                                             | 79,109                                |
| <b>Other segment items</b>        |                                        |                                             |                                       |
| Capital expenditure               |                                        |                                             |                                       |
| -Property, plant and equipment    | 11,032                                 | 15,903                                      | 26,935                                |
| -Intangible assets                | -                                      | 16,827                                      | 16,827                                |
| Amortisation on intangible assets | 682                                    | 17,448                                      | 18,130                                |

**Geographical information**

|                     | PRC<br>RMB'000 | North &<br>South<br>America<br>RMB'000 | Europe<br>RMB'000 | Asia Pacific<br>RMB'000 | Africa<br>RMB'000 | Consolidated<br>RMB'000 |
|---------------------|----------------|----------------------------------------|-------------------|-------------------------|-------------------|-------------------------|
| <b>2020</b>         |                |                                        |                   |                         |                   |                         |
| Revenue             | 69,070         | 587,130                                | 979,019           | 127,721                 | -                 | 1,762,940               |
| Non-current assests | 167,543        | 9,140                                  | 196,754           | 27,558                  | -                 | 400,995                 |
| <b>2019</b>         |                |                                        |                   |                         |                   |                         |
| Revenue             | 72,822         | 478,933                                | 1,117,462         | 208,642                 | 4,300             | 1,882,159               |
| Non-current assests | 201,893        | 9,807                                  | 234,747           | 32,904                  | -                 | 479,351                 |

17. 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.

18. A breakdown of sales.

|                                                                                        | Group   |         |        |
|----------------------------------------------------------------------------------------|---------|---------|--------|
|                                                                                        | 2020    | 2019    | Change |
|                                                                                        | RMB'000 | RMB'000 | %      |
| (a) Sales reported for first half year                                                 | 779,828 | 896,641 | -13.0% |
| (b) Profit after tax before deducting minority interests reported for first half year  | 20,865  | 29,488  | -29.2% |
| (c) Sales reported for second half year                                                | 983,112 | 985,518 | -0.2%  |
| (d) Profit after tax before deducting minority interests reported for second half year | 52,461  | 49,621  | 5.7%   |

19. 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 (2020) | Previous Full Year (2019) |
|----------|-------------------------|---------------------------|
| Ordinary | S\$0.01                 | S\$0.01                   |

20. 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 | 58  | Brother of the Executive Vice Chairman, Mr Liu Bin                             | Chairman and CEO of the Company (2007)                                                                                             | No change                                                               |
| Liu Bin       | 69  | Brother of the Chairman, CEO and Controlling Shareholder, Dr Johnny Liu Jiayan | Executive Vice Chairman of the Company (2007)<br><br>Executive Vice Chairman of Tri Star Inc, a wholly-owned PRC subsidiary (2005) | No change                                                               |

BY ORDER OF THE BOARD

Johnny Liu  
Chairman & CEO  
1 March 2021