

## UNAUDITED FINANCIAL STATEMENTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2019

## 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 31/12/2019	4th Quarter ended 31/12/2018	Change %	12 Months ended 31/12/2019	12 Months ended 31/12/2018	Change %
	RMB'000	RMB'000 (Restated)		RMB'000	RMB'000 (Restated)	
Revenue	490,077	478,781	2.4	1,882,159	1,822,941	3.2
Cost of sales	(331,849)	(360,222)	(7.9)	(1,354,986)	(1,364,829)	(0.7)
<b>Gross Profit</b>	<b>158,228</b>	<b>118,559</b>	<b>33.5</b>	<b>527,173</b>	<b>458,112</b>	<b>15.1</b>
Selling and distribution expenses	(24,945)	(25,227)	(1.1)	(99,394)	(95,009)	4.6
Administrative expenses	(47,557)	(46,636)	2.0	(199,301)	(203,937)	(2.3)
Research and development expenses	(22,564)	(21,785)	3.6	(74,037)	(78,705)	(5.9)
<b>Profit from Operations</b>	<b>63,162</b>	<b>24,911</b>	<b>153.6</b>	<b>154,441</b>	<b>80,461</b>	<b>91.9</b>
Financial expenses, net	(1,969)	(2,126)	(7.4)	(7,140)	(7,587)	(5.9)
Share of results from associates	(375)	(536)	(30.0)	332	765	(56.6)
Other income	14,320	16,813	(14.8)	24,725	28,305	(12.6)
Other expenses	(42,575)	(29,196)	45.8	(45,119)	(26,449)	70.6
Reversal of impairment/(Impairment losses) of financial assets	4,855	(5,051)	n.m.	4,269	(8,297)	n.m.
<b>Profit Before Tax</b>	<b>37,418</b>	<b>4,815</b>	<b>677.1</b>	<b>131,508</b>	<b>67,198</b>	<b>95.7</b>
Income tax	(26,123)	(275)	n.m.	(52,399)	(14,072)	272.4
<b>Net Profit After Tax</b>	<b>11,295</b>	<b>4,540</b>	<b>148.8</b>	<b>79,109</b>	<b>53,126</b>	<b>48.9</b>
<b>Other Comprehensive Income</b>						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Currency translation differences arising from consolidation	(5,385)	(3,667)	46.9	2,007	13,441	(85.1)
Financial assets, at FVOCI (debt securities)						
– Changes of fair value	(115)	(315)	(63.5)	488	(994)	n.m.
– Reclassification upon realisation of investment	254	-	n.m.	700	-	n.m.
<u>Items that will not be reclassified subsequently to profit or loss:</u>						
Re-measurement gains/(losses) on defined benefit pension scheme	5,173	3,236	59.9	5,173	3,236	59.9
Movement of deferred tax relating to pension deficit	(1,863)	(14,806)	(87.4)	(1,863)	(278)	570.1
Other Comprehensive Income/(loss) for the period	(1,936)	(15,552)	(87.6)	6,505	15,405	(57.8)
<b>Total Comprehensive Income for the period</b>	<b>9,359</b>	<b>(11,012)</b>	<b>n.m.</b>	<b>85,614</b>	<b>68,531</b>	<b>24.9</b>

n.m.: not meaningful.

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

**(A) Other Income**

	4th Quarter ended 31/12/2019	4th Quarter ended 31/12/2018	Change	12 Months ended 31/12/2019	12 Months ended 31/12/2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sales of steel scrap	156	1,528	(89.8)	570	3,983	(85.7)
Prototype tooling income	5,037	6,562	(23.2)	5,037	6,562	(23.2)
Foreign exchange gain, net	-	-	n.m.	2,655	6,643	(60.0)
Amortisation of deferred government grant	171	279	(38.7)	686	552	24.3
Government grants	1,799	571	215.1	7,755	2,162	258.7
Fair value gain on forward contracts	4,072	3,270	24.5	2,606	-	n.m.
Gain on settlement of forward contracts	484	-	n.m.	479	-	n.m.
Reversal of long term unclaimed payable	-	1,638	(100.0)	-	2,975	(100.0)
Write back of other liabilities	911	2,025	(55.0)	911	2,025	(55.0)
Gain on disposal of property, plant and equipment	-	-	n.m.	43	19	126.3
Rental income	826	-	n.m.	826	-	n.m.
Others	864	940	(8.1)	3,157	3,384	(6.7)
	14,320	16,813	(14.8)	24,725	28,305	(12.6)

With effect from Q4 2019, the Group has reclassified the net gain on sales of raw materials previously presented under "other income" to "Revenue" as the Group is of the view that such reclassification better reflects the substance of the transactions. Accordingly, the prior period comparatives have been restated to conform to such presentation.

Reversal of long term unclaimed payable in Q4 2018 and 12 months ended 31 December 2018 pertained to write back of provision for warranty as well as a reversal of overaccruals.

**(B) Other Expenses**

	4th Quarter ended 31/12/2019	4th Quarter ended 31/12/2018	Change	12 Months ended 31/12/2019	12 Months ended 31/12/2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
		(Restated)			(Restated)	
Loss on settlement of forward contracts	-	(2,992)	(100.0)	-	(5,407)	(100.0)
Foreign exchange loss, net	(3,367)	(5,356)	(37.1)	-	-	n.m.
Loss on disposal of property, plant and equipment	(384)	(387)	(0.8)	-	-	n.m.
Loss on disposal of financial assets, at FVOCI	(8)	-	n.m.	(399)	-	n.m.
Impairment loss on intangible assets	(27,498)	(13,676)	101.1	(33,058)	(13,676)	141.7
Impairment loss on ROU assets	(8,900)	-	n.m.	(8,900)	-	n.m.
Impairment loss on property, plant and equipment	(2,178)	-	n.m.	(2,178)	-	n.m.
GMP equalisation past service cost	-	(6,616)	(100.0)	-	(6,616)	(100.0)
Others	(240)	(169)	42.0	(584)	(750)	(22.1)
	(42,575)	(29,196)	45.8	(45,119)	(26,449)	70.6

With effect from Q1 2019, the Group has reclassified the amortisation of land use rights previously presented under "other expenses" to "cost of sales" as the Group is of the view that such reclassification better reflects the substance of the transactions. Accordingly, the prior period comparatives have been restated to conform to such presentation.

During the year, the Group undertook an assessment of its development costs, customer relationship intangible assets, ROU assets and property, plant and equipment. Based on the assessment, the Group recognised impairment loss of RMB33.1 million on development costs and customer relationship intangible assets, RMB8.9 million on its ROU assets and RMB2.2 million on its property, plant and equipment.

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.

**(C) Financial Expenses, net**

	4th Quarter ended	4th Quarter ended		12 Months ended	12 Months ended	
	31/12/2019	31/12/2018	Change	31/12/2019	31/12/2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	686	2,287	(70.0)	3,055	3,471	(12.0)
Interest expenses	(2,005)	(4,120)	(51.3)	(7,975)	(9,179)	(13.1)
Net interest on net defined benefit liability	<u>(650)</u>	<u>(293)</u>	121.8	<u>(2,220)</u>	<u>(1,879)</u>	18.1
	(1,969)	(2,126)	(7.4)	(7,140)	(7,587)	(5.9)

**(D) Depreciation and Amortisation**

	4th Quarter ended	4th Quarter ended		12 Months ended	12 Months ended	
	31/12/2019	31/12/2018	Change	31/12/2019	31/12/2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation on property, plant and equipment	6,422	10,167	(36.8)	34,463	35,066	(1.7)
Depreciation of right-of-use assets	5,679	-	n.m.	16,000	-	n.m.
Amortisation of land use rights	338	338	-	1,350	1,350	-
Amortisation of intangible assets	<u>4,385</u>	<u>4,493</u>	(2.4)	<u>17,489</u>	<u>17,042</u>	2.6
	16,824	14,998	12.2	69,302	53,458	29.6

The increase in depreciation and amortisation expenses in Q4 2019 and 12 months ended 31 December 2019 was largely due to depreciation accounted on the right-of-use assets ("ROU assets") following the adoption of SFRS(I) 16 Leases on 1 January 2019.

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
	31/12/2019	31/12/2018		31/12/2019	31/12/2018	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
	Unaudited	Audited		Unaudited	Audited	
<b>Assets</b>						
<b>Non-current Assets</b>						
Intangible assets	55,863	66,238	(15.7)	-	-	-
Investment in subsidiaries	-	-	-	273,532	269,403	1.5
Investment in associates	8,607	8,275	4.0	-	-	-
Land use rights	56,800	58,150	(2.3)	-	-	-
Property, plant and equipment	306,247	327,191	(6.4)	-	-	-
Right-of-use assets	60,441	-	n.m.	-	-	-
Deferred tax assets	1,486	24,947	(94.0)	-	-	-
<b>Total Non-current Assets</b>	<b>489,444</b>	<b>484,801</b>	1.0	<b>273,532</b>	<b>269,403</b>	1.5
<b>Current Assets</b>						
Cash and bank balances	448,421	335,281	33.7	48,263	66,542	(27.5)
Financial assets, at FVOCI	20,060	16,480	21.7	-	-	-
Trade receivables	263,296	220,097	19.6	35,766	6,118	484.6
Advances to suppliers	23,703	21,103	12.3	-	-	-
Other receivables, deposits and prepayments	12,376	14,843	(16.6)	-	-	-
Due from a related party (trade)	-	680	(100.0)	-	-	-
Due from subsidiaries (non-trade)	-	-	-	28,370	41,336	(31.4)
Derivative financial instruments	2,606	-	n.m.	-	-	-
Contract assets	25,337	39,169	(35.3)	-	-	-
Inventories	367,768	412,257	(10.8)	1,860	-	n.m.
<b>Total Current Assets</b>	<b>1,163,567</b>	<b>1,059,910</b>	9.8	<b>114,259</b>	<b>113,996</b>	0.2
<b>Total Assets</b>	<b>1,653,011</b>	<b>1,544,711</b>	7.0	<b>387,791</b>	<b>383,399</b>	1.1
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Borrowings	129,626	153,500	(15.6)	-	-	-
Trade payables	124,256	127,294	(2.4)	2,095	161	n.m.
Other payables and accruals	115,391	107,153	7.7	6,723	15,131	(55.6)
Due to related parties (trade & non-trade)	7,790	9,313	(16.4)	6,842	9,069	(24.6)
Provision for income tax	8,070	4,069	98.3	853	1,545	(44.8)
Contract liabilities	95,953	74,425	28.9	30	-	n.m.
Due to subsidiaries (trade)	-	-	-	76,419	74,213	3.0
<b>Total Current Liabilities</b>	<b>481,086</b>	<b>475,754</b>	1.1	<b>92,962</b>	<b>100,119</b>	(7.1)
<b>Non-current Liabilities</b>						
Long-term borrowings	65,130	27,123	140.1	-	-	-
Pension liability	79,997	80,949	(1.2)	-	-	-
Deferred income	11,212	11,898	(5.8)	-	-	-
Deferred tax liabilities	24,057	24,432	(1.5)	-	-	-
<b>Total Non-current Liabilities</b>	<b>180,396</b>	<b>144,402</b>	24.9	-	-	-
<b>Total Liabilities</b>	<b>661,482</b>	<b>620,156</b>	6.7	<b>92,962</b>	<b>100,119</b>	(7.1)
<b>Net Assets</b>	<b>991,529</b>	<b>924,555</b>	7.2	<b>294,829</b>	<b>283,280</b>	4.1
<b>Equity</b>						
<b>Capital and reserves attributable to the equity holders of the Company</b>						
Share capital	154,623	154,623	-	154,623	154,623	-
Capital reserve	172,946	33,056	423.2	-	-	-
Revenue reserve	568,172	658,601	(13.7)	123,682	117,069	5.6
Statutory reserve	76,711	62,393	22.9	-	-	-
Translation reserve	31,602	29,595	6.8	16,524	11,588	42.6
Fair value reserve	504	(684)	n.m.	-	-	-
Merger deficit	(13,029)	(13,029)	-	-	-	-
<b>Total Equity</b>	<b>991,529</b>	<b>924,555</b>	7.2	<b>294,829</b>	<b>283,280</b>	4.1

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

**The Group's borrowings refer to aggregate borrowings from banks, financial institutions, and lease liabilities.**

	Group		Group	
	As at 31 December 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	76,126	53,500	76,044	77,456
Amount repayable above one year	65,130	-	27,123	-
Total	141,256	53,500	103,167	77,456

**Details of any collateral**

As at 31 December 2019, borrowings comprised:

- (1) A mortgage loan of USD0.2 million (equivalent to RMB1.3 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 EUR1.8 million (equivalent to RMB14.2 million) was obtained by Format Tresorbau GmbH & Co. KG to finance the construction of warehouse. The Company provided corporate guarantee for the loan. In addition, it has outstanding lease liabilities of EUR0.8 million (equivalent to RMB5.9 million).
- (3) DTMT has an outstanding loan of EUR1.5 million (equivalent to RMB11.8 million). The Company provided corporate guarantee for the loan.
- (4) DTMT has an outstanding loan of EUR2.2 million (equivalent to RMB17.7 million), secured by the land of DTMT from a German commercial bank. In addition, DTMT has outstanding lease liabilities of EUR2.0 million (equivalent to RMB15.3 million).
- (5) Krauth Technology GmbH ("Krauth") has an outstanding loan of EUR0.5 million (equivalent to RMB3.8 million) to finance the acquisition of freehold land and building and working capital. In addition, Krauth has outstanding lease liabilities of EUR0.2 million (equivalent to RMB1.9 million).
- (6) Metric Group Limited has an outstanding loan of GBP2.4 million (equivalent to RMB21.7 million) to finance the working capital. The Company provided pledged bank balance for the loan. In addition, it has outstanding lease liabilities of GBP1.7 million (equivalent to RMB15.8 million).
- (7) Almex GmbH ("Almex") has outstanding lease liabilities of EUR0.05 million (equivalent to RMB0.4 million).
- (8) 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 RMB53.5 million was obtained by a PRC subsidiary of the Company from Chinese bank to finance the daily payment to suppliers. In addition, PRC subsidiaries have outstanding lease liabilities of RMB14.5 million.
- (9) Southeast Asia subsidiaries have outstanding lease liabilities of RMB17.2 million.
- (10) Lease liabilities are accrued on the respective right-of-use assets.

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 31/12/2019 RMB'000	4th Quarter ended 31/12/2018 RMB'000	12 Months ended 31/12/2019 RMB'000	12 Months ended 31/12/2018 RMB'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Profit before tax	37,418	4,815	131,508	67,198
Adjustments:				
Amortisation of land use rights	338	338	1,350	1,350
Amortisation of intangible assets	4,385	4,493	17,489	17,042
Amortisation of deferred government grant	(171)	(279)	(686)	(552)
Depreciation of property, plant and equipment	6,422	10,167	34,463	35,066
Depreciation of right-of-use assets	5,679	-	16,000	-
Impairment of intangible assets	27,498	13,676	33,058	13,676
Impairment of ROU assets	8,900	-	8,900	-
Impairment of property, plant and equipment	2,178	-	2,178	-
Loss on disposal of financial assets, at FVOCI	8	-	399	-
Fair value gain on forward contract	(4,072)	(3,270)	(2,606)	-
Loss/(gain) on disposal of property, plant and equipment	384	387	(43)	(19)
(Gain)/loss on settlement of forward contracts	(484)	2,992	(479)	5,407
Interest expenses	2,655	4,413	10,195	11,058
Interest income	(686)	(2,287)	(3,055)	(3,471)
Share of results from associates	375	536	(332)	(765)
Gain on foreign exchange	943	(1,646)	(931)	(4,019)
Write back of other liabilities	(911)	(2,025)	(911)	(2,025)
Reversal of long unclaimed accrued purchases	-	1,337	-	-
Gain on reduction of redemption liability	-	(2,975)	-	(2,975)
<b>Operating profit before working capital changes</b>	<b>90,859</b>	<b>30,672</b>	<b>246,497</b>	<b>136,971</b>
Contract assets	(3,407)	(10,088)	13,534	(19,706)
Trade receivables	(1,893)	32,139	(58,386)	67,772
Other receivables, deposits and prepayments	(7,792)	(4,923)	(8,398)	(4,212)
Advances to suppliers	(2,714)	7,468	(2,660)	14,334
Inventories	77,116	71,227	44,967	1,092
Contract liabilities	(18,214)	(6,607)	20,824	10,118
Trade payables	(6,905)	(1,633)	(2,633)	(29,657)
Other payables and accruals	(2,797)	(9,424)	8,819	(18,056)
Due from a related party (trade)	-	(357)	680	(680)
Due to related parties (trade & non-trade)	7,157	(1,473)	(1,523)	-
Settlement of forward contract	484	(3,600)	479	(6,015)
Pension liability	(3,181)	3,969	(3,181)	3,969
<b>Cash generated from operations</b>	<b>128,713</b>	<b>107,370</b>	<b>259,019</b>	<b>155,930</b>
Income tax paid	(10,987)	(8,063)	(25,828)	(23,483)
<b>Net cash from operating activities</b>	<b>117,726</b>	<b>99,307</b>	<b>233,191</b>	<b>132,447</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Purchase of property, plant and equipment	(893)	(7,165)	(28,600)	(32,299)
Addition of Intangible assets	(5,311)	(10,468)	(16,774)	(20,459)
Proceed from disposal of property, plant and equipment	1,353	(353)	2,191	516
Interest received	686	2,287	3,055	3,471
Net cash outflow on acquisition of business	(2,325)	-	(2,325)	-
Proceed from disposal of financial assets, at FVOCI	326	3,330	6,454	3,330
Purchase of financial assets, at FVOCI	-	(3,279)	(6,589)	(3,279)
<b>Net cash used in investing activities</b>	<b>(6,164)</b>	<b>(15,648)</b>	<b>(42,588)</b>	<b>(48,720)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Dividend paid	-	-	(18,640)	(17,773)
Proceeds from bank borrowings	25,768	(81,075)	161,978	28,843
Repayment of loans	(43,295)	70,238	(203,441)	(67,572)
Due to a related party (non -trade)	-	9,069	-	9,069
Interest paid	(3,186)	(2,534)	(7,975)	(9,179)
Withdrawal of pledged deposits	4,808	8,402	5,706	1,482
Repayment of lease liabilities	(1,712)	-	(12,171)	-
<b>Net cash (used in)/from financing activities</b>	<b>(17,617)</b>	<b>4,100</b>	<b>(74,543)</b>	<b>(55,130)</b>
<b>Net increase in cash and cash equivalents</b>	<b>93,945</b>	<b>87,759</b>	<b>116,060</b>	<b>28,597</b>
Effects of exchange rate changes in cash and cash equivalents	912	496	2,786	9,947
Cash and cash equivalents at beginning of the period	311,684	199,440	287,695	249,151
<b>Cash and cash equivalents at end of the period</b>	<b>406,541</b>	<b>287,695</b>	<b>406,541</b>	<b>287,695</b>
<b>Note:</b>				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:				
-Cash at bank and in hand	851	641	851	641
-Fixed deposits with banks	447,570	334,640	447,570	334,640
	<b>448,421</b>	<b>335,281</b>	<b>448,421</b>	<b>335,281</b>
Less: Pledged deposit	(41,880)	(47,586)	(41,880)	(47,586)
Cash and cash equivalents per consolidated statement of cash flows	<b>406,541</b>	<b>287,695</b>	<b>406,541</b>	<b>287,695</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 reserve	Fair value reserve/(deficit)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2019</b>	<b>154,623</b>	<b>62,393</b>	<b>(13,029)</b>	<b>33,056</b>	<b>658,601</b>	<b>29,595</b>	<b>(684)</b>	<b>924,555</b>
Profit for the period	-	-	-	-	79,109	-	-	79,109
Dividends	-	-	-	-	(18,640)	-	-	(18,640)
Transfer to capital reserve	-	-	-	139,890	(139,890)	-	-	-
Transfer to statutory reserve	-	14,318	-	-	(14,318)	-	-	-
Other comprehensive income, net of tax	-	-	-	-	3,310	2,007	1,188	6,505
<b>Balance at 31 December 2019</b>	<b>154,623</b>	<b>76,711</b>	<b>(13,029)</b>	<b>172,946</b>	<b>568,172</b>	<b>31,602</b>	<b>504</b>	<b>991,529</b>

	Group							
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation reserve	Fair value reserve/(deficit)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2018</b>	<b>154,623</b>	<b>60,965</b>	<b>(13,029)</b>	<b>33,056</b>	<b>621,718</b>	<b>16,154</b>	<b>310</b>	<b>873,797</b>
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	13,441	(994)	15,405
<b>Balance at 31 December 2018</b>	<b>154,623</b>	<b>62,393</b>	<b>(13,029)</b>	<b>33,056</b>	<b>658,601</b>	<b>29,595</b>	<b>(684)</b>	<b>924,555</b>

The capital reserve arises from the increase in paid-up capital of a subsidiary in the financial years ended 31 December 2019, by capitalizing its retained profits in accordance with the relevant PRC rules and regulations. On consolidation, the capitalised retained profits were reflected as a capital reserve of the Group.

	Company			
	Share capital	Revenue reserve	Translation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2019</b>	<b>154,623</b>	<b>117,069</b>	<b>11,588</b>	<b>283,280</b>
Total comprehensive income for the period	-	25,253	4,936	30,189
Dividends	-	(18,640)	-	(18,640)
<b>Balance at 31 December 2019</b>	<b>154,623</b>	<b>123,682</b>	<b>16,524</b>	<b>294,829</b>

	Company			
	Share capital	Revenue reserve	Translation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2018</b>	<b>154,623</b>	<b>114,798</b>	<b>(2,467)</b>	<b>266,954</b>
Total comprehensive income for the period	-	20,044	14,055	34,099
Dividends	-	(17,773)	-	(17,773)
<b>Balance at 31 December 2018</b>	<b>154,623</b>	<b>117,069</b>	<b>11,588</b>	<b>283,280</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, 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 was no change in the Company's share capital during the 12 months ended 31 December 2019.

The Company did not hold any treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 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 2019 and 31 December 2018.

- 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 modifications 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.**

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the year ended 31 December 2018.

- 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.**

SFRS(I) 16 Leases introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments. Remaining lease payments under the operating leases will be recognised at their present value discounted using an appropriate discount rate and the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

As a lessee, the Group had adopted SFRS(I) 16 using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of accumulative profits at 1 January 2019, with no restatement of comparative information. The Group had applied the practical expedient to grandfather the definition of a lease on transition and the practical expedient to recognise ROU assets equal to its lease liabilities as at 1 January 2019.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position of the Group as at 1 January 2019. Lease liabilities are included in "Borrowings" in the statement of financial position.

During the year 2019, the Group recognised depreciation charge of RMB16.0 million and interest costs of RMB1.9 million from these leases.

**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.**

**6 Earnings per ordinary share**

	Group			
	4th Quarter ended	4th Quarter ended	12 Months ended	12 Months ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	Restated		Restated	
<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	3.17	1.27	22.19	14.90
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	3.17	1.27	22.19	14.90
Weighted average number of ordinary shares adjusted for the effect for dilution ('000)	356,536	356,536	356,536	356,536

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

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

	Group		Company	
	As at	As at	As at	As at
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	278.10	259.32	82.69	79.45
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. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**OUR BUSINESS**

The Group is a global leading designer and manufacturer in the high security products. 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, Vietnam, Philippines and Germany, the Group has a global market presence in all major countries.

The Group takes advantages of its strong R&D capabilities, vertically integrated solutions and large-scale operations to provide business solutions to customers by designing, engineering, manufacturing and assembling electro-mechanical equipment, Ticketing Vending Machine ("TVM") and other products.

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

For the 12 months ended 31 December 2019:

### **Revenue**

The Group achieved sales of RMB1,882.2 million, representing an increase of 3.2% or RMB59.2 million over last corresponding period.

Sales of the High Security Segment decreased by 4.8% or RMB46.4 million to RMB921.0 million over last corresponding period due to the decrease in sales of ATM safes.

Sales of the Business Solutions Segment increased by 12.3% or RMB105.6 million to RMB961.2 million over last corresponding period due to the increase in sales of new products.

### **Gross Profit**

Gross profit of the Group increased by 15.1% or RMB69.1 million to RMB527.2 million.

Gross margin of the Group increased from 25.1% in the last corresponding period to 28.0%. Gross margin of the High Security Segment increased from 25.6% to 29.5% and gross margin of the Business Solutions Segment increased from 24.6% to 26.5% mainly due to the change in product mix.

### **Selling and distribution expenses**

Selling and distribution expenses increased by 4.6% or RMB4.4 million to RMB99.4 million mainly due to the increase in sales.

### **Administrative expenses**

Administrative expenses decreased by 2.3% or RMB4.6 million to RMB199.3 million mainly due to better control over the administrative expenses.

### **Research and development expenses**

Research and development expenses decreased by 5.9% or RMB4.7 million to RMB74.0 million mainly due to the completion of some development projects.

### **Other Income**

Other income decreased by RMB3.6 million to RMB24.7 million mainly due to the decrease in sales of steel scrap, prototype tooling income, net foreign exchange gain, reversal of long term unclaimed payable and write back of other liabilities, partially offset by the increase in government grants and fair value gain on forward contracts.

### **Other Expenses**

Other expenses increased by RMB18.7 million to RMB45.1 million mainly due to the increase in impairment loss on intangible assets, ROU assets and property, plant and equipment, partially offset by the decrease in loss on settlement of forward contracts and GMP equalisation past service cost.

Impairment losses on intangible assets, ROU assets and property, plant and equipment were recognised due to the decline in its recoverable amount.

### **Reversal of impairment/(Impairment losses) of financial assets**

The Group adopted the Expected Credit Losses (ECL) model to assess its credit losses. Based on ECL model, a reversal of impairment loss of RMB4.3 million was recognised in 2019, compared to an impairment loss of RMB8.3 million in 2018.

### **Profit before Tax**

Profit before tax was RMB131.5 million, representing an increase of RMB64.3 million as compared to RMB67.2 million during last corresponding period.

### **Income Tax Expenses**

Income tax expenses increased by RMB38.3 million, from RMB14.1 million in 2018 to RMB52.4 million mainly due to the increase in profits generated from the profitable subsidiaries and write off of deferred tax assets at one of our subsidiaries after assessing its recoverability.

### **Net profit after Tax**

Profit after tax was RMB79.1 million, representing an increase of RMB26.0 million as compared to RMB53.1 million during last corresponding period.

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

For the 3 months ended 31 December 2019:

### **Revenue**

The Group achieved sales of RMB490.1 million, representing an increase of 2.4% or RMB11.3 million over last corresponding period.

Sales of the High Security Segment increased by 0.1% or RMB0.3 million to RMB252.4 million over last corresponding period due to the increase in sales of ATM safes.

Sales of the Business Solutions Segment increased by 4.9% or RMB11.0 million to RMB237.7 million over last corresponding period due to the increase in sales of new products.

### **Gross Profit**

Gross profit of the Group increased by 33.5% or RMB39.7 million to RMB158.2 million.

Gross margin of the Group increased from 24.8% in the last corresponding period to 32.3%. Gross margin of the High Security Segment increased from 22.5% to 37.0% mainly due to the change in product mix. Gross margin of the Business Solutions Segment remained relatively stable at 27.3%.

### **Other Income**

Other income decreased by RMB2.5 million to RMB14.3 million mainly due to the decrease in sales of steel scrap, prototype tooling income, reversal of long term unclaimed payable and write back of other liabilities, partially offset by the increase in government grants.

### **Other Expenses**

Other expenses increased by RMB13.4 million to RMB42.6 million mainly due to impairment loss on intangible assets, ROU assets and property, plant and equipment, partially offset by the decrease in loss on settlement of forward contracts, net foreign exchange loss and GMP equalisation past service cost.

Impairment losses on intangible assets, ROU assets and property, plant and equipment were recognised due to the decline in its recoverable amount.

### **Reversal of impairment/(impairment losses) of financial assets**

The Group adopted the Expected Credit Losses (ECL) model to assess its credit losses. Based on ECL model, a reversal of impairment loss of RMB4.9 million was recognised in Q4 2019, compared to an impairment loss of RMB5.1 million in Q4 2018.

### **Profit before Tax**

Profit before tax was RMB37.4 million, representing an increase of RMB32.6 million as compared to RMB4.8 million during last corresponding period.

### **Income Tax Expenses**

Income tax expenses increased by RMB25.8 million from RMB 0.3 million in Q4 2018 to RMB 26.1 million in Q4 2019 mainly due to the increase in profit generated from the profitable subsidiaries and write off of deferred tax assets at one of our subsidiaries after assessing its recoverability.

### **Net profit after Tax**

Profit after tax was RMB11.3 million, representing an increase of RMB6.8 million as compared to RMB4.5 million during last corresponding period.

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

### **Non-current Assets**

The Group's non-current assets increased by RMB4.6 million from RMB484.8 million as at 31 December 2018 to RMB489.4 million as at 31 December 2019 mainly due to the increase in right-of-use assets on adoption of SFRS(I) 16, partially offset by the decrease in intangible assets, land use rights, property, plant and equipment and deferred tax assets.

Property, plant and equipment decreased by RMB21.0 million from RMB327.2 million as at 31 December 2018 to RMB306.2 million as at 31 December 2019 mainly due to depreciation and the finance lease of RMB13.9 million transferred to ROU assets, offset by additions made during the year.

Following the adoption of SFRS(I) 16 Leases on 1 January 2019, the Group recognised ROU assets and lease liabilities in relation to its existing operating lease arrangements. Refer to Item 5 for more details. And moreover, the Group reclassified fixed assets acquired on finance lease of RMB13.9 million to ROU assets.

Intangible assets decreased by RMB10.3 million from RMB66.2 million as at 31 December 2018 to RMB55.9 million as at 31 December 2019 mainly due to the impairment loss recognised of RMB33.1 million and amortization of RMB17.5 million, partially offset by the addition of RMB21.6 million from acquisition of Eisenbach-Tresore, an online eCommerce platform in Germany, addition of other intangible assets of RMB16.8 million and currency translation differences.

Land use rights decreased by RMB1.4 million from RMB58.2 million as at 31 December 2018 to RMB56.8 million as at 31 December 2019 mainly due to amortization of land use rights.

Deferred tax assets decreased by RMB23.4 million from RMB24.9 million as at 31 December 2018 to RMB1.5 million as at 31 December 2019 mainly due to the write off of deferred tax assets at one of our subsidiaries after assessing its recoverability.

### **Current Assets**

The Group's current assets increased by RMB103.7 million from RMB1,059.9 million as at 31 December 2018 to RMB1,163.6 million as at 31 December 2019 mainly due to the increase in cash and bank balances, financial assets, at FVOCI, trade receivables, advances to suppliers and derivative financial instruments, partially offset by the decrease in other receivables, deposits and repayments, contract assets and inventories.

Financial assets, at FVOCI includes debt securities investment and equity securities investment. It increased by RMB3.6 million from RMB16.5 million as at 31 December 2018 to RMB20.1 million as at 31 December 2019 mainly due to the newly investment in equity securities.

Trade receivables increased by RMB43.2 million from RMB220.1 million as at 31 December 2018 to RMB263.3 million as at 31 December 2019 mainly due to higher revenue registered in Q4 2019.

Advances to suppliers increased by RMB2.6 million from RMB21.1 million as at 31 December 2018 to RMB23.7 million as at 31 December 2019 mainly due to the increase in advance payment for purchase of raw materials.

Derivative financial instruments pertained to the fair value gain on forward contracts entered into by the Group.

Other receivables, deposits and repayments decreased by RMB2.4 million from RMB14.8 million as at 31 December 2018 to RMB12.4 million as at 31 December 2019 mainly due to the refund of deposits placed.

Contract assets decreased by RMB13.9 million from RMB39.2 million as at 31 December 2018 to RMB25.3 million as at 31 December 2019 mainly due to timing of milestone billings on project sales.

Inventories decreased by RMB44.5 million from RMB412.3 million as at 31 December 2018 to RMB367.8 million as at 31 December 2019 mainly due to better control on inventory management.

### **Current Liabilities**

Current liabilities increased by RMB5.3 million from RMB475.8 million as at 31 December 2018 to RMB481.1 million as at 31 December 2019 mainly due to the increase in other payables and accruals, provision for income tax and contract liabilities, partially offset by the decrease in borrowings, trade payables and amounts due to related parties (trade & non-trade).

Other payables and accruals increased by RMB8.2 million from RMB107.2 million as at 31 December 2018 to RMB115.4 million as at 31 December 2019 mainly due to the increase in other tax payable and accrued payroll and bonus.

Provision for income tax increased by RMB4.0 million from RMB4.1 million as at 31 December 2018 to RMB8.1 million as at 31 December 2019 mainly due to the increase in profit before tax generated by the profitable subsidiaries.

Contract liabilities increased by RMB21.6 million from RMB74.4 million as at 31 December 2018 to RMB96.0 million as at 31 December 2019 due to the increase in advance payment from customers.

Borrowings decreased by RMB23.9 million from RMB153.5 million as at 31 December 2018 to RMB129.6 million as at 31 December 2019 mainly due to net repayments, partially offset by the recognition of lease liabilities on adoption of SFRS(I) 16.

Trade payables decreased by RMB3.0 million from RMB127.3 million as at 31 December 2018 to RMB124.3 million as at 31 December 2019 in line with decrease in inventories.

Amounts due to related parties (trade & non-trade) decreased by RMB1.5 million from RMB9.3 million as at December 2018 to RMB7.8 million as at 31 December 2019 mainly due to the payments made.

#### **Non-current Liabilities**

Non-current liabilities increased by RMB36.0 million from RMB144.4 million as at 31 December 2018 to RMB180.4 million as at 31 December 2019 mainly due to the increase in long-term borrowings.

Long-term borrowings increased by RMB38.0 million from RMB27.1 million as at 31 December 2018 to RMB65.1 million as at 31 December 2019 mainly due to the recognition of lease liabilities on adoption of SFRS(I) 16. See Item 5 for more details.

#### **Shareholders' Equity**

As a result of the Group's total comprehensive income generated during the period after netoff against dividends paid, shareholders' equity increased from RMB924.6 million as at 31 December 2018 to RMB991.5 million as at 31 December 2019.

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

Net cash from operating activities was RMB233.2 million for the 12 months ended 31 December 2019 mainly due to the operating profit before working capital changes and increase in contract liabilities and other payables and accruals and decrease in contract assets and inventories, partially offset by the decrease in trade payables and pension liability and increase in trade receivables, other receivables, deposits and prepayments and advances to suppliers.

Net cash used in investing activities was RMB42.6 million for the 12 months ended 31 December 2019 mainly due to purchase of property, plant and equipment, addition of intangible assets, net cash outflow on acquisition of business (online eCommerce platform) and purchase of financial assets, partially offset by proceeds from disposal of property, plant and equipment, interest received and proceeds from disposal of financial assets.

Net cash used in financing activities was RMB74.5 million for the 12 months ended 31 December 2019 mainly due to the dividend paid, repayment of loans, interest paid and repayment of lease liabilities, partially offset by the proceeds from bank borrowings and withdrawal of pledged deposits.

**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, a shrinking ATM market and labour cost challenges will remain head winds for our business. On-going trade issues between China and US will bring uncertainties to the Group's future performance. The Group has operations in Philippines and Vietnam which will help to limit the impact of trade tariffs.

The Group has its main production plant in Nantong City and since January 2020, the COVID-19 virus outbreak has adversely affected the supply chain and logistics activities of the Group. The Group's results for Q1 and the full year 2020 is likely to be negatively impacted, although the full impact cannot be assessed now as the situation has not been stabilized.

The Group will continue its efforts to expand new products lines. We will also continue to focus on innovation and the development of new generation Ticketing Vending Machines and other cashless terminals.

The Group will continue to focus on the joint development of self-service solutions among its China, Germany and 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 dividend has been recommended for the current financial period reported on. The Company wishes to reserve resources for the Company's further development.

**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 2019: 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 RMB4.2 million.

**14. 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 officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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

Not applicable.



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		
	2019	2018	Change
	RMB'000	RMB'000	%
(a) Sales reported for first half year	894,216	879,139	1.7%
(b) Profit after tax before deducting minority interests reported for first half year	29,488	25,214	17.0%
(c) Sales reported for second half year	987,943	943,802	4.7%
(d) Profit after tax before deducting minority interests reported for second half year	49,621	27,912	77.8%

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 (2019)	Previous Full Year (2018)
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	57	Brother of the Executive Vice Chairman, Mr Liu Bin	Chairman and CEO of the Company (2007)	N/A
Liu Bin	68	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  
27 February 2020