

## UNAUDITED FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2017

## PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 4TH QUARTER AND FULL YEAR 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	4th Quarter ended 31/12/2017 RMB'000	4th Quarter ended 31/12/2016 RMB'000	Change %	12 Months ended 31/12/2017 RMB'000	12 Months ended 31/12/2016 RMB'000	Change %
Revenue	463,781	444,391	4.4	1,656,534	1,390,210	19.2
Cost of sales	(366,561)	(337,458)	8.6	(1,239,409)	(984,731)	25.9
<b>Gross Profit</b>	<b>97,220</b>	<b>106,933</b>	<b>(9.1)</b>	<b>417,125</b>	<b>405,479</b>	<b>2.9</b>
Selling and distribution expenses	(20,922)	(28,792)	(27.3)	(80,507)	(68,987)	16.7
Administrative expenses	(58,674)	(47,556)	23.4	(217,750)	(159,801)	36.3
Research and development expenses	(14,499)	(11,264)	28.7	(55,557)	(33,475)	66.0
<b>Profit from Operations</b>	<b>3,125</b>	<b>19,321</b>	<b>(83.8)</b>	<b>63,311</b>	<b>143,216</b>	<b>(55.8)</b>
Financial expenses, net	(1,784)	(3,280)	(45.6)	(8,302)	(5,501)	50.9
Share of results from associates	(143)	(340)	(57.9)	417	125	233.6
Other income	12,935	15,205	(14.9)	28,053	28,858	(2.8)
Other expenses	(11,973)	(2,239)	434.7	(16,315)	(6,198)	163.2
<b>Profit Before Tax</b>	<b>2,160</b>	<b>28,667</b>	<b>(92.5)</b>	<b>67,164</b>	<b>160,500</b>	<b>(58.2)</b>
Income tax	6,207	(7,838)	n.m.	(2,905)	(34,396)	(91.6)
<b>Net Profit After Tax</b>	<b>8,367</b>	<b>20,829</b>	<b>(59.8)</b>	<b>64,259</b>	<b>126,104</b>	<b>(49.0)</b>
<b>Other Comprehensive Income/(loss)</b>						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Currency translation differences arising from consolidation	(1,515)	3,039	n.m.	4,024	17,171	(76.6)
Changes in fair value of available-for-sale financial assets	60	20	200.0	174	130	33.8
<u>Items that will not be reclassified subsequently to profit or loss:</u>						
Actuarial gains on defined benefit pension scheme	(1,271)	7,527	n.m.	(1,271)	7,527	n.m.
Movement of deferred tax relating to pension deficit	209	(1,330)	n.m.	209	(1,330)	n.m.
Other Comprehensive (Loss)/Income for the period	(2,517)	9,256	n.m.	3,136	23,498	(86.7)
<b>Total Comprehensive Income for the period</b>	<b>5,850</b>	<b>30,085</b>	<b>(80.6)</b>	<b>67,395</b>	<b>149,602</b>	<b>(55.0)</b>

n.m.: not meaningful.

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

**(A) Other Income**

	4th Quarter ended 31/12/2017 RMB'000	4th Quarter ended 31/12/2016 RMB'000	Change %	12 Months ended 31/12/2017 RMB'000	12 Months ended 31/12/2016 RMB'000	Change %
Net of sales of raw materials	3,245	186	n.m.	9,744	825	n.m.
Sales of steel scrap	968	2,598	(62.7)	3,177	4,005	(20.7)
Foreign exchange gain, net	-	6,795	(100.0)	-	12,347	(100.0)
Amortisation of deferred income	91	331	(72.5)	764	1,324	(42.3)
Gain on bargain purchase arising from acquisition	-	1,805	(100.0)	-	4,352	(100.0)
Fair value gain on derivative financial instruments	-	1,427	(100.0)	-	1,427	(100.0)
Government grants	4,379	27	n.m.	8,004	1,854	331.7
Reversal of prior year's payable	2,461	-	n.m.	2,461	-	n.m.
Reversal of long term unclaimed payable	153	-	n.m.	658	-	n.m.
Gain on disposal of property, plant and equipment	-	379	(100.0)	-	379	(100.0)
Others	1,638	1,657	(1.1)	3,245	2,345	38.4
	12,935	15,205	(14.9)	28,053	28,858	(2.8)

**(B) Other Expenses**

	4th Quarter ended 31/12/2017 RMB'000	4th Quarter ended 31/12/2016 RMB'000	Change %	12 Months ended 31/12/2017 RMB'000	12 Months ended 31/12/2016 RMB'000	Change %
Amortisation of land use rights	(338)	(341)	(0.9)	(1,350)	(1,317)	2.5
Impairment loss on trade receivables	(330)	1,164	n.m.	(376)	(897)	(58.1)
Loss on disposal of property, plant and equipment	(285)	336	n.m.	(589)	-	n.m.
Foreign exchange loss, net	(2,469)	-	n.m.	(3,411)	-	n.m.
Fair value (loss)/gain on derivative financial instruments	(552)	151	n.m.	(2,035)	-	n.m.
Value added tax adjustments	-	(2,889)	(100.0)	-	(2,889)	(100.0)
Settlement of forward contracts	-	(168)	(100.0)	(456)	(168)	171.4
Impairment loss on intangible assets	(7,908)	-	n.m.	(7,908)	-	n.m.
Others	(91)	(492)	(81.5)	(190)	(927)	(79.5)
	(11,973)	(2,239)	434.7	(16,315)	(6,198)	163.2

**(C) Financial Expenses, net**

	4th Quarter ended 31/12/2017 RMB'000	4th Quarter ended 31/12/2016 RMB'000	Change %	12 Months ended 31/12/2017 RMB'000	12 Months ended 31/12/2016 RMB'000	Change %
Interest income	377	-	n.m.	1,767	1,122	57.5
Interest expenses	(1,997)	(2,882)	(30.7)	(8,023)	(6,225)	28.9
Net interest on net defined benefit liability	(164)	(398)	(58.8)	(2,046)	(398)	414.1
	(1,784)	(3,280)	(45.6)	(8,302)	(5,501)	50.9

**(D) Depreciation and Amortisation**

	4th Quarter ended	4th Quarter ended		12 Months ended	12 Months ended	
	31/12/2017	31/12/2016	Change	31/12/2017	31/12/2016	Change
	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>
Depreciation on property, plant and equipment	7,177	7,405	(3.1)	28,349	24,244	16.9
Amortisation of land use rights	338	341	(0.9)	1,350	1,317	2.5
Amortisation of intangible assets	<u>3,607</u>	<u>3,255</u>	10.8	<u>16,450</u>	<u>7,965</u>	106.5
	11,122	11,001	1.1	46,149	33,526	37.7

For the 12 months ended 31 December 2017, the Group's depreciation expenses increased by 16.9% to RMB28.3 million over last corresponding period due to the addition of property, plant and equipment of Chinese subsidiaries and the consolidation of Metric UK and Almex since October 2016.

For the 12 months ended 31 December 2017, the Group's amortisation of intangible assets increased by RMB8.5 million to RMB16.5 million over last corresponding period due to the consolidation of Metric UK and Almex since October 2016.

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
	31/12/2017	31/12/2016		31/12/2017	31/12/2016	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Unaudited	Audited		Unaudited	Audited	
<b>Assets</b>						
<b>Non-current Assets</b>						
Intangible assets	76,820	81,456	(5.7)	-	-	-
Investment in subsidiaries	-	-	-	45,801	48,625	(5.8)
Investment in associates	7,932	7,093	11.8	-	-	-
Land use rights	59,500	60,850	(2.2)	-	-	-
Property, plant and equipment	326,601	289,665	12.8	-	-	-
Held-to-maturity investments	-	6,268	(100.0)	-	-	-
Deferred tax assets	21,938	19,885	10.3	-	-	-
<b>Total Non-current Assets</b>	<b>492,791</b>	<b>465,217</b>	5.9	<b>45,801</b>	<b>48,625</b>	(5.8)
<b>Current Assets</b>						
Cash and bank balances	298,219	295,006	1.1	11,846	32,725	(63.8)
Held-to-maturity investments	-	3,561	(100.0)	-	-	-
Available-for-sale financial assets	16,748	10,596	58.1	-	-	-
Trade receivables	306,727	260,850	17.6	6,826	5,704	19.7
Advances to suppliers	34,763	35,053	(0.8)	-	1,126	(100.0)
Other receivables, deposits and prepayments	11,584	9,849	17.6	332	310	7.1
Due from subsidiaries (non-trade)	-	-	-	217,892	152,610	42.8
Derivative financial instruments	-	1,427	(100.0)	-	-	-
Inventories	373,661	274,299	36.2	-	-	-
<b>Total Current Assets</b>	<b>1,041,702</b>	<b>890,641</b>	17.0	<b>236,896</b>	<b>192,475</b>	23.1
<b>Total Assets</b>	<b>1,534,493</b>	<b>1,355,858</b>	13.2	<b>282,697</b>	<b>241,100</b>	17.3
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Borrowings	185,200	106,872	73.3	-	-	-
Trade payables	155,841	110,355	41.2	1,858	2,816	(34.0)
Other payables and accruals	156,357	153,335	2.0	1,548	1,363	13.6
Due to a related party (trade)	243	242	0.4	-	-	-
Derivative financial instruments	608	-	n.m.	-	-	-
Provision for income tax	6,464	9,566	(32.4)	841	1,894	(55.6)
Due to subsidiaries	-	-	-	58,212	67,050	(13.2)
<b>Total Current Liabilities</b>	<b>504,713</b>	<b>380,370</b>	32.7	<b>62,459</b>	<b>73,123</b>	(14.6)
<b>Non-current Liabilities</b>						
Long-term borrowings	31,418	16,859	86.4	-	-	-
Other payables	3,503	2,961	18.3	-	-	-
Pension liability	79,364	76,423	3.8	-	-	-
Deferred income	12,450	13,214	(5.8)	-	-	-
Deferred tax liabilities	27,196	40,139	(32.2)	-	-	-
<b>Total Non-current Liabilities</b>	<b>153,931</b>	<b>149,596</b>	2.9	-	-	-
<b>Total Liabilities</b>	<b>658,644</b>	<b>529,966</b>	24.3	<b>62,459</b>	<b>73,123</b>	(14.6)
<b>Net Assets</b>	<b>875,849</b>	<b>825,892</b>	6.0	<b>220,238</b>	<b>167,977</b>	31.1
<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	33,056	33,056	-	-	-	-
Revenue reserve	623,313	577,880	7.9	66,474	2,364	n.m.
Statutory reserve	60,965	60,639	0.5	-	-	-
Translation reserve	16,611	12,587	32.0	(859)	10,990	n.m.
Fair value reserve	310	136	127.9	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
<b>Total Equity</b>	<b>875,849</b>	<b>825,892</b>	6.0	<b>220,238</b>	<b>167,977</b>	31.1

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

	Group		Group	
	As at 31 December 2017		As at 31 December 2016	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	105,200	80,000	56,872	50,000
Amount repayable above one year	31,418	-	16,859	-
Total	136,618	80,000	73,731	50,000

**Details of any collateral**

As at 31 December, borrowings comprised:

- (1) A mortgage loan of USD0.4 million (equivalent to RMB2.9 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 RMB3.7 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 RMB15.6 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the construction of warehouse. The Company provided corporate guarantee for the loan.
- (4) A loan of EUR3.6 million (equivalent to RMB28.0 million) was obtained from HSBC Bank by Deutsche Mechatronics GmbH ("DTMT") to finance the working capital. The Company provided corporate guarantee for the loan.
- (5) DTMT has an outstanding loan of EUR3.2 million (equivalent to RMB24.6 million), secured by the land of DTMT from a German commercial bank. In addition, DTMT has outstanding finance leases for its equipment of EUR1.0 million (equivalent to RMB7.9 million).
- (6) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR0.8 million (equivalent to RMB6.5 million) to finance the acquisition of freehold land and building. In addition, Krauth has outstanding finance leases for its equipment of EUR0.2 million (equivalent to RMB1.6 million).
- (7) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR3.9 million (equivalent to RMB30.4 million) to finance the working capital. The Company provided corporate guarantee and pledged bank balance for the loan.
- (8) Metric Group Limited has an outstanding loan of GBP1.6 million (equivalent to RMB13.7 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 GBP0.2 million (equivalent to RMB1.7 million).
- (9) The Group's sales are mainly transacted in USD, while the major purchases are transacted in RMB. For the purpose of operating activities, a loan of RMB80.0 million was obtained by a PRC subsidiary of the Company from Bank of China to finance the daily payment to suppliers.

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

<b>GROUP CASH FLOW STATEMENT</b>	4th Quarter ended 31/12/2017 RMB'000	4th Quarter ended 31/12/2016 RMB'000	12 Months ended 31/12/2017 RMB'000	12 Months ended 31/12/2016 RMB'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Profit before tax	2,160	28,667	67,164	160,500
Adjustments:				
Amortisation of land use rights	338	341	1,350	1,317
Amortisation of intangible assets	3,607	3,255	16,450	7,965
Amortisation of deferred government grant	(91)	(331)	(764)	(1,324)
Depreciation of property, plant and equipment	7,177	7,405	28,349	24,244
Impairment of intangible assets	7,908	-	7,908	-
Gain on disposal of Held-to-maturity investment	(221)	-	(221)	-
Fair value loss/(gain) on derivative financial instruments	552	(1,578)	2,035	(1,427)
Loss/(gain) on disposal of property, plant and equipment	285	(715)	589	(379)
Settlement of forward contracts	456	64	456	168
Interest expenses	4,043	2,960	10,069	6,623
Interest income	(377)	320	(1,767)	(1,122)
Government grant	(8,004)	-	(8,004)	-
Share of results from associate	143	340	(417)	(125)
Bargain purchase arising from the acquisition of subsidiaries	-	(1,805)	-	(4,352)
Loss/(gain) on foreign exchange	6,313	(7,486)	6,313	(7,486)
Written back of contingent consideration and other liabilities	(2,461)	-	(2,461)	-
Reversal of long unclaimed accrued purchases	(658)	-	(658)	-
<b>Operating profit before working capital changes</b>	<b>21,170</b>	<b>31,437</b>	<b>126,391</b>	<b>184,602</b>
Trade receivables	(36,348)	(24,246)	(39,890)	(15,421)
Other receivables, deposits and prepayments	(2,335)	(4,875)	(1,163)	(6,902)
Advances to suppliers	11,586	12,312	1,089	(14,822)
Trade payables	20,979	(34,398)	42,598	16,990
Other payables and accruals	6,163	(12,132)	5,303	(13,663)
Due to a related party (trade)	-	(148)	-	(187)
Inventories	36,810	48,550	(97,826)	(27,703)
Pension liability	(2,588)	(528)	(2,588)	(528)
<b>Cash generated from operations</b>	<b>55,437</b>	<b>15,972</b>	<b>33,914</b>	<b>122,366</b>
Income tax paid	(3,437)	(8,003)	(20,930)	(27,217)
<b>Net cash from operating activities</b>	<b>52,000</b>	<b>7,969</b>	<b>12,984</b>	<b>95,149</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Purchase of property, plant and equipment	(1,686)	(26,586)	(44,607)	(42,722)
Purchase of land use rights	-	-	-	(2,401)
Addition of Intangible assets	(7,905)	(567)	(16,698)	(2,585)
Proceed from disposal of property, plant and equipment	2,718	979	2,718	979
Contingent consideration paid	-	(515)	-	(515)
Interest received	377	(320)	1,767	1,122
Payment from settlement of forward contracts	(456)	(64)	(456)	(168)
Government grants received	5,504	204	5,504	204
Net cash outflow on acquisition of subsidiaries	-	(16,925)	-	(32,486)
Proceeds from disposal of held-to-maturity investments	6,017	-	9,733	-
Proceeds from disposal of available-for-sale investments	7,020	-	7,020	-
Purchase of available-for-sale financial assets	(6,924)	404	(13,518)	(3,290)
<b>Net cash used in investing activities</b>	<b>4,665</b>	<b>(43,390)</b>	<b>(48,537)</b>	<b>(81,862)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Dividend paid	-	62	(17,438)	(17,493)
Proceeds from bank borrowings	(14,345)	6,229	82,928	72,528
Repayment of loans	(5,934)	(1,499)	(11,127)	(22,174)
Interest paid	(1,669)	(2,241)	(7,695)	(5,904)
Deposit for bank guarantee	5,302	(17,551)	(23,084)	(24,769)
<b>Net cash (used in)/from financing activities</b>	<b>(16,646)</b>	<b>(15,000)</b>	<b>23,584</b>	<b>2,188</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>40,019</b>	<b>(50,421)</b>	<b>(11,969)</b>	<b>15,475</b>
Effects of exchange rate changes in cash and cash equivalents	(7,925)	6,970	(7,902)	14,318
Cash and cash equivalents at beginning of the period	218,040	313,456	270,005	240,212
<b>Cash and cash equivalents at end of the period</b>	<b>250,134</b>	<b>270,005</b>	<b>250,134</b>	<b>270,005</b>
<b>Note:</b>				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:				
-Cash at bank and in hand	642	706	642	706
-Fixed deposits with banks	297,577	294,300	297,577	294,300
	<b>298,219</b>	<b>295,006</b>	<b>298,219</b>	<b>295,006</b>
Less: Pledged deposit	(48,085)	(25,001)	(48,085)	(25,001)
Cash and cash equivalents per consolidated statement of cash flows	<b>250,134</b>	<b>270,005</b>	<b>250,134</b>	<b>270,005</b>

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

	Group							Total equity
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation reserve	Fair value reserve	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2017</b>	<b>154,623</b>	<b>60,639</b>	<b>(13,029)</b>	<b>33,056</b>	<b>577,880</b>	<b>12,587</b>	<b>136</b>	<b>825,892</b>
Profit for the period	-	-	-	-	64,259	-	-	64,259
Dividends	-	-	-	-	(17,438)	-	-	(17,438)
Transfer to statutory reserve	-	326	-	-	(326)	-	-	-
Other comprehensive income, net of tax	-	-	-	-	(1,062)	4,024	174	3,136
<b>Balance at 31 December 2017</b>	<b>154,623</b>	<b>60,965</b>	<b>(13,029)</b>	<b>33,056</b>	<b>623,313</b>	<b>16,611</b>	<b>310</b>	<b>875,849</b>

	Group							Total equity
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation (deficit)/reserve	Fair value reserve	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2016</b>	<b>168,067</b>	<b>56,221</b>	<b>(13,029)</b>	<b>33,056</b>	<b>473,335</b>	<b>(23,873)</b>	<b>6</b>	<b>693,783</b>
Effect of change in functional currency	(13,444)	-	-	-	(5,845)	19,289	-	-
	<b>154,623</b>	<b>56,221</b>	<b>(13,029)</b>	<b>33,056</b>	<b>467,490</b>	<b>(4,584)</b>	<b>6</b>	<b>693,783</b>
Profit for the period	-	-	-	-	126,104	-	-	126,104
Dividends	-	-	-	-	(17,493)	-	-	(17,493)
Transfer to statutory reserve	-	4,418	-	-	(4,418)	-	-	-
Other comprehensive income, net of tax	-	-	-	-	6,197	17,171	130	23,498
<b>Balance at 31 December 2016</b>	<b>154,623</b>	<b>60,639</b>	<b>(13,029)</b>	<b>33,056</b>	<b>577,880</b>	<b>12,587</b>	<b>136</b>	<b>825,892</b>

	Company			
	Share capital	Revenue reserve	Translation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2017</b>	<b>154,623</b>	<b>2,364</b>	<b>10,990</b>	<b>167,977</b>
Total comprehensive income for the period	-	81,548	(11,849)	69,699
Dividends	-	(17,438)	-	(17,438)
<b>Balance at 31 December 2017</b>	<b>154,623</b>	<b>66,474</b>	<b>(859)</b>	<b>220,238</b>

	Company			
	Share capital	Revenue reserve	Translation (deficit)/reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2016</b>	<b>168,067</b>	<b>15,222</b>	<b>(13,763)</b>	<b>169,526</b>
Effect of change in functional currency	(13,444)	(872)	14,316	-
	<b>154,623</b>	<b>14,350</b>	<b>553</b>	<b>169,526</b>
Total comprehensive income for the period	-	5,507	10,437	15,944
Dividends	-	(17,493)	-	(17,493)
<b>Balance at 31 December 2016</b>	<b>154,623</b>	<b>2,364</b>	<b>10,990</b>	<b>167,977</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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 12 months ended 31 December 2017.

The Company did not hold any treasury shares and subsidiary holdings as at 31 December 2017 or as at 31 December 2016 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 December 2017 and as at 31 December 2016, 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.**

There are certain new Financial Reporting Standards ("FRS") that are published and mandatory for accounting periods beginning on or after 1 January 2017. The adoption of these FRS where applicable did not have any material impact on the financial statements for the 12 months ended 31 December 2017. 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			
	4th Quarter ended	4th Quarter ended	12 Months ended	12 Months ended
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<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	2.35	5.84	18.02	35.37
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	2.35	5.84	18.02	35.37
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
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	245.66	231.64	61.77	47.11
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, 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 12 months ended 31 December 2017:

### **Revenue**

The Group achieved sales of RMB1,656.5 million, representing an increase of 19.2% or RMB266.3 million over last corresponding period.

Sales of the High Security Segment decreased by 5.5% or RMB46.8 million to RMB799.2 million over last corresponding period mainly due to the decrease of the sales of safe products.

Sales of the Business Solutions Segment increased by 57.5% or RMB313.1 million to RMB857.3 million over last corresponding period due to the organic growth and the inclusion of sales of Metric UK and Almex, which became subsidiaries of the Group in October 2016, amounting to RMB254.6 million.

### **Gross Profit**

Gross profit of the Group increased by 2.9% or RMB11.6 million to RMB417.1 million.

Gross margin of the Group decreased from 29.2% in last corresponding period to 25.2%. Gross margin of the High Security Segment decreased from 32.0% to 28.8%. Gross margin of the Business Solutions Segment decreased from 24.7% to 21.8%. The decrease of gross margin of High Security Segment and Business Solutions Segment were mainly due to the price rise of raw materials and the change of product mix.

### **Selling and Distribution Expenses**

Selling and distribution expenses increased by 16.7%, or RMB11.5 million to RMB80.5 million mainly due to the inclusion of selling and distribution expenses of Metric UK and Almex, amounting to RMB17.0 million.

Selling and distribution expenses excluding Metric UK and Almex decreased by RMB5.5 million was mainly due to the decrease of freight fee, commission fee and after-sales service fee.

### **Administrative Expenses**

Administrative expenses increased by 36.3%, or RMB57.9 million to RMB217.8 million mainly due to the inclusion of administrative expenses of Metric UK and Almex, amounting to RMB47.3 million.

Administrative expenses excluding Metric UK and Almex increased by RMB10.6 million mainly due to the increase in salary expenses as the result of the headcount growth to meet the Group's revenue boom and the additional rental fee for the newly leased land.

### **Research and Development Expenses**

Research and development expenses increased by RMB22.1 million to RMB55.6 million mainly due to the development of new products to meet global customer needs.

### **Financial Expenses**

Financial expenses increased by RMB2.8 million to RMB8.3 million mainly due to the increase of the interest expenses and net interest on net defined benefit liability.

### **Other Expenses**

Other expenses increased by RMB10.1 million to RMB16.3 million mainly due to the increase of foreign exchange loss, net, fair value loss on derivative financial instruments and impairment loss on intangible assets, partially offset by the decrease of value added tax adjustments.

Impairment loss on intangible assets pertained to the impairment loss on customer relationships, mainly due to a main contract was lost which resulted the carrying amount of customer relationships exceeded its recoverable amount.

### **Income Tax Expenses**

Income tax expenses decreased by RMB31.5 million. It was mainly due to the decrease of profit before tax and partial settlement of deferred tax liabilities arising from the differences between the carrying amount of property, plant and equipment and intangible assets and their tax bases.

### **Profit before Tax**

Profit before tax was RMB67.2 million, representing a decrease of 58.2% or RMB93.3 million as compared to RMB160.5 million during last corresponding period.

### **Net Profit after Tax**

Profit after tax was RMB64.3 million, representing a decrease of 49.0% or RMB61.8 million as compared to RMB126.1 million during last corresponding period.

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

For the 3 months ended 31 December 2017:

### **Revenue**

The Group achieved sales of RMB463.8 million, representing an increase of 4.4% or RMB19.4 million over last corresponding period.

Sales of the High Security Segment decreased by 9.8% or RMB25.1 million to RMB230.8 million over last corresponding period mainly due to the decrease of the sales of safe products.

Sales of the Business Solutions Segment increased by 23.6% or RMB44.5 million to RMB233.0 million over last corresponding period due to the organic growth.

### **Gross Profit**

Gross profit of the Group decreased by 9.1% or RMB9.7 million to RMB97.2 million.

Gross margin of the Group decreased from 24.1% in last corresponding period to 21.0%. Gross margin of the High Security Segment increased from 23.7% to 28.8%. Gross margin of the Business Solutions Segment decreased from 24.6% to 13.2%. The increase of gross margin of High Security Segment and the decrease of Business Solutions Segment were mainly due to the change of product mix.

### **Selling and Distribution Expenses**

Selling and distribution expenses decreased by 27.3%, or RMB7.9 million to RMB20.9 million mainly due to the decrease of freight fee and commission fee.

### **Administrative Expenses**

Administrative expenses increased by 23.4%, or RMB11.1 million to RMB58.7 million mainly due to the annual bonus of year 2017 was mainly accrued in the fourth quarter, while it was accrued monthly in 2016.

### **Research and development expenses**

Research and development expenses increased by 28.7%, or RMB3.2 million to RMB14.5 million mainly due to the development of new products to meet global customer needs.

### **Financial Expenses**

Financial expenses decreased by RMB1.5 million to RMB1.8 million mainly due to the decrease of the interest expenses.

### **Other Income**

Other income decreased by RMB2.3 million to RMB12.9 million mainly due to the decrease of sales of steel scrap, foreign exchange gain, net, gain on bargain purchase arising from acquisition and fair value gain on derivative financial instruments, partially offset by increase of sales of raw materials, government grants and reversal of prior year's payable.

### **Other Expenses**

Other expenses increased by RMB9.7 million to RMB12.0 million mainly due to the increase of foreign exchange loss, impairment loss on intangible assets and impairment loss on trade receivables, partially offset by the decrease of value added tax adjustments.

Impairment loss on intangible assets pertained to the impairment loss on customer relationships, mainly due to a main contract was lost which resulted the carrying amount of customer relationships exceeded its recoverable amount.

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

Income tax credit was RMB6.2 million, compared to income tax expenses of RMB7.8 million during last corresponding period. It was mainly due to the decrease of profit before tax and partial settlement of deferred tax liabilities arising from the differences between the carrying amount of property, plant and equipment and intangible assets and their tax bases.

### **Profit before Tax**

Profit before tax was RMB2.2 million, representing a decrease of 92.5% or RMB26.5 million as compared to RMB28.7 million during last corresponding period.

### **Net Profit after Tax**

Profit after tax was RMB8.4 million, representing a decrease of 59.8% or RMB12.5 million as compared to RMB20.8 million during last corresponding period.

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

### **Non-current Assets**

The Group's non-current assets increased by RMB27.6 million from RMB465.2 million as at 31 December 2016 to RMB492.8 million as at 31 December 2017 mainly due to the increase in property, plant and equipment and deferred tax assets, partially offset by the decrease in intangible assets, land use rights and held-to-maturity investments.

Intangible assets decreased by RMB4.7 million from RMB81.5 million as at 31 December 2016 to RMB76.8 million as at 31 December 2017 mainly due to the impairment on customer relationship and amortization, partially offset by the addition of development cost in German and British subsidiaries.

Land use rights decreased by RMB1.4 million from RMB60.9 million as at 31 December 2016 to RMB59.5 million as at 31 December 2017 mainly due to the amortization.

Property, plant and equipment increased by RMB36.9 million from RMB289.7 million as at 31 December 2016 to RMB326.6 million as at 31 December 2017 mainly due to the addition of property, plant and equipment of its German and Chinese subsidiaries and appreciation of EURO against RMB.

Held-to-maturity investments decreased by RMB6.3 million were due to the disposal during the year.

Deferred tax assets increased by RMB2.0 million from RMB19.9 million as at 31 December 2016 to RMB21.9 million as at 31 December 2017 mainly due to the deferred tax recognised on unutilised tax losses which can be offset against the future profit.

### **Current Assets**

The Group's current assets increased by RMB151.1 million from RMB890.6 million as at 31 December 2016 to RMB1,041.7 million as at 31 December 2017 mainly due to the increase in cash and bank balances, available-for-sale financial assets, trade receivables, other receivables, deposits and prepayments and inventories, partially offset by the decrease in held-to-maturity investments and derivative financial instruments.

Available-for-sale financial assets increased by RMB6.2 million mainly due to the fact that the Group invested in a bond fund issued by Credit Suisse AG during the period. The bond fund is classified as available-for-sale financial assets with the fair value of RMB6.6 million as at 31 December 2017.

Trade receivables increased by RMB45.8 million from RMB260.9 million as at 31 December 2016 to RMB306.7 million as at 31 December 2017 mainly due to the increase of sales.

Held-to-maturity investments decreased by RMB2.6 million were due to the disposal during the year.

Other receivables, deposits and prepayments increased by RMB1.8 million from RMB9.8 million as at 31 December 2016 to RMB11.6 million as at 31 December 2017 mainly due to the increase in uncollected tax refund and receivables from disposal of fixed assets .

Derivative financial instruments decreased by RMB1.4 million due to the fluctuation of the exchange rate of Chinese Yuan against USD during the period.

Inventories increased by RMB99.4 million from RMB274.3 million as at 31 December 2016 to RMB373.7 million as at 31 December 2017 mainly due to stock up in order to mitigate the impact of steel price rise and meet the needs of sales growth of German subsidiaries.

### **Current Liabilities**

Current liabilities increased by RMB124.3 million from RMB380.4 million as at 31 December 2016 to RMB504.7 million as at 31 December 2017 mainly due to the increase in borrowings, trade payables and other payables and accruals, partially offset by the decrease in provision for income tax.

Borrowings increased by RMB78.3 million from RMB106.9 million as at 31 December 2016 to RMB185.2 million as at 31 December 2017 due to the additional loans obtained by subsidiaries during the period to finance the working capital of the Group.

Trade payables increased by RMB45.4 million from RMB110.4 million as at 31 December 2016 to RMB155.8 million as at 31 December 2017 mainly due to the increase in the purchase by its Chinese and German subsidiaries.

Other payables and accruals increased by RMB3.1 million from RMB153.3 million as at 31 December 2016 to RMB156.4 million as at 31 December 2017 mainly due to the increase in advance from customers and appreciation of EURO against RMB.

Provision for income tax decreased by RMB3.1 million from RMB9.6 million as at 31 December 2016 to RMB6.5 million as at 31 December 2017 mainly due to the decrease in profit before tax from profit-making subsidiaries of 2017 Q4 compared with 2016 Q4.

**Non-current Liabilities**

Non-current liabilities increased by RMB4.3 million from RMB149.6 million as at 31 December 2016 to RMB153.9 million as at 31 December 2017 mainly due to the increase in long-term borrowings and pension liability, partially offset by the decrease in deferred tax liabilities.

Long-term borrowings increased by RMB14.5 million from RMB16.9 million as at 31 December 2016 to RMB31.4 million as at 31 December 2017 due to the additional loans obtained by subsidiaries during the period to finance the construction of a new warehouse in Germany.

Pension liability increased by RMB3.0 million from RMB76.4 million as at 31 December 2016 to RMB79.4 million as at 31 December 2017 due to the appreciation of GBP against RMB.

Deferred tax liabilities decreased by RMB12.9 million from RMB40.1 million as at 31 December 2016 to RMB27.2 million as at 31 December 2017 mainly due to the decrease in deferred tax recognized on the undistributed profits of its Chinese subsidiaries and the partial settlement of deferred tax liabilities arising from the differences between the carrying amount of property, plant and equipment and intangible assets and their tax bases.

**Shareholders' Equity**

As a result of the Group's net profit generated during the period, the shareholders' equity was enhanced from RMB825.9 million as at 31 December 2016 to RMB875.8 million as at 31 December 2017.

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

Net cash from operating activities was RMB13.0 million for the 12 months ended 31 December 2017 mainly due to the operating profit before working capital changes, increase in trade payables and other payables and accruals, partially offset by the increase in trade receivables and inventories. The increase in inventories was mainly due to stock up in order to mitigate the impact of steel price rise and meet the needs of sales growth of German subsidiaries.

Net cash used in investing activities was RMB48.5 million for the 12 months ended 31 December 2017 mainly due to purchase of property, plant and equipment, addition of intangible assets and purchase of available-for-sale financial assets, partially offset by the government grants received, proceeds from disposal of available-for-sale investments and proceeds from disposal of held-to-maturity investments.

Net cash from financing activities was RMB23.6 million for the 12 months ended 31 December 2017 mainly due to proceeds from bank borrowings, partially offset by the payment of dividend, repayment of short-term loans, interest paid and deposit for bank guarantee.

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 condition to remain challenging. Rising raw materials prices, ATM sale market shrinking will serve to affect group performance. On the other side, our gaming machine sales are strong in 2018. As a whole, management expects the Group to remain profitable in Q1 2018.

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

After acquiring Krauth, Metric UK and the purchase of certain assets of Metric AG, we will focus on the integration synergies in joint development of self-service terminals.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No dividend has been declared.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

No dividend has been declared.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Not applicable.

**13. Interested Person Transactions (“IPTs”)**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nantong Mayway Products Corp.	Rental for land and buildings for Q4 2017: RMB1.0 million	NIL

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

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

**14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).**

Not applicable.

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

15. **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.**

	<b>2017</b>		
	<b>High Security RMB'000</b>	<b>Business Solutions RMB'000</b>	<b>Consolidated RMB'000</b>
<b>Revenue</b>			
External sales	799,192	857,342	1,656,534
Total Sales	799,192	857,342	1,656,534
<b>Segment results</b>			
Profit after operations	77,635	4,467	82,102
Finance cost, net			(8,302)
Unallocated expenses			(6,636)
<b>Profit before tax</b>			67,164
Income tax			(2,905)
<b>Profit after tax</b>			64,259
<b>Other segment items</b>			
Capital expenditure			
-Property, plant and equipment	40,930	17,358	58,288
-Intangible assets	-	-	-
-Land use rights	-	-	-
Amortisation on intangible assets	3,687	12,763	16,450
Amortisation on land use right	629	721	1,350

	<b>2016</b>		
	<b>High Security RMB'000</b>	<b>Business Solutions RMB'000</b>	<b>Consolidated RMB'000</b>
<b>Revenue</b>			
External sales	849,717	540,493	1,390,210
Total Sales	849,717	540,493	1,390,210
<b>Segment results</b>			
Profit after operations	153,119	16,473	169,592
Finance cost, net			(5,501)
Unallocated expenses			(3,591)
<b>Profit before tax</b>			160,500
Income tax			(34,396)
<b>Profit after tax</b>			126,104
<b>Other segment items</b>			
Capital expenditure			
-Property, plant and equipment	11,631	43,878	55,509
-Intangible assets	-	2,585	2,585
-Land use rights	2,401	-	2,401
Amortisation on intangible assets	5,461	2,504	7,965
Amortisation on land use right	333	984	1,317

16. 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.

17. 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.

18. A breakdown of sales.

	Group		
	2017 RMB'000	2016 RMB'000	Change %
(a) Sales reported for first half year	760,200	589,681	28.9%
(b) Profit after tax for first half year	30,325	53,433	-43.2%
(c) Sales reported for second half year	896,334	800,529	12.0%
(d) Profit after tax for second half year	33,934	72,671	-53.3%

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 (2017)	Previous Full Year (2016)
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 Jiayan	55	Brother of the Executive Vice Chairman, Mr Liu Bin	Chairman and CEO of the Company (2007)	N/A
Liu Bin	66	Brother of the Chairman, CEO and Controlling Shareholder, Dr Johnny Liu Jiayan	Executive Vice Chairman of the Company (2007)  Executive Vice Chairman of Tri Star Inc, a wholly-owned PRC subsidiary (2005)	N/A

BY ORDER OF THE BOARD

Johnny Liu  
Chairman & CEO  
1 March 2018