Goldpac Group Limited
金邦達寶嘉控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 3315)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

TURNOVER

- For the year ended 31 December 2014, the Group's turnover amounted to RMB1,521 million, uplifting 36.8% year-on-year.

SEGMENT PERFORMANCE

- The Group's three primary segments achieved continuous and robust growth.

Turnover by segments (RMB Million)	**2014**	2013	Growth Rate
Embedded Software and Secure Payment Products	**1,265**	897	40.9%
Personalisation Service	**140**	115	22.4%
Card Issuance System Solutions	**116**	100	15.8%

NET PROFIT

- For the year ended 31 December 2014, the net profit of the Group reached RMB214 million, representing a growth of 51.6% year-on-year, while the net profit margin increased by 1.3 percentage point comparing with the year of 2013 to 14%;

EARNINGS PER SHARE

Basic — RMB25.7 cents, weighted average number of ordinary shares for the purpose of basic earnings per share: 830,031,901 (2013: RMB26.4 cents, weighted average number of ordinary shares for the purpose of basic earnings per share: 533,021,078)

Diluted — RMB25.2 cents, weighted average number of ordinary shares for the purpose of diluted earnings per share: 845,808,842 (2013: RMB24.6 cents, weighted average number of ordinary shares for the purpose of diluted earnings per share: 572,991,937)

DIVIDEND

- The Board proposed to declare a final dividend of HK10.0 cents (equivalent to approximately RMB8.0 cents) per ordinary share for the year ended 31 December 2014, subject to the approval by the shareholders of the Company at the forthcoming Annual General Meeting (2013: HK4.8 cents, equivalent to approximately RMB3.8 cents).

The board of directors (the "**Directors**" and "**Board**", respectively) of Goldpac Group Limited (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2014, as below,

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Turnover	*4*	**1,521,069**	1,112,260
Cost of sales		**(1,102,565)**	(788,466)
Gross profit		**418,504**	323,794
Other income, expenses, gains or losses	*5*	**52,543**	25,100
Research and development costs		**(70,339)**	(46,754)
Selling and distribution costs		**(115,843)**	(75,127)
Administrative expenses		**(27,254)**	(14,275)
Profit before listing expenses and finance costs		**257,611**	212,738
Listing expenses		**—**	(15,837)
Non-cash finance charge on share repurchase obligations	*6*	**—**	(11,513)
Finance costs	*6*	**(1,059)**	(2,058)
Profit before taxation		**256,552**	183,330
Taxation	*7*	**(43,045)**	(42,505)
Profit for the year		**213,507**	140,825
Other comprehensive income for the year			
— exchange differences arising on translation of foreign operations which may be reclassified subsequently to profit or loss		**62**	1
Total comprehensive income for the year		**213,569**	140,826
Earnings per share	*9*		
— Basic		**25.7 cents**	26.4 cents
— Diluted		**25.2 cents**	24.6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	10	**186,373**	124,806
Land use rights	11	**890**	1,025
Intangible assets	12	**15,835**	18,125
Deposits paid for acquisition of property, plant and equipment		**11,732**	—
		214,830	143,956
Current assets			
Inventories		**284,878**	271,862
Trade receivables	13	**300,624**	194,075
Other receivables and prepayments		**11,558**	11,697
Other financial assets	14	**740,000**	—
Pledged bank deposits		**22,574**	27,894
Fixed bank deposits		**617,600**	902,567
Bank balances and cash		**125,233**	393,824
		2,102,467	1,801,919
Current liabilities			
Trade and bills payables	15	**546,886**	428,978
Other payables	16	**123,216**	69,294
Government grants		**4,820**	3,100
Taxation		**18,130**	24,497
Bank loans		**—**	15,316
		693,052	541,185
Net current assets		**1,409,415**	1,260,734
Total assets less current liabilities		**1,624,245**	1,404,690
Non-current liability			
Deferred taxation		**13,407**	7,578
Net assets		**1,610,838**	1,397,112
Capital and reserves			
Share capital		**1,175,015**	653
Reserves		**435,823**	1,396,459
Total equity		**1,610,838**	1,397,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company acts as an investment holding company while the Group is principally engaged in the research and development of embedded software, development, manufacture and sales of secure payment products carrying embedded software, such as smart card, and provision of total solution services for financial secure payment. The address of the registered office and principal place of business of the Company are set out in the Corporate Information section of the annual report.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied for the first time in the current year the following amendments to IFRSs and a new interpretation.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The application of the amendments to IFRSs and a new interpretation in the current year has had no material impact on the Group's financial performance and positions of the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 1	Disclosure Initiative[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10, IFRS 12	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010 - 2012 Cycle[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2011 - 2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012 - 2014 Cycle[5]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.
[3] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[5] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

IFRS 15 *Revenue from Contracts with Customers*

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Other than disclosed above, the directors of the Company do not anticipate that the application of the above new and revised IFRSs will have a material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the accounting policies which conform with IFRSs. IFRSs are fully converged by the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair values.

4. TURNOVER AND SEGMENT INFORMATION

Segment information has been identified on the basis of internal management reports which are reviewed by the Chairman of the Company, being the chief operating decision maker, in order to allocate resources to the operating and reportable segments and to assess their performance.

The Group's operating and reportable segments under IFRS 8 are as follows:

Embedded software and secure payment products *(Note)*	—	the research and development and sales of embedded software, manufacture and sales of secure payment smart cards and related products carrying embedded software
Personalisation service *(Note)*	—	provision of personalisation outsourcing service for financial institutes and governments
Card issuance system solutions *(Note)*	—	provision of card issuance equipment and related accessories and solutions services

Note: "Embedded software and secure payment products", "personalisation service (數據處理服務)" and "card issuance system solutions" segment were formerly named as "magnetic strip cards and smart cards", "personalisation service (個人化服務)" and "on-site card issuance system solutions", respectively. The directors consider the rename of the segment as more appropriate and there is no change to the nature and figures presented for such segment.

Each operating and reportable segment derives its turnover from the sales of products or provision of services. They are managed separately because each product requires different production and marketing strategies. No operating segments identified by the chief operating decision maker have been aggregated in arising at the reportable segments of the Group.

Turnover represents the fair value of the consideration received or receivables for goods sold or services rendered to outside customers during the year.

Segments results represent the gross profit earned by each segment.

The following is an analysis of the Group's revenue and results by reportable segment:

	Turnover		Results	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Sales to external parties of				
— Embedded software and secure payment products	**1,264,383**	897,141	**314,358**	225,314
— Personalisation service	**140,331**	114,657	**57,255**	53,888
— Card issuance system solutions	**116,355**	100,462	**46,891**	44,592
	1,521,069	1,112,260	**418,504**	323,794
Research and development costs			**(70,339)**	(46,754)
Other operating expenses			**(143,097)**	(89,402)
Other income, expenses, gains or losses			**24,551**	21,978
Interest income			**27,992**	3,122
Listing expenses			**—**	(15,837)
Non-cash finance charge on share repurchase obligations			**—**	(11,513)
Finance costs			**(1,059)**	(2,058)
Profit before taxation			**256,552**	183,330

The Chairman of the Company makes decisions according to the operating results of each segment. No information of segment assets and liabilities is available for the assessment of performance of different business activities. Therefore, no information about segment assets and liabilities are presented.

Other information

Turnover from external customers attributed to the Group by location of the customers is presented as follows:

	2014	2013
	RMB'000	*RMB'000*
Turnover		
— Mainland China	**1,447,595**	1,035,458
— Hong Kong and Macau	**70,230**	70,487
— Philippines	**2,192**	4,877
— Mongolia	**932**	1,177
— Other countries	**120**	261
	1,521,069	1,112,260

All the non-current assets of the Group are situated in Mainland China and Hong Kong.

Information about major customers

For the year ended 31 December 2014, there were two customers from the segments of embedded software and secure payment products and personalisation service with turnover of RMB360,752,000 and RMB175,901,000 respectively (2013: RMB389,245,000 and RMB185,089,000 respectively) which individually accounted for more than 10% of the Group's total turnover.

5. OTHER INCOME, EXPENSES, GAINS OR LOSSES

	2014	2013
	RMB'000	*RMB'000*
Allowance for doubtful debts	**(2,268)**	(2,972)
Loss on disposal of property, plant and equipment	**(913)**	—
Government grants	**1,083**	6,351
Interest income	**27,992**	3,122
Investment income from other financial assets	**9,909**	6,263
Net exchange (loss) gain	**(1,034)**	39
Value-added tax refund	**18,519**	11,898
Others	**(745)**	399
	52,543	25,100

6. FINANCE COSTS/NON-CASH FINANCE CHARGE ON SHARE REPURCHASE OBLIGATIONS

	2014	2013
	RMB'000	*RMB'000*
Interest on bank borrowings wholly repayable within five years	**(1,059)**	(2,058)

Non-cash finance charge on share repurchase obligations

The non-cash finance charge in respect of the share repurchase obligations has been accounted for using the effective interest method until 4 December 2013, the date when the Company's shares were listed on the Stock Exchange and the redemption obligation was terminated.

7. TAXATION

	2014	2013
	RMB'000	*RMB'000*
The charge comprises:		
People's Republic of China ("**PRC**") Enterprise Income Tax ("**EIT**")	**(33,060)**	(28,466)
Underprovision of EIT in prior years	**—**	(1,511)
	(33,060)	(29,977)
PRC withholding tax on dividend distribution	**(2,905)**	(3,788)
Hong Kong Profits Tax	**(1,251)**	(4,865)
	(37,216)	(38,630)
Deferred taxation	**(5,829)**	(3,875)
	(43,045)	(42,505)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

The PRC income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

The Company's PRC subsidiaries are subject to EIT at 25% except that Goldpac Secur-Card Zhuhai Limited ("**Goldpac Secur-Card**") is approved for 3 years as enterprise that satisfied as a High-New Technology Enterprise and entitles the preferential tax rate of 15% in 2014, 2015 and 2016.

According to a joint circular of Ministry of Finance and the State Administration of Taxation, Cai Shui (2008) No. 1, only the profits earned by Goldpac Secur-Card prior to 1 January 2008, when distributed to foreign investors, can be grandfathered with the exemption from withholding tax. Whereas, pursuant to Articles 3 and 27 of the EIT Law and Article 91 of its Implementation Rules, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% or reduced tax rate if tax treaty or arrangement applies. Under the relevant tax arrangement, withholding tax rate on dividend distribution to the qualifying Hong Kong resident companies is 5%. Deferred tax liability on the undistributed profits earned since 1 January 2008 have been accrued at the tax rate of 5%.

Tax charge for the year is reconciled to profit before taxation as follows:

	2014		2013	
	RMB'000	%	*RMB'000*	%
Profit before taxation	**256,552**		183,330	
Tax at the applicable income tax rate *(Note)*	**(64,138)**	(25.0)	(45,833)	(25.0)
Tax effect of expenses not deductible for tax purpose	**(3,056)**	(1.3)	(11,162)	(6.1)
Tax effect of income not taxable for tax purpose	**5,376**	2.1	—	—
Tax effect of deductible temporary difference not recognised	**(2,312)**	(0.9)	(1,593)	(0.9)
Tax effect of tax concession granted to a PRC subsidiary	**29,175**	11.4	22,750	12.4
Tax effect of different tax rate of subsidiaries operating in other tax jurisdiction	**644**	0.3	2,507	1.4
PRC withholding tax on undistributed earnings	**(8,734)**	(3.4)	(7,663)	(4.2)
Underprovision of EIT in prior years	**—**	—	(1,511)	(0.8)
Tax charge and effective tax rate for the year	**(43,045)**	(16.8)	(42,505)	(23.2)

Note: The rate applied is the applicable tax rate in the PRC where the operation of the Group is substantially based.

At 31 December 2014, the Group has deductible temporary differences of RMB47,644,000 (2013: RMB38,396,000) in relation to allowance for doubtful debts and obsolete inventories. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that the temporary differences can be utilised.

8. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
2013 Final — HK4.8 cents per ordinary share (declared on 21 March 2014 and based on 830,000,000 shares)	**31,540**	—
2012 Interim — HKD24,322 per ordinary share (declared on 30 May 2013 and based on 1,000 shares)	**—**	19,721
2012 Interim — RMB71,972 per ordinary share (declared on 1 July 2013 and based on 1,000 shares)	**—**	71,972
	31,540	91,693

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2014 of HK10.0 cents (2013: HK4.8 cents) per ordinary share has been proposed by the Board and is subject to approval by the shareholders of the Company in the forthcoming Annual General Meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**213,507**	140,825
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**830,032**	533,021
Effect of dilutive potential ordinary shares		
— Pre-IPO share options	**15,777**	1,296
— Over-allotment option	**—**	358
— Redemption shares	**—**	38,317
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**845,809**	572,992

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Furnitures, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Plant and machinery *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
THE GROUP						
COST						
At 1 January 2013	34,734	14,413	3,764	150,400	10,026	213,337
Currency realignment	—	(4)	(5)	—	—	(9)
Additions	5,176	3,432	318	20,209	20,402	49,537
Disposals	—	(748)	(1,112)	(9,384)	—	(11,244)
Transfers	15,256	—	—	11,649	(26,905)	—
At 31 December 2013	55,166	17,093	2,965	172,874	3,523	251,621
Currency realignment	—	—	(1)	—	—	(1)
Additions	—	11,218	1,291	34,092	42,839	89,440
Disposals	—	(645)	—	(18,806)	—	(19,451)
Transfers	2,566	—	—	30,634	(33,200)	—
At 31 December 2014	57,732	27,666	4,255	218,794	13,162	321,609
DEPRECIATION						
At 1 January 2013	13,402	12,520	2,581	91,521	—	120,024
Currency realignment	—	(1)	(3)	—	—	(4)
Provided for the year	2,131	1,689	405	13,814	—	18,039
Eliminated on disposals	—	(748)	(1,112)	(9,384)	—	(11,244)
At 31 December 2013	15,533	13,460	1,871	95,951	—	126,815
Provided for the year	2,809	2,359	265	21,526	—	26,959
Eliminated on disposals	—	(645)	—	(17,893)	—	(18,538)
At 31 December 2014	18,342	15,174	2,136	99,584	—	135,236
CARRYING VALUE						
At 31 December 2014	39,390	12,492	2,119	119,210	13,162	186,373
At 31 December 2013	39,633	3,633	1,094	76,923	3,523	124,806

The Group's buildings are erected on land held under medium-term land use rights in the PRC.

11. LAND USE RIGHTS

THE GROUP

The balance represents the prepayment of rentals for medium-term land use rights situated in the PRC for a period of 50 years.

12. INTANGIBLE ASSETS

	Trademarks
	RMB'000
THE GROUP	
COST	
At 1 January 2013	—
Additions	18,318
At 31 December 2013 and 31 December 2014	18,318
AMORTISATION	
At 1 January 2013	—
Charge for the year	193
At 31 December 2013	193
Charge for the year	2,290
At 31 December 2014	2,483
CARRYING VALUE	
At 31 December 2014	15,835
At 31 December 2013	18,125

On 15 November 2013, a trademark agreement was entered into between Goldpac International (Holding) Limited ("**GIHL**", a limited liability company incorporated in Hong Kong and controlled by the then controlling shareholder and Chairman of the Company, Mr. Lu Run Ting) and the Company, in respect of the trademarks registered in Hong Kong, Macau and mainland China, and pursuant to which (i) GIHL agreed to transfer the trademarks to the Company at a consideration of US$3 million (equivalent to approximately RMB18.3 million), and (ii) for the period from the date of the listing of the Company's shares on the Stock Exchange and prior to the date when the Company becomes the registered owner of the trademarks, GIHL agreed to grant the Group an exclusive license to use the trademarks at nil consideration.

These trademarks have finite useful lives and are amortised on a straight line basis over the periods of 5 to 9 years.

13. TRADE RECEIVABLES

	THE GROUP	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables		
— Gemalto N.V.'s subsidiaries	**—**	10
— Bank of China Limited's subsidiaries	**15,900**	38,565
— third parties	**257,180**	132,419
Retentions held by customers	**27,544**	23,081
	300,624	194,075

Payment terms with customers are mainly on credit. Invoices are normally payable in 30 to 150 days by the customers from date of issuance while retentions held by customers are normally payable between 6 months to 1 year by the customers from the date of issuance of invoices. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised:

	THE GROUP	
	2014	2013
	RMB'000	*RMB'000*
Age		
0 – 90 days	**215,230**	149,900
91 – 180 days	**31,770**	25,200
181 – 365 days	**37,006**	10,569
Over 1 year *(note)*	**16,618**	8,406
	300,624	194,075

Note: Included in the above balance aged over one year at 31 December 2014 were retentions held by customers for sales of goods of RMB13,057,000 (31 December 2013: RMB8,087,000).

The Group does not hold any collateral over these balances.

As at 31 December 2014, included in the Group's trade receivable balances are trade receivables with aggregate carrying amount of RMB2,793,000 (2013: RMB5,107,000) which are past due at the reporting date for which the Group has not provided for impairment loss as continuous repayment was noted subsequent to the end of the reporting period.

Aging of trade receivables which are past due but not impaired is as follows:

	THE GROUP	
	2014	2013
	RMB'000	*RMB'000*
Age		
91 – 180 days	**2,623**	4,468
181 – 365 days	**156**	320
Over 1 year	**14**	319
	2,793	5,107

In determining the recoverability of the trade receivables, the Group monitors change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. The directors of the Company considered that the concentration of credit risk is limited due to the customer base being large and unrelated.

No interest is charged on trade receivables. Allowances on trade receivables are made based on estimated irrecoverable amounts from the sales of goods or provision of services by reference to past default experience and objective evidences of impairment determined by the difference between the carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate.

Movements in the allowance for doubtful debts are as follows:

	THE GROUP	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	**5,519**	2,553
Allowances recognised on receivables	**2,268**	2,972
Bad debts written off	**(527)**	(6)
At 31 December	**7,260**	5,519

At the end of the reporting period, the allowance for doubtful debts represented individually impaired trade receivables which have been overdue for a long time and the directors of the Company consider that the recoverability of these debts are low based on historical experience.

Included in trade receivables are the following amounts denominated in currencies other than the functional currency of the relevant group entities:

	THE GROUP	
	2014	2013
	RMB'000	*RMB'000*
THE GROUP		
HKD	**1**	—
USD	**308**	243
RMB	**10**	—

14. OTHER FINANCIAL ASSETS

The unlisted funds in Mainland China, represent funds managed by an investment trust of Mainland China with underlying financial instrument mainly consist of the bank deposit, deposit reservation balance and bonds of Mainland China. The unlisted funds can be redeemed at anytime at the discretion of the Group.

15. TRADE AND BILLS PAYABLES

	THE GROUP	
	2014	2013
	RMB'000	*RMB'000*
Trade payables		
— Gemalto's subsidiaries	**337,706**	216,095
— Gemalto's related company		
— DataCard Corporation	**21,199**	22,813
— third parties	**114,861**	99,118
	473,766	338,026
Bills payables - secured	**73,120**	90,952
	546,886	428,978

The Group normally receives credit terms of 60 to 180 days from its suppliers. The following is an aged analysis of the Group's trade and bills payables based on invoice date at the end of the reporting period:

	THE GROUP	
	2014	2013
	RMB'000	*RMB'000*
Age		
0 – 90 days	**361,167**	297,221
91 – 180 days	**171,728**	119,451
181 – 365 days	**12,273**	10,124
Over 1 year	**1,718**	2,182
	546,886	428,978

Included in trade and bills payables are the following amounts denominated in currencies other than the functional currency of the relevant group companies.

	THE GROUP	
	2014	2013
	RMB'000	*RMB'000*
USD	**19,451**	84,882
EUR	**—**	786
JPY	**—**	209
GBP	**22**	—

16. OTHER PAYABLES

	THE GROUP	
	2014	2013
	RMB'000	*RMB'000*
Customers' deposits	**56,638**	18,579
Payroll and welfare payables	**29,575**	34,690
Value-added tax payables	**26,907**	3,641
Warranty provision	**4,775**	—
Delivery and postage payables	**1,864**	1,503
Listing expenses payables	**—**	7,527
Other tax payables	**1,077**	884
Other payables	**2,380**	2,470
	123,216	69,294

MANAGEMENT DISCUSSION AND ANALYSIS

GOLDPAC, TRUST POWERED BY INNOVATION

2014 proved to be a year of innovation for the financial payments industry, which experienced rapid expansion stirred by the continuous innovation and synergistic development between the internet and information technology segments. As a technological innovator specialised in the field of financial payment security, the Group responded aggressively, creating cutting-edge technological advancements in areas such as financial security, smart cards and information technology, to achieve robust and rapid growth that led to an outstanding performance in 2014.

OVERALL PERFORMANCE

For the year ended 31 December 2014 (the "**Period under Review**"), the Group recorded revenue of RMB1,521 million and a net profit of RMB213.6 million, representing a growth of 36.8% and 51.6% year-on-year, respectively. The gross margin was 27.5%, slightly dropping by 1.6 percentage points as a result of product mix variations. Net profit margin increased by 1.3 percentage points year-on-year to 14%.

The Group's three primary business segments recorded continuous and steady growth. Revenues for Embedded Software and Secure Payment Products amounted to RMB1,264.4 million, representing a growth of 40.9% year-on-year, while revenues for Personalisation Service grew to RMB140.3 million, representing a growth of 22.4% year-on-year. The revenue for Card Issuance System Solutions increased by 15.8% year-on-year to RMB116.3 million.

As of 31 December 2014, the Group operated in 15 locations worldwide. In addition to its offices, the Group has 2 Research and Development ("**R&D**") Centers and 2 Personalisation Centers. The Group delivered solutions and services to its primary markets, which encompass clients from financial institutions, governments, corporates, retail and transportation. Among these, the Group served over 400 large and medium sized mainland banks, over 30 reputable overseas banks, over 200 provincial and municipal governmental authorities, as well as over 100 subway, bus and highway projects. This diversified customer portfolio and the strong partnerships that have ensued, covers numerous world-leading blue-chip organisations and contributes towards ensuring the Group's sustainable and healthy development.

During the Period under Review, the Group also delivered a solid business performance in overseas markets where it successfully penetrated markets in Bangladesh, Russia and South Africa, while maintaining its leading position in Hong Kong, Macau, Mongolia, Philippines and Vietnam.

STRONG GROWTH POWERED BY CONTINUOUS INNOVATION

During the Period under Review, the Group, driven by its mission to continuous innovation and its commitment towards R&D oriented growth, made further progress in elevating the quality and security of its products and services to realise sustainable business development.

A. R&D Oriented

An R&D focused approach has been an important catalyst for the Group's robust and sustainable growth. It should be noted that the Group reinforced its investments in R&D to RMB70.34 million, accounting for 4.6% of total revenue and representing a remarkable increase of 50.4% year-on-year. On 5 December 2014, the Group was certified CMMI[1] (Capability Maturity Model Integration) compliant. This was a milestone achievement that recognises the Group's implementation of international practices and standards for the development of software, further demonstrating its R&D management capabilities and bolstering its competitiveness and industry leadership.

By executing on its commitment towards software development, the Group was able to take advantage of its proprietary R&D intellectual property assets to solidify its leadership superiority in embedded software and secure payment products. Riding on the dependable Java platform, the

Note:

1. CMMI (Capability Maturity Model Integration) is an important modeling, reference and software development appraisal tool developed by the Software Engineering Institute (SEI) of Carnegie Mellon University. It encapsulates the advanced, model software development practices. It measures an organisation's software development maturity level and management capabilities and is considered a critical step for any organisation seeking global recognition.

Group kept pace with the Chinese government's policies to promote the integrated circuit industry and also strengthened cooperation with major integrated circuit chip suppliers. Furthermore, the Group explored further opportunities in new fields like the mobile payment, Smart City to further stimulate the trend of nationalisation of IC chips.

A number of secure payment products were delivered, garnering an enthusiastic market response. These products embody the Group's continuous innovations in embedded software and payment platform design. For example, Display Card is a unique offering that extends the function of the traditional secure payment device by integrating additional features that include bank balance inquiry, transaction records recall and One Time Password (OTP) capabilities into a unified bank card. Another interesting innovation is the Audio Card, a product that transforms the way classic Over The Air (OTA) services are deployed. Audio Card adds an audio interface to the OTA top-up process, making the service even more intuitive and easier to use, adding a boost to the evolution of mobile payment.

PengAnYi is another proprietary and innovative payment systems of the Group and was launched at the China International Financial Exhibition in September 2014. Supporting O2O, C2C and B2C[2] applications, PengAnYi offers an easy and safe payment experience backed by the security of a chip card. A pioneering example of the possibilities in the field of innovative payment, the system has now entered the commercial roll-out phase in cooperation with a number of well-known enterprises in China.

In line with the government's strategy for national infrastructure development, the Ministry of Transport will be standardising toll collection practices across the nation's highways through an Electronic Toll Collection (ETC) system. Representing the Group's commitment towards innovation in the transport payment sector, an ETC product that is both compliant with the People's Bank of China (PBOC) 3.0 standard and meets the Ministry of Transport's requirements for an ETC system has been put into commercial utilisation since April 2014 and is now in the nationwide roll-out phase.

During the Period under Review, the system integration capabilities of the Group was further enhanced to allow extended capabilities such as attendance checking, physical access control, small-amount transactions, merchant management, credit and accounting management, to be incorporated into mature payment systems and supported by the highest security levels possible. These upgrades allow the Group to provide application-specific, turn-key projects to an even wider customer base to include more government departments, corporations, communities and even educational institutions. For instance, the GREE One-Card project, developed for the world's largest air conditioning manufacturer, successfully brought together disparate services such as payroll, attendance checking and even consumption point management into a single, tightly integrated management system. These successes help bolster the nation's industrial development.

Note:

2. O2O (Online to Offline), C2C (Customer to Customer), B2C (Business to Customer)

Significant developments have also been made with regard to card-issuance system solutions. Proprietary end-to-end data processing solutions compliant with the PBOC 3.0 standard have been launched, bringing together the benefits of security at an improved cost efficiency. During the Period under Review, the Group was honored with the Best Solution Award (金鼎獎) at the 2014 China International Financial Exhibition for its Instant Card-issuance Comprehensive Solution, which is also compliant with the PBOC 3.0 standard. It greatly enhances the competitiveness of the different financial institutions by enabling them to offer fast and customised card services. Additionally, the Centralised Card-issuance Solution also launched during the same period, offered customers an automated, highly secure and reliable data-to-finished card issuance system. These innovations further strengthen the Group's lead in total payment solutions.

Furthermore, the Group pays close attention to the development of cutting-edge technologies and is devoted to making progress in forward-looking fields covering internet banking, cloud technologies, intelligent security (NFC, eSE and BLE[3]) and the Internet of Things, to maintain its leadership position. At present, a number of promising prototypes have been developed and will be introduced at an appropriate market opportunity.

B. Security Elevation

As an innovative financial payment technology and security provider, the Group appreciates that it is not only delivering professional financial payment solutions, but is also an important agent for the safeguarding of financial payment and national security. Therefore, by enhancing physical and logical security assurance levels through advanced methodologies, the Group is committed to fortifying and safeguarding mutual communication and trust amongst the Cloud-Tube-End of the payment network to ultimately promote the efficient and robust financial system operation.

From an end-user's perspective, the Group addresses its customers' demands for security with world-leading embedded software and secure payment products. These products are compliant with both the EMV (Europay, MasterCard and VISA) and China PBOC standards for password protection mechanisms, ensuring high levels of security when accessing connected services and for the protection of user data, mitigating the exposure of financial information. At the backend, the Group provides advanced data processing solutions to provide highly secure management of user information. Leading expertise in secure data management and advanced secure data processing technologies have allowed the Group to operate for the last two decades without a single security incident. The Group is frequently audited and successfully certified by organisations such as the China Banking Regulatory Commission, China Union Pay (CUP), VISA, MasterCard and other local and international financial institutions, allowing it to continue its unmatched industry leading performance.

Note:

3. NFC (Near Field Communication,), eSE (embedded Secure Element), BLE (Bluetooth Low Energy)

C. Quality Innovation

The Group is committed towards quality innovation to provide a superior customer experience. During the Period under Review, the Group's Personalisation Center in Shanghai has attained a mature and steady operation, while simultaneously creating synergies with Zhuhai headquarters. This marks further geographic optimisation of the Group in the greater China region and makes it easier for the Group to be closer to its customers in order to deliver a better customer experience.

Additional efficiency enhancement measures have been deployed for the Group's operations processes and include an SCI 2.0 Basic Personalisation Platform, Integrated Data Task System (DTS), Security and Encryption Key Management System and Chip Bar Code Tracing System. These are all intended to improve customer satisfaction with the Group's products and services, the quality of which have won praise from organisations like CUP and strengthens the Group's lead in its pursuit of excellence and quality.

SUBSEQUENT EVENTS

Subsequent to 31 December 2014, no material events have occurred.

DRIVING THE FUTURE

In 2015, the global financial payments sector is expected to maintain its strong continued growth. The synergies between the financial industry and the internet will spur the financial industry's rapid development in China. Furthermore, China's strategies to strengthen national and financial payment security and its strict financial regulatory policies will continue to drive higher demands for financial security technologies. China is also expected to fulfill its obligations to the WTO (World Trade Organisation) to further open the Chinese financial market. As a result, a greater number and variety of business licenses are expected to be made available to foreign financial institutions. The Group believes that these factors will help create a favorable external environment in 2015. The Group will be looking to leverage its unique R&D assets, its product and service quality, security expertise and international experience to achieve even stronger growth in the coming year.

For 2015, the Group will continue to build on its R&D advantages in order to further extend its technological lead. The Group's innovative technologies, world class quality and expertise in security are poised to help customers maximise value and build trust throughout the Cloud-Tube-End of the payment chain. The Group will be paying close attention to new, crossover fields such as internet banking, the Internet of Things and the Smart City.

Overall, the Group will be striving for organic business expansion. Geographically, the Group will be operating in step with CUP's worldwide strategic plan; expanding steadily in overseas markets. The Group will also be seeking to create internal synergies in the fields of mobile payment and safe payment devices through capital market operations and win-win cooperation with global and national industry leaders.

The Group is fully confident that, guided by the appropriate strategies, and with the full commitment of the management team and its employees, the Group will continue to make robust progress in 2015, to create stable and appropriate returns for its shareholders.

DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
2013 Final - HK4.8 cents per ordinary share (declared on 21 March 2014 and based on 830,000,000 shares)	**31,540**	—
2012 Interim - HKD24,322 per ordinary share (declared on 30 May 2013 and based on 1,000 shares)	**—**	19,721
2012 Interim - RMB71,972 per ordinary share (declared on 1 July 2013 and based on 1,000 shares)	**—**	71,972
	31,540	91,693

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2014 of HK10.0 cents (2013: HK4.8 cents) per ordinary share has been proposed by the Board and is subject to approval by the shareholders of the Company in the forthcoming Annual General Meeting.

USE OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING

The shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange on 4 December 2013 with net proceeds from the global offering of approximately RMB974.6 million (after deducting underwriting commissions and related expenses). As at 31 December 2014, the Company did not apply any net proceeds for the purposes other than those disclosed in the prospectus of the Company dated 22 November 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group's aggregate amount of pledged bank deposits, bank balances, cash and fixed bank deposits reached approximately RMB765.4 million, (2013: RMB1,324.3 million).

As at 31 December 2014, the Group's current assets reached RMB2,102.4 million, achieving a growth of 16.6% compared with that of RMB1,801.9 million for the Year 2013. The current ratio of the Group for the Year 2014 was 3.0, representing a high liquidity.

As of 31 December 2014, the Group's aggregate amount of bank loans and amounts due to related companies was RMB0.0 (2013: RMB15.3 million); the gearing ratio was 0.0% (2013: 1.1%). (Gearing ratio is equivalent to total debt divided by total equity as at the end of the year. Total debt includes all interest-bearing bank loans and loans from/amounts due to related parties.) The Group's leverage ratio was 30.5% as at 31 December 2014 (2013: 28.2%). (The leverage is equivalent to total liabilities divided by total assets as at the end of the year.)

HUMAN RESOURCES

As at 31 December 2014, the Company had 1,773 employees (1,561 in 2013), with an increase of 212 employees compared with that as at 31 December 2013. The R&D team was further expanded.

The staff members are one of the Group's most important assets. In addition to offering competitive remuneration packages, the Company is also committed to providing specialised staff development and training programs. Generally, a salary review is conducted annually. Aside from basic remuneration, the Company makes contributions towards employee mandatory social security funds, pensions, work-related injury insurance, maternity insurance and medical and unemployment insurance in accordance with the applicable laws and regulations of the PRC. The Company also provides full coverage of housing provident fund contributions as required by local regulations in the PRC.

CORPORATE GOVERNANCE

The Company meets all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with a set of written terms of reference made in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Mak Wing Sum, Alvin, Mr. Zhu Lijun and Mr. Liu John Jianhua. Mr. Mak Wing Sum, Alvin serves as the Chairman of the Audit Committee. The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2014.

CLOSURE OF REGISTER OF MEMBERS

In order to be eligible for attendance and for voting at the forthcoming Annual General Meeting of the Company to be held on Thursday, 21 May 2015, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Monday, 18 May 2015. The register of members of the Company will be closed from Tuesday, 19 May 2015 to Thursday, 21 May 2015, both days inclusive, during which period, no transfer of Shares will be registered.

In order to determine who are entitled to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at the above address for registration by 4:30 p.m. on Friday, 29 May 2015. The register of members of the Company will be closed from Monday, 1 June

2015 to Wednesday 3 June 2015, both days inclusive, during which period no transfer of Shares will be registered. Subject to shareholders' approval of the proposed final dividend at the Annual General Meeting of the Company to be held on Thursday, 21 May 2015, the final dividend will be paid to shareholders on Thursday, 18 June 2015 whose names appear on the register of members of the Company at the close of business on Wednesday, 3 June 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities throughout the year ended 31 December 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the Period under Review.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT 2014

This announcement is published on the website of the Stock Exchange (*www.hkexnews.hk*) and that of the Company (*www.goldpac.com*). The annual report for the year ended 31 December 2014 will be despatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Goldpac Group Limited
Lu Run Ting
Chairman and Executive Director

Hong Kong, 19 March 2015

As at the date of this announcement, the executive directors of the Company are Mr. Lu Run Ting, Mr. Hou Ping, Mr. Lu Runyi and Mr. Lu Xiaozhong; the non-executive directors of the Company are Mr. Christophe Jacques Pagezy and Mr. Ting Tao I; and the independent non-executive directors of the Company are Mr. Mak Wing Sum Alvin, Mr. Zhu Lijun and Mr. Liu John Jianhua.

This announcement is prepared in both Chinese and English. In the event of inconsistency, the Chinese text of the announcement shall prevail over the English text.