

UNAUDITED FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 1ST QUARTER RESULTS

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

Group	1st Quarter ended 31/03/2019 RMB'000	1st Quarter ended 31/03/2018 RMB'000 (Restated)	Change %
Revenue	397,338	422,144	(5.9)
Cost of sales	(295,117)	(307,269)	(4.0)
Gross Profit	102,221	114,875	(11.0)
Selling and distribution expenses	(19,048)	(19,731)	(3.5)
Administrative expenses	(49,244)	(55,404)	(11.1)
Research and development expenses	(16,550)	(18,794)	(11.9)
Profit from Operations	17,379	20,946	(17.0)
Financial expenses, net	(1,861)	(1,749)	6.4
Share of results from associates	384	363	5.8
Other income	7,210	3,160	128.2
Other expenses	(12,242)	(7,809)	56.8
Reversal/(Impairment losses) of impairment of financial assets	1,177	(1,789)	n.m.
Profit Before Tax	12,047	13,122	(8.2)
Income tax	(3,273)	(1,751)	86.9
Net Profit After Tax	8,774	11,371	(22.8)
Other Comprehensive Income/(Loss)			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation differences arising from consolidation	(13,101)	(8,869)	47.7
Financial assets, at FVOCI			
– Changes of fair value	494	(258)	n.m.
Other Comprehensive Loss for the period	(12,607)	(9,127)	38.1
Total Comprehensive (Loss)/Income for the period	(3,833)	2,244	n.m.

n.m.: not meaningful.

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

(A) Other Income

	1st Quarter ended 31/03/2019 RMB'000	1st Quarter ended 31/03/2018 RMB'000	Change %
Net gain on sales of raw materials	2,451	320	665.9
Sales of steel scrap	872	834	4.6
Amortisation of deferred government grant	172	91	89.0
Government grants	2,303	358	543.3
Reversal of long term unclaimed payable	-	624	(100.0)
Others	1,412	933	51.3
	<u>7,210</u>	<u>3,160</u>	128.2

(B) Other Expenses

	1st Quarter ended 31/03/2019 RMB'000	1st Quarter ended 31/03/2018 RMB'000 (Restated)	Change %
Foreign exchange loss, net	(12,076)	(7,734)	56.1
Fair value gain on derivative financial instruments	-	(28)	(100.0)
Others	(166)	(47)	253.2
	<u>(12,242)</u>	<u>(7,809)</u>	56.8

With effect from Q1 2019, the Group has reclassified amortisation of land use rights, previously presented under "other expenses" to "cost of sales" as the Group is of the view that such reclassification better reflects the substance of the transactions. Accordingly, the Q1 2018 comparatives have been restated to conform to such presentation.

(C) Financial Expenses, net

	1st Quarter ended 31/03/2019 RMB'000	1st Quarter ended 31/03/2018 RMB'000	Change %
Interest income	800	508	57.5
Interest expenses	(2,133)	(1,726)	23.6
Net interest on net defined benefit liability	(528)	(531)	(0.6)
	<u>(1,861)</u>	<u>(1,749)</u>	6.4

(D) Depreciation and Amortisation

	1st Quarter ended 31/03/2019 RMB'000	1st Quarter ended 31/03/2018 RMB'000	Change %
Depreciation on property, plant and equipment	8,668	8,079	7.3
Amortisation of land use rights	337	337	-
Amortisation of intangible assets	4,466	4,174	7.0
	<u>13,471</u>	<u>12,590</u>	7.0

For the 3 months ended 31 March 2019, the Group's depreciation expenses increased by 7.3% to RMB8.7 million over last corresponding period due to the addition of property, plant and equipment of German subsidiaries.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group			Company		
	As At	As At	Change	As At	As At	Change
	31/03/2019	31/12/2018		31/03/2019	31/12/2018	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Unaudited	Audited		Unaudited	Audited		
Assets						
Non-current Assets						
Intangible assets	65,235	66,238	(1.5)	-	-	-
Investment in subsidiaries	-	-	-	263,829	269,403	(2.1)
Investment in associates	8,660	8,275	4.7	-	-	-
Land use rights	57,813	58,150	(0.6)	-	-	-
Property, plant and equipment	324,081	327,191	(1.0)	-	-	-
Deferred tax assets	25,032	24,947	0.3	-	-	-
Total Non-current Assets	480,821	484,801	(0.8)	263,829	269,403	(2.1)
Current Assets						
Cash and bank balances	298,514	335,281	(11.0)	37,610	66,542	(43.5)
Financial assets, at FVOCI	16,614	16,480	0.8	-	-	-
Trade receivables	230,741	220,097	4.8	4,351	6,118	(28.9)
Advances to suppliers	23,811	21,103	12.8	-	-	-
Other receivables, deposits and prepayments	14,797	14,843	(0.3)	-	-	-
Due from a related party (trade)	-	680	(100.0)	-	-	-
Due from subsidiaries (non-trade)	-	-	-	61,025	41,336	47.6
Contract assets	34,646	39,169	(11.5)	-	-	-
Inventories	402,022	412,257	(2.5)	-	-	-
Total Current Assets	1,021,145	1,059,910	(3.7)	102,986	113,996	(9.7)
Total Assets	1,501,966	1,544,711	(2.8)	366,815	383,399	(4.3)
Liabilities						
Current Liabilities						
Borrowings	145,638	153,500	(5.1)	-	-	-
Trade payables	115,296	127,294	(9.4)	714	161	343.5
Other payables and accruals	93,181	107,153	(13.0)	15,261	15,131	0.9
Due to related parties (trade & non-trade)	1,172	9,313	(87.4)	-	9,069	(100.0)
Provision for income tax	3,279	4,069	(19.4)	1,512	1,545	(2.1)
Contract liabilities	78,671	74,425	5.7	29	-	n.m.
Due to subsidiaries	-	-	-	71,655	74,213	(3.4)
Total Current Liabilities	437,237	475,754	(8.1)	89,171	100,119	(10.9)
Non-current Liabilities						
Long-term borrowings	26,230	27,123	(3.3)	-	-	-
Pension liability	81,886	80,949	1.2	-	-	-
Deferred income	11,727	11,898	(1.4)	-	-	-
Deferred tax liabilities	24,164	24,432	(1.1)	-	-	-
Total Non-current Liabilities	144,007	144,402	(0.3)	-	-	-
Total Liabilities	581,244	620,156	(6.3)	89,171	100,119	(10.9)
Net Assets	920,722	924,555	(0.4)	277,644	283,280	(2.0)
Equity						
Capital and reserves attributable to the equity holders of the Company						
Share capital	154,623	154,623	-	154,623	154,623	-
Capital reserve	33,056	33,056	-	-	-	-
Revenue reserve	667,375	658,601	1.3	117,608	117,069	0.5
Statutory reserve	62,393	62,393	-	-	-	-
Translation reserve	16,494	29,595	(44.3)	5,413	11,588	(53.3)
Fair value reserve	(190)	(684)	(72.2)	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
Total Equity	920,722	924,555	(0.4)	277,644	283,280	(2.0)

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

	Group		Group	
	As at 31 March 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	57,138	88,500	76,044	77,456
Amount repayable above one year	26,230	-	27,123	-
Total	83,368	88,500	103,167	77,456

Details of any collateral

As at 31 March, borrowings comprised:

- (1) A mortgage loan of USD0.3 million (equivalent to RMB1.9 million) was obtained by a USA subsidiary of the Company from East West Bank to finance the acquisition of a warehouse in USA. The Company provided corporate guarantee for the loan.
- (2) A loan of EUR0.5 million (equivalent to RMB3.5 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the purchase of machine. The loan was secured by the machine itself.
- (3) A loan of EUR2.0 million (equivalent to RMB15.1 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the construction of warehouse. The Company provided corporate guarantee for the loan.
- (4) DTMT has an outstanding loan of EUR0.5 million (equivalent to RMB3.8 million). The Company provided corporate guarantee for the loan.
- (5) DTMT has an outstanding loan of EUR2.6 million (equivalent to RMB19.7 million), secured by the land of DTMT from a German commercial bank. In addition, DTMT has outstanding finance leases for its equipment of EUR1.1 million (equivalent to RMB8.6 million).
- (6) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR1.1 million (equivalent to RMB8.0 million) to finance the acquisition of freehold land and building. In addition, Krauth has outstanding finance leases for its equipment of EUR0.1 million (equivalent to RMB1.0 million).
- (7) 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 an outstanding finance leases for its equipment of GBP0.1 million (equivalent to RMB0.7 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 RMB88.5 million was obtained by a PRC subsidiary of the Company from Chinese bank to finance the daily payment to suppliers.

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

GROUP CASH FLOW STATEMENT	1st Quarter ended 31/03/2019 RMB'000	1st Quarter ended 31/03/2018 RMB'000 Restated
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	12,047	13,122
Adjustments:		
Amortisation of land use rights	337	337
Amortisation of intangible assets	4,466	4,174
Amortisation of deferred government grant	(172)	(91)
Depreciation of property, plant and equipment	8,668	8,079
Fair value gain on forward contract	-	28
Interest expenses	2,661	2,257
Interest income	(800)	(508)
Share of profits from associates	(384)	(363)
Loss on foreign exchange	2,145	2,205
Reversal of long unclaimed accrued purchases	-	(624)
Operating profit before working capital changes	28,968	28,616
Contract assets	3,186	(3,612)
Trade receivables	(11,844)	42,656
Other receivables, deposits and prepayments	(129)	(2,225)
Advances to suppliers	(2,943)	618
Inventories	128	(25,297)
Contract liabilities	6,584	(3,826)
Trade payables	(11,034)	(19,709)
Other payables and accruals	(11,039)	(24,395)
Due from a related party (trade)	680	-
Due to related parties (trade & non-trade)	(8,141)	-
Pension liability	-	228
Cash used in operations	(5,584)	(6,946)
Income tax paid	(4,239)	(5,908)
Net cash used in operating activities	(9,823)	(12,854)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property, plant and equipment	(12,481)	(11,180)
Addition of Intangible assets	(4,042)	(3,975)
Proceed from disposal of property, plant and equipment	373	-
Interest received	800	508
Net cash used in investing activities	(15,350)	(14,647)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from bank borrowings	96,307	61,500
Repayment of loans	(102,551)	(81,818)
Interest paid	(2,133)	(2,257)
Withdrawal of deposit for bank guarantee	-	21,680
Net cash used in financing activities	(8,377)	(895)
Net decrease in cash and cash equivalents	(33,550)	(28,396)
Effects of exchange rate changes in cash and cash equivalents	(2,145)	(5,856)
Cash and cash equivalents at beginning of the period	287,695	249,151
Cash and cash equivalents at end of the period	252,000	214,899
Note:		
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:		
-Cash at bank and in hand	753	803
-Fixed deposits with banks	297,761	241,484
	298,514	242,287
Less: Pledged deposit	(46,514)	(27,388)
Cash and cash equivalents per consolidated statement of cash flows	252,000	214,899

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/(deficit)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	154,623	62,393	(13,029)	33,056	658,601	29,595	(684)	924,555
Profit for the period	-	-	-	-	8,774	-	-	8,774
Other comprehensive income, net of tax	-	-	-	-	-	(13,101)	494	(12,607)
Balance at 31 March 2019	154,623	62,393	(13,029)	33,056	667,375	16,494	(190)	920,722

	Group							
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation reserve	Fair value reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 31 December 2017 (Restated)	154,623	60,965	(13,029)	33,056	623,625	16,152	310	875,702
Adoption of SFRS(I) 9	-	-	-	-	(1,907)	2	-	(1,905)
Balance at 1 January 2018	154,623	60,965	(13,029)	33,056	621,718	16,154	310	873,797
Profit for the period	-	-	-	-	11,371	-	-	11,371
Dividends	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	(8,869)	(258)	(9,127)
Balance at 31 March 2018	154,623	60,965	-13,029	33,056	633,089	7,285	52	876,041

	Company			
	Share capital	Revenue reserve	Translation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	154,623	117,069	11,588	283,280
Total comprehensive income for the period	-	539	(6,175)	(5,636)
Dividends	-	-	-	-
Balance at 31 March 2019	154,623	117,608	5,413	277,644

	Company			
	Share capital	Revenue reserve	Translation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2018	154,623	114,798	(2,467)	266,954
Total comprehensive income for the period	-	5,724	(10,117)	(4,393)
Balance at 31 March 2018	154,623	120,522	(12,584)	262,561

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

There have been no changes in the Company's share capital during the 3 months ended 31 March 2019.

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

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

The Company's total number of issued shares was 356,536,000 as at 31 March 2019 and as at 31 December 2018, respectively.

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2018.

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

The Group is still evaluating the impact of adopting IFRS(I) 16 Leases which is effective from 1 January 2019. The standard requires the Group to recognise ROU assets in respect of all its leases with corresponding lease liabilities. With this new standard, the Group will see an increase in reported assets and reported liabilities; and the operating lease expense currently included in cost of sales and administrative expenses will be replaced with depreciation and interest expense.

The Group has numerous operating leases and is still in the process of quantifying these for the purpose of complying with IFRS 16. The Group does not expect a significant impact to its profit or loss on adoption of this standard and endeavours to report its Q2 financial statements, including the impact of IFRS(I) 16.

Our operating lease commitments are disclosed in Note 38 in our 2018 Annual Report.

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	
1st Quarter ended 31/03/2019	1st Quarter ended 31/03/2018
Restated	

Earnings per ordinary share of the group
(in RMB cents):

(a) Based on weighted average number of ordinary shares on issue; and Weighted average number of ordinary shares for basic earnings per share computation ('000)	2.46	3.19
	356,536	356,536
(b) On a fully diluted basis Weighted average number of ordinary shares adjusted for the effect for dilution ('000)	2.46	3.19
	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
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	258.24	259.32	77.87	79.45
No. of ordinary shares used in computing net asset value ('000)	356,536	356,536	356,536	356,536

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.**

OUR BUSINESS

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

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

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

(a) Profit statement of the Group

For the 3 months ended 31 March 2019:

Revenue

The Group achieved sales of RMB397.3 million, representing a decrease of 5.9% or RMB24.8 million over last corresponding period.

Sales of the High Security Segment decreased by 4.0% or RMB8.2 million to RMB197.3 million over last corresponding period due to the sales decrease in ATM safes.

Sales of the Business Solutions Segment decreased by 7.7% or RMB16.6 million to RMB200.0 million over last corresponding period due to the decrease in sales orders.

Gross Profit

Gross profit of the Group decreased by 11.0% or RMB12.7 million to RMB102.2 million.

Gross margin of the Group decreased from 27.2% last corresponding period to 25.7%. Gross margin of the High Security Segment decreased from 31.2% to 27.9% due to the change of the product mix. And gross margin of the Business Solutions Segment increased slightly from 23.5% to 23.6%.

Administrative expenses

Administrative expenses decreased by 11.1% or RMB6.2 million to RMB49.2 million mainly due to the control over the administrative expenses.

Research and development expenses

Research and development expenses decreased by 11.9% or RMB2.2 million to RMB16.6 million mainly due to the completion of part of the development projects.

Other Income

Other income increased by RMB4.1 million to RMB7.2 million mainly due to the increase in sales of raw materials and government grants.

Other Expenses

Other expenses increased by RMB4.4 million to RMB12.2 million mainly due to an increase in foreign exchange loss, net.

Reversal/(Impairment losses) of impairment of financial assets

Reversal of impairment of financial assets was RMB1.2 million compared to impairment losses of RMB1.8 million, which was mainly due to Expected Credit Losses (ECL) model adopted by the Group to assess credit losses. Based on ECL model, there was a reversal of impairment loss on assets in 2019 Q1.

Profit before Tax

Profit before tax was RMB12.0 million, representing a decrease of 8.2% or RMB1.1 million as compared to RMB13.1 million during last corresponding period.

Income Tax Expenses

Income tax expenses increased by RMB1.5 million. It was mainly due to the increase of profit before tax generated from the profitable subsidiaries.

Net profit after Tax

Profit after tax was RMB8.8 million, representing a decrease of 22.8% or RMB2.6 million as compared to RMB11.4 million during last corresponding period.

(b) Statement of financial position of the Group

Non-current Assets

The Group's non-current assets decreased by RMB4.0 million from RMB484.8 million as at 31 December 2018 to RMB480.8 million as at 31 March 2019 mainly due to the decrease in intangible assets and property, plant and equipment.

Intangible assets decreased by RMB1.0 million from RMB66.2 million as at 31 December 2018 to RMB65.2 million as at 31 March 2019 mainly due to the normal amortization.

Property, plant and equipment decreased by RMB3.1 million from RMB327.2 million as at 31 December 2018 to RMB324.1 million as at 31 March 2019 mainly due to the normal depreciation partially offset by additions made.

Current Assets

The Group's current assets decreased by RMB38.8 million from RMB1,059.9 million as at 31 December 2018 to RMB1,021.1 million as at 31 March 2019 mainly due to the decrease in cash and bank balances, contract assets and inventories, partially offset by the increase in trade receivables and advance to suppliers.

Trade receivables increased by RMB10.6 million from RMB220.1 million as at 31 December 2018 to RMB230.7 million as at 31 March 2019 mainly due to higher revenue in March 2019.

Advance to suppliers increased by RMB2.7 million from RMB21.1 million as at 31 December 2018 to RMB23.8 million as at 31 March 2019 mainly due to the increase in advance payment for purchase of raw materials.

Contract assets decreased by RMB4.5 million from RMB39.2 million as at 31 December 2018 to RMB34.6 million as at 31 March 2019 mainly due to decrease in project sales.

Inventories decreased by RMB10.3 million from RMB412.3 million as at 31 December 2018 to RMB402.0 million as at 31 March 2019 mainly due to a decrease in finished goods.

Current Liabilities

Current liabilities decreased by RMB38.6 million from RMB475.8 million as at 31 December 2018 to RMB437.2 million as at 31 March 2019 mainly due to the decrease in borrowings, trade payables, other payables and accruals and due to related parties (trade & non-trade) partially offset by the increase of contract liabilities.

Borrowings decreased by RMB7.9 million from RMB153.5 million as at 31 December 2018 to RMB145.6 million as at 31 March 2019 due to the repayment.

Trade payables decreased by RMB12.0 million from RMB127.3 million as at 31 December 2018 to RMB115.3 million as at 31 March 2019 was mainly due to the payment for raw materials purchased by its Chinese and German subsidiaries.

Other payables and accruals decreased by RMB14.0 million from RMB107.2 million as at 31 December 2018 to RMB93.2 million as at 31 March 2019 was mainly due to the payment of accrued bonus as at 31 December 2018.

Due to related parties (trade & non-trade) decreased by RMB8.1 million from RMB9.3 million as at December 2018 to RMB1.2 million as at 31 March 2019 was mainly due to the payment of dividend.

Contract liabilities increased by RMB4.3 million from RMB74.4 million as at 31 December 2018 to RMB78.7 million as at 31 March 2019 was mainly due to the increase of advance from customers..

Non-current Liabilities

Non-current liabilities decreased by RMB0.4 million from RMB144.4 million as at 31 December 2018 to RMB144.0 million as at 31 March 2019 mainly due to the reclassification from non-current liabilities to current liabilities for bank borrowings during the period.

Shareholders' Equity

The shareholders' equity decreased from RMB924.6 million as at 31 December 2018 to RMB920.7 million as at 31 March 2019 due to foreign currency translation loss of RMB13.1 million, partially offset by net profit after tax of RMB 8.8 million.

(c) Cash Flow Statement of the Group

Net cash used in operating activities was RMB9.8 million for the 3 months ended 31 March 2019 mainly due to decrease in trade payables, other payables and accruals, due to related parties (trade & non-trade) and increase in trade receivables and advance to suppliers, partially offset by the operating profit before working capital changes, increase in contract liabilities and decrease in contract assets. The negative operating cash flow is mainly due to the payment for raw materials and accrued bonus and the slow season in the first quarter, during which the production was suspended for several days because of Chinese Spring Holiday.

Net cash used in investing activities was RMB15.4 million for the 3 months ended 31 March 2019 mainly due to purchase of property, plant and equipment and addition of intangible assets, partially offset by the government grant.

Net cash used in financing activities was RMB8.4 million for the 3 months ended 31 March 2019 mainly due to the repayment of short-term loans and interest paid, partially offset by the proceeds from bank borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The management expects trading conditions to remain challenging. Rising raw materials prices, ATM market shrinking and labour cost challenge will affect to group performance. On-going trading issues between China and US will bring some uncertainties to the Group's future performance. The Group has set up a Vietnamese plant and try to limit the tariff impact. Our gaming terminal sales are still strong.

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

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

11. Dividend

(a) Current Financial Period Reported On 31 March 2019

Any dividend declared for the current financial period reported on?

An interim dividend (tax exempt one-tier) of S\$ 0.01 per ordinary share is declared on 14 May 2019.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the previous financial period reported on?

An interim dividend (tax exempt one-tier) of S\$ 0.01 per ordinary share was declared on 14 May 2018.

(c) Date payable

Payment of the interim tax exempt dividend will be made before August 30, 2019.

(d) Books closure date

To be announced at a later date.

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

Not applicable.

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nantong Mayway Products Corp.	Rental for land and buildings for Q1 2019: RMB1.0 million*	NIL

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

The Group has re-negotiated with Nantong Mayway Products Corp. and the two lease agreements was renewed for a period of 3 years commencing from 1 January 2019 with aggregate annual rental at RMB4.2million.

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

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

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

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 1st quarter ended 31 March 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Johnny Liu
Chairman & CEO

Liu Bin
Executive Director

BY ORDER OF THE BOARD

Johnny Liu
Chairman & CEO
14 May 2019