

UNAUDITED FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2014

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

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

Group	3rd Quarter ended 30/09/2014 RMB'000	3rd Quarter ended 30/09/2013 RMB'000	Change %	9 Months ended 30/09/2014 RMB'000	9 Months ended 30/09/2013 RMB'000	Change %
Revenue	314,185	295,405	6.4	781,685	800,873	(2.4)
Cost of sales	(213,620)	(222,782)	(4.1)	(576,252)	(622,289)	(7.4)
Gross Profit	100,565	72,623	38.5	205,433	178,584	15.0
Selling and distribution expenses	(13,971)	(24,342)	(42.6)	(38,513)	(54,422)	(29.2)
Administrative expenses	(34,106)	(21,704)	57.1	(67,273)	(54,274)	24.0
Research and development expenses	(9,063)	(3,689)	145.7	(21,904)	(10,829)	102.3
Profit from Operations	43,425	22,888	89.7	77,743	59,059	31.6
Financial income/(expenses), net	447	(330)	n.m.	1,303	(1,159)	n.m.
Share of profit of associate	46	-	n.m.	46	-	n.m.
Other income	74,928	9,460	692.1	104,900	17,403	502.8
Other expenses	(5,947)	(231)	n.m.	(18,908)	(8,927)	111.8
Profit Before Tax	112,899	31,787	255.2	165,084	66,376	148.7
Income tax	(4,686)	(4,718)	(0.7)	(15,965)	(11,202)	42.5
Net Profit After Tax	108,213	27,069	299.8	149,119	55,174	170.3
Profit attributable to:						
Equity holders of the Company	110,362	-	n.m.	151,268	-	n.m.
Non-controlling interests	(2,149)	-	n.m.	(2,149)	-	n.m.
Other Comprehensive Income						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(12,110)	122	n.m.	(11,888)	3,245	n.m.
Total Comprehensive Income for the period	96,103	27,191	253.4	137,231	58,419	134.9
Total comprehensive income attributable to:						
Equity holders of the Company	100,918	-	n.m.	142,046	-	n.m.
Non-controlling interests	(4,815)	-	n.m.	(4,815)	-	n.m.

n.m. : not meaningful

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

(A) Other Income

	3rd Quarter ended 30/09/2014 RMB'000	3rd Quarter ended 30/09/2013 RMB'000	Change %	9 Months ended 30/09/2014 RMB'000	9 Months ended 30/09/2013 RMB'000	Change %
Sales of steel scrap	636	272	133.8	1,184	828	43.0
Net of sales of raw materials	1,125	266	322.8	1,959	425	360.9
Amortisation of deferred income	331	240	37.9	811	720	12.6
Government grants	2,477	1,948	27.2	4,152	2,601	59.6
Foreign exchange gain	-	250	(100.0)	475	-	n.m.
Settlement of forward contracts	1,307	4,860	(73.1)	7,647	9,420	(18.8)
Fair value changes on contingent consideration	-	-	-	19,474	-	n.m.
Gain on disposal of property, plant and equipment	53	-	n.m.	53	-	n.m.
Bargain purchase arising from the acquisition instruments	68,783	-	n.m.	68,783	-	n.m.
Others	216	1,340	(100.0)	-	2,987	(100.0)
	<u>74,928</u>	<u>9,460</u>	<u>692.1</u>	<u>104,900</u>	<u>17,403</u>	<u>502.8</u>

*Derivative financial instruments refer to RMB/USD forward contracts for hedging purposes.

(B) Other Expenses

	3rd Quarter ended 30/09/2014 RMB'000	3rd Quarter ended 30/09/2013 RMB'000	Change %	9 Months ended 30/09/2014 RMB'000	9 Months ended 30/09/2013 RMB'000	Change %
Amortisation of land use rights	(231)	(231)	-	(693)	(693)	-
instruments	(1,878)	-	n.m.	(14,479)	-	n.m.
Withholding tax on dividends	-	-	-	(2,000)	-	n.m.
Foreign exchange loss	(2,102)	-	n.m.	-	(8,234)	(100.0)
Professional fees for acquisition	(1,736)	-	n.m.	(1,736)	-	n.m.
	<u>(5,947)</u>	<u>(231)</u>	<u>n.m.</u>	<u>(18,908)</u>	<u>(8,927)</u>	<u>111.8</u>

(C) Financial Income/(Expenses), net

	3rd Quarter ended 30/09/2014 RMB'000	3rd Quarter ended 30/09/2013 RMB'000	Change %	9 Months ended 30/09/2014 RMB'000	9 Months ended 30/09/2013 RMB'000	Change %
Interest income	1,247	378	229.9	2,806	776	261.6
Interest expenses	(674)	(4)	n.m.	(749)	(21)	n.m.
Unwinding of discount on contingent consideration	(126)	(704)	(82.1)	(754)	(1,914)	(60.6)
	<u>447</u>	<u>(330)</u>	<u>n.m.</u>	<u>1,303</u>	<u>(1,159)</u>	<u>n.m.</u>

(D) Depreciation and Amortisation

	3rd Quarter ended 30/09/2014 RMB'000	3rd Quarter ended 30/09/2013 RMB'000	Change %	9 Months ended 30/09/2014 RMB'000	9 Months ended 30/09/2013 RMB'000	Change %
Depreciation on property, plant and equipment	5,345	3,352	59.5	12,626	9,692	30.3
Amortisation of land use rights	231	231	-	693	693	-
Amortisation of intangible assets	1,618	1,224	32.2	3,789	3,763	0.7
	7,194	4,807	49.7	17,108	14,148	20.9

For the 9 months ended 30 September 2014, the Group's depreciation expenses increased by 30.3% to RMB12.6 million over last corresponding period due to the addition of property, plant and equipment of Chinese subsidiaries and the acquisition of Deutsche Mechatronics GmbH ("DTMT").

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

	Group			Company		
	As At	As At	Change	As At	As At	Change
	30/09/2014	31/12/2013		30/09/2014	31/12/2013	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Unaudited	Audited		Unaudited	Audited	
Assets						
Non-current Assets						
Intangible assets	16,993	20,782	(18.2)	-	-	-
Investment in subsidiaries	-	-	-	30,107	30,039	0.2
Investment in associate	4,018	-	n.m.	-	-	-
Land use rights	42,524	43,218	(1.6)	-	-	-
Property, plant and equipment	244,923	129,125	89.7	-	-	-
Total Non-current Assets	308,458	193,125	59.7	30,107	30,039	0.2
Current Assets						
Cash and bank balances	177,391	168,762	5.1	8,689	3,959	119.5
Trade receivables	202,909	148,160	37.0	5,325	1,985	168.3
Advances to suppliers	32,411	6,621	389.5	-	96	(100.0)
Other receivables, deposits and prepayment	13,444	8,324	61.5	-	58	(100.0)
Due from related party (trade)	934	-	n.m.	-	-	-
Due from subsidiaries (non-trade)	-	-	-	157,105	112,269	39.9
Derivative financial instruments	-	13,322	(100.0)	-	-	-
Inventories	163,321	117,993	38.4	-	-	-
Total Current Assets	590,410	463,182	27.5	171,119	118,367	44.6
Total Assets	898,868	656,307	37.0	201,226	148,406	35.6
Liabilities						
Current Liabilities						
Borrowings	46,666	12,469	274.3	-	-	-
Trade payables	106,594	99,139	7.5	-	4,536	(100.0)
Other payables and accruals	73,470	57,940	26.8	5,294	23,172	(77.2)
Due to a related party (trade)	528	722	(26.9)	-	-	-
Due to a related party (non-trade)	-	3,600	(100.0)	-	-	-
Derivative financial instruments	1,047	-	n.m.	-	-	-
Provision for income tax	8,960	5,574	60.7	-	-	-
Total Current Liabilities	237,265	179,444	32.2	5,294	27,708	(80.9)
Non-current Liabilities						
Other payables	2,962	-	n.m.	2,962	-	n.m.
Financial lease	7,216	-	n.m.	-	-	-
Deferred income	9,097	10,560	(13.9)	-	-	-
Deferred tax liabilities	9,136	3,576	155.5	-	-	-
Total Non-current Liabilities	28,411	14,136	101.0	2,962	-	n.m.
Total Liabilities	265,676	193,580	37.2	8,256	27,708	(70.2)
Net Assets	633,192	462,727	36.8	192,970	120,698	59.9
Equity						
Capital and reserves attributable to the equity holders of the Company						
Share capital	168,067	168,067	-	168,067	168,067	-
Capital reserve	33,056	33,056	-	-	-	-
Revenue reserve/(accumulated losses)	371,036	237,504	56.2	29,947	(43,027)	n.m.
Statutory reserve	38,740	38,740	-	-	-	-
Translation deficit	(10,833)	(1,611)	572.4	(5,044)	(4,342)	16.2
Non-controlling interests	46,155	-	n.m.	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
Total Equity	633,192	462,727	36.8	192,970	120,698	59.9

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

Amount repayable in one year or less, or on demand

	Group		Group	
	As at 30 September 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	46,666	-	12,469	-

Details of any collateral

As at 30 September 2014, borrowings comprised:

- (1) A loan of EUR0.9 million (equivalent to RMB6.9 million) was obtained by a German subsidiary of the Company from Frankfurt Branch, ICBC Bank Germany. The loan was fully guaranteed by a bank deposit of RMB13.6 million placed by its PRC subsidiary in Jiang Su Branch, ICBC Bank China.
- (2) A mortgage loan of USD0.8 million (equivalent to RMB5.1 million) was obtained by a US subsidiary of the Company from East West Bank to finance the acquisition of a warehouse in USA. The Company provided corporate guarantee for the loan.
- (3) DTMT has an outstanding loan of EUR4.4 million (equivalent to RMB34.6 million) from Kreissparkasse Koln. 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.

GROUP CASH FLOW STATEMENT

	3rd Quarter ended 30/09/2014 RMB'000	3rd Quarter ended 30/09/2013 RMB'000	9 Months ended 30/09/2014 RMB'000	9 Months ended 30/09/2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	112,899	31,787	165,084	66,376
Adjustments:				
Amortisation of land use rights	231	231	693	693
Amortisation of intangible assets	1,618	1,224	3,789	3,763
Amortisation of deferred government grant	(983)	(240)	(1,463)	(720)
Depreciation of property, plant and equipment	5,345	3,352	12,626	9,692
Fair value changes on contingent consideration	-	-	(19,474)	-
Fair value loss/(gain) on derivative financial instruments	1,878	(1,340)	14,479	(2,987)
Gain on disposal of property, plant and equipment	(53)	-	(53)	-
Settlement of forward contracts	(1,307)	(4,860)	(7,647)	(9,420)
Interest expenses	674	4	749	21
Interest income	(1,247)	(378)	(2,806)	(776)
Unwinding of discount rate on contingent consideration	126	704	754	1,914
Gain from the share of profit of associate	(46)	-	(46)	-
Bargain purchase arising from the acquisition of a subsidiary	(68,783)	-	(68,783)	-
Withholding tax	2,000	-	2,000	-
Operating profit before working capital changes	52,352	30,484	99,902	68,556
Trade receivables	(47,061)	761	(46,533)	(126,835)
Other receivables, deposits and prepayments	(5,968)	34	(2,608)	2,692
Advances to suppliers	(6,232)	-	(21,666)	(19,465)
Trade payables	22,546	(321)	3,164	50,968
Other payables and accruals	3,311	(294)	6,696	24,816
Due to related parties (trade)	3	(638)	(194)	3,722
Due from related parties (trade)	(934)	-	(934)	-
Inventories	(3,276)	1,808	14,064	4,262
Cash generated from operations	14,741	31,834	51,891	8,716
Income tax paid	(5,068)	(4,581)	(8,848)	(9,325)
Net cash generated from/(used in) operating activities	9,673	27,253	43,043	(609)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,446)	(5,051)	(30,333)	(16,437)
Development costs incurred	-	(1,424)	-	(3,548)
Interest received	1,247	378	2,806	776
Settlement of forward contracts	1,307	4,860	7,647	9,420
Proceed from disposal of property, plant and equipment	216	-	216	-
Net cash inflow on acquisition of a subsidiary	10,286	-	10,286	-
Net cash used in investing activities	7,610	(1,237)	(9,378)	(9,789)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	-	(17,736)	-
Proceeds from bank borrowings	-	56	5,408	1,467
Repayment of short-term loans	(6,643)	-	(6,643)	-
Due to a related party (non -trade)	-	-	(3,600)	-
Interest paid	(526)	(73)	(749)	9
Pledged deposits	(59)	(6,671)	510	(3,801)
Net cash used in financing activities	(7,228)	(6,688)	(22,810)	(2,325)
Net increase/(decrease) in cash and cash equivalents	10,055	19,328	10,855	(12,723)
Effects of exchange rate changes in cash and cash equivalent	(1,913)	(571)	(1,716)	(548)
Cash and cash equivalents at beginning of the period	150,199	51,685	149,202	83,713
Cash and cash equivalents at end of the period	158,341	70,442	158,341	70,442
Note:				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents				
-Cash at bank and in hand	63,354	52,481	63,354	52,481
-Fixed deposits with banks	114,037	38,900	114,037	38,900
	177,391	91,381	177,391	91,381
Less: Pledged deposit	(19,050)	(20,939)	(19,050)	(20,939)
Cash and cash equivalents per consolidated statement of cash flows	158,341	70,442	158,341	70,442

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

	Group							
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation (deficit)/reserve	Total	Non-controlling interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	168,067	29,523	(13,029)	33,056	146,364	(3,162)	360,819	-
Total comprehensive income for the period	-	-	-	-	55,174	3,245	58,419	-
Balance at 30 September 2013	168,067	29,523	(13,029)	33,056	201,538	83	419,238	-

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

	Company			
	Share capital	Accumulated losses	Translation (deficit)/reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	168,067	(29,758)	4,823	143,132
Total comprehensive loss for the period	-	(5,226)	(7,226)	(12,452)
Balance at 30 September 2013	168,067	(34,984)	(2,403)	130,680

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

There have been no changes in the Company's share capital during the 9 months ended 30 September 2014.

The Company did not hold any treasury shares as at 30 September 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 30 September 2014 and as at 31 December 2013 respectively.

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

Not applicable.

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

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

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

Not applicable.

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

There are certain new Singapore Financial Reporting Standards ("FRS") that are published and mandatory for accounting periods beginning on or after 1 January 2014. The adoption of these FRS where applicable did not have any material impact on the financial statements for 9 months ended 30 September 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.**

	Group			
	3rd Quarter ended	3rd Quarter ended	9 Months ended	9 Months ended
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
Earnings per ordinary share of the group (in RMB cents):				
(a) Based on weighted average number of ordinary shares on issue; and	30.35	7.59	41.82	15.48
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	30.35	7.59	41.82	15.48
Weighted average number of ordinary shares adjusted for the effect for dilution ('000)	356,536	356,536	356,536	356,536

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

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

	Group		Company	
	As at	As at	As at	As at
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	177.60	129.78	54.12	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.

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.

REVIEW OF PERFORMANCE

(a) Profit statement of the Group

For the 9 months ended 30 September 2014:

Revenue

The Group achieved sales of RMB781.7 million, representing a decrease of 2.4% or RMB19.2 million over the last corresponding period. The Group sales excluding Deutsche Mechatronics GmbH ("DTMT") decreased by 8.1% or RMB65.0 million to RMB735.9 million over the last corresponding period.

Sales of the High Security Segment including DTMT decreased by 2.7% or RMB20.0 million to RMB735.1 million over the last corresponding period. The sales of the High Security Segment excluding DTMT decreased by 8.7% or RMB65.8 million to RMB689.3 million over the last corresponding period due to the weak demand for gun safes in USA markets.

Sales of the Semiconductors Segment increased by 1.8% or RMB0.8 million to RMB46.6 million over last corresponding period mainly due to higher demand for our precision products.

Gross Profit

Gross profit of the Group increased by 15.0% or RMB26.8 million to RMB205.4 million. Gross profit of the Group excluding DTMT increased by 10.8% or RMB19.3 million to RMB197.9 million.

Gross margin of the Group increased from 22.3% in last corresponding period to 26.3%. Gross margin of the Group excluding DTMT increased from 22.3% in last corresponding period to 26.9% mainly due to the higher margin of High Security Segment. Gross margin of High Security Segment increased from 21.7% to 26.5% due to the change of product mix and better cost control and that of the Semiconductors Segment increased marginally from 31.4% to 32.5%.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 29.2%, or RMB15.9 million to RMB38.5 million mainly due to the decrease in after-sales service expenses, brand licence expenses, storage charge and commission expenses. This was mainly in line with the sales decline of gun safes.

Administrative Expenses

Administrative expenses increased by 24.0%, or RMB13.0 million to RMB67.3 million mainly due to the acquisition of DTMT and increase of payroll. The increase of payroll was in line with the larger operation scale.

Research and Development Expenses

Research and development expenses increased by 102.3%, or RMB11.1 million to RMB21.9 million due to the development of new products to meet global customer needs.

Other Income

Other income increased by RMB87.5 million to RMB104.9 million mainly due to the gain from the acquisition of DTMT, the fair value changes on contingent liabilities (please refer to the result announcement of last quarter for details) and government grant.

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 continues to enter into RMB/USD forward contracts for hedging purposes.

Other Expenses

Other expenses increased by RMB10.0 million to RMB18.9 million mainly due to the increase in fair value loss on foreign exchange forward contracts, withholding tax on dividends and acquisition cost, partially offset by the decrease of foreign exchange loss.

Profit before Tax from Operations

Profit before tax was RMB165.1 million, representing an increase of 148.7% or RMB98.7 million as compared to RMB66.4 million for the last corresponding period.

Profit from Operations, Net of Tax

Profit after tax was RMB149.1 million, representing an increase of 170.3%, or RMB93.9 million as compared to RMB55.2 million for last corresponding period.

(b) Statement of financial position of the Group

Non-current Assets

The Group's non-current assets increased by RMB115.3 million from RMB193.1 million as at 31 December 2013 to RMB308.5 million as at 30 September 2014 mainly due to the increase in property, plant and equipment, partially offset by the decrease in intangible assets.

Intangible assets decreased by RMB3.8 million from RMB20.8 million as at 31 December 2013 to RMB17.0 million as at 30 September 2014 mainly due to amortisation.

Property, plant and equipment increased by RMB115.8 million from RMB129.1 million as at 31 December 2013 to RMB244.9 million as at 30 September 2014 mainly due to the addition of property, plant and equipment of Chinese subsidiaries and the acquisition of DTMT. Property, plant and equipment of DTMT as at 30 September 2014 was RMB99.3 million.

Current Assets

The Group's current assets increased by RMB127.2 million from RMB463.2 million as at 31 December 2013 to RMB590.4 million as at 30 September 2014 mainly due to the increase in trade receivables, inventories, advance to suppliers, cash and bank balance and other receivables, deposits and prepayment, partially offset by the decrease in derivative financial instruments.

Trade receivables increased by RMB54.7 million from RMB148.2 million as at 31 December 2013 to RMB202.9 million as at 30 September 2014 mainly due to higher sales revenue in September 2014 and the acquisition of DTMT. Trade receivables of DTMT as at 30 September 2014 were RMB12.1 million.

Advances to suppliers increased by RMB25.8 million from RMB6.6 million as at 31 December 2013 to RMB32.4 million as at 30 September 2014 mainly due to the increase in advance payment for purchase of raw materials.

Other receivables, deposits and prepayment increased by RMB5.1 million from RMB8.3 million as at 31 December 2013 to RMB13.4 million as at 30 September 2014 mainly due to the increase of the prepayment for the purchase of manufacturing equipment.

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 period.

Inventories increased by RMB45.3 million from RMB118.0 million as at 31 December 2013 to RMB163.3 million as at 30 September 2014 mainly due to the acquisition of DTMT, partially offset by the decrease of the balance of Chinese subsidiaries, which is in line with the decrease of the sales. Inventories of DTMT as at 30 September 2014 were RMB62.8 million.

Current Liabilities

Current liabilities increased by RMB57.8 million from RMB179.4 million as at 31 December 2013 to RMB237.3 million as at 30 September 2014 mainly due to the increase in borrowings, other payables and accruals, trade payables, provision for income tax and derivative financial instruments, partially offset by the decrease in amounts due to a related party (non-trade).

Borrowings increased by RMB34.2 million from RMB12.5 million as at 31 December 2013 to RMB46.7 million as at 30 September 2014 due to the acquisition of DTMT (refer to note 1(b)(ii)).

Trade payables increased by RMB7.5 million from RMB99.1 million as at 31 December 2013 to RMB106.6 million as at 30 September 2014, which was mainly due to the acquisition of DTMT. Trade payables of DTMT as at 30 September 2014 were RMB6.5 million.

Other payables and accruals increased by RMB15.5 million from RMB57.9 million as at 31 December 2013 to RMB73.5 million as at 30 September 2014, which was mainly due to the acquisition of DTMT and the reclassification of contingent liabilities arising from the acquisition of Format (please refer to the result announcement of last quarter for details).

Derivative financial instruments increased by RMB1.0 million as compared to 31 December 2013 due to the fluctuation of the exchange rate of Chinese Yuan against USD during the period.

Non-current Liabilities

Non-current liabilities increased by RMB14.3 million from RMB14.1 million as at 31 December 2013 to RMB28.4 million as at 30 September 2014 mainly due to the increase in financial lease, other payables and deferred tax liabilities.

Financial lease increased by RMB7.2 million as compared to 31 December 2013 due to the acquisition of DTMT.

Other payables increased by RMB3.0 million as compared to 31 December 2013 due to the reclassification of the contingent consideration.

Deferred tax liabilities increased by RMB5.6 million from RMB3.6 million as at 31 December 2013 to RMB9.1 million as at 30 September 2014 due to the deferred tax recognized on the undistributed profits of its Chinese subsidiaries.

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 RMB633.2 million as at 30 September 2014, representing an increase of 36.8%.

(c) Cash Flow Statement of the Group

Net cash generated from operating activities was RMB43.0 million for the 9 months ended 30 September 2014 mainly due to the operating profit before working capital changes, other payable and accruals, trade payables and decrease in inventories, partially offset by the increase in advance to suppliers and other receivables, deposits and prepayments.

Net cash used in investing activities was RMB9.4 million for the 9 months ended 30 September 2014 mainly arising from the addition of property, plant and equipment, partially offset by the settlement of forward contracts and interest received.

Net cash used in financing activities was RMB22.8 million for the 9 months ended 30 September 2014 mainly due to the payment of interim dividends, the repayment of short-term loans and decrease in payable due to a related party(non-trade), 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 we will also continue to focus on innovation, value-added product development and production efficiency.

After acquiring 60% of DTMT on 1 August 2014, the Group further acquired 30% of DTMT on 31 October 2014. And the Group will acquire the outstanding 10% of DTMT on 1 January 2019 as stipulated in the Share Purchase Agreement. We will focus on the integration of this high technology self-service machine company into the Group.

Continuous efforts will be made to enhance our growing self-service machine and gaming terminal businesses.

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 Q3 2014: RMB0.9 million	NIL
Nantong Wiedson Hi-Wits Precision Works Co. Ltd.	Purchase of raw material for Q3 2014: RMB0.3 million	NIL

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

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

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

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 3rd quarter ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Johnny Liu Jiayan
Chairman & CEO

Liu Bin
Executive Director

BY ORDER OF THE BOARD

Johnny Liu Jia Yan
Chairman & CEO
10 November 2014