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 2013

TURNOVER

- Turnover of the Group for the Year 2013 reached RMB1,112 million, achieving a growth of 64% compared with that of RMB676 million for the Year 2012.
- Turnover generated from the sale of magnetic strip cards and smart cards for the Year 2013 reached RMB897 million, achieving a growth of 80% compared with that of RMB499 million for the Year 2012.

THE PROFIT BEFORE TAXATION PRIOR TO LISTING EXPENSES AND FINANCIAL COSTS

- The operating profit for the Year 2013 before taxation prior to listing expenses and financial costs reached RMB213 million, representing a growth of 47% compared with that of RMB145 million for the Year 2012.

NET PROFIT

- Net profit of the Group for the Year 2013 reached RMB140.8 million, achieving a growth of 22.3% compared with that of RMB115.1 million for the Year 2012.

EARNINGS PER SHARE

- Basic earnings per Share for the Year 2013 was RMB26.4 cents per Share. (2012: RMB22.6 cents)
- Diluted earnings per Share for the Year 2013 was RMB24.6 cents per Share. (2012: N/A)

RAISED FUNDS

- The net proceeds raised from the initial public offering of the Company was HK$1,239.7 million (equivalent to approximately RMB974.6 million).
- The Company allotted and issued a total of 200,000,000 shares to the public at a price of HK$5.39 per share on 4 December 2013 pursuant to a global offering, by way of a sum of HK$1,078 million (equivalent to RMB847.478 million).
- The over-allotment option in connection with the initial public offering of the Company was fully exercised on 20 December 2013 in respect of an aggregate of 30,000,000 Shares, which were sold by the Company at HK$5.39 per Share raising an aggregate of HK$161.7 million (equivalent to approximately RMB127.13 million).

DIVIDENDS DISTRIBUTION

- The Board of Directors proposed to declare a final dividend of HK4.8 cents (equivalent to approximately RMB3.8 cents) per ordinary Share for the Year 2013 subject to the approval by the shareholders at the forthcoming Annual General Meeting.

ANNUAL RESULTS

The board of directors (the "**Board**") of Goldpac Group Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012. The turnover for the Year 2013 was RMB1,112.2 million, achieving a growth of 64% compared with that of RMB676.6 million for the Year 2012. The overall income, the overall profit and the shareholders' net profit of the Company are all growing steadily, achieving a growth of 64%, 47% and 22.3% respectively compared with that of the previous year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** ***RMB'000***	2012 *RMB'000*
Turnover	*4*	**1,112,260**	676,609
Cost of sales		**(788,466)**	(473,221)
Gross profit		**323,794**	203,388
Other income, expenses, gains or losses	*5*	**25,100**	12,192
Gain on fair value changes of derivative financial instruments		**—**	13,058
Research and development costs		**(46,754)**	(28,548)
Selling and distribution costs		**(75,127)**	(41,540)
Administrative expenses		**(14,275)**	(13,783)
Profit before listing expenses and finance costs		**212,738**	144,767
Listing expenses		**(15,837)**	—
Non-cash finance charge on share repurchase obligations	*6*	**(11,513)**	—
Other finance costs	*6*	**(2,058)**	(6,819)
Profit before taxation	*7*	**183,330**	137,948
Taxation		**(42,505)**	(22,835)
Profit for the year		**140,825**	115,113
Other comprehensive income (expense) for the year			
— exchange differences arising on translation of foreign operations which may be reclassified subsequently to profit or loss		**1**	(13)
Total comprehensive income for the year		**140,826**	115,100
Earnings per share	*9*		
— Basic		**26.4 cents**	22.6 cents
— Diluted		**24.6 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	10	**124,806**	93,313
Land use rights	11	**1,025**	1,251
Intangible assets	12	**18,125**	—
Total non-current assets		**143,956**	94,564
Current assets			
Inventories		**271,862**	145,554
Trade receivables	13	**194,075**	183,311
Other receivables and prepayments		**11,697**	5,959
Other financial assets		**—**	201,801
Pledged bank deposits		**27,894**	34,496
Fixed bank deposits		**902,567**	—
Bank balances and cash		**393,824**	42,223
Total current assets		**1,801,919**	613,344
Current liabilities			
Trade and bills payables	14	**428,978**	338,132
Other payables	15	**69,294**	82,450
Government grants		**3,100**	3,000
Amounts due to related companies		**—**	11,249
Taxation		**24,497**	16,514
Bank loans		**15,316**	37,093
Total current liabilities		**541,185**	488,438
Net current assets		**1,260,734**	124,906
Total assets less current liabilities		**1,404,690**	219,470
Non-current liabilities			
Government grants		**—**	2,300
Deferred taxation		**7,578**	3,703
		7,578	6,003
Net assets		**1,397,112**	213,467
Capital and reserves			
Share capital		**653**	1
Reserves		**1,396,459**	213,466
Total equity		**1,397,112**	213,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares (the "**Shares**") are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 4 December 2013 (the "**Listing**"). The Company acts as an investment holding company while the Group is principally engaged in the manufacture and sales of smart cards carrying personal identity and the provision of other payment solution services.

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 STANDARD ("IFRSs")

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

Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle[2]
IFRS 9	Financial Instruments[3]
IFRS 14	Regulatory Deferral Accounts[5]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, HKFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective for annual periods beginning on or after 1 July 2014.
[3] Available for application — the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[5] Effective for annual periods beginning on or after 1 January 2016.

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 following accounting policies which conform with IFRSs. IFRSs were also fully converged by 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 the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Financial liabilities and equity instruments

Share repurchase obligation

A contract that contains an obligation for the Group to repurchase or redeem its own equity instruments for cash or another financial asset upon the subscriber of the Redemption Shares (see note 6) exercising a share redemption right is classified as a financial liability. The Redemption Shares are initially measured at fair value (after adjusting for initial direct cost) and subsequently measured at amortised cost using the effective interest method.

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:

Magnetic strip cards and smart cards	—	manufacture and sales of magnetic strip cards and smart cards
Personalisation service	—	provision of personalisation solutions services
On site card issuance system solutions	—	provision of on site card insurance equipment and related accessories and solutions services

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.

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	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Sales to external parties of				
— magnetic strip cards and smart cards	**897,141**	499,227	**225,314**	125,986
— personalisation service	**114,657**	81,859	**53,888**	42,722
— on site card issuance system solutions	**100,462**	95,523	**44,592**	34,680
	1,112,260	676,609	**323,794**	203,388
Research and development costs			**(46,754)**	(28,548)
Other operating expenses			**(89,402)**	(55,323)
Other income, expenses, gains or losses			**21,978**	6,522
Gain on fair value changes of derivative financial instruments			**—**	13,058
Interest income			**3,122**	5,670
Listing expenses			**(15,837)**	—
Non-cash finance charge on share repurchase obligations			**(11,513)**	—
Other finance costs			**(2,058)**	(6,819)
Profit before taxation			**183,330**	137,948

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:

	2013	2012
	RMB'000	*RMB'000*
Turnover		
— Mainland China (the "PRC")	**1,035,458**	602,234
— Hong Kong and Macau	**70,487**	64,259
— Philippines	**4,877**	6,436
— Mongolia	**1,177**	1,827
— other countries	**261**	1,853
	1,112,260	676,609

All the non-current assets of the Group are situated in the PRC (including Hong Kong).

Information about major customers

For the year ended 31 December 2013, there were two customers from the segments of magnetic strip cards and smart cards and personalisation service with turnover of RMB389,245,000 and RMB185,089,000 respectively (2012: RMB140,035,000 and RMB72,849,000 respectively) which individually accounted for more than 10% of the Group's total turnover.

5. OTHER INCOME, EXPENSES, GAINS OR LOSSES

	2013	2012
	RMB'000	*RMB'000*
Allowance for doubtful debts		
— trade receivables	**(2,972)**	(571)
— other receivables	**—**	(97)
Loss on disposal of property, plant and equipment	**—**	(734)
Government grants	**6,351**	2,172
Interest income	**3,122**	5,670
Investment income from other financial assets	**6,263**	1,164
Net exchange gain	**39**	2,432
Value-added tax refund	**11,898**	914
Others	**399**	1,242
	25,100	12,192

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

	2013	2012
	RMB'000	*RMB'000*
Interest on		
— bank borrowings wholly repayable within five years	**(2,058)**	(6,815)
— loan from a related company	**—**	(4)
	(2,058)	(6,819)

Non-cash finance charge on share repurchase obligations

The interest for 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.

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 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 is classified as a financial liability and carried at amortised cost, using the effective interest method. During the year ended 31 December 2013, the Group recognised approximately RMB11.5 million 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.

7. TAXATION

	2013	2012
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax ("EIT")	**(28,466)**	(15,226)
Underprovision of EIT in prior years	**(1,511)**	(691)
	(29,977)	(15,917)
PRC withholding tax on dividend distribution	**(3,788)**	(2,211)
Hong Kong Profits Tax	**(4,865)**	(3,754)
	(38,630)	(21,882)
Deferred taxation	**(3,875)**	(953)
	(42,505)	(22,835)

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") 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%.

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:

	2013		2012	
	RMB'000	%	*RMB'000*	%
Profit before taxation	**183,330**		137,948	
Tax at the applicable income tax rate *(Note)*	**(45,833)**	**(25.0)**	(34,487)	(25.0)
Tax effect of expenses not deductible for tax purpose	**(11,162)**	**(6.1)**	(2,020)	(1.5)
Tax effect of income not taxable for tax purpose	**—**	**—**	3,264	2.4
Tax effect of deductible temporary difference not recognised	**(1,593)**	**(0.9)**	(440)	(0.3)
Tax effect of tax concession granted to a PRC subsidiary	**22,750**	**12.4**	12,773	9.3
Tax effect of different tax rate of subsidiaries operating in other tax jurisdiction	**2,507**	**1.4**	1,930	1.4
PRC withholding tax on undistributed earnings	**(7,663)**	**(4.2)**	(3,164)	(2.3)
Underprovision of EIT in prior years	**(1,511)**	**(0.8)**	(691)	(0.5)
Tax charge and effective tax rate for the year	**(42,505)**	**(23.2)**	(22,835)	(16.5)

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

At 31 December 2013, the Group has deductible temporary differences of RMB38,396,000 (2012: RMB32,024,000) 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

Dividends on ordinary Shares declared and paid:

	2013	2012
	RMB'000	*RMB'000*
2012 Interim — HK$24,322 per ordinary Share (declared on 30 May 2013 and based on 1,000 Shares of HK$1 each)	**19,721**	—
2012 Interim — RMB71,972 per ordinary Share (declared on 1 July 2013 and based on 1,000 Shares of HK$1 each)	**71,972**	—
2011 Interim — RMB42,002 per ordinary Share (declared on 12 April 2012 and based on 1,000 Shares of HK$1 each)	**—**	42,002
2011 Interim — HK$8,327 per ordinary Share (declared on 12 April 2012 and based on 1,000 Shares of HK$1 each)	**—**	6,678
	91,693	48,680

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2013 of HK4.8 cents, equivalent to RMB3.8 cents (2012: Nil) per ordinary share, totally HK$39.84 million, equivalent to RMB31.54 million has been proposed by the directors and is subject to approval by the shareholders at 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:

	2013	2012
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per Share (profit for the year attributable to owners of the Company)	**140,825**	115,113
	'000	*'000*
Number of Shares		
Weighted average number of ordinary Shares for the purpose of basic earnings per Share	**533,021**	509,771
Effect of dilutive potential ordinary Shares		
— pre-IPO share options	**1,296**	
— over-allotment option	**358**	
— Redemption Shares	**38,317**	
Weighted average number of ordinary Shares for the purpose of diluted earnings per Share	**572,992**	

The weighted average number of ordinary Shares for the purpose of basic earnings per Share has been determined on the assumption that the subdivision of Shares and capitalisation issue have been effective on 1 January 2012.

No diluted earnings per Share is presented for 2012 because there were no potential ordinary Shares in issue during 2012.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furnitures, fixtures and equipment	Motor vehicles	Plant and machinery	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP						
COST						
At 1 January 2012	34,734	13,837	3,764	132,919	702	185,956
Additions	—	854	—	15,267	14,200	30,321
Disposals	—	(278)	—	(2,662)	—	(2,940)
Transfers	—	—	—	4,876	(4,876)	—
At 31 December 2012	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
DEPRECIATION						
At 1 January 2012	11,660	10,929	2,351	81,635	—	106,575
Provided for the year	1,742	1,864	230	11,819	—	15,655
Eliminated on disposals	—	(273)	—	(1,933)	—	(2,206)
At 31 December 2012	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
CARRYING VALUE						
At 31 December 2013	39,633	3,633	1,094	76,923	3,523	124,806
At 31 December 2012	21,332	1,893	1,183	58,879	10,026	93,313

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	
Additions and balance at 31 December 2013	18,318
AMORTISATION	
Charge for the year and balance at 31 December 2013	193
CARRYING VALUE	
At 31 December 2013	18,125

On 15 November 2013, a trademark agreement was entered at a consideration of US$3 million (equivalent to approximately RMB18.3 million).

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	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables		
— Gemalto's subsidiaries	**10**	8
— BOC's subsidiaries	**38,565**	45,037
— third parties	**132,419**	127,908
Retentions held by customers	**23,081**	10,358
	194,075	183,311

Note:

Gemalto represents Gemalto N.V., a substantial shareholder of the Company.

BOC represent Bank of China Limited, a substantial shareholder of the Company.

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 recognized:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Age		
0–90 days	**149,900**	123,076
91–180 days	**25,200**	32,465
181–365 days	**10,569**	18,781
Over 1 year (note)	**8,406**	8,989
	194,075	183,311

Note: Included in the above balance aged over one year as at 31 December 2013 were retentions held by customers for sales of cards of RMB8,087,000 (2012: RMB1,712,000).

The Group does not hold any collateral over these balances.

As at 31 December 2013, included in the Group's trade receivable balances are trade receivables with aggregate carrying amount of RMB5,107,000 (2012: RMB8,786,000) 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	
	2013	2012
	RMB'000	*RMB'000*
Age		
91–180 days	**4,468**	1,333
181–365 days	**320**	6,851
Over 1 year	**319**	602
	5,107	8,786

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	
	2013	2012
	RMB'000	*RMB'000*
At 1 January	**2,553**	2,000
Allowances recognised on receivables	**2,972**	571
Bad debts written off	**(6)**	(18)
At 31 December	**5,519**	2,553

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	
	2013	2012
	RMB'000	*RMB'000*
HK$	**—**	2
USD	**243**	2,914
RMB	**—**	45

14. TRADE AND BILLS PAYABLES

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Trade payables		
— Gemalto's subsidiaries	**216,095**	129,123
— Gemalto's related company — DataCard Corporation	**22,813**	15,258
— third parties	**99,118**	96,184
	338,026	240,565
Bills payables — secured	**90,952**	97,567
	428,978	338,132

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	
	2013	2012
	RMB'000	*RMB'000*
Age		
0–90 days	**297,221**	281,626
91–180 days	**119,451**	34,617
181–365 days	**10,124**	21,480
Over 1 year	**2,182**	409
	428,978	338,132

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	
	2013	2012
	RMB'000	*RMB'000*
HK$	**—**	2,677
USD	**84,882**	37,914
EUR	**786**	154
JPY	**209**	—

15. OTHER PAYABLES

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Payroll and welfare payables	**34,690**	27,327
Customers' deposits	**18,579**	18,748
Delivery and postage payables	**1,503**	9,953
Value-added tax payables	**3,641**	20,557
Listing expenses payables	**7,527**	—
Other tax payables	**884**	894
Other payables	**2,470**	4,971
	69,294	82,450

2013 BUSINESS REVIEW

The financial card market witnessed a rapid growth as well as fierce competition in the Year 2013. The Group fully utilized its competitive advantages in order to seize the market opportunities to maintain a steady growth. The turnover of the Group for the Year 2013 reached RMB1,112 million, achieving a growth of 64% compared with that of RMB676 million for the Year 2012. The gross profit margin of the Company for the Year 2013 was 29.1%, decreasing slightly by 1% compared to that of the previous year.

The three main business segments of the Company during the Year 2013 were as follows:

- The turnover of the magnetic strip cards and smart cards business increased to RMB897.1 million, with an annual growth rate of 80%; and the gross profit was RMB225.3 million, with gross profit margin rate of 25.1%.
- The business of personalization solutions services rose to RMB114.6 million, with an annual growth rate of 40%; and the gross profit was RMB53.888 million, with gross profit margin rate of 47.0%.
- The turnover of card issuance system solutions and related solutions services was RMB100.5 million, with an annual growth rate of 5.2%, and the gross profit was RMB44.592 million, with gross profit margin rate of 44.4%.

The Group was able to attain favorable growth in the year of 2013, mainly due to the following reasons:

A. Significant growth of turnover:

1. *Healthy development of the financial card industry due to favourable market environment and governmental policies*

The Chinese economy continued to maintain 7.7% steady growth with the disposable income per capita in China reaching RMB18,311 in 2013 and representing an annual growth rate of 8.1%. With the growth of the GDP in China, the urbanization in China, and the continuous growth of the disposable income of the urban households in China, the Chinese consumer market witnessed rapid expansion and thus the demand for non-cash payment services, especially financial cards, rose. As a result, the number of newly-issued financial cards and number of cardholders increased.

Meanwhile, the Chinese Government adopted policies to accelerate the conversion rate of financial cards from magnetic strip cards to smart cards. For example, "People's Bank of China on Promoting the Work of Financial IC Card Applications" (《中國人民銀行關於推進金融IC卡應用工作意見》) issued on 31 March 2011 required the termination of issuance of magnetic strip cards from 1 January 2015, promoting the conversion to and the use of financial smart cards.

Besides, smart cards had been widely promoted in the non-financial areas, such as social security, health, medical treatment and transportation etc. The Chinese Government also supported and promoted information consumption, encouraging the use of smart cards as a type of modern payment method.

2. ***Customers' loyalty and trust due to stringent security standard***

With 18 years of experience in the market, the Group, as the leading provider of financial cards, card personalization services and card issuance system solutions in the Greater China, is the only financial card manufacturer and the only card personalisation services provider in the PRC certified by all six of the leading worldwide payment card organisations (Visa, MasterCard, American Express, UnionPay, JCB and Diners Club). The Group has adopted strict and superior physical and logical security standard recognized by the aforesaid six major organizations and invested large amount of manpower and resources for such security standard. The Company strictly complies with the logical security standard in terms of data transmission, entry, storage and destruction, and with the physical security standard in terms of hardware facilities, personnel access at the plant area, surveillance etc. to attain recognition and trust of its customers and thus ensures the growth of the turnover of the Company.

3. ***Remarkable Design, Development and Wide Variety of Overall Solutions***

The Group has Research and Development ("**R&D**") centres in Zhuhai and Beijing, with over 260 employees and a majority of them have attained tertiary education and more than 6 years of experience in the R&D area. The R&D team can execute R&D work independently in multiple sectors, including card design, design of personalized solutions, development and testing card operating systematic software and personal data processing software. In addition, the Group has entered into an agreement with Wuhan University (武漢大學), and cooperated with colleges and student research institute to develop new technologies related to businesses of the Company, ensuring the remarkable design and R&D capability of the Group to strengthen competitiveness of the Company.

4. ***Actively expand production capability and continuously providing value-added services***

In order to meet the great demand in card issuance, the Group expanded the manufacturing facilities in Zhuhai and Shanghai in 2013. The Company obtained an additional 11,500 square meters of production area with Phase III of the manufacturing facilities in Zhuhai being put into operation in the fourth quarter of 2013 and another 2,100 square meters of production area in Shanghai to ensure the punctual delivery of the rising number of orders for the financial smart cards.

B. Cost of Sales

The Group strictly controlled and sought to reduce its production cost by purchasing from local raw material suppliers with large-scale procurement and enhancing production efficiency. Due to the change of the structure of the Company's product mix, the proportion of smart cards with lower gross profit rate but higher gross profit per card increased, so the cost of sales out of turnover was 70.9% for the Year 2013, increased slightly compared with that of 69.9% for the Year 2012.

C. Expenditure of the Group

The expenditure of the Group comprises R&D expenses and other operating expenses, etc.

The R&D expenses and other operation expenses in the Year 2013 were RMB136.1 million, representing an increase of 62.3% compared to that of RMB83.87 million in the Year of 2012.

The R&D expenses in the year 2013 was RMB46.754 million, representing an increase of 64% compared to that of RMB28.548 million in the year 2012. The rise in R&D expense is mainly due to the reinforcement of the R&D strength by increasing R&D manpower and investment on R&D instruments.

Other operating expenses were RMB89.402 million in the Year 2013, representing an increase of 61.6% compared to that of RMB55.323 million in the Year 2012. The rise in other operating expenses was mainly because the business of smart cards remained at a preliminary marketing stage. In order to assist its customers to conduct conversion to smart cards, the Company employed a large number of employees to conduct pre-sale and after-sale services and thus increased the expenditure in human resources, marketing and travelling.

The Listing expenses reached RMB15.837 million. The non-cash finance change on share repurchase obligations was RMB11.513 million, which was reclassified to equity upon listing.

In summary, the Group timely adjusted the structure of its product mix and was able to control production cost and thus reasonably control expenditure to seize market development opportunities. As a result, the Company realized a net profit attributable to shareholders of RMB140.8 million for the Year 2013 and a profit per Share of RMB26.4 cents.

SUBSEQUENT EVENTS

There was no material event occurred during the period from 31 December 2013 to the date of this announcement.

LOOKING FORWARD

Looking forward to the future, with the completion of the technological development of smart cards and the circulation of smart cards in 2013 that was far beyond market expectation, the market for smart cards is expected to expand in the coming years. As the year of 2015 is fast approaching, the regulators will promote the compulsory conversion to EMV cards (Europay, MasterCard and Visa) and thus enhance the development of the market for smart cards. In addition, the major banks will enhance the progress of the conversion to EMV cards due to market competition and thus promote the development of the market for smart cards. The blooming market for smart cards will widen the market's need for the products of the Company and thus help the Company to maintain a steady growth of revenue.

Meanwhile, the Company will also seize the market opportunities with its current competitive advantages, such as high quality of products and services, comprehensive product range and consolidated solution program specialised for customers' needs, experienced customer service capability, great research, design and innovation ability. The Company will continue the cooperation with its customers and other market participants and explore innovative value-added card solution services to satisfy its customers' needs.

Furthermore, the Company will develop its business in the future based on the existing payment tools offered by the Company. The Company will keep itself informed of the latest development in the electronic payment industry and seize the opportunity to expand its business in line with the ever-changing payment technology including the Internet. The Company will widen its product range and enhance the security technology of its products. The Company will also enhance the cooperation with its strategic partners to further develop its smart cards applications and new electronic payment products. The Company aims to steadily expand its overseas market to improve profit margins and thus create more value for our shareholders.

FINAL DIVIDEND

At the Board meeting held on Friday, 21 March 2014, the directors of the Company proposed to recommend the payment of a final dividend of HK4.8 cents (equivalent to approximately RMB3.8 cents) per ordinary Share for the Year 2013.

The final dividend of HK4.8 cents (equivalent to approximately RMB3.8 cents) per ordinary Share is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Wednesday, 28 May 2014 and will be paid on 23 June 2014 to the shareholders whose names appear on the register of members of the Company at the close of business at 4:30 p.m. on Monday, 9 June 2014.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

USE OF PROCEEDS RAISED FROM INITIAL PUBLIC OFFERING

Trading of the Shares on the Stock Exchange commenced on 4 December 2013, and the Group raised a net proceeds of HK$1,239.7 million (equivalent to approximately RMB974.6 million) from its initial public offering. The Group intends to apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the prospectus of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group's total of pledged bank deposits, bank balances and cash, and fixed bank deposits reached approximately RMB1,324 million (2012: RMB76.71 million).

As at 31 December 2013, the Group's current assets reached RMB1,801 million, achieving a growth of 193.8% compared with that of RMB613 million for the Year 2012. The current ratio for the Year 2013 was 3.3, with very good liquidity.

The Group's total of bank loans and amounts due to related companies was RMB15.31 million (2012: RMB48.34 million); the gearing ratio was 1.1% (2012: 22.6%), Gearing ratio equals total debt divided by total equity as at the end of the year/period. Total debt includes all interest-bearing bank loans and loans from/amounts due to related parties. The Group's leverage ratio was 28.2% for the year ended 2013 (2012: 69.8%), the leverage equals total liabilities divided by total assets as at the end of the year/period.

HUMAN RESOURCES

As at 31 December 2013, the Company had 1,561 employees (1,328 in 2012), with a increase of 233 employees compared with that in 2012. The new members of staff included a number of experienced and capable engineers who joined the R&D team and other employees who joined the smart cards production team and personalization service solution team.

Human resources are one of the most important assets of the Company. Apart from offering competitive remuneration packages, the Company is also committed to providing specialized staff development and training programs. Generally, salary review is conducted annually. Other than basic salaries, the Company 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 accordance with applicable laws and regulations of the PRC. The Company also provides full coverage of housing provident fund contributions to its employees as required by local regulations in China.

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 written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprised 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 is 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 2013.

CLOSURE OF REGISTER OF MEMBERS

In order to be eligible for attending and voting at the forthcoming annual general meeting of the Company to be held on Wednesday, 28 May 2014, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (effective from 31 March 2014, the address should be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong) for registration by 4:30 p.m. on Friday, 23 May 2014. The register of members of the Company will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014, 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 Wednesday, 4 June 2014. The register of members of the Company will be closed from Thursday, 5 June 2014 to Monday, 9 June 2014, both days inclusive, during which period no transfer of Shares will be registered. Subject to shareholder's approval of the proposed final dividend at the annual general meeting to be held on Wednesday, 28 May 2014, the final dividend will be paid to shareholders whose names appear on the register of members of the Company at the close of business on Monday, 9 June 2014.

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 period commencing from the date of listing of the Company to 31 December 2013.

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**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they had complied with the Model Code throughout the period commencing from the Listing Date to 31 December 2013.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (*http://www.hkexnews.hk*) and that of the Company (*http://www.goldpac.com*). The annual report for the year ended 31 December 2013 will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and that of the Company in due course.

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

Hong Kong, 21 March 2014

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.