

UNAUDITED FINANCIAL STATEMENTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 4TH QUARTER RESULTS

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

Group	4th Quarter ended 31/12/2018	4th Quarter ended 31/12/2017 (Restated)	Change %	12 Months ended 31/12/2018	12 Months ended 31/12/2017 (Restated)	Change %
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	474,907	459,584	3.3	1,815,795	1,652,337	9.9
Cost of sales	(359,809)	(365,914)	(1.7)	(1,363,479)	(1,238,762)	10.1
Gross Profit	115,098	93,670	22.9	452,316	413,575	9.4
Selling and distribution expenses	(25,420)	(18,661)	36.2	(95,202)	(78,246)	21.7
Administrative expenses	(47,149)	(59,378)	(20.6)	(204,450)	(218,454)	(6.4)
Research and development expenses	(21,785)	(14,499)	50.3	(78,705)	(55,557)	41.7
Profit from Operations	20,744	1,132	n.m	73,959	61,318	20.6
Financial expenses, net	(2,126)	(1,784)	19.2	(7,587)	(8,302)	(8.6)
Share of results from associates	(536)	(143)	274.8	765	417	83.5
Other income	20,032	13,690	46.3	35,175	28,808	22.1
Other expenses	(32,310)	(12,024)	168.7	(35,114)	(16,366)	114.6
Profit Before Tax	5,804	871	566.4	67,198	65,875	2.0
Income tax	(275)	6,543	n.m.	(14,072)	(2,561)	449.5
Net Profit After Tax	5,529	7,414	(25.4)	53,126	63,314	(16.1)
Other Comprehensive Income/(loss)						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Currency translation differences arising from consolidation	(3,548)	(1,974)	79.7	13,443	3,565	277.1
Available-for-sale financial assets						
– Changes of fair value	-	305	(100.0)	-	419	(100.0)
– Reclassification upon realization of investment	-	(245)	(100.0)	-	(245)	(100.0)
Financial assets, at FVOCI						
– Changes of fair value	(315)	-	n.m.	(994)	-	n.m.
<u>Items that will not be reclassified subsequently to profit or loss:</u>						
Re-measurement gains/(losses) on defined benefit pension scheme	3,236	(1,271)	n.m.	3,236	(1,271)	n.m.
Movement of deferred tax relating to pension deficit	(278)	209	n.m.	(278)	209	n.m.
Other Comprehensive (Loss)/Income for the period	(905)	(2,976)	(69.6)	15,407	2,677	475.5
Total Comprehensive Income for the period	4,624	4,438	4.2	68,533	65,991	3.9

n.m.: not meaningful.

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

(A) Other Income

	4th Quarter	4th Quarter	Change	12 Months	12 Months	Change
	ended	ended		ended	ended	
	31/12/2018	31/12/2017		31/12/2018	31/12/2017	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Net of sales of raw materials	7,512	3,245	131.5	7,801	9,744	(19.9)
Sales of steel scrap	623	968	(35.6)	3,078	3,177	(3.1)
Prototype tooling income	6,562	-	n.m.	6,562	-	n.m.
Foreign exchange gain, net	-	-	-	6,735	-	n.m.
Amortisation of deferred government grant	279	91	206.6	552	764	(27.7)
Government grants	571	4,379	(87.0)	2,162	8,004	(73.0)
Reversal of long term unclaimed payable	1,638	153	n.m.	2,975	658	352.1
Write back of other liabilities	2,025	934	116.8	2,025	934	116.8
Gain on disposal of property, plant and equipment	-	-	-	19	-	n.m.
Write back of contingent consideration	-	1,527	(100.0)	-	1,527	(100.0)
Allowance for trade doubtful debts written back	125	755	(83.4)	125	755	(83.4)
Others	697	1,638	(57.4)	3,141	3,245	(3.2)
	20,032	13,690	46.3	35,175	28,808	22.1

(B) Other Expenses

	4th Quarter	4th Quarter	Change	12 Months	12 Months	Change
	ended	ended		ended	ended	
	31/12/2018	31/12/2017		31/12/2018	31/12/2017	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Amortisation of land use rights	(338)	(338)	0.0	(1,350)	(1,350)	0.0
Impairment loss on trade receivables	(6,295)	(158)	n.m.	(7,472)	(204)	n.m.
Bad debts written off	-	(223)	(100.0)	-	(223)	(100.0)
Loss on disposal of property, plant and equipment	(387)	(285)	35.8	-	(589)	(100.0)
Foreign exchange loss, net	(5,264)	(2,469)	113.2	-	(3,411)	(100.0)
Fair value gain on derivative financial instruments	-	(552)	(100.0)	-	(2,035)	(100.0)
Settlement of forward contracts	278	(456)	n.m.	(5,407)	(456)	n.m.
Impairment loss on intangible assets	(13,676)	(7,908)	72.9	(13,676)	(7,908)	72.9
GMP equalisation past service cost	(6,616)	-	n.m.	(6,616)	-	n.m.
Others	(12)	365	n.m.	(593)	(190)	212.1
	(32,310)	(12,024)	168.7	(35,114)	(16,366)	114.6

(C) Financial Expenses, net

	4th Quarter	4th Quarter	Change	12 Months	12 Months	Change
	ended	ended		ended	ended	
	31/12/2018	31/12/2017		31/12/2018	31/12/2017	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	725	377	92.3	1,909	1,767	8.0
Interest expenses	(2,559)	(1,997)	28.1	(7,618)	(8,023)	(5.0)
Net interest on net defined benefit liability	(292)	(164)	78.0	(1,878)	(2,046)	(8.2)
	(2,126)	(1,784)	19.2	(7,587)	(8,302)	(8.6)

(D) Depreciation and Amortisation

	4th Quarter ended	4th Quarter ended		12 Months ended	12 Months ended	
	31/12/2018	31/12/2017	Change	31/12/2018	31/12/2017	Change
	<u>RMB'000</u>	<u>RMB'000</u>	%	<u>RMB'000</u>	<u>RMB'000</u>	%
Depreciation on property, plant and equipment	18,755	7,177	161.3	35,103	28,349	23.8
Amortisation of land use rights	675	338	99.7	1,350	1,350	-
Amortisation of intangible assets	<u>8,698</u>	<u>3,607</u>	141.1	<u>17,043</u>	<u>16,450</u>	3.6
	28,128	11,122	152.9	53,496	46,149	15.9

For the 12 months ended 31 December 2018, the Group's depreciation expenses increased by 23.8% to RMB35.1 million over last corresponding period due to the addition of property, plant and equipment of German and Chinese subsidiaries.

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

	Group			Company		
	As At	As At	Change	As At	As At	Change
	31/12/2018	31/12/2017		31/12/2018	31/12/2017	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
	Unaudited	Restated		Unaudited	Audited	
Assets						
Non-current Assets						
Intangible assets	66,238	76,820	(13.8)	-	-	-
Investment in subsidiaries	-	-	-	269,403	92,517	191.2
Investment in associates	8,275	7,510	10.2	-	-	-
Land use rights	58,150	59,500	(2.3)	-	-	-
Property, plant and equipment	327,119	326,601	0.2	-	-	-
Deferred tax assets	24,947	19,360	28.9	-	-	-
Total Non-current Assets	484,729	489,791	(1.0)	269,403	92,517	191.2
Current Assets						
Cash and bank balances	335,281	298,219	12.4	66,542	11,846	461.7
Financial assets, at FVOCI	16,480	16,748	(1.6)	-	-	-
Trade receivables	255,566	303,575	(15.8)	6,118	6,826	(10.4)
Advances to suppliers	21,103	35,339	(40.3)	-	-	-
Other receivables, deposits and prepayments	12,973	10,581	22.6	-	332	(100.0)
Due from a related party (trade)	680	-	n.m.	-	-	-
Due from subsidiaries (non-trade)	-	-	-	41,336	217,892	(81.0)
Inventories	417,738	412,107	1.4	-	-	-
Total Current Assets	1,059,821	1,076,569	(1.6)	113,996	236,896	(51.9)
Total Assets	1,544,550	1,566,360	(1.4)	383,399	329,413	16.4
Liabilities						
Current Liabilities						
Borrowings	154,621	185,200	(16.5)	-	-	-
Trade payables	125,742	156,670	(19.7)	161	1,858	(91.3)
Other payables and accruals	182,969	189,605	(3.5)	1,487	1,548	(3.9)
Due to a related party (trade)	244	243	0.4	-	-	-
Due to a related party (non-trade)	9,069	-	n.m.	9,069	-	n.m.
Derivative financial instruments	-	608	(100.0)	-	-	-
Provision for financial guarantee liability	-	-	-	13,641	-	n.m.
Provision for income tax	4,069	6,464	(37.1)	1,544	841	83.6
Due to subsidiaries	-	-	-	74,213	58,212	27.5
Total Current Liabilities	476,714	538,790	(11.5)	100,115	62,459	60.3
Non-current Liabilities						
Long-term borrowings	26,002	31,418	(17.2)	-	-	-
Other payables	-	3,503	(100.0)	-	-	-
Pension liability	80,949	79,364	2.0	-	-	-
Deferred income	11,898	12,450	(4.4)	-	-	-
Deferred tax liabilities	24,432	25,133	(2.8)	-	-	-
Total Non-current Liabilities	143,281	151,868	(5.7)	-	-	-
Total Liabilities	619,995	690,658	(10.2)	100,115	62,459	60.3
Net Assets	924,555	875,702	5.6	283,284	266,954	6.1
Equity						
Capital and reserves attributable to the equity holders of the Company						
Share capital	154,623	154,623	-	154,623	154,623	-
Capital reserve	33,056	33,056	-	-	-	-
Revenue reserve	658,601	623,625	5.6	117,072	114,798	2.0
Statutory reserve	62,393	60,965	2.3	-	-	-
Translation reserve	29,595	16,152	83.2	11,589	(2,467)	n.m.
Fair value reserve	(684)	310	n.m.	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
Total Equity	924,555	875,702	5.6	283,284	266,954	6.1

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

	Group		Group	
	As at 31 December 2018		As at 31 December 2017	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	81,121	73,500	105,200	80,000
Amount repayable above one year	26,002	-	31,418	-
Total	107,123	73,500	136,618	80,000

Details of any collateral

As at 31 December, borrowings comprised:

- (1) A mortgage loan of USD0.3 million (equivalent to RMB2.1 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 RMB15.7 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the construction of warehouse. The Company provided corporate guarantee for the loan.
- (4) DTMT has an outstanding loan of EUR2.7 million (equivalent to RMB21.3 million), secured by the land of DTMT from a German commercial bank.
- (5) DTMT has an outstanding loan of EUR0.5 million (equivalent to RMB4.0 million) to finance the working capital. The Company provided corporate guarantee for the loan. In addition, DTMT has outstanding finance leases for its equipment of EUR0.9 million (equivalent to RMB6.8 million).
- (6) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR0.7 million (equivalent to RMB5.2 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 RMB1.2 million).
- (7) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR3.3 million (equivalent to RMB25.5 million) to finance the working capital. The Company and a subsidiary Tri Star Inc. provided corporate guarantee and pledged bank balance for the loan.
- (8) Metric Group Limited has an outstanding loan of GBP2.4 million (equivalent to RMB20.7 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 GBP0.1 million (equivalent to RMB0.9 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 RMB73.5 million was obtained by a PRC subsidiary of the Company from Bank of China to finance the daily payment to suppliers.

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

GROUP CASH FLOW STATEMENT	4th Quarter	4th Quarter	12 Months	12 Months
	ended	ended	ended	ended
	31/12/2018	31/12/2017 (Restated)	31/12/2018	31/12/2017 (Restated)
	RMB'000	RMB'000	RMB'000	RMB'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Profit before tax	5,804	871	67,198	65,875
Adjustments:				
Amortisation of land use rights	338	338	1,350	1,350
Amortisation of intangible assets	4,494	3,607	17,043	16,450
Amortisation of deferred government grant	(1,889)	(91)	(2,162)	(764)
Depreciation of property, plant and equipment	10,204	7,177	35,103	28,349
Impairment of intangible assets	13,676	7,908	13,676	7,908
Gain on disposal of Held-to-maturity investment	-	(221)	-	(221)
Fair value loss / (gain) on forward contract	(3,270)	552	-	2,035
Loss on disposal of property, plant and equipment	406	285	-	589
Loss on settlement of forward contracts, net	2,992	456	5,407	456
Interest expenses	2,851	4,043	9,496	10,069
Interest income	(725)	(377)	(1,909)	(1,767)
Government grant	(2,975)	(8,004)	(2,975)	(8,004)
Write back of other liabilities	-	(934)	-	(934)
Share of profits from associates	536	143	(765)	(417)
Loss on foreign exchange	(2,229)	6,313	(4,602)	6,313
Written back of contingent consideration and other liabilities	-	(1,527)	-	(1,527)
Reversal of long unclaimed accrued purchases	(688)	(658)	(2,025)	(658)
Operating profit before working capital changes	29,525	19,881	134,835	125,102
Trade receivables	21,547	(41,578)	51,124	(45,120)
Other receivables, deposits and prepayments	(2,961)	(1,468)	(2,342)	(296)
Advances to suppliers	7,574	11,010	14,334	513
Trade payables	(6,892)	24,318	(31,209)	45,937
Other payables and accruals	(16,114)	28,623	(8,386)	27,763
Due from related party (trade)	(357)	-	(680)	-
Due to a related party (trade)	(1,473)	-	-	-
Inventories	72,446	16,597	(4,389)	(118,039)
Pension liability	3,969	(2,588)	3,969	(2,588)
Cash generated from operations	107,264	54,795	157,256	33,272
Income tax paid	(8,018)	(3,520)	(23,476)	(21,013)
Net cash from operating activities	99,246	51,275	133,780	12,259
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of property, plant and equipment	(9,027)	5,099	(34,161)	(37,822)
Addition of Intangible assets	(10,469)	(7,905)	(20,460)	(16,698)
Proceed from disposal of property, plant and equipment	(478)	2,718	391	2,718
Interest received	725	377	1,909	1,767
Payment from settlement of forward contracts	(3,600)	(456)	(6,015)	(456)
Government grants received	2,994	5,504	4,585	5,504
Net cash outflow on acquisition of subsidiaries	-	-	-	-
Proceeds from disposal of held-to-maturity investments	-	6,017	-	9,733
Proceeds from disposal of available-for-sale investments	3,330	6,692	3,330	6,692
Purchase of available-for-sale financial assets	(3,279)	(6,924)	(3,279)	(13,518)
Net cash (used in)/from investing activities	(19,804)	11,122	(53,700)	(42,080)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Dividend paid	-	-	(17,773)	(17,438)
Proceeds from bank borrowings	(78,987)	41,514	30,931	138,787
Repayment of loans	70,238	(67,530)	(67,572)	(72,723)
Due to a related party (non-trade)	9,069	-	9,069	-
Interest paid	(973)	(1,664)	(7,618)	(7,690)
Withdrawal/(placement) of bank guarantee	8,402	4,319	1,482	(24,067)
Net cash (used in)/from financing activities	7,749	(23,361)	(51,481)	16,869
Net increase/(decrease) in cash and cash equivalents	87,191	39,036	28,599	(12,952)
Effects of exchange rate changes in cash and cash equivalents	1,064	(7,925)	9,945	(7,902)
Cash and cash equivalents at beginning of the period	199,440	218,040	249,151	270,005
Cash and cash equivalents at end of the period	287,695	249,151	287,695	249,151
Note:				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:				
-Cash at bank and in hand	641	642	641	642
-Fixed deposits with banks	334,640	297,577	334,640	297,577
	335,281	298,219	335,281	298,219
Less: Pledged deposit	(47,586)	(49,068)	(47,586)	(49,068)
Cash and cash equivalents per consolidated statement of cash flows	287,695	249,151	287,695	249,151

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

	Group							Total equity RMB'000
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation reserve	Fair value reserve/(deficit)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2018	154,623	60,965	(13,029)	33,056	623,313	16,189	310	875,427
Effect of adopting SFRS(1) 9					(1,907)			(1,907)
Effect of adopting SFRS(1) 15	-	-	-	-	312	(37)	-	275
	154,623	60,965	(13,029)	33,056	621,718	16,152	310	873,795
Profit for the period	-	-	-	-	53,126	-	-	53,126
Dividends	-	-	-	-	(17,773)	-	-	(17,773)
Transfer to statutory reserve	-	1,428	-	-	(1,428)	-	-	-
Other comprehensive income, net of tax	-	-	-	-	2,958	13,443	(994)	15,407
Balance at 31 December 2018	154,623	62,393	(13,029)	33,056	658,601	29,595	(684)	924,555

	Group							Total equity RMB'000
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation reserve	Fair value reserve	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2017	154,623	60,639	(13,029)	33,056	577,880	12,587	136	825,892
Effect of adopting SFRS(1) 15	-	-	-	-	1,257	-	-	1,257
	154,623	60,639	(13,029)	33,056	579,137	12,587	136	827,149
Profit for the period	-	-	-	-	63,314	-	-	63,314
Dividends	-	-	-	-	(17,438)	-	-	(17,438)
Transfer to statutory reserve	-	326	-	-	(326)	-	-	-
Other comprehensive income, net of tax	-	-	-	-	(1,062)	3,565	174	2,677
Balance at 31 December 2017	154,623	60,965	(13,029)	33,056	623,625	16,152	310	875,702

	Company			Total equity RMB'000
	Share capital	Revenue reserve	Translation reserve	
	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	-	20,047	14,056	34,103
Dividends	-	(17,773)	-	(17,773)
Balance at 31 December 2018	154,623	117,072	11,589	283,284

	Company			Total equity RMB'000
	Share capital	Revenue reserve	Translation reserve	
	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2017	154,623	2,364	10,990	167,977
Total comprehensive income for the period	-	129,872	(13,457)	116,415
Dividends	-	(17,438)	-	(17,438)
Balance at 31 December 2017	154,623	114,798	(2,467)	266,954

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There have been no changes in the Company's share capital during the 12 months ended 31 December 2018.

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

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

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

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

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting year consistent with those of the audited financial statements for the year ended 31 December 2017, except as disclosed in paragraph 5.

- 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 adopted SFRS(I) on 1 January 2018. The financial statements for the period ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I).

The adoption of new/revised SFRS(I)s and INT SFRS(I)s did not have any significant impact on the financial performance or position of the Group except for the following:

a) Adoption of SFRS(I) 9 Financial Instruments

The Group adopted SFRS(I) 9 on the required effective date without restating prior periods' information. As a result of adopting SFRS(I) 9, the Group recognised additional allowance for doubtful debts of RMB1,907,000 which has been included in the revenue reserve at the date of initial application, 1 January 2018.

b) Adoption of SFRS(I) 15 Revenue from Contracts with Customers

The Group has adopted SFRS(I) 15 on the required effective date and applied the changes in accounting policy retrospectively to each reporting year presented, using the full retrospective approach. As a result of adopting SFRS(I) 15, the net profit for year ended 31 December 2017 decreased by RMB945,000.

c) Comparatives

The comparatives have been restated where the impact of adoption of SFRS(I) is significant, as follows:

Group Income Statement and Consolidated Statement of Comprehensive Income

	31/12/2017 Previously RMB'000	Effect of adoption of SFRS(I)15 RMB'000	31/12/2017 Restated RMB'000
Revenue	1,656,534	(4,197)	1,652,337
Cost of sales	(1,239,409)	647	(1,238,762)
Selling and distribution expenses	(80,507)	2,261	(78,246)
Income tax	(2,905)	344	(2,561)
Net profit for the period	333,713	(945)	332,768

Group consolidated Statement of Comprehensive Income

	31/12/2017 Previously RMB'000	Effect of adoption of SFRS(I)15 RMB'000	31/12/2017 Restated RMB'000
Currency translation differences arising from consolidation	3,602	(37)	3,565
Total comprehensive profit for the period	66,973	(982)	65,991

Group Consolidated Balance Sheets

	31/12/2017 Previously RMB'000	Effect of adoption of SFRS(I)15 RMB'000	31/12/2017 Restated RMB'000
Current Assets			
Trade receivables	307,872	(4,297)	303,575
Inventories	373,661	38,446	412,107
Total Current Assets	681,533	34,149	715,682
Current Liabilities			
Trade payables	160,972	(4,302)	156,670
Other payables and accruals	151,944	37,661	189,605
Total Current Liabilities	312,916	33,359	346,275
Non-current Liabilities			
Deferred tax liabilities	24,618	515	25,133
Total Non-current Liabilities	24,618	515	25,133
Equity			
Revenue reserve	623,313	312	623,625
Translation reserve	16,189	(37)	16,152
Total Equity	639,502	275	639,777

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 31/12/2018	4th Quarter ended 31/12/2017	12 Months ended 31/12/2018	12 Months ended 31/12/2017
		(Restated)		(Restated)
<u>Earnings per ordinary share of the group</u>				
<u>(in RMB cents):</u>				
(a) Based on weighted average number of ordinary shares on issue; and Weighted average number of ordinary shares for basic earnings per share computation ('000)	1.55	2.08	14.90	17.76
	356,536	356,536	356,536	356,536
(b) On a fully diluted basis	1.55	2.08	14.90	17.76
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 31/12/2018	As at 31/12/2017	As at 31/12/2018	As at 31/12/2017
		(Restated)		
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	259.32	245.61	79.45	74.87
No. of ordinary shares used in computing net asset value ('000)	356,536	356,536	356,536	356,536

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

OUR BUSINESS

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

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

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

(a) Profit statement of the Group

For the 12 months ended 31 December 2018:

Revenue

The Group achieved sales of RMB1,815.8 million, representing an increase of 9.9% or RMB163.5 million over last corresponding period.

Sales of the High Security Segment increased by 20.4% or RMB163.0 million to RMB960.2 million over last corresponding period due to the sales growth in security products and gaming products.

Sales of the Business Solutions Segment marginally increased by 0.1% or RMB0.5 million to RMB855.5 million over last corresponding period.

Gross Profit

Gross profit of the Group increased by 9.4% or RMB38.7 million to RMB452.3 million.

Gross margin of the Group decreased marginally from 25.0% in last corresponding period to 24.9%. Gross margin of the High Security Segment decreased from 28.6% to 25.2% and gross margin of the Business Solutions Segment increased from 21.7% to 24.6% mainly due to the change of product mix.

Selling and distribution expenses

Selling and distribution expenses increased by 21.7% or RMB17.0 million to RMB95.2 million mainly due to the increase in freight fee and sales personnel.

Administrative expenses

Administrative expenses decreased by 6.4% or RMB14.0 million to RMB204.5 million mainly due to the strict control over the administrative expenses.

Research and development expenses

Research and development expenses increased by RMB23.1 million to RMB78.7 million mainly due to more research and development expenses input during the period in order to develop the new products and software to meet global customer needs.

Other Income

Other income increased by RMB6.4 million to RMB35.2 million mainly due to the increase of prototype tooling income, foreign exchange gain, net, reversal of long term unclaimed payable and write back of other liabilities, partially offset by the decrease of sales of raw materials, government grants and write back of contingent consideration.

Other Expenses

Other expenses increased by RMB18.7 million to RMB35.1 million mainly due to the increase of impairment loss on trade receivables, loss on settlement of forward contracts, impairment loss on intangible assets and GMP equalisation past service cost offset by the decrease of foreign exchange loss, net and fair value loss on derivative financial instruments.

Impairment loss on trade receivables increased by RMB7.3 million mainly due to the adoption of SFRS(I) 9 Financial Instruments in 2018 (with impact of RMB2.3 million) and insolvency of the Group's customers, for which allowance for impairment of RMB4.7 million was provided in the outstanding receivables.

Impairment loss on intangible assets pertained to the impairment loss on development costs, mainly due to the declined sales of one of the subsidiaries which resulted the carrying amount of development costs exceeded its recoverable amount.

Guaranteed minimum pension (GMP) equalisation past service cost was related with pension scheme. In 2018, the High Court concluded that UK pension schemes will need to take steps to equalise the benefits for males and females, in relation to differences in GMP between the sexes. This is an estimated amount and was treated as a past service cost.

Profit before Tax

Profit before tax was RMB67.2 million, representing an increase of 2.0% or RMB1.3 million as compared to RMB65.9 million during last corresponding period.

Income Tax Expenses

Income tax expenses increased by RMB11.5 million. It was mainly due to the fact that there was a large 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 in 2017.

Net profit after Tax

Profit after tax was RMB53.1 million, representing a decrease of 16.1% or RMB10.2 million as compared to RMB63.3 million during last corresponding period.

(a) Profit statement of the Group

For the 3 months ended 31 December 2018:

Revenue

The Group achieved sales of RMB474.9 million, representing an increase of 3.3% or RMB15.3 million over last corresponding period.

Sales of the High Security Segment increased by 7.2% or RMB16.4 million to RMB245.2 million over last corresponding period due to the sales growth in security products.

Sales of the Business Solutions Segment decreased marginally by 0.5% or RMB1.1 million to RMB229.7 million over last corresponding period due to the decrease of sales orders in Q4.

Gross Profit

Gross profit of the Group increased by 22.9% or RMB21.4 million to RMB115.1 million.

Gross margin of the Group increased from 20.4% in last corresponding period to 24.2%. Gross margin of the High Security Segment decreased from 28.2% to 20.7% and gross margin of the Business Solutions Segment increased from 12.7% to 28.0% mainly due to the change of product mix.

Selling and distribution expenses

Selling and distribution expenses increased by 36.2% or RMB6.8 million to RMB25.4 million mainly due to the increase in freight fee.

Administrative expenses

Administrative expenses decreased by 20.6% or RMB12.2 million to RMB47.1 million mainly due to the strict control over the administrative expenses.

Research and development expenses

Research and development expenses increased by RMB7.3 million to RMB21.8 million mainly due to more research and development expenses input during the period in order to develop the new products and software to meet global customer needs.

Other Income

Other income increased by RMB6.3 million to RMB20.0 million mainly due to the increase of prototype tooling income, sales of raw materials, reversal of long term unclaimed payable and write back of other liabilities, partially offset by the decrease of government grants and write back of contingent consideration.

Other Expenses

Other expenses increased by RMB20.3 million to RMB32.3 million mainly due to the increase of impairment loss on trade receivables, foreign exchange loss, net, impairment loss on intangible assets and GMP equalisation past service cost.

Impairment loss on trade receivables increased by RMB6.1 million mainly due to the adoption of SFRS(I) 9 Financial Instruments in 2018 (with impact of RMB2.3 million) and insolvency of the Group's customers, for which allowance for impairment of RMB4.0 million was provided in the outstanding receivables.

Impairment loss on intangible assets pertained to the impairment loss on development costs, mainly due to the sales of one of the subsidiaries decreased which resulted the carrying amount of development costs exceeded its recoverable amount.

Guaranteed minimum pension (GMP) equalisation past service cost was related with pension scheme. In 2018, the High Court concluded that UK pension schemes will need to take steps to equalise the benefits for males and females, in relation to differences in GMP between the sexes. This is an estimated amount and was treated as a past service cost.

Profit before Tax

Profit before tax was RMB5.8 million, representing an increase of RMB4.9 million as compared to RMB0.9 million during last corresponding period.

Income Tax (Expenses)/Credit

Income tax expenses was RMB0.3 million, compared to income tax credit of RMB6.5 million. It was mainly due to the fact that there was a large 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 in 2017.

Net profit after Tax

Profit after tax was RMB5.5 million, representing a decrease of RMB1.9 million as compared to RMB7.4 million during last corresponding period.

(b) Statement of financial position of the Group**Non-current Assets**

The Group's non-current assets decreased by RMB5.1 million from RMB489.8 million as at 31 December 2017 to RMB484.7 million as at 31 December 2018 mainly due to the decrease in intangible assets and land use rights, partially offset by the increase of deferred tax assets.

Intangible assets decreased by RMB10.6 million from RMB76.8 million as at 31 December 2017 to RMB66.2 million as at 31 December 2018 mainly due to the impairment on development costs and amortization.

Land use rights decreased by RMB1.3 million from RMB59.5 million as at 31 December 2017 to RMB58.2 million as at 31 December 2018 mainly due to the amortisation.

Deferred tax assets increased by RMB5.5 million from RMB19.4 million as at 31 December 2017 to RMB24.9 million as at 31 December 2018 mainly due to the deferred tax recognised on impairment on development costs and unutilised tax losses which can be offset against the future profit.

Current Assets

The Group's current assets decreased by RMB16.8 million from RMB1,076.6 million as at 31 December 2017 to RMB1,059.8 million as at 31 December 2018 mainly due to the decrease in trade receivables and advance to suppliers, partially offset by the increase of cash and bank balances, other receivables, deposits and prepayments and inventories.

Trade receivables decreased by RMB48.0 million from RMB303.6 million as at 31 December 2017 to RMB255.6 million as at 31 December 2018 mainly due to the better collection.

Advances to suppliers decreased by RMB14.2 million from RMB35.3 million as at 31 December 2017 to RMB21.1 million as at 31 December 2018 mainly due to the decrease in advance payment for purchase of raw materials.

Other receivables, deposits and prepayments increased by RMB2.4 million from RMB10.6 million as at 31 December 2017 to RMB13.0 million as at 31 December 2018 mainly due to the increase in uncollected tax refund and the rent deposit.

Inventories increased by RMB5.6 million from RMB412.1 million as at 31 December 2017 to RMB417.7 million as at 31 December 2018 mainly due to stock up in order to meet the needs of sales growth.

Current Liabilities

Current liabilities decreased by RMB62.1 million from RMB538.8 million as at 31 December 2017 to RMB476.7 million as at 31 December 2018 mainly due to the decrease in borrowings, trade payables, other payables and accruals and provision for income tax, partially offset by the increase in due to a related party (non-trade).

Borrowings decreased by RMB30.6 million from RMB185.2 million as at 31 December 2017 to RMB154.6 million as at 31 December 2018 due to the repayment.

Trade payables decreased by RMB31.0 million from RMB156.7 million as at 31 December 2017 to RMB125.7 million as at 31 December 2018 mainly due to the payment for raw materials purchase by its Chinese and German subsidiaries.

Other payables and accruals decreased by RMB6.6 million from RMB189.6 million as at 31 December 2017 to RMB183.0 million as at 31 December 2018 mainly due to the payment of EUR3.0 million loan from former owner of Metric Group Limited, partially offset by the increase in advance from customers.

Provision for income tax decreased by RMB2.4 million from RMB6.5 million as at 31 December 2017 to RMB4.1 million as at 31 December 2018 mainly due to the decrease of profit before tax generated from the profitable subsidiaries.

Due to a related party (non-trade) increased by RMB9.1 million mainly due to the unpaid dividend to the shareholder.

Non-current Liabilities

Non-current liabilities decreased by RMB8.6 million from RMB151.9 million as at 31 December 2017 to RMB143.3 million as at 31 December 2018 mainly due to decrease in long-term borrowings and other payables, partially offset by the increase in pension liability.

Long-term borrowings decreased by RMB5.4 million from RMB31.4 million as at 31 December 2017 to RMB26.0 million as at 31 December 2018 due to the reclassification from non-current liabilities to current liabilities.

Long-term other payables decreased by RMB3.5 million due to the reclassification from non-current liabilities to current liabilities.

Pension liability increased by RMB1.5 million from RMB79.4 million as at 31 December 2017 to RMB80.9 million as at 31 December 2018 mainly due to the estimated GMP equalisation past service cost in 2018.

Shareholders' Equity

As a result of the Group's net profit generated during the period, the shareholders' equity was enhanced from RMB875.7 million as at 31 December 2017 to RMB924.6 million as at 31 December 2018.

(c) Cash Flow Statement of the Group

Net cash from operating activities was RMB136.2 million for the 12 months ended 31 December 2018 mainly due to the operating profit before working capital changes, the increase in pension liability and the decrease in trade receivables and advances to suppliers, partially offset by the decrease in trade payables and other payables and accruals and the increase in other receivables, deposits and prepayments and inventories.

Net cash used in investing activities was RMB56.1 million for the 12 months ended 31 December 2018 mainly due to purchase of property, plant and equipment, addition in intangible assets and payment from settlement of forward contracts, partially offset by interest received and government grants received.

Net cash used in financing activities was RMB51.5 million for the 12 months ended 31 December 2018 mainly due to dividends paid, repayment of short-term loans, interest paid and placement of bank guarantee, partially offset by the proceeds from bank borrowings, due to a related party (non-trade) and withdrawal of 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 conditions to remain challenging. Rising raw materials prices, ATM market shrinking and labour cost challenge will serve to affect group performance. On-going trading issues between China and US has minor impact on the performance in 2018, while it will bring some uncertainties on Group's future performance. Group is setting up a Vietnamese plant and try to limit tariff impact. To the positive, 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

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 and the reason(s) for that decision.

No final dividend has been declared for FY2018, in view of funding needs of the Group for future business development and expansion.s

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 Q4 2018: RMB1.0 million*	NIL

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

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

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

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	2018		
	High Security RMB'000	Business Solutions RMB'000	Consolidated RMB'000
Revenue			
External sales	960,248	855,547	1,815,795
Total Sales	960,248	855,547	1,815,795
Segment results			
Profit after operations	76,783	5,869	82,652
Finance cost, net			(7,587)
Unallocated expenses			(7,867)
Profit before tax			67,198
Income tax			(14,072)
Profit after tax			<u>53,126</u>
Other segment items			
Capital expenditure			
-Property, plant and equipment	12,519	21,642	34,161
-Intangible assets	-	20,460	20,460
-Land use rights	-	-	-
Amortisation on intangible assets	711	16,332	17,043
Amortisation on land use right	629	721	1,350

	2017		
	High Security (Restated) RMB'000	Business Solutions (Restated) RMB'000	Consolidated (Restated) RMB'000
Revenue			
External sales	797,241	855,096	1,652,337
Total Sales	797,241	855,096	1,652,337
Segment results			
Profit after operations	78,729	2,084	80,813
Finance cost, net			(8,302)
Unallocated expenses			(6,636)
Profit before tax			65,875
Income tax			(2,561)
Profit after tax			<u>63,314</u>
Other segment items			
Capital expenditure			
-Property, plant and equipment	40,930	17,359	58,289
-Intangible assets	-	-	-
-Land use rights	-	-	-
Amortisation on intangible assets	3,687	12,763	16,450
Amortisation on land use right	629	721	1,350

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to section 8 for the analysis.

18. A breakdown of sales.

	Group		Change
	2018	2017 (Restated)	
	RMB'000	RMB'000	%
(a) Sales reported for first half year	877,743	797,241	10.1%
(b) Profit after tax before deducting minority interests reported for first half year	25,681	30,325	-15.3%
(c) Sales reported for second half year	938,052	855,096	9.7%
(d) Profit after tax before deducting minority interests reported for second half year	27,445	32,989	-16.8%

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 (2018)	Previous Full Year (2017)
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	56	Brother of the Executive Vice Chairman, Mr Liu Bin	Chairman and CEO of the Company (2007)	N/A
Liu Bin	67	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
28 February 2019