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## **Goldpac Group Limited**

**金邦達寶嘉控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 3315)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014**

- **TURNOVER AND GROSS PROFIT**

During the six months ended 30 June 2014, the Group's turnover and gross profit amounted to RMB822.2 million and RMB238.6 million, representing an increase of 52.1% and 53.0% from that of the corresponding period of 2013 of RMB540.4 million and RMB155.9 million respectively.

- **PROFIT BEFORE TAXATION AND NET PROFIT**

During the six months ended 30 June 2014, the Group's profit before taxation and net profit reached RMB160.2 million and RMB118.1 million, achieving a growth of 57.8% and 45.6%, comparing with that of RMB101.5 million and RMB81.1 million of the corresponding period of 2013 respectively.

- **EARNINGS PER SHARE**

Basic: RMB14.2 cents, number of ordinary shares: 830,000,000 (RMB15.9 cents, number of ordinary shares: 509,771,000 for the six months ended 30 June 2013)

Diluted: RMB14.0 cents, number of ordinary shares: 844,918,000 (N/A for the six months ended 30 June 2013)

- **DIVIDEND**

The Board has resolved not to declare any dividend for the six months ended 30 June 2014.

The board of directors (“Directors” and “Board”, respectively) of Goldpac Group Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2014 together with comparative figures of the corresponding period in 2013 as follows:

## **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2014*

		<b>Six months ended 30 June</b>	
		<b>2014</b>	<b>2013</b>
	<i>NOTES</i>	<i><b>RMB’000</b></i>	<i><b>RMB’000</b></i>
		<i><b>(unaudited)</b></i>	<i><b>(audited)</b></i>
<b>Turnover</b>		<b>822,236</b>	540,373
Cost of sales		<u><b>(583,597)</b></u>	<u>(384,463)</u>
<b>Gross profit</b>		<b>238,639</b>	155,910
Other income, expenses, gains or losses		<b>24,445</b>	(2,876)
Research and development costs		<b>(32,353)</b>	(19,457)
Selling and distribution costs		<b>(55,995)</b>	(25,158)
Administrative expenses		<b>(14,054)</b>	(6,417)
Finance costs		<u><b>(462)</b></u>	<u>(548)</u>
<b>Profit before taxation</b>	4	<b>160,220</b>	101,454
Taxation	5	<u><b>(42,103)</b></u>	<u>(20,329)</u>
<b>Profit for the period</b>		<b>118,117</b>	81,125
Other comprehensive income (expense) for the period			
— exchange differences arising on translation of foreign operations which may be subsequently reclassified to profit or loss		<u><b>1,512</b></u>	<u>(293)</u>
<b>Total comprehensive income for the period</b>		<u><u><b>119,629</b></u></u>	<u><u>80,832</u></u>
<b>Earnings per share</b>	7		
— Basic		<b>14.2 cents</b>	15.9 cents
— Diluted		<u><b>14.0 cents</b></u>	<u>N/A</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

		At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
	NOTES		
<b>Non-current assets</b>			
Property, plant and equipment	8	162,508	124,806
Land use rights	8	955	1,025
Intangible assets		<u>17,142</u>	<u>18,125</u>
		<u>180,605</u>	<u>143,956</u>
<b>Current assets</b>			
Inventories	9	285,180	271,862
Trade receivables	10	657,100	194,075
Other receivables and prepayments		18,505	11,697
Other financial assets		165,000	—
Pledged bank deposits		23,079	27,894
Fixed bank deposits		771,448	902,567
Bank balances and cash		<u>74,351</u>	<u>393,824</u>
		<u>1,994,663</u>	<u>1,801,919</u>
<b>Current liabilities</b>			
Trade and bills payables	11	483,937	428,978
Other payables		70,188	69,294
Government grants		3,100	3,100
Taxation		36,922	24,497
Bank loans	12	<u>71,265</u>	<u>15,316</u>
		<u>665,412</u>	<u>541,185</u>
<b>Net current assets</b>		<u>1,329,251</u>	<u>1,260,734</u>
<b>Total assets less current liabilities</b>		<u>1,509,856</u>	<u>1,404,690</u>
<b>Non-current liabilities</b>			
Deferred taxation		<u>9,591</u>	<u>7,578</u>
<b>Net assets</b>		<u>1,500,265</u>	<u>1,397,112</u>
<b>Capital and reserves</b>			
Share capital	14	1,172,837	653
Reserves		<u>327,428</u>	<u>1,396,459</u>
<b>Total equity</b>		<u>1,500,265</u>	<u>1,397,112</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Share capital RMB'000	Share premium RMB'000	Share options reserve RMB'000	Translation reserve RMB'000	Other reserves RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000
<b>At 1 January 2014</b>	<u>653</u>	<u>1,172,184</u>	<u>3,800</u>	<u>1,651</u>	<u>39,180</u>	<u>27,496</u>	<u>152,148</u>	<u>1,397,112</u>
Exchange differences arising on translation of foreign operations which may be subsequently reclassified to profit or loss	—	—	—	1,512	—	—	—	1,512
Profit for the period	—	—	—	—	—	—	118,117	118,117
Total comprehensive income for the period	—	—	—	1,512	—	—	118,117	119,629
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance	1,172,184	(1,172,184)	—	—	—	—	—	—
Recognition of equity-settled share based payments	—	—	15,064	—	—	—	—	15,064
Transfers	—	—	—	—	—	17,017	(17,017)	—
Dividends recognised as distribution	—	—	—	—	—	—	(31,540)	(31,540)
	<u>1,172,184</u>	<u>(1,172,184)</u>	<u>15,064</u>	<u>—</u>	<u>—</u>	<u>17,017</u>	<u>(48,557)</u>	<u>(16,476)</u>
<b>At 30 June 2014 (unaudited)</b>	<u>1,172,837</u>	<u>—</u>	<u>18,864</u>	<u>3,163</u>	<u>39,180</u>	<u>44,513</u>	<u>221,708</u>	<u>1,500,265</u>
<b>At 1 January 2013</b>	<u>1</u>	<u>43,623</u>	<u>—</u>	<u>1,650</u>	<u>37,681</u>	<u>19,078</u>	<u>111,434</u>	<u>213,467</u>
Exchange differences arising on translation of foreign operations which may be subsequently reclassified to profit or loss	—	—	—	(293)	—	—	—	(293)
Profit for the period	—	—	—	—	—	—	81,125	81,125
Total comprehensive income for the period	—	—	—	(293)	—	—	81,125	80,832
Contribution by a shareholder	—	—	—	—	1,499	—	—	1,499
Dividends recognised as distribution	—	—	—	—	—	—	(19,721)	(19,721)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,499</u>	<u>—</u>	<u>(19,721)</u>	<u>(18,222)</u>
<b>At 30 June 2013 (audited)</b>	<u>1</u>	<u>43,623</u>	<u>—</u>	<u>1,357</u>	<u>39,180</u>	<u>19,078</u>	<u>172,838</u>	<u>276,077</u>

Other reserves represent the aggregate of capitalisation of statutory reserves into capital of a subsidiary of the Company, Goldpac Secur-Card Zhuhai Limited (“Goldpac Secur-Card”) in 2011 and contribution from a shareholder.

As stipulated by the relevant laws and regulations for foreign investment enterprises in the People’s Republic of China (the “PRC”), Goldpac Secur-Card is required to maintain two statutory reserves, being a statutory surplus reserve fund and an enterprise expansion fund which are non-distributable, collectively referred to as PRC statutory reserves. Appropriations to such reserves are made out of net profit after taxation as reflected in the statutory financial statements of Goldpac Secur-Card while the amounts and allocation basis are decided by its board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund has been used for expanding the capital base of Goldpac Secur-Card by means of capitalisation issue.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(audited)
<b>Net cash used in operating activities</b>	<b><u>(286,236)</u></b>	<b><u>(20,026)</u></b>
<b>Investing activities</b>		
Investment income received from other financial assets	4,267	3,268
Interest received	15,118	200
Purchase of property, plant and equipment	(48,856)	(23,741)
Purchase of other financial assets	(1,027,000)	(78,001)
Redemption of other financial assets	862,000	201,801
Placement of fixed bank deposits	(517,448)	—
Withdrawals of fixed bank deposits	702,567	—
Placement of pledged bank deposits	(22,662)	(64,069)
Withdrawals of pledged bank deposits	<u>27,477</u>	<u>34,496</u>
<b>Net cash (used in) from investing activities</b>	<b><u>(4,537)</u></b>	<b><u>73,954</u></b>
<b>Financing activities</b>		
Dividends paid	(31,540)	(25,597)
Interest paid	(462)	(548)
Bank loans raised	71,265	47,400
Repayment of bank loans	<u>(15,316)</u>	<u>(30,553)</u>
<b>Net cash from (used in) financing activities</b>	<b><u>23,947</u></b>	<b><u>(9,298)</u></b>
Net (decrease) increase in cash and cash equivalents	(266,826)	44,630
Cash and cash equivalents at 1 January	593,824	42,223
Effect of foreign exchange rate changes	<u>1,353</u>	<u>(382)</u>
<b>Cash and cash equivalents at 30 June</b>	<b><u><u>328,351</u></u></b>	<b><u><u>86,471</u></u></b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	74,351	86,471
Fixed bank deposits which matured within three months	<u>254,000</u>	<u>—</u>
	<b><u><u>328,351</u></u></b>	<b><u><u>86,471</u></u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2014*

## 1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by the International Accounting Standards Board as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The Group’s condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards (“IFRSs”) that are relevant for the preparation of the Group’s condensed consolidated financial statements:

- 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; and
- IFRIC–Int 21 Levies.

The application of the above new Interpretation and Amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

### 3. 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 reportable segments and to assess their performance.

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

Magnetic strip cards and smart cards	—	manufacture and sales of magnetic strip cards and smart cards
Personalisation service	—	provision of personalisation solutions services
Card issuance system solutions ( <i>Note</i> )	—	provision of card issuance equipment and related accessories and solutions services

*Note:* Card issuance system solutions segment was formally named as “on-site card issuance system solutions” segment. 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 reportable segment derives its turnover from the sales of the products or provision of services. They are managed separately because each product requires different production and marketing strategies.

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

Segment results represent the gross profits earned by each segment.

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

	<b>Turnover</b>		<b>Results</b>	
	<b>Six months ended 30 June</b>	<b>2013</b>	<b>Six months ended 30 June</b>	<b>2013</b>
	<b>2014</b>		<b>2014</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
Sales of				
— Magnetic strip cards and smart cards	<b>702,384</b>	435,763	<b>181,046</b>	105,994
— Personalisation service	<b>70,352</b>	55,660	<b>34,802</b>	27,513
— Card issuance system solutions	<b>49,500</b>	48,950	<b>22,791</b>	22,403
	<b>822,236</b>	<b>540,373</b>	<b>238,639</b>	155,910
Research and development costs			<b>(32,353)</b>	(19,457)
Other operating expenses			<b>(70,049)</b>	(31,575)
Other income, expenses, gains or losses			<b>9,327</b>	(3,076)
Interest income			<b>15,118</b>	200
Finance costs			<b>(462)</b>	(548)
Profit before taxation			<b>160,220</b>	<b>101,454</b>

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.

#### 4. PROFIT BEFORE TAXATION

##### Six months ended 30 June

<b>2014</b>	<b>2013</b>
<b>RMB'000</b>	<b>RMB'000</b>
<b>(unaudited)</b>	<b>(audited)</b>

Profit before taxation has been arrived at after charging (crediting):

Directors' remuneration	<b>6,905</b>	2,355
Other staff's retirement benefits scheme contributions	<b>2,857</b>	1,106
Other staff's equity-settled share-based payment	<b>11,633</b>	—
Other staff costs	<b>63,599</b>	48,903
	<b>84,994</b>	52,364
Less: Staff costs included in research and development costs	<b>(18,684)</b>	(11,611)
	<b>66,310</b>	40,753
Allowance for obsolete inventories	<b>2,500</b>	3,503
Amortisation of intangible assets	<b>1,150</b>	—
Depreciation of property, plant and equipment	<b>10,578</b>	8,550
Investment income from the other financial assets	<b>(4,267)</b>	(3,268)
(Reversal of allowance) allowance for doubtful debts	<b>(432)</b>	9,200
Operating lease rentals in respect of		
— land use rights	<b>70</b>	52
— office premises	<b>3,114</b>	1,668

The cost of sales represented the cost of inventories recognised as expenses during the period.

#### 5. TAXATION

##### Six months ended 30 June

<b>2014</b>	<b>2013</b>
<b>RMB'000</b>	<b>RMB'000</b>
<b>(unaudited)</b>	<b>(audited)</b>

The charge comprises:

PRC Enterprise Income Tax ("EIT")	<b>(36,432)</b>	(14,854)
Overprovision of EIT in prior years	<b>—</b>	10
	<b>(36,432)</b>	(14,844)
PRC withholding tax on dividend distribution	<b>(2,900)</b>	—
Hong Kong Profits Tax	<b>(753)</b>	(1,901)
	<b>(40,085)</b>	(16,745)
Deferred taxation	<b>(2,018)</b>	(3,584)
	<b>(42,103)</b>	(20,329)



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

The PRC income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC. The Company's subsidiaries in the PRC are subject to EIT at 25% except that during the six months ended 30 June 2013, Goldpac Secur-Card was officially endorsed as a High-New Technology Enterprise from 1 January 2008 to 31 December 2013 and entitles the preferential tax rate of 15%. As of 30 June 2014, Goldpac Secur-Card has submitted application to review its High-New Technology Enterprise status. Up to the date of issuance of these condensed consolidated financial statements, the application is still in progress.

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 has been accrued at the tax rate of 5%.

## 6. DIVIDENDS

Six months ended 30 June	
2014	2013
<i>RMB'000</i>	<i>RMB'000</i>
<i>(unaudited)</i>	<i>(audited)</i>

### Dividends

2013 Final — HK4.8 cents per share (declared on 21 March 2014 and based on 830,000,000 shares)

<u>31,540</u>	<u>—</u>
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2012 Interim — HK\$24,322 per share (declared on 30 May 2013 and based on 1,000 shares of HK\$1 each)

<u>—</u>	<u>19,721</u>
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No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

## 7. EARNINGS PER SHARE

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

	<b>For the six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Earnings:</b>		
Earnings for the purpose of basic earning per share (profit for the period attributable to the owners of the Company)	<u><b>118,117</b></u>	<u><b>81,125</b></u>
	<b>'000</b>	<b>'000</b>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>830,000</b>	<u><b>509,771</b></u>
Effect of dilutive potential ordinary shares:		
Pre-IPO share option ( <i>note 13</i> )	<u><b>14,918</b></u>	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>844,918</b></u>	

## 8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

During the period, the Group mainly incurred RMB22,289,000 (for the six months ended 30 June 2013: RMB11,601,000) on plant and machinery, RMB21,584,000 (for the six months ended 30 June 2013: RMB4,941,000) on construction in progress and RMB2,566,000 (for the six months ended 30 June 2013: RMB5,176,000) on buildings for the expansion of production facilities.

## 9. INVENTORIES

	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Raw materials	<b>192,400</b>	145,480
Work in progress	<b>5,993</b>	7,586
Finished goods	<u><b>86,787</b></u>	<u>118,796</u>
	<u><b>285,180</b></u>	<u><b>271,862</b></u>

## 10. TRADE RECEIVABLES

	At 30 June 2014 RMB'000 ( <i>unaudited</i> )	At 31 December 2013 RMB'000 ( <i>audited</i> )
Trade receivables		
— Gemalto's subsidiaries (as defined in note 17)	8	10
— BOC's subsidiaries (as defined in note 18)	102,942	38,565
— third parties	533,308	132,419
Retentions held by customers	<u>20,842</u>	<u>23,081</u>
	<u><b>657,100</b></u>	<u><b>194,075</b></u>

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.

	At 30 June 2014 RMB'000 ( <i>unaudited</i> )	At 31 December 2013 RMB'000 ( <i>audited</i> )
0–90 days	455,709	149,900
91–180 days	131,454	25,200
181–365 days	53,569	10,569
Over 1 year	<u>16,368</u>	<u>8,406</u>
	<u><b>657,100</b></u>	<u><b>194,075</b></u>

## 11. TRADE AND BILLS PAYABLES

	At 30 June 2014 RMB'000 ( <i>unaudited</i> )	At 31 December 2013 RMB'000 ( <i>audited</i> )
Trade payables		
— Gemalto's subsidiaries	261,515	216,095
— Gemalto's related company		
— DataCard Corporation	20,177	22,813
— third parties	<u>126,708</u>	<u>99,118</u>
	408,400	338,026
Bills payables — secured	<u>75,537</u>	<u>90,952</u>
	<u><b>483,937</b></u>	<u><b>428,978</b></u>

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 payables based on invoice date at the end of the reporting period.

	At 30 June 2014 RMB'000 ( <i>unaudited</i> )	At 31 December 2013 RMB'000 ( <i>audited</i> )
0–90 days	340,138	297,221
91–180 days	138,207	119,451
181–365 days	3,888	10,124
Over 1 year	<u>1,704</u>	<u>2,182</u>
	<u><b>483,937</b></u>	<u><b>428,978</b></u>

## 12. BANK LOANS

	<b>At 30 June 2014 RMB'000 (<i>unaudited</i>)</b>	<b>At 31 December 2013 RMB'000 (<i>audited</i>)</b>
Unsecured short-term variable rate bank loans	<b><u>71,265</u></b>	<b><u>15,316</u></b>

The variable rate bank loans carry interests at 2.5% to 3.4% per annum above the six months London Inter-Bank Offered Rate for United States Dollars, Euro or British Pound Sterling. At the end of the reporting period, the Group has variable rate bank loans carrying interest at 2.8% to 4.0% (2013: 2.3% to 2.7%) per annum.

At the end of the reporting period, the Group has unutilised available credit facilities amounting to RMB188,807,000 (2013: RMB204,303,000).

## 13. SHARE OPTIONS

### (a) Pre-IPO Share Option Scheme

The pre-IPO share option scheme was adopted pursuant to a written resolution passed by the shareholders of the Company on 15 November 2013 for the primary purpose of recognise the contribution of certain employees and directors made or may have made to the growth of the Group and/or the listing of the Group on the Main Board of the Stock Exchange, and will expire on 3 December 2019.

At 30 June 2014, the number of shares in respect of which options had been granted and remained outstanding under the pre-IPO share option scheme was 36,000,000, representing 4.5% of the shares of the Company in issue immediately upon completion of the listing of the Company on the Main Board of the Stock Exchange.

Options granted must be taken up on 19 November 2013, upon payment of HK\$1 by the grantee.

The table below discloses the movement of the Company's share options held by directors and employees:

	<b>Number of share options</b>
Outstanding as at 1 January 2014 and as at 30 June 2014	<u>36,000,000</u>

The fair values of the share options granted during the period ended 31 December 2013 were calculated at RMB69,935,000 (equivalent to HK\$88,954,000) using the Binominal Option Pricing pricing model. The inputs into the model were as follows:

Share price	HK\$4.52
Exercise price	HK\$2.71
Expected life	6 years
Expected volatility	46.9963%
Expected dividend yield	1.0822%
Risk-free interest rate	1.2426%
Fair value per option	<u>HK\$2.4250 to HK\$2.4791</u>

Expected volatility was determined by using the historical volatility of the selected comparable companies in the same industry. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expenses of RMB15,064,000 for the six months ended 30 June 2014 in relation to share options granted by the Company.

#### **(b) Share Option Scheme**

The principal terms of the share option scheme, approved by the shareholders' resolution passed on 15 November 2013, are substantially the same as the terms of the pre-IPO share option scheme except that:

- (i) The maximum number of shares in respect of which options may be granted shall not exceed 10% of the total number of shares in issue at the date of listing of the shares of the Company on the Main Board of the Stock Exchange;
- (ii) The maximum entitlement of each eligible participant in any 12-month period up to the date of offer to grant shall not exceed 1% of the shares in issue as at the date of offer to grant; and
- (iii) The exercise price is determined by the directors of the Company at their discretion and will not be lower than the higher of: (a) the closing price of the ordinary shares on the Stock Exchange at the offer date, which must be a trading day; (b) the average closing price of the ordinary shares on the Stock Exchange for the 5 business days immediately preceding the offer date.

During the six months ended 30 June 2014, no options were granted or agreed to be granted pursuant to share option scheme.

## 14. SHARE CAPITAL

	<i>Notes</i>	<b>Number of ordinary shares</b> <i>'000</i>	<b>Par value</b> <i>HK\$</i>	<b>Amount</b> <i>HK\$'000</i>
Authorised:				
At 1 January 2013 and 30 June 2013		10	1.000	10
Shares subdivision	(a)	9,990	0.001	—
Increase in authorised share capital	(a)	<u>3,990,000</u>	0.001	<u>3,990</u>
At 31 December 2013		<u>4,000,000</u>	0.001	<u>4,000</u>
At 30 June 2014		<u>Note</u>	<i>Note</i>	<u>Note</u>

*Note:* Under the Hong Kong Companies Ordinance (Cap. 622), with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

	<i>Notes</i>	<b>Number of ordinary shares</b> <i>'000</i>	<b>Par value</b> <i>HK\$</i>	<b>Amount</b> <i>HK\$'000</i>
Issued and fully paid:				
At 1 January 2013 and 30 June 2013		1	1.000	1
Shares subdivision	(a)	1,176	0.001	—
Reclassification of share repurchase obligation	(b)	—	0.001	—
Capitalisation issue	(c)	598,823	0.001	599
Issue of shares on global offering	(d)	200,000	0.001	200
Issue of shares on exercise of over-allotment option	(e)	<u>30,000</u>	0.001	<u>30</u>
At 31 December 2013		<u>830,000</u>	0.001	<u>830</u>
Transfer from share premium upon abolition of par value		<u>—</u>	N/A	<u>1,474,077</u>
At 30 June 2014		<u>830,000</u>	N/A	<u>1,474,907</u>
				<i>RMB'000</i>
Shown in the financial statements as of				
— 30 June 2014				<u>1,172,837</u>
— 31 December 2013				<u>653</u>

*Notes:*

- (a) Pursuant to the shareholders' resolutions passed on 28 October 2013, every share of HK\$1 each in the issued and unissued share capital of the Company was subdivided into 1,000 shares of HK\$0.001 each and the authorised share capital of the Company was increased from HK\$10,000 divided into 10,000,000 shares of HK\$0.001 each to HK\$4,000,000 divided into 4,000,000,000 shares of HK\$0.001 each by the creation of 3,990,000,000 shares of HK\$0.001 each.
- (b) On 3 July 2013, the Company and BOCI Investment Limited ("BOCI Investment") entered into a share subscription agreement (the "Subscription Agreement") where the Company issued and allotted 177 new ordinary shares of HK\$1 each of the Company to BOCI Investment for RMB187,000,000, equivalent to HK\$234,618,087.

Pursuant to the Subscription Agreement, if the Company fails to meet certain pre-determined conditions, BOCI Investment shall have the right (but not obligation) to require the Company to repurchase or redeem all or any part of the shares held by BOCI Investment (the "Redemption Shares").

Accordingly, such Redemption Shares of RMB187,000,000 was classified as a financial liability upon initial recognition and carried at amortised cost, using the effective interest method. On 23 October 2013, BOCI Investment executed a unilateral waiver of its redemption rights on certain pre-determined conditions while the rest of the pre-determined conditions were lapsed upon listing of the shares of the Company on the Stock Exchange (the "Listing"). During the year ended 31 December 2013, the Group recognised approximately RMB11,500,000 of non-cash finance costs in the profit or loss in respect of these share repurchase obligations.

The carrying value of Redemption Shares was reclassified to the equity of the Company upon the Listing, when the redemption obligation is terminated.

- (c) Pursuant to the shareholders' resolutions passed on 15 November 2013, conditional on the share premium account being credited as a result of the issue of the shares by the Company pursuant to the listing of the Company's shares on the Stock Exchange, an amount of HK\$598,823 which would then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 598,823,000 shares of HK\$0.001 each for allotment and issue to holders of shares whose names appeared on the register of members of the Company at the close of business on 15 November 2013 in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in the Company. The above resolutions became unconditional on 4 December 2013 when the Company's shares were listed on the Stock Exchange.
- (d) The Company's shares were listed on the Stock Exchange on 4 December 2013, the Company allotted and issued a total of 200,000,000 new ordinary shares of HK\$0.001 each to the public at a price of HK\$5.39 per share pursuant to a global offering, by way of a sum of HK\$1,078,000,000 (equivalent to RMB847,478,000).
- (e) The over-allotment option was exercised on 20 December 2013 for the issue of 30,000,000 ordinary shares of the Company at HK\$5.39 per share, by way of a sum of HK\$161,700,000 (equivalent to RMB127,131,000).

All the shares which were issued during the year rank *pari passu* with the then existing shares in all respects.



## 15. CAPITAL COMMITMENTS

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	<u>30,143</u>	<u>7,771</u>

## 16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 30 June 2014 RMB'000	Fair value hierarchy	Valuation techniques and key inputs
Financial assets at fair value through profit or loss:			
Other financial assets			
— structured deposits placed in the PRC	130,000	Level 2	By comparing the exchange rate at the end of the reporting period with target exchange rate
— unlisted funds in the PRC	35,000	Level 2	Redemption value quoted by the relevant investment trust
	<u>165,000</u>		

There was no transfer between Level 1 and 2 in the current and prior periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

## 17. RELATED PARTY TRANSACTIONS

- (i) Other than the transactions and balances with related parties disclosed elsewhere in these condensed consolidated financial statements, during the period, the Group has the following significant transactions with related parties:

Relationship and name of related company	Nature of transactions	Six months ended 30 June	
		2014	2013
		RMB'000	RMB'000
		(unaudited)	(audited)
Companies controlled by Gemalto N. V. ("Gemalto"):			
Gemalto Technologies (Shanghai) Co., Ltd (金雅拓科技(上海)有限公司)	Purchase of materials	225,698	—
Gemalto Pte. Ltd.	Purchase of materials	1,590	3,142
Shanghai Axalto IC Card Technologies Co., Ltd. (上海雅斯拓智能卡技术有限公司)	Purchase of materials	90,895	208,924

On 29 March 2011, a trademark license agreement was entered into between Goldpac International (Holding) Limited ("GIHL", a limited liability company incorporated in Hong Kong and controlled by the controlling shareholder and Chairman of the Company, Mr. LU Run Ting) as the licensor and the Company, Goldpac Secur-Card and Goldpac Datacard Solutions Company Limited, being subsidiaries of the Company as the licensees pursuant to which GIHL agreed to grant the licensees an exclusive license to use certain trademarks up to the date the of commencement of listing of the ordinary shares of the Company on the Main Board of Stock Exchange at nil consideration.

- (ii) Compensation of key management personnel

During the period, the remuneration of directors and other members of key management was as follows:

	Six months ended 30 June	
	2014	2013
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Directors' fee	237	—
Basis salaries and allowances	2,576	1,878
Bonus	628	460
Equity-settled share-based payments	3,431	—
Retirement benefits scheme contributions	<u>33</u>	<u>17</u>
	<u>6,905</u>	<u>2,355</u>

## **18. CONNECTED PARTY TRANSACTIONS**

Other than the transactions and balances with connected parties disclosed elsewhere in these condensed consolidated financial statements, during the period, the Group has the following significant transactions with connected party.

Bank of China Limited (“BOC”) is a company established in the PRC and whose shares are listed and traded on the Stock Exchange and the Shanghai Stock Exchange. BOC is the ultimate holding company of BOCI Investment, who is a substantial shareholder of the Company and is considered as a connected person under the Listing Rules since December 2013. During the six months ended 30 June 2014, the Group sold goods totaling RMB102,132,000 (for the six months ended 30 June 2013: RMB58,079,000) to companies controlled by BOC.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2014 (the “Period under Review”), the financial card industry in Greater China maintained a strong development, primarily attributable to the favorable government policies in China. The popularisation of social security cards, healthcare cards, transportation and mobile payment etc., is creating enormous market opportunities as well. Despite the market competition remained fierce, the Group still achieved excellent results, benefiting from the Group’s high-quality products and advanced software platforms, leading innovative capabilities and rich industry experience.

### Strong Growth

Rather stable customer base, comprehensive product mix and leading innovative capabilities guaranteed the Group’s sustainable development over the years. The segments of card business, personalisation service, card issuance system solution and software are promoting and supplementing each other, contributing to the increase of the Group’s turnover. By the end of Period under Review, the turnover was RMB822.2 million, representing a significant increase of 52.1% compared to that of 540.4 million of the last corresponding period. The gross margin was 29.0%, representing a growth compared with that of 28.8% of last corresponding period. The profit before tax reached RMB160.2 million, representing a growth of 57.8% compared with that of RMB101.5 million of the last corresponding period. The net margin for the Period under Review was 14.4% which slightly 0.6 percentage point down compared with that of 15.0% of last corresponding period. Because Goldpac Secur-Card Zhuhai Limited (“Goldpac Secur-Card”), a subsidiary of the Company, was certified as High-New Technology Enterprise at 1 January of 2008 and therefore entitled the preferential tax rate of 15%. This certification was terminated at 31 December 2013. Goldpac Secur-Card has submitted application to review the certification of High-New Technology Enterprise. For the Enterprise Income Tax (“EIT”) from 1 January 2014, since the application is still in progress, the EIT for the Period under Review was subject to EIT at 25% with prudence attitude. Therefore the net margin for the Period under Review was slightly down due to the increase of EIT of Goldpac Secur-Card.

In the first half of 2014, the basic earnings per share of the Company is RMB14.2 cents edging down from that of 2013, because of the increasing of the weighted average number of shares after Listing.

In the first half of 2014, the economic growth in China slowed down slightly. However, the information consumption industry was expanding greatly due to the support and encouragement contributed by the government policies in China. The People’s Bank of China (“PBOC”) roadmap requires all banks in China to retire the issuance of magnetic-strip bank card by 1 January 2015, meaning all bank cards issued must be smart card. As well the technological maturity and the improvement in transaction environment of financial smart cards have created strong market demand, forming the powerful drive for the Group’s turnover growth. Besides, the infiltration and wider application of smart cards in the fields of social security, healthcare, transportation, and mobile payment also benefited the whole industry.

The three business segments of the Group maintained steady and healthy development during the Period under Review. The turnover of magnetic strip cards and smart cards business was RMB702.4 million, representing a remarkable increase of 61.2% compared to that of the last corresponding period, while the turnover of personalisation service solution increased 26.4%, reaching RMB70.4 million. The turnover of card issuance system and solution remained roughly the same compared to that of the last corresponding period, recording a turnover of RMB49.5 million.

In the first half of 2014, the Group actively expanded its overseas markets and increased input in the existing Southeast Asian market, and moved forward a further step in the emerging markets such as in Africa and Russia.

### **Technology-Leading & Innovation**

Devotion in technology innovation enables the Group to maintain its technological leadership in the industry. As one of the very few providers in China capable of delivering international EMV (Europay International, MasterCard and Visa) integrated solutions, and the only manufacturer in the PRC certified by all six of the leading payment card organisations (Visa, MasterCard, American Express, China UnionPay, JCB and Diners Club), the Group is committed in offering clients comprehensive financial payment solutions, emphasising in exploration and innovation in new technologies such as internet financing and mobile payment, in order to provide clients with brand-new payment experience and deliver more value-added services. During the Period under Review, the Group continued to expand investment into the research and development (“R&D”) by employing over 300 professional software and hardware engineers in two R&D centres located in Beijing and Zhuhai, engaging in development and verification of chip operation system (COS) and relevant applications, personalisation total solutions, and innovative payment solutions as well as research and design of new material for card body. The Group actively launches college-enterprise R&D cooperation projects with higher education institutes in China, including a joint laboratory co-founded with Wuhan University in further research projects and a cooperation with Beijing Institute of Technology, Zhuhai College. The R&D expenditure during the Period under Review was RMB32.4 million, representing an increase of 66.2% compared to that of the last corresponding period and accounting for 3.9% of the turnover, mainly for remuneration of engineers and research equipments and facilities.

Continuous innovation enables the Group to deliver differentiated products and services, to gain competitiveness through advanced software platform and unique and diversified product features thus to achieve turnover growth. Devoted to maintaining sustainable market leadership in the future, the Group’s R&D capabilities focus on pre-research of the prospective technologies in smart city, Host-based Card Emulation (HCE), Identity Based Encryption (IBE), and Attribute Based Encryption (ABE); developing smart card products that are superior in quality, secured and reliable; brand-new secured and convenient payment methods for innovative payment systems based on internet financing; a fully monitored total personalisation solution, etc.

Moreover, during the Period under Review, in terms of new material and creative production techniques of cards, the Group offered a wide range of innovative and individualised product lines including mirror cards, perfumed cards, 3D transparent cards, shell cards, metal cards, diamond or

crystal cards, display cards, LED light cards and suspension rewritable contactless smart cards, prevailing over the market trends and receiving favorable clients' responses. With the innovative application of dual-interface metal smart card in China CITIC Bank Diamond Metal Hybrid Credit Card, the Group won two Finalist Awards in 2014 Élan Award by The International Card Manufacturers Association (ICMA), demonstrating the world-leading technology levels and creative capabilities of the Group.

## **Operation Excellence**

### **A. *Production Capacity Advantage***

Maintaining an edge in production capacity is also an important measure for the Group to maintain its leading position in the industry. During the Period under Review, the Group achieved remarkable results in enlarging production capacity, stabilising quality control, improving production efficiency and widening product lines, etc., through purchasing new production equipments, remodeling and upgrading the existing equipments, automation renovation of the production lines and upgrading of the system of the entire production process.

### **B. *Security Standard Upgrade***

At the end of 2013, Visa and MasterCard integrated their security standards into the PCI DSS Card Production 1.0 for Card Vendor by Payment Card Industry Security Standards Council (PCI). In the first half of 2014, the Group, in response to such new standards, comprehensively upgraded standards of physical security and information security, security management system, security & protection system and IT security infrastructure, operational security control and internal security inspection, and completed the third-party PCI DSS compliance validation commissioned by Visa and MasterCard in May 2014, indicating that the Group continues to maintain an edge in overall security management in the industry.

### **C. *Strict Quality Assurance***

Stringent quality assurance system and reliable product quality distinguish the Group from others in the fierce market competition. In the first half of 2014, in response to the upgrade of China Financial IC Card Specification from the PBOC 2.0 to PBOC 3.0, the Group revised the control plan of upgrading the relevant products, organised division of labour and implemented numerous professional technical measures to assure efficient and successful upgrading of the relevant products. Meanwhile, the Group developed eight new products in compliance with the PBOC 3.0 specifications and completed the PBOC 3.0 validations. The Group finished the assessments and validations of different quality systems, including China UnionPay COS security standard, healthcare card of National Health and Family Planning Commission, Ministry of Housing and Urban-Rural Development, and MasterCard.

#### **D. *Stringent Cost Control***

During the Period under Review, the Group implemented appropriate and effective cost-control measures, reduced materials cost by localisation and bulk procurement, and improved the operating efficiency of the production process based on the strong software platform and automation system. By doing so, the Group ensured the maintenance of the gross margin of 29%, which is relatively high and roughly the same as last year.

#### **Outlook**

The Group is confident with the future financial smart card markets, especially the market in Greater China. Although the financial smart card industry in China had achieved remarkable growth in recent years, the market penetration ratio is still at a pretty low level, there remains tremendously large room for development, especially for the second-tier and third-tier cities and vast rural areas. The Group believes that for a relatively long period of time in the future, financial smart card industry in China will continue to maintain a fast growth. Based on the forecast of PBOC, the net increment of the number of financial smart cards in China will exceed 500 million in 2014.

The existing advantages of financial cards such as high level of security and wide range of application represent that the upgrade of the payment card industry is inevitable. The PBOC mandated date of smart card migration is forthcoming, the government authorities shall actively accelerate the smart card migration. In order to compete in the market and gain customers' satisfaction, banks must promote smart card migration. The Group will continue to seize the opportunities of upcoming favorable external environment for financial payment card industry to achieve the Group's sustainable and steady development.

The Group objectively anticipates that enormous industry development will lead to increasingly drastic market competition. Therefore, the Group pays close attention to the R&D of the innovative payment products and market, such as mobile payment and Near Field Communication (NFC), etc. The substantial capital and human resources invested by the Group in such areas have now achieved initial results. The Group will accelerate the R&D progress to introduce the innovative payment products to the market as early as possible, leading the financial payment card industry development and thus promoting the development of the whole industry in technologies, marketing and managerial and operational level.

Besides, the Group will continue its overall development in the areas of social security, healthcare, retails and transportation. The Group believes that the market demands motivated by healthcare card, citizen card and pre-paid card and mobile payment products will form a new drive for the Group's turnover growth.

In response to the market development in the future, the Group will pay close attention to the latest development trends in the payment field, focusing on the value of financial cards, exploring the function extension of bank cards and integrating more functions and applications. Furthermore, the



Group will further strengthen its safety and quality management to achieve higher customer satisfaction level. The Group will accelerate the development of its overseas markets to expand the geographical coverage of the Group's business and to create greater value for shareholders.

### **Liquidity and Financial Resources**

As at the end of 30 June 2014, the Group's aggregate amount of pledged bank deposits, bank balances and cash and fixed bank deposits amounted approximately to RMB868.9 million (31 December 2013: RMB1,324.3 million).

As at 30 June 2014 the Group's current assets amounted to RMB1,994.7 million, achieving a growth of 10.7% compared with that of RMB1,801.9 million at 31 December 2013. The current ratio as at the end of the Period under Review was 3.0, demonstrating a very good liquidity.

As at the end of the Period under Review, the Group's aggregate amount of bank loans and amounts due to related companies was RMB71.3 million (31 December 2013: RMB15.3 million); the gearing ratio was 4.7% (31 December 2013: 1.1%). (Gearing ratio is equivalent to all interest-bearing bank loans divided by total equity as at the end of Period under Review.) The Group's leverage ratio was 31.0% as at 30 June 2014 (31 December 2013: 28.2%). (Leverage ratio is equivalent to total liabilities divided by total assets as at the end of the Period under Review.)

### **Significant Investments**

The Group had no significant investments during the Period under Review.

### **Material Acquisition and Disposals of Subsidiaries and Associated Companies**

The Group had no material acquisitions and disposals of subsidiaries and associated companies during the Period under Review.

### **Future Plans for Material Investments or Capital Assets**

The Group had no future plans for material investments or capital assets during the Period under Review.

### **Use of Proceeds — Initial Public Offering**

The Company does not intend to apply any of the proceeds raised from the listing of the Company for the purposes other than those disclosed in the prospectus of the Company dated 4 December 2013 (the "Prospectus").

### **Capital Commitment**

The aggregate capital commitment of the Group as at 30 June 2014 was approximately RMB30.1 million. (31 December 2013: RMB7.8 million)



## **Contingent Liabilities**

As at 30 June 2014, the Group had no material contingent liabilities.

## **Pledged Assets**

As at 30 June 2014, the total pledged assets was RMB23.1 million.

## **Human Resources**

Human resources are always valued as the core assets of the Group. As at the end of the Period under Review, the Group had 1,653 employees (31 December 2013: 1,561), with an increase of 92 employees compared with that at the end of 2013. Apart from offering competitive remuneration packages, the Group is also committed to providing specialised staff development and training programs. Generally, salary review is conducted annually. Other than basic salaries, the Group makes contributions for its employees in relation to the mandatory social security funds, pension, work-related injury insurance, maternity insurance, medical and unemployment insurance in compliance with applicable laws and regulations of the PRC. The Group also provides full coverage of housing provident fund contributions to its employees as required by local regulations in the PRC.

## **Interim Dividend**

The Board has resolved not to declare any dividend for the six months ended 30 June 2014.

## **Corporate Governance**

The Board is of the view that the Company has complied with all the code provisions set out from time to time in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 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 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors have confirmed following specific enquiry by the Company, that they had complied with the Model Code during the Period under Review.

## **Purchase, Sale or Redemption of Securities**

The Company has not redeemed any of its shares during the Period under Review. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the Period under Review.

## **Review of Interim Results**

At the request of the Audit Committee, Deloitte Touche Tohmatsu, the Company's auditor, had carried out review of the unaudited interim results of the Group for the Period under Review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **Publication of Interim Results and Interim Report 2014**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.goldpac.com](http://www.goldpac.com)). The Interim Report 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.

## **Appreciation**

On behalf of the Board, I would like to take this opportunity to express our gratitude and appreciation to all of our staff, shareholders and business partners for their hard work and dedication. I also wish to thank our customers for their continuous support all these years.

By Order of the Board  
**Goldpac Group Limited**  
**LU Run Ting**  
*Chairman & Executive Director*

Hong Kong, 25 August 2014

*As at the date of this announcement, the executive Directors are Mr. Lu Run Ting (Chairman), Mr. Hou Ping, Mr. Lu Runyi and Mr. Lu Xiaozhong; the non-executive Directors are Mr. Ting Tao I and Mr. Christophe Jacques Pagezy; and the independent non-executive Directors 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 version of this announcement shall prevail over the English version.*