

UNAUDITED FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

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

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

Group	3rd Quarter	3rd Quarter	Change	9 Months	9 Months	Change
	ended	ended		ended	ended	
	30/09/2015	30/09/2014	%	30/09/2015	30/09/2014	%
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	344,021	314,185	9.5	863,591	781,685	10.5
Cost of sales	(228,069)	(213,620)	6.8	(605,217)	(576,252)	5.0
Gross Profit	115,952	100,565	15.3	258,374	205,433	25.8
Selling and distribution expenses	(18,565)	(13,971)	32.9	(42,883)	(38,513)	11.3
Administrative expenses	(33,047)	(34,106)	(3.1)	(97,112)	(67,273)	44.4
Research and development expenses	(6,831)	(9,063)	(24.6)	(18,221)	(21,904)	(16.8)
Profit from Operations	57,509	43,425	32.4	100,158	77,743	28.8
Financial income, net	430	447	(3.8)	2,895	1,303	122.2
Share of profit from associate	236	46	413.0	570	46	n.m
Other income	10,395	74,928	(86.1)	15,497	104,900	(85.2)
Other expenses	(7,911)	(5,947)	33.0	(2,200)	(18,908)	(88.4)
Profit Before Tax	60,659	112,899	(46.3)	116,920	165,084	(29.2)
Income tax	(9,365)	(4,686)	99.9	(20,927)	(15,965)	31.1
Net Profit After Tax	51,294	108,213	(52.6)	95,993	149,119	(35.6)
Profit attributable to:						
Equity holders of the Company	51,294	110,362	(53.5)	95,993	151,268	(37)
Non-controlling interests	-	(2,149)	(100.0)	-	(2,149)	(100)
Other Comprehensive Income						
Item that may be reclassified						
subsequently to profit or loss:						
Currency translation differences arising from consolidation	(2,163)	(12,110)	(82.1)	(2,163)	(11,888)	(81.8)
Total Comprehensive Income for the period	49,131	96,103	(48.9)	93,830	137,231	(31.6)
Total comprehensive income						
attributable to:						
Equity holders of the Company	49,131	100,918	(51.3)	93,830	142,046	(33.9)
Non-controlling interests	-	(4,815)	(100.0)	-	(4,815)	(100.0)

n.m. : not meaningful

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

(A) Other Income

	3rd Quarter ended 30/09/2015 RMB'000	3rd Quarter ended 30/09/2014 RMB'000	Change %	9 Months ended 30/09/2015 RMB'000	9 Months ended 30/09/2014 RMB'000	Change %
Sales of steel scrap	667	636	4.9	1,988	1,184	67.9
Net of sales of raw materials	260	1,125	(76.9)	1,702	1,959	(13.1)
Amortisation of deferred income	331	331	-	993	811	22.4
Government grants	851	2,477	(65.6)	1,740	4,152	(58.1)
Settlement of forward contracts	-	1,307	(100.0)	666	7,647	(91.3)
Fair value gain on derivative financial instruments	-	-	-	4,408	-	n.m.
Foreign exchange gain, net	5,357	-	n.m.	1,070	475	125.2
Fair value changes on contingent consideration	2,768	-	n.m.	2,768	19,474	(85.8)
Bargain purchase arising from the acquisition	-	68,783	(100.0)	-	68,783	(100.0)
Others	161	269	(40.1)	162	415	(61.0)
	10,395	74,928	(86.1)	15,497	104,900	(85.2)

(B) Other Expenses

	3rd Quarter ended 30/09/2015 RMB'000	3rd Quarter ended 30/09/2014 RMB'000	Change %	9 Months ended 30/09/2015 RMB'000	9 Months ended 30/09/2014 RMB'000	Change %
Amortisation of land use rights	(325)	(231)	40.7	(976)	(693)	40.8
Fair value loss on derivative financial instruments	(4,731)	(1,878)	151.9	-	(14,479)	(100.0)
Withholding tax on dividends	-	-	-	-	(2,000)	(100.0)
Professional fees for acquisition	-	(1,736)	(100.0)	-	(1,736)	(100.0)
Foreign exchange loss, net	-	(2,102)	(100.0)	-	-	-
Settlement of forward contracts	(1,642)	-	n.m.	-	-	-
Others	(1,213)	-	n.m.	(1,224)	-	n.m.
	(7,911)	(5,947)	33.0	(2,200)	(18,908)	(88.4)

(C) Financial Income, net

	3rd Quarter ended 30/09/2015 RMB'000	3rd Quarter ended 30/09/2014 RMB'000	Change %	9 Months ended 30/09/2015 RMB'000	9 Months ended 30/09/2014 RMB'000	Change %
Interest income	740	1,247	(40.7)	4,933	2,806	75.8
Interest expenses	(407)	(674)	(39.6)	(2,038)	(749)	172.1
Unwinding of discount on contingent consideration	97	(126)	n.m.	-	(754)	(100.0)
	430	447	(3.8)	2,895	1,303	122.2

(D) Depreciation and Amortisation

	3rd Quarter ended 30/09/2015 RMB'000	3rd Quarter ended 30/09/2014 RMB'000	Change %	9 Months ended 30/09/2015 RMB'000	9 Months ended 30/09/2014 RMB'000	Change %
Depreciation on property, plant and equipment	4,355	5,345	(18.5)	13,048	12,626	3.3
Amortisation of land use rights	325	231	40.7	976	693	40.8
Amortisation of intangible assets	1,365	1,618	(15.6)	4,096	3,789	8.1
	<u>6,045</u>	<u>7,194</u>	<u>(16.0)</u>	<u>18,120</u>	<u>17,108</u>	<u>5.9</u>

For the 9 months ended 30 September 2015, the Group's depreciation expenses increased by 3.3% to RMB13.0 million over last corresponding period due to the addition of property, plant and equipment of Chinese subsidiaries and the acquisition of Deutsche Mechatronics GmbH ("DTMT").

For the 9 months ended 30 September 2015, the Group's amortisation of land use rights increased by 40.8% to RMB1.0 million over last corresponding period as the Group started to amortize 2 newly acquired pieces of land from Q4 2014.

For the 9 months ended 30 September 2015, the Group's amortisation of intangible assets increased by 8.1% to RMB4.1 million over last corresponding period as the Group started to amortize a major R&D project from Q3 2014.

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

	Group			Company		
	As At	As At	Change	As At	As At	Change
	30/09/2015	31/12/2014		30/09/2015	31/12/2014	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
	Unaudited	Audited		Unaudited	Audited	
Assets						
Non-current Assets						
Intangible assets	11,402	15,498	(26.4)	-	-	-
Investment in subsidiaries	-	-	-	29,313	28,925	1.3
Investment in associate	7,186	6,616	8.6	-	-	-
Land use rights	60,092	61,068	(1.6)	-	-	-
Property, plant and equipment	239,730	236,417	1.4	-	-	-
Held-to-maturity investments	9,098	-	n.m.	-	-	-
Deferred tax assets	2,126	-	n.m.	-	-	-
Total Non-current Assets	329,634	319,599	3.1	29,313	28,925	1.3
Current Assets						
Cash and bank balances	170,608	77,813	119.3	15,698	7,413	111.8
Available-for-sale financial assets	-	100,000	(100.0)	-	-	-
Trade receivables	228,945	164,728	39.0	2,492	2,413	3.3
Advances to suppliers	56,556	16,236	248.3	-	-	-
Other receivables, deposits and prepayment	1,461	5,150	(71.6)	-	-	-
Due from subsidiaries (non-trade)	-	-	-	107,273	151,962	(29.4)
Inventories	182,962	153,653	19.1	9,367	-	n.m.
Total Current Assets	640,532	517,580	23.8	134,830	161,788	(16.7)
Total Assets	970,166	837,179	15.9	164,143	190,713	(13.9)
Liabilities						
Current Liabilities						
Borrowings	49,183	35,449	38.7	-	-	-
Trade payables	123,233	82,969	48.5	-	2,883	(100.0)
Other payables and accruals	70,311	71,720	(2.0)	1,893	2,157	(12.2)
Due to a related party (trade)	1,349	442	205.2	-	-	-
Derivative financial instruments	206	4,635	(95.6)	-	1,050	(100.0)
Provision for income tax	11,331	10,014	13.2	-	-	-
Total Current Liabilities	255,613	205,229	24.6	1,893	6,090	(68.9)
Non-current Liabilities						
Long-term borrowing	9,327	7,426	25.6	-	-	-
Other payables	2,275	5,285	(57.0)	-	2,826	(100.0)
Deferred income	14,665	9,418	55.7	-	-	-
Deferred tax liabilities	13,945	4,934	182.6	-	-	-
Total Non-current Liabilities	40,212	27,063	48.6	-	2,826	(100.0)
Total Liabilities	295,825	232,292	27.4	1,893	8,916	(78.8)
Net Assets	674,341	604,887	11.5	162,250	181,797	(10.8)
Equity						
Capital and reserves attributable to the equity holders of the Company						
Share capital	168,067	168,067	-	168,067	168,067	-
Capital reserve	33,056	33,056	-	-	-	-
Revenue reserve	462,574	390,957	18.3	12,616	25,442	(50.4)
Statutory reserve	44,975	44,975	-	-	-	-
Translation deficit	(21,302)	(19,139)	11.3	(18,433)	(11,712)	57.4
Merger deficit	(13,029)	(13,029)	-	-	-	-
Total Equity	674,341	604,887	11.5	162,250	181,797	(10.8)

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

	Group		Group	
	As at 30 September 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	49,183	-	35,449	-
Amount repayable above one year	9,327	-	7,426	-
Total	58,510	-	42,875	-

Details of any collateral

As at 30 September 2015, borrowings comprised:

- (1) A loan of USD1.0 million (equivalent to RMB6.4 million) was obtained by a PRC subsidiary of the Company from Citi Bank to finance the working capital.
- (2) A mortgage loan of USD0.7 million (equivalent to RMB4.6 million) was obtained by a US subsidiary of the Company from East West Bank to finance the acquisition of a warehouse in USA. The Company provided corporate guarantee for the loan.
- (3) A loan of EUR0.6 million (equivalent to RMB4.6 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the purchase of machine. The loan was secured by the machine itself.
- (4) A loan of EUR1.3 million (equivalent to RMB9.6 million) was obtained from Commerzbank by Format Tresorbau GmbH & Co. KG to finance the working capital. The Company provided corporate guarantee for the loan.
- (5) Deutsche Mechatronics GmbH ("DTMT") has an outstanding loan of EUR4.3 million (equivalent to RMB30.8 million) from a German commercial bank and finance leases of EUR0.4 million (equivalent to RMB2.5 million) with effective interest rate ranging from 2.6% to 5.49% per annum. The loan was secured on the land of DTMT.

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

GROUP CASH FLOW STATEMENT	3rd Quarter ended 30/09/2015 RMB'000	3rd Quarter ended 30/09/2014 RMB'000	9 Months ended 30/09/2015 RMB'000	9 Months ended 30/09/2014 RMB'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Profit before tax	60,659	112,899	116,920	165,084
Adjustments:				
Amortisation of land use rights	325	231	976	693
Amortisation of intangible assets	1,365	1,618	4,096	3,789
Amortisation of deferred government grant	(331)	(983)	(993)	(1,463)
Depreciation of property, plant and equipment	4,355	5,345	13,048	12,626
Fair value changes on contingent consideration	(2,768)	-	(2,768)	(19,474)
Fair value (gain)/loss on derivative financial instruments	4,731	1,878	(4,408)	14,479
Gain on disposal of property, plant and equipment	-	(53)	-	(53)
Settlement of forward contracts	1,642	(1,307)	(666)	(7,647)
Interest expenses	407	674	2,038	749
Interest income	(740)	(1,247)	(4,933)	(2,806)
Unwinding of discount on contingent consideration	(97)	126	-	754
Share of profits from associate	(236)	(46)	(570)	(46)
Bargain purchase arising from the acquisition of a subsidiary	-	(68,783)	-	(68,783)
Withholding tax	-	2,000	-	2,000
Operating profit before working capital changes	69,312	52,352	122,740	99,902
Trade receivables	(49,886)	(47,061)	(64,901)	(46,533)
Other receivables, deposits and prepayments	4,997	(5,968)	3,558	(2,608)
Advances to suppliers	(21,229)	(6,232)	(40,353)	(21,666)
Trade payables	23,275	22,546	40,654	3,164
Other payables and accruals	10,908	3,311	(2,008)	6,696
Due to a related party (trade)	801	3	907	(194)
Due from related parties (trade)	-	(934)	-	(934)
Inventories	(23,926)	(3,276)	(31,539)	14,064
Cash generated from operations	14,252	14,741	29,058	51,891
Income tax paid	(4,339)	(5,068)	(12,572)	(8,848)
Net cash generated from operating activities	9,913	9,673	16,486	43,043
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of property, plant and equipment	(5,469)	(5,446)	(19,519)	(30,333)
Interest received	701	1,247	4,894	2,806
Settlement of forward contracts	(1,642)	1,307	666	7,647
Government grants received	-	-	6,240	-
Proceed from disposal of property, plant and equipment	-	216	-	216
Acquisition of non controlling interests without a change in control	-	10,286	-	10,286
Proceeds from the maturity of available-for-sale financial assets	-	-	100,000	-
Purchase of held-to-maturity investments	(8,786)	-	(8,786)	-
Net cash generated from/(used in) investing activities	(15,196)	7,610	83,495	(9,378)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Dividend paid	-	-	(24,376)	(17,736)
Proceeds from bank borrowings	10,795	-	21,675	5,408
Repayment of short-term loans	(951)	(6,643)	(2,921)	(6,643)
Due to a related party (non-trade)	-	-	-	(3,600)
Interest paid	(407)	(526)	(2,038)	(749)
Release from pledged deposits	1,976	(59)	16,855	510
Net cash generated from/(used in) financing activities	11,413	(7,228)	9,195	(22,810)
Net increase in cash and cash equivalents	6,130	10,055	109,176	10,855
Effects of exchange rate changes in cash and cash equivalents	1,753	(1,913)	474	(1,716)
Cash and cash equivalents at beginning of the period	162,493	150,199	60,726	149,202
Cash and cash equivalents at end of the period	170,376	158,341	170,376	158,341
Note:				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:				
-Cash at bank and in hand	2,659	63,354	2,659	63,354
-Fixed deposits with banks	167,949	114,037	167,949	114,037
	170,608	177,391	170,608	177,391
Less: Pledged deposit	(232)	(19,050)	(232)	(19,050)
Cash and cash equivalents per consolidated statement of cash flows	170,376	158,341	170,376	158,341

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

	Group								
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation deficit	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	168,067	44,975	(13,029)	33,056	390,957	(19,139)	604,887	-	604,887
Total comprehensive income for the period	-	-	-	-	95,993	(2,163)	93,830	-	93,830
Dividends	-	-	-	-	(24,376)	-	(24,376)	-	(24,376)
Balance at 30 September 2015	168,067	44,975	(13,029)	33,056	462,574	(21,302)	674,341	-	674,341

	Group								
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation deficit	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	168,067	38,740	(13,029)	33,056	237,504	(1,611)	462,727	-	462,727
Total comprehensive income for the period	-	-	-	-	151,268	(9,222)	142,046	(4,815)	137,231
Dividends	-	-	-	-	(17,736)	-	(17,736)	-	(17,736)
From acquisition of a subsidiary	-	-	-	-	-	-	-	47,666	47,666
Capital contribution from equity	-	-	-	-	-	-	-	3,304	3,304
Balance at 30 September 2014	168,067	38,740	(13,029)	33,056	371,036	(10,833)	587,037	46,155	633,192

	Company			
	Share capital	Revenue reserve	Translation deficit	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	168,067	25,442	(11,712)	181,797
Total comprehensive loss for the period	-	11,550	(6,721)	4,829
Dividends	-	(24,376)	-	(24,376)
Balance at 30 September 2015	168,067	12,616	(18,433)	162,250

	Company			
	Share capital	Revenue reserve/(accumulated losses)	Translation deficit	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	168,067	(43,027)	(4,342)	120,698
Total comprehensive income for the period	-	90,710	(702)	90,008
Dividends	-	(17,736)	-	(17,736)
Balance at 30 September 2014	168,067	29,947	(5,044)	192,970

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

There have been no changes in the Company's share capital during the 9 months ended 30 September 2015.

The Company did not hold any treasury shares as at 30 September 2015 or 31 December 2014 respectively.

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

The Company's total number of issued shares was 356,536,000 as at 30 September 2015 and as at 31 December 2014 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.

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

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

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

Not applicable.

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

There are certain new Singapore Financial Reporting Standards ("FRS") that are published and mandatory for accounting periods beginning on or after 1 January 2015. The adoption of these FRS where applicable did not have any material impact on the financial statements for 9 months ended 30 September 2015. Apart from this, the same accounting policies and methods of computation have been consistently applied.

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

Not applicable.

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

	Group			
	3rd Quarter ended	3rd Quarter ended	9 Months ended	9 Months ended
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
<u>Earnings per ordinary share of the group (in RMB cents):</u>				
(a) Based on weighted average number of ordinary shares on issue; and	14.39	30.35	26.92	41.82
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	14.39	30.35	26.92	41.82
Weighted average number of ordinary shares adjusted for the effect for dilution ('000)	356,536	356,536	356,536	356,536

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at	As at	As at	As at
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	189.14	169.66	45.51	50.99
No. of ordinary shares used in computing net asset value ('000)	356,536	356,536	356,536	356,536

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

OUR BUSINESS

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

The Group also provides business solutions to customers by designing, engineering, manufacturing and assembling electro-mechanical equipment and modules, semi-conductor instruments and other products.

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

(a) Profit statement of the Group

For the 9 months ended 30 September 2015:

Revenue

The Group achieved sales of RMB863.6 million, representing an increase of 10.5% or RMB81.9 million over last corresponding period.

Sales of the High Security Segment decreased by 10.9% or RMB75.0 million to RMB614.3 million over last corresponding period due to the drop in orders for gaming machine and phase out of a few ATM safe models.

Sales of the Business Solutions Segment increased by RMB156.9 million to RMB249.3 million over last corresponding period due to the acquisition of DTMT, sales of which was RMB199.8 million during the period and RMB45.8 million during last corresponding period respectively.

Gross Profit

Gross profit of the Group increased by 25.8% or RMB52.9 million to RMB258.4 million.

Gross margin of the Group increased from 26.3% in last corresponding period to 29.9%. Gross margin of the High Security Segment increased from 26.5 to 33.4% due to the change of product mix and better cost control. Gross margin of the Business Solutions Segment decreased from 24.6% to 21.3% mainly due to lower gross margin of DTMT's products.

Selling and Distribution Expenses

Selling and distribution expenses increased by 11.3%, or RMB4.4 million to RMB42.9 million mainly due to the acquisition of DTMT. DTMT incurred RMB5.0 million of selling and distribution expense during the period, compared with RMB1.0 million during last corresponding period.

Administrative Expenses

Administrative expenses increased by 44.4%, or RMB29.8 million to RMB97.1 million mainly due to the acquisition of DTMT. DTMT incurred RMB33.5 million in administrative expenses during the period, compared with RMB10.3 million during last corresponding period.

Research and Development Expenses

Research and development expenses decreased by 16.8%, or RMB3.7 million to RMB18.2 million due to the Group's focus on a few key R&D projects during the period.

Financial Income

Net financial income increased by RMB1.6 million mainly due to the increase of the interest income.

Share of Profit in Associate

The Group recognized a profit of RMB0.6 million in an associate as the result of acquisition of DTMT, which indirectly owns a 50% share of the company in China.

Other Income

Other income decreased by RMB89.4 million to RMB15.5 million mainly due to the decrease in the bargain purchase arising from the acquisition, fair value changes on contingent consideration and settlement of forward contracts, partially offset by the increase of fair value gain on derivative financial instruments.

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

Other Expenses

Other expenses decreased by RMB16.7 million to RMB2.2 million mainly due to the decrease in fair value loss on derivative financial instruments and withholding tax on dividends.

Profit before Tax from Operations

Profit before tax was RMB116.9 million, representing a decrease of 29.2% or RMB48.2 million as compared to RMB165.1 million during last corresponding period.

Profit from Operations, Net of Tax

Profit after tax was RMB96.0 million, representing a decrease of 35.6% or RMB53.1 million as compared to RMB149.1 million during last corresponding period.

For the 3 months ended 30 September 2015:

Revenue

The Group achieved sales of RMB344.0 million, representing an increase of 9.5% or RMB29.8 million over last corresponding period.

Sales of the High Security Segment increased marginally by 1.3% or RMB3.4 million to RMB258.3 million over last corresponding period.

Sales of the Business Solutions Segment increased by 44.5% or RMB26.4 million to RMB85.8 million over last corresponding period due to the acquisition of DTMT, sales of which was RMB69.6 million during the period and RMB45.8 million during last corresponding period respectively.

Gross Profit

Gross profit of the Group increased by 15.3% or RMB15.4 million to RMB116.0 million.

Gross margin of the Group increased from 32.0% in last corresponding period to 33.7%. Gross margin of the High Security Segment increased from 35.2% to 36.2% due to the change of product mix and better cost control. Gross margin of the Business Solutions Segment increased from 18.4% to 26.2% mainly due to the change of product mix.

Selling and Distribution Expenses

Selling and distribution expenses increased by 32.9%, or RMB4.6 million to RMB18.6 million mainly due to the increase in after-sales service expenses in Q3 and the acquisition of DTMT.

DTMT incurred RMB1.6 million of selling and distribution expense during the period.

Research and Development Expenses

Research and development expenses decreased by 24.6%, or RMB2.2 million to RMB6.8 million due to the Group's focus on a few key R&D projects during the period.

Share of Profit in Associate

The Group recognized a profit of RMB0.2 million in an associate as the result of acquisition of DTMT, which indirectly owns a 50% share of the company in China.

Other Income

Other income decreased by RMB64.5 million to RMB10.4 million mainly due to the decrease in bargain purchase arising from the acquisition, partially offset by the increase of foreign exchange gain.

Other Expenses

Other expenses increased by RMB2.0 million to RMB7.9 million mainly due to the increase in fair value loss on derivative financial instruments, partially offset by the decrease of foreign exchange loss.

Profit before Tax from Operations

Profit before tax was RMB60.7 million, representing a decrease of 46.3% or RMB52.2 million as compared to RMB112.9 million in Q3 2014.

Profit from Operations, Net of Tax

Profit after tax was RMB51.3 million, representing a decrease of 52.6% or RMB56.9 million as compared to RMB108.2 million in Q3 2014 when the Group recognized a bargain purchase of RMB68.7m from the acquisition of DTMT.

(b) Statement of financial position of the Group

Non-current Assets

The Group's non-current assets increased by RMB10.0 million from RMB319.6 million as at 31 December 2014 to RMB329.6 million as at 30 September 2015 mainly due to the increase in held-to-maturity investments, property, plant and equipment and deferred tax assets, partially offset by the decrease in intangible assets.

During the period, the Group invested in two bonds issued by Bank of China and SHUI ON Development (Holding) Limited, bearing interest rate at 2.125% and 8.7% and maturing in 2 and 3 years respectively. The bonds are classified as held-to-maturity investment with carrying amounts of RMB9.1 million as at 30 September 2015.

Current Assets

The Group's current assets increased by RMB123.0 million from RMB517.6 million as at 31 December 2014 to RMB640.5 million as at 30 September 2015 mainly due to the increase in trade receivables, advance to suppliers and inventories.

Trade receivables increased by RMB64.2 million from RMB164.7 million as at 31 December 2014 to RMB228.9 million as at 30 September 2015 mainly due to higher sales revenue in September 2015.

Advances to suppliers increased by RMB40.3 million from RMB16.2 million as at 31 December 2014 to RMB56.6 million as at 30 September 2015 mainly due to the increase in advance payment for purchase of raw materials.

Inventories increased by RMB29.3 million from RMB153.7 million as at 31 December 2014 to RMB183.0 million as at 30 September 2015 mainly due to stock up in order to meet the needs of sales growth.

Current Liabilities

Current liabilities increased by RMB50.4 million from RMB205.2 million as at 31 December 2014 to RMB255.6 million as at 30 September 2015 mainly due to the increase in borrowings and trade payables, partially offset by the decrease in derivative financial instruments.

Borrowings increased by RMB13.7 million from RMB35.4 million as at 31 December 2014 to RMB49.2 million as at 30 September 2015. The new acquired loan was used to finance the working capital of the Group.

Trade payables increased by RMB40.2 million from RMB83.0 million as at 31 December 2014 to RMB123.2 million as at 30 September 2015, which was mainly due to the increase of purchase of raw materials.

Derivative financial instruments decreased by RMB4.4 million due to the fluctuation of the exchange rate of Chinese Yuan against USD during the period.

Non-current Liabilities

Non-current liabilities increased by RMB13.1 million from RMB27.1 million as at 31 December 2014 to RMB40.2 million as at 30 September 2015 mainly due to the increase in long-term borrowing, deferred income and deferred tax liabilities, partially offset by the decrease in other payables.

Deferred income increased by RMB5.2 million as compared to 31 December 2014 due to the increase in government grant.

Deferred tax liabilities increased by RMB9.0 million from RMB4.9 million as at 31 December 2014 to RMB13.9 million as at 30 September 2015 due to the deferred tax recognized on the undistributed profits of its China subsidiaries.

Other payables decreased by RMB3.0 million from RMB5.3 million to RMB2.3 million mainly due to the decrease in the contingent liability arising from the acquisition of Format.

Shareholders' Equity

As a result of the Group's positive total comprehensive income generated during the period, the shareholders' equity increased from RMB604.9 million as at 31 December 2014 to RMB674.3 million as at 30 September 2015.

(c) Cash Flow Statement of the Group

Net cash generated from operating activities was RMB16.5 million for the 9 months ended 30 September 2015 which was mainly due to the increase in the operating profit before working capital changes and increase in trade payables, partially offset by the increase in trade receivables, advance to suppliers and inventories.

Net cash generated from investing activities was RMB83.5 million for the 9 months ended 30 September 2015 mainly due to the proceeds from the maturity of available-for-sale financial assets, partially offset by the addition of property, plant and equipment and purchase of held-to-maturity investments.

Net cash generated from financing activities was RMB9.2 million for the 9 months ended 30 September 2015 mainly due to the proceeds from bank borrowing and release from pledged deposits, partially offset by the payment of interim dividends.

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

Not applicable.

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

The Group will continue its efforts in expanding markets in the Asia Pacific region, USA and Europe. We will continue to focus on innovation, value-added product development and production efficiency.

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Interested Person Transactions (“IPTs”)

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nantong Mayway Products Corp.	Rental for land and buildings for Q3 2015: RMB0.9 million	NIL

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

The Group has re-negotiated with Nantong Mayway Products Corp. and the two lease agreements was renewed for a period of 3 years commencing from 1 January 2013 with aggregate annual rental at RMB3.74 million.

14. Negative confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 3rd quarter ended 30 September 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Johnny Liu Jiayan
Chairman & CEO

Liu Bin
Executive Director

BY ORDER OF THE BOARD

Johnny Liu Jia Yan
Chairman & CEO
13 November 2015