

## UNAUDITED FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2014

## PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 4TH QUARTER AND FULL YEAR RESULTS

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

Group	4th Quarter	4th Quarter	Change	12 Months	12 Months	Change
	ended 31/12/2014	ended 31/12/2013		ended 31/12/2014	ended 31/12/2013	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	269,228	226,711	18.8	1,050,913	1,027,584	2.3
Cost of sales	(218,017)	(161,702)	34.8	(794,269)	(783,991)	1.3
<b>Gross Profit</b>	<b>51,211</b>	<b>65,009</b>	<b>(21.2)</b>	<b>256,644</b>	<b>243,593</b>	<b>5.4</b>
Selling and distribution expenses	(19,065)	(6,900)	176.3	(57,578)	(61,322)	(6.1)
Administrative expenses	(20,920)	(12,886)	62.3	(88,193)	(67,160)	31.3
Research and development expenses	(3,756)	(14,014)	(73.2)	(25,660)	(24,843)	3.3
<b>Profit from Operations</b>	<b>7,470</b>	<b>31,209</b>	<b>(76.1)</b>	<b>85,213</b>	<b>90,268</b>	<b>(5.6)</b>
Financial income/(expenses), net	300	369	(18.7)	1,603	(790)	n.m.
Share of profit from associate	585	-	n.m.	631	-	n.m.
Other income	(11,495)	20,519	n.m.	93,351	29,690	214.4
Other expenses	(4,251)	(418)	n.m.	(23,105)	(1,113)	n.m.
<b>(Loss)/Profit Before Tax</b>	<b>(7,391)</b>	<b>51,679</b>	<b>n.m.</b>	<b>157,693</b>	<b>118,055</b>	<b>33.6</b>
Income tax	969	(6,496)	n.m.	(14,996)	(17,698)	(15.3)
<b>Net (Loss)/Profit After Tax</b>	<b>(6,422)</b>	<b>45,183</b>	<b>n.m.</b>	<b>142,697</b>	<b>100,357</b>	<b>42.2</b>
<b>(Loss)/profit attributable to:</b>						
Equity holders of the Company	(5,812)	-	n.m.	145,456	-	n.m.
Non-controlling interests	(610)	-	n.m.	(2,759)	-	n.m.
<b>Other Comprehensive (Loss)/Income</b>						
<b>Item that may be reclassified subsequently to profit or loss:</b>						
Currency translation differences arising from consolidation	(2,304)	(1,694)	36.0	(14,192)	1,551	n.m.
<b>Total Comprehensive (Loss)/Income for the period</b>	<b>(8,726)</b>	<b>43,489</b>	<b>n.m.</b>	<b>128,505</b>	<b>101,908</b>	<b>26.1</b>
<b>Total comprehensive (loss)/income attributable to:</b>						
Equity holders of the Company	(7,811)	-	n.m.	134,235	-	n.m.
Non-controlling interests	(915)	-	n.m.	(5,730)	-	n.m.

n.m.: not meaningful.

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

(A) Other Income

	4th Quarter	4th Quarter	Change	12 Months	12 Months	Change
	ended	ended		ended	ended	
	31/12/2014	31/12/2013		31/12/2014	31/12/2013	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sales of steel scrap	214	358	(40.2)	1,398	1,183	18.2
Sales of raw materials	1,085	1,030	5.3	3,044	1,455	109.2
Amortisation of deferred income	331	240	37.9	1,142	960	19.0
Government grants	2,070	722	186.7	6,221	3,323	87.2
Foreign exchange gain/(loss), net	130	665	(80.5)	605	(7,567)	n.m.
Settlement of forward contracts, net	778	5,036	(84.6)	8,425	14,456	(41.7)
Fair value changes on contingent consideration	(157)	2,999	n.m.	19,317	2,999	544.1
Bargain purchase arising from the acquisition	(18,002)	-	n.m.	50,781	-	n.m.
Fair value gain on derivative financial instruments	-	6,509	(100.0)	-	9,496	(100.0)
Allowance for stock obsolescence written back	812	450	80.4	812	450	80.4
Allowance for trade doubtful debts written back	202	562	(64.1)	202	682	(70.4)
Others	1,042	1,948	(46.5)	1,404	2,253	(37.7)
	(11,495)	20,519	n.m.	93,351	29,690	214.4

(B) Other Expenses

	4th Quarter	4th Quarter	Change	12 Months	12 Months	Change
	ended	ended		ended	ended	
	31/12/2014	31/12/2013		31/12/2014	31/12/2013	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Amortisation of land use rights	(316)	(231)	36.8	(1,009)	(924)	9.2
Fair value loss on derivative financial instruments	(3,593)	-	n.m.	(18,072)	-	n.m.
Written off the doubtful debts	(61)	-	n.m.	(61)	-	n.m.
Loss on disposal of property, plant and equipment	(400)	(187)	113.9	(347)	(187)	85.6
Acquisition cost	119	-	n.m.	(1,616)	-	n.m.
Withholding tax on dividends	-	-	-	(2,000)	-	n.m.
Others	-	-	-	-	(2)	(100.0)
	(4,251)	(418)	n.m.	(23,105)	(1,113)	n.m.

(C) Financial Income/(Expenses) , net

	4th Quarter	4th Quarter	Change	12 Months	12 Months	Change
	ended	ended		ended	ended	
	31/12/2014	31/12/2013		31/12/2014	31/12/2013	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	1,184	1,364	(13.2)	3,990	2,140	86.4
Interest expenses	(909)	(327)	178.0	(1,660)	(348)	377.0
Unwinding of discount on contingent consideration	25	(668)	n.m.	(727)	(2,582)	(71.8)
	300	369	(18.7)	1,603	(790)	n.m.

**(D) Depreciation and Amortisation**

	4th Quarter ended 31/12/2014 RMB'000	4th Quarter ended 31/12/2013 RMB'000	Change %	12 Months ended 31/12/2014 RMB'000	12 Months ended 31/12/2013 RMB'000	Change %
Depreciation on property, plant and equipment	3,534	3,392	4.2	16,160	13,084	23.5
Amortisation of land use rights	316	231	36.8	1,009	924	9.2
Amortisation of intangible assets	1,495	1,087	37.5	5,284	4,850	8.9
	5,345	4,710	13.5	22,453	18,858	19.1

For the 12 months ended 31 December 2014, the Group's depreciation expenses increased by 23.5% to RMB16.2 million over last corresponding period due to the addition of property, plant and equipment of China subsidiaries and the acquisition of Deutsche Mechatronics GmbH ("DTMT").

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
	31/12/2014	31/12/2013		31/12/2014	31/12/2013	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
	Unaudited	Audited		Unaudited	Audited	
<b>Assets</b>						
<b>Non-current Assets</b>						
Intangible assets	15,498	20,782	(25.4)	-	-	-
Investment in subsidiaries	-	-	-	28,925	30,039	(3.7)
Investment in associate	6,616	-	n.m.	-	-	-
Land use rights	61,068	43,218	41.3	-	-	-
Property, plant and equipment	236,417	129,125	83.1	-	-	-
<b>Total Non-current Assets</b>	<b>319,599</b>	<b>193,125</b>	65.5	<b>28,925</b>	<b>30,039</b>	(3.7)
<b>Current Assets</b>						
Cash and bank balances	77,813	168,762	(53.9)	7,413	3,959	87.2
Available-for-sale financial assets	100,000	-	n.m.	-	-	-
Trade receivables	164,728	148,160	11.2	2,413	1,985	21.6
Advances to suppliers	16,236	6,621	145.2	-	96	(100.0)
Other receivables, deposits and prepayment	5,150	8,324	(38.1)	-	58	(100.0)
Due from subsidiaries (non-trade)	-	-	-	151,962	112,269	35.4
Derivative financial instruments	-	13,322	(100.0)	-	-	-
Inventories	153,653	117,993	30.2	-	-	-
<b>Total Current Assets</b>	<b>517,580</b>	<b>463,182</b>	11.7	<b>161,788</b>	<b>118,367</b>	36.7
<b>Total Assets</b>	<b>837,179</b>	<b>656,307</b>	27.6	<b>190,713</b>	<b>148,406</b>	28.5
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Borrowings	33,467	12,469	168.4	-	-	-
Trade payables	82,969	99,139	(16.3)	2,883	4,536	(36.4)
Other payables and accruals	74,355	57,940	28.3	2,157	23,172	(90.7)
Due to a related party (trade)	442	722	(38.8)	-	-	-
Due to a related party (non-trade)	-	3,600	(100.0)	-	-	-
Derivative financial instruments	4,635	-	n.m.	1,050	-	n.m.
Provision for income tax	7,379	5,574	32.4	-	-	-
<b>Total Current Liabilities</b>	<b>203,247</b>	<b>179,444</b>	13.3	<b>6,090</b>	<b>27,708</b>	(78.0)
<b>Non-current Liabilities</b>						
Long-term borrowing	4,226	-	n.m.	-	-	-
Other payables	2,826	-	n.m.	2,826	-	n.m.
Financial lease	5,706	-	n.m.	-	-	-
Deferred income	8,894	10,560	(15.8)	-	-	-
Deferred tax liabilities	4,934	3,576	38.0	-	-	-
<b>Total Non-current Liabilities</b>	<b>26,586</b>	<b>14,136</b>	88.1	<b>2,826</b>	-	n.m.
<b>Total Liabilities</b>	<b>229,833</b>	<b>193,580</b>	18.7	<b>8,916</b>	<b>27,708</b>	(67.8)
<b>Net Assets</b>	<b>607,346</b>	<b>462,727</b>	31.3	<b>181,797</b>	<b>120,698</b>	50.6
<b>Equity</b>						
<b>Capital and reserves attributable to the equity holders of the Company</b>						
Share capital	168,067	168,067	-	168,067	168,067	-
Capital reserve	33,056	33,056	-	-	-	-
Revenue reserve/(accumulated losses)	384,453	237,504	61.9	25,442	(43,027)	n.m.
Statutory reserve	38,740	38,740	-	-	-	-
Translation deficit	(12,832)	(1,611)	696.5	(11,712)	(4,342)	169.7
Non-controlling interests	8,891	-	n.m.	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
<b>Total Equity</b>	<b>607,346</b>	<b>462,727</b>	31.3	<b>181,797</b>	<b>120,698</b>	50.6

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

	<b>Group</b>		<b>Group</b>	
	<b>As at 31 December 2014</b>		<b>As at 31 December 2013</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	33,467	-	12,469	-
Amount repayable above one year	4,226	-	-	-
Total	37,693	-	12,469	-

**Details of any collateral**

As at 31 December 2014, borrowings comprised:

- (1) A mortgage loan of USD0.8 million (equivalent to RMB5.0 million) was obtained by a US subsidiary of the Company from East West Bank to finance the acquisition of a warehouse in USA. The Company provided corporate guarantee for the loan.
- (2) DTMT has an outstanding loan of EUR4.4 million (equivalent to RMB32.7 million) from Kreissparkasse Koln, a German commercial bank. The loan was secured by the land of DTMT.

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

<b>GROUP CASH FLOW STATEMENT</b>	4th Quarter ended 31/12/2014 RMB'000	4th Quarter ended 31/12/2013 RMB'000	12 Months ended 31/12/2014 RMB'000	12 Months ended 31/12/2013 RMB'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
(Loss)/profit before tax	(7,391)	51,679	157,693	118,055
Adjustments:				
Amortisation of land use rights	316	231	1,009	924
Amortisation of intangible assets	1,495	1,087	5,284	4,850
Amortisation of deferred government grant	(203)	(240)	(1,666)	(960)
Depreciation of property, plant and equipment	3,534	3,392	16,160	13,084
Fair value changes on contingent consideration	157	(2,999)	(19,317)	(2,999)
Fair value loss/(gain) on derivative financial instruments	3,593	(6,509)	18,072	(9,496)
Gain on disposal of property, plant and equipment	400	187	347	187
Settlement of forward contracts	(778)	(5,036)	(8,425)	(14,456)
Interest expenses	909	327	1,660	348
Interest income	(1,184)	(1,364)	(3,990)	(2,140)
Unwinding of discount rate on contingent consideration	(25)	668	727	2,582
Gain from the share of profit from associate	(585)	-	(631)	-
Bargain purchase arising from the acquisition of a subsidiary	18,002	-	(50,781)	-
Withholding tax	(2,000)	-	-	-
<b>Operating profit before working capital changes</b>	<b>16,240</b>	<b>41,423</b>	<b>116,142</b>	<b>109,979</b>
Trade receivables	37,391	89,305	(9,142)	(37,450)
Other receivables, deposits and prepayments	8,009	(5,275)	5,401	(1,835)
Advances to suppliers	15,716	29,441	(5,950)	9,897
Trade payables	(22,462)	(28,201)	(19,298)	22,767
Other payables and accruals	2,278	(17,361)	8,972	7,455
Due to a related party (trade)	(86)	(3,632)	(280)	91
Due from related parties (trade)	934	-	-	-
Inventories	6,928	(25,240)	20,992	(20,979)
<b>Cash generated from operations</b>	<b>64,948</b>	<b>80,460</b>	<b>116,837</b>	<b>89,925</b>
Income tax paid	(5,723)	(4,625)	(14,571)	(13,950)
<b>Net cash generated from operating activities</b>	<b>59,225</b>	<b>75,835</b>	<b>102,266</b>	<b>75,975</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Purchase of property, plant and equipment	(24,732)	(7,006)	(55,065)	(24,190)
Purchase of land use rights	(18,860)	-	(18,860)	-
Development costs incurred	-	(6)	-	(3,554)
Interest received	1,184	764	3,990	1,540
Receipt from settlement of forward contracts	989	5,036	8,636	15,169
Payment for settlement of forward contracts	(211)	-	(211)	(713)
Proceed from disposal of property, plant and equipment	(154)	31	62	31
Net cash inflow on acquisition of a subsidiary	-	-	10,289	-
Acquisition of non controlling interests without a change in control	(7,737)	-	(7,737)	-
Purchase of available-for-sale financial assets	(100,000)	-	(100,000)	-
<b>Net cash used in investing activities</b>	<b>(149,521)</b>	<b>(1,181)</b>	<b>(158,896)</b>	<b>(11,717)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Dividend paid	-	-	(17,736)	-
Proceeds from bank borrowings	-	-	5,398	1,475
Repayment of short-term loans	(7,543)	-	(14,176)	-
Due to a related party (non-trade)	-	3,600	(3,600)	3,600
Interest paid	(909)	(826)	(1,660)	(827)
Income of pledged deposits	1,963	1,379	2,473	(2,422)
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,489)</b>	<b>4,153</b>	<b>(29,301)</b>	<b>1,826</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(96,785)</b>	<b>78,807</b>	<b>(85,931)</b>	<b>66,084</b>
Effects of exchange rate changes in cash and cash equivalents	(829)	(47)	(2,545)	(595)
Cash and cash equivalents at beginning of the period	158,340	70,442	149,202	83,713
<b>Cash and cash equivalents at end of the period</b>	<b>60,726</b>	<b>149,202</b>	<b>60,726</b>	<b>149,202</b>
<b>Note:</b>				
<b>For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents</b>				
-Cash at bank and in hand	52,766	52,502	52,766	52,502
-Fixed deposits with banks	25,047	116,260	25,047	116,260
	<b>77,813</b>	<b>168,762</b>	<b>77,813</b>	<b>168,762</b>
Less: Pledged deposit	(17,087)	(19,560)	(17,087)	(19,560)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>60,726</b>	<b>149,202</b>	<b>60,726</b>	<b>149,202</b>

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

	Group								
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation deficit	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2014</b>	<b>168,067</b>	<b>38,740</b>	<b>(13,029)</b>	<b>33,056</b>	<b>237,504</b>	<b>(1,611)</b>	<b>462,727</b>	-	<b>462,727</b>
Total comprehensive income for the period	-	-	-	-	145,456	(11,221)	134,235	(5,730)	128,505
Dividends	-	-	-	-	(17,736)	-	(17,736)	-	(17,736)
From acquisition of a subsidiary	-	-	-	-	-	-	-	38,282	38,282
Capital contribution from equity	-	-	-	-	-	-	-	3,305	3,305
Acquisition of non controlling interests without a change in control	-	-	-	-	19,229	-	19,229	(26,966)	(7,737)
<b>Balance at 31 December 2014</b>	<b>168,067</b>	<b>38,740</b>	<b>(13,029)</b>	<b>33,056</b>	<b>384,453</b>	<b>(12,832)</b>	<b>598,455</b>	<b>8,891</b>	<b>607,346</b>

	Group								
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation deficit	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2013</b>	<b>168,067</b>	<b>29,523</b>	<b>(13,029)</b>	<b>33,056</b>	<b>146,364</b>	<b>(3,162)</b>	<b>360,819</b>	-	<b>360,819</b>
Total comprehensive income for the period	-	-	-	-	100,357	1,551	101,908	-	101,908
Transfer to statutory reserve	-	9,217	-	-	(9,217)	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>168,067</b>	<b>38,740</b>	<b>(13,029)</b>	<b>33,056</b>	<b>237,504</b>	<b>(1,611)</b>	<b>462,727</b>	-	<b>462,727</b>

	Company			
	Share capital	Revenue reserve/ (Accumulated losses)	Translation deficit	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2014</b>	<b>168,067</b>	<b>(43,027)</b>	<b>(4,342)</b>	<b>120,698</b>
Total comprehensive income for the period	-	86,205	(7,370)	78,835
Dividends	-	(17,736)	-	(17,736)
<b>Balance at 31 December 2014</b>	<b>168,067</b>	<b>25,442</b>	<b>(11,712)</b>	<b>181,797</b>

	Company			
	Share capital	Accumulated losses	Translation deficit	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2013</b>	<b>168,067</b>	<b>(29,758)</b>	<b>4,823</b>	<b>143,132</b>
Total comprehensive loss for the period	-	(13,269)	(9,165)	(22,434)
<b>Balance at 31 December 2013</b>	<b>168,067</b>	<b>(43,027)</b>	<b>(4,342)</b>	<b>120,698</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 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 financial year ended 31 December 2014.

The Company did not hold any treasury shares as at 31 December 2014 or 31 December 2013 respectively.

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

The Company's total number of issued shares was 356,536,000 as at 31 December 2014 and at 31 December 2013.

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

Not applicable.

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

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

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

Not applicable.

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

There are certain new Financial Reporting Standards ("FRS") that are published and mandatory for accounting periods beginning on or after 1 January 2014. The adoption of these FRS where applicable did not have any material impact on the financial statements for the 12 months ended 31 December 2014. 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.**

	<b>Group</b>			
	4th Quarter ended	4th Quarter ended	12 Months ended	12 Months ended
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<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	(1.80)	12.67	40.02	28.15
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	(1.80)	12.67	40.02	28.15
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.**

	<b>Group</b>		<b>Company</b>	
	As at	As at	As at	As at
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	170.35	129.78	50.99	33.85
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 designs and manufactures products for the semi-conductor and automotive industries and is recognized for the premium quality and reliability of its products.

The recent acquisition of Deutsche Mechatronics GmbH ("DTMT") helped the Group to build its capability in the design and manufacturing of intelligent terminals and providing electro-mechanical solutions to customers.

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**

Upon the acquisition of DTMT, DTMT and the previous Semiconductors Segment are reported as a new Segment: Business Solutions. In this case, the Group's financial results will be presented in two segments: High Security and Business Solutions.

For the 12 months ended 31 December 2014:

### **Revenue**

The Group achieved sales of RMB1,050.9 million, representing an increase of 2.3% or RMB23.3 million over last year.

Sales of the High Security Segment decreased by 11.2% or RMB108.5 million to RMB859.6 million over last year due to the weak demand for gun safes in USA market.

Sales of the Business Solutions Segment increased by RMB131.8 million to RMB191.3 million over last year due to the acquisition of DTMT and the higher sales of the previous Semiconductors Segment. Sales of the Business Solutions excluding DTMT increased by 38.6% or RMB23.0 million to RMB82.4 million due to higher demand for our precision products.

### **Gross Profit**

Gross profit of the Group increased by 5.4% or RMB13.1 million to RMB256.6 million.

Gross margin of the Group increased from 23.7% in 2013 to 24.4%. Gross margin of the High Security Segment increased from 23.2% in 2013 to 25.6% due to the change of product mix and better cost control. Gross margin of Business Solutions Segment decreased from 32.6% in 2013 to 19.3% mainly due to the acquisition of DTMT. Gross margin of the Business Solutions Segment excluding DTMT decreased marginally from 32.6% to 31.4%.

### **Selling and Distribution Expenses**

Selling and distribution expenses decreased by 6.1%, or RMB3.7 million to RMB57.6 million mainly due to the reduction of commission, after-sales service and promotional expenses. The reduction was mainly due to the decline in sales of gun safes.

Selling and distribution expenses excluding DTMT decreased by 10.1%, or RMB6.2 million to RMB55.2 million.

### **Administrative Expenses**

Administrative expenses increased by 31.3%, or RMB21.0 million to RMB88.2 million mainly due to the acquisition of DTMT.

Administrative expenses excluding DTMT increased by 6.6% or RMB4.4 million to RMB71.6 million.

### **Research and Development Expenses**

Research and development expenses increased by 3.3%, or RMB0.8 million to RMB25.7 million due to the development of new products to meet global customer needs.

### **Financial Income/Expenses**

Net financial income were RMB1.6 million during the year compared to a net financial expense of RMB0.8 million in 2013. It was mainly due to the increase of the interest income and decrease in unwinding of discount on contingent consideration for the acquisition of Format.

### **Share of Profit of Associate**

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

### **Other Income**

Other income increased by RMB63.7 million to RMB93.4 million mainly due to the gain from the acquisition of DTMT, the fair value changes on contingent liabilities and the increase in foreign exchange gain and government grant. This was partially offset by decrease in fair value gain on derivative financial instruments and settlement of forward contracts.

The gain from the acquisition of DTMT was recognised as the difference between the fair market value of the net assets of DTMT and the consideration paid by the Group. The Group recognized a gain of RMB68.8 million in Q3 2014 from the acquisition. But RMB18.0 million was reversed at the year end due to the re-measurement adjustment of the fair market value of the net assets of DTMT on acquisition date. The re-assessment adjustment pertaining to the downward adjustment on the property, plant and equipment was based on the valuation report which was not available then by an independent valuer.

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

**Other Expenses**

Other expenses increased by RMB22.0 million to RMB23.1 million mainly due to the increase in fair value loss on foreign exchange forward contracts, withholding tax on dividends, and acquisition cost. This was partially offset by the decrease of foreign exchange loss.

**Profit before Tax**

Profit before tax was RMB157.7 million, representing an increase of 33.6% or RMB39.6 million as compared to RMB118.1 million in 2013.

**Net profit after Tax**

Net profit after tax was RMB142.7 million, representing an increase of 42.2% or RMB42.3 million as compared to RMB100.4 million last year.

For the 3 months ended 31 December 2014:

**Revenue**

The Group achieved sales of RMB269.2 million, representing an increase of 18.8% or RMB42.5 million over last corresponding period.

Sales of the High Security Segment decreased by 20.1% or RMB42.7 million to RMB170.3 million over last corresponding period due to the weak demand for gun safes in USA market.

Sales of the Business Solutions Segment increased by RMB85.2 million to RMB99.0 million over last corresponding period due to the acquisition of DTMT and higher sales of the previous Semiconductors Segment. Sales of the Business Solutions Segment excluding DTMT increased by RMB22.1 million to RMB35.8 million due to higher demand for our precision products.

**Gross Profit**

Gross profit of the Group decreased by 21.2% or RMB13.8 million to RMB51.2 million.

Gross margin of the Group decreased from 28.7% in Q4 2013 to 19.0%. Gross margin of the High Security Segment decreased from 28.2% to 21.7% mainly due to the change of product mix and the lower sales in Q4 2014. Gross margin of the Business Solutions Segment decreased from 36.4% in Q4 2013 to 14.3% due to the acquisition of DTMT and lower gross margin of the previous Semiconductors Segment. Gross margin of the Business Solutions Segment excluding DTMT decreased from 36.4% in Q4 2013 to 29.9% due to the change of product mix.

**Selling and Distribution Expenses**

Selling and distribution expenses increased by 176.3%, or RMB12.2 million to RMB19.1 million mainly due to the acquisition of DTMT and the lower base in Q4 2013.

**Administrative Expenses**

Administrative expenses increased by 62.3%, or RMB8.0 million to RMB20.9 million mainly due to the acquisition of DTMT and increase in payroll. The increase in payroll was in line with the larger operation scale.

**Research and Development Expenses**

Research and development expenses decreased by 73.2%, or RMB10.3 million to RMB3.8 million due to less R&D activities and the higher base in the last corresponding period.

**Profit/(loss) before Tax**

Due to the reversal of the gain from the acquisition of DTMT of RMB18.0 at the year end as mentioned above, the Group incurred a loss before tax of RMB7.4 million, compared to profit before tax of RMB51.7 million in Q4 2013.

**Net Profit/(loss) after Tax**

Net loss after tax was reported RMB6.4 million, compared to profit after tax of RMB45.2 million in Q4 2013.

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

### **Non-current Assets**

The Group's non-current assets increased by RMB126.5 million from RMB193.1 million as at 31 December 2013 to RMB319.6 million as at 31 December 2014 mainly due to the increase in property, plant and equipment, land use right and investment in associate. This was partially offset by the decrease in intangible assets.

Intangible assets decreased by RMB5.3 million from RMB20.8 million as at 31 December 2013 to RMB15.5 million as at 31 December 2014 mainly due to amortisation.

The Group recognized the investment in associate of RMB6.6 million arising from acquisition of DTMT, which indirectly owns 50% of a company in China.

Land use right increased by RMB17.9 million due to acquisition of land by its China subsidiaries.

Property, plant and equipment increased by RMB107.3 million from RMB129.1 million as at 31 December 2013 to RMB236.4 million as at 31 December 2014 mainly due to the acquisition of DTMT and the addition of property, plant and equipment of its China subsidiaries.

### **Current Assets**

The Group's current assets increased by RMB54.4 million from RMB463.2 million as at 31 December 2013 to RMB517.6 million as at 31 December 2014 mainly due to the increase in inventories, trade receivables and advance to suppliers.

The available-for-sale financial assets refers to "Cash Pool" treasury products issued by Ping An Trust and Hua Tai Securities. (平安信托及华泰证券发行的资金池理财产品). The maturity of these products range from 3 - 6 months with annualized return of 4.5%-7%. These products are collateralized by a large asset pool and endorsed by the credit of the most reputable financial institutions in China.

Trade receivables increased by RMB16.6 million from RMB148.2 million as at 31 December 2013 to RMB164.7 million as at 31 December 2014 mainly due to higher sales revenue in December 2014 and the acquisition of DTMT.

Advances to suppliers increased by RMB9.6 million from RMB6.6 million as at 31 December 2013 to RMB16.2 million as at 31 December 2014 mainly due to the increase in advance payment of purchase for raw materials.

Derivative financial instruments decreased by RMB13.3 million as compared to 31 December 2013 due to the fluctuation of the exchange rate of Chinese Yuan against USD during the year.

Inventories increased by RMB35.7 million from RMB118.0 million as at 31 December 2013 to RMB153.7 million as at 31 December 2014 mainly due to the acquisition of DTMT, partially offset by the decrease in the balance of China subsidiaries.

### **Current Liabilities**

Current liabilities increased by RMB23.8 million from RMB179.4 million as at 31 December 2013 to RMB203.2 million as at 31 December 2014 mainly due to the increase in borrowings, other payables and accruals as well as derivative financial instruments. This was partially offset by the decrease in trade payables.

Borrowings increased by RMB21.0 million from RMB12.5 million as at 31 December 2013 to RMB33.5 million as at 31 December 2014 due to the acquisition of DTMT (refer to note 1(b)(ii)).

Trade payables decreased by RMB16.2 million from RMB99.1 million as at 31 December 2013 to RMB83.0 million as at 31 December 2014, which was mainly due to the decrease in the purchase by its China subsidiaries.

Other payables and accruals increased by RMB16.4 million from RMB57.9 million as at 31 December 2013 to RMB74.4 million as at 31 December 2014, which was mainly due to the acquisition of DTMT.

Derivative financial instruments increased to RMB4.6 million due to the fluctuation of the exchange rate of Chinese Yuan against USD during the period.

**Non-current Liabilities**

Non-current liabilities increased by RMB12.5 million from RMB14.1 million as at 31 December 2013 to RMB26.6 million as at 31 December 2014 mainly due to the increase in financial lease, long-term borrowing, other payables and deferred tax liabilities.

Long-term borrowings increased to RMB4.2 million due to the loan from East West Bank (refer to note 1(b)(ii)).

Other long term payables increased to RMB2.8 million due to the reclassification of the contingent consideration.

Financial lease increased to RMB5.7 million due to the acquisition of DTMT.

**Shareholders' Equity**

As a result of the Group's net profit generated during the period, the shareholders' equity was enhanced from RMB462.7 million as at 31 December 2013 to RMB607.3 million as at 31 December 2014, representing an increase of 31.3%.

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

Net cash generated from operating activities was RMB102.3 million during the year mainly due to the operating profit before working capital changes, decrease in inventories, decrease in other receivables, deposits and prepayments, and increase in other payables and accruals. This was partially offset by the decrease in trade payables, increase in trade receivables and increase in advances to suppliers.

Net cash used in investing activities was RMB158.9 million during the year mainly due to the addition of property, plant and equipment, the addition of land use rights, acquisition of non-controlling interests without a change in control and purchase of available-for-sale financial assets. This was partially offset by the net cash inflow arising from the acquisition of DTMT, the settlement of forward contracts and interest received.

Net cash used in financing activities was RMB29.3 million during the year mainly due to the payment of dividends and the repayment of short-term loans. This was partially offset by the proceeds from bank borrowings.

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

Not applicable.

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

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

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

**11. Dividend**

**(a) Current Financial Period Reported On 31 December 2014**

- (i) Any dividend declared for the current financial period reported on?  
No declaration of dividend.
- (ii) Any dividend recommended for the current financial period reported on?  
No recommendation of dividend.

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

Not applicable.

**(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 2014: RMB0.9 million	NIL
Nantong Wiedson Hi-Wits Precision Works Co. Ltd.	Purchase of raw material for Q4 2014: RMB0.2 million	NIL

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

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

**14. Negative confirmation 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.**

	2014		
	High Security RMB'000	Business Solutions RMB'000	Consolidated RMB'000
<b>Revenue</b>			
External sales	859,576	191,337	1,050,913
Total Sales	859,576	191,337	1,050,913
<b>Segment results</b>			
Profit after operations	105,723	58,107	163,830
Finance expenses, net			(1,603)
Unallocated income			(4,534)
<b>Profit before tax</b>			157,693
Income tax			(14,996)
<b>Profit after tax</b>			142,697
<b>Other segment items</b>			
Capital expenditure			
-Property, plant and equipment	36,956	16,062	53,018
-Intangible assets	-	-	-
-Land use rights	18,860	-	18,860
Amortization on intangible assets	5,284	-	5,284
Amortization on land use right	289	720	1,009

	2013		
	High Security RMB'000	Business Solutions RMB'000	Consolidated RMB'000
<b>Revenue</b>			
External sales	968,098	59,486	1,027,584
Total Sales	968,098	59,486	1,027,584
<b>Segment results</b>			
Profit from operations	110,107	14,126	124,233
Finance expenses, net			(790)
Unallocated expenses			(5,388)
<b>Profit before tax</b>			118,055
Income tax			(17,698)
<b>Profit after tax</b>			100,357
<b>Other segment items</b>			
Capital expenditure			
-Property, plant and equipment	23,394	49	23,443
-Intangible assets	3,554	-	3,554
-Land use rights	-	-	-
Amortization on intangible assets	4,850	-	4,850
Amortization on land use right	924	-	924

**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. A breakdown of sales.**

	<b>Group</b>		
	<b>2014</b>	<b>2013</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
(a) Sales reported for first half year	467,500	505,468	-7.5%
(b) Profit after tax for first half year	40,906	28,105	45.5 %
(c) Sales reported for second half year	583,413	522,116	11.7%
(d) Profit after tax for second half year	101,791	72,252	40.9 %

**18. 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 (2014)	Previous Full Year (2013)
Ordinary	S\$0.01	S\$0.01

**19. 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	52	Brother of the Executive Vice Chairman, Mr Liu Bin	Chairman and CEO of the Company (2007)	N/A
Liu Bin	63	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 Jiayan  
Chairman & CEO  
27 February 2015