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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

TURNOVER

For the six months ended 30 June 2015, the Group's turnover amounted to RMB873.8 million, representing a growth of 6.3% year-on-year and an increase of 25% or RMB174.9 million compared with the second half of 2014.

NET PROFIT

For the six months ended 30 June 2015, the net profit of the Group reached RMB125.9 million. Profit for the period achieved a growth of 6.6% year-on-year and an increase of 32% or RMB30.5 million compared with the second half of 2014.

SEGMENT RESULTS

For the six months ended 30 June 2015, the Group's three primary segments achieved continuous and stable growth. The turnover of the Card Issuance System Solution achieved a growth of 38% year-on-year while the proportion in the Group's turnover was lifted by 1.8 percentage point to 7.8%.

	Six months ended 30 June 2015	% of the Group's Turnover	Six months ended 30 June 2014	Growth Rate
Turnover by segments (RMB million)				
Embedded Software and Secure Payment Products	724.0	82.9%	702.4	3.1%
Personalisation Service	81.5	9.3%	70.4	15.8%
Card Issuance System Solutions	<u>68.3</u>	<u>7.8%</u>	<u>49.5</u>	<u>38.0%</u>

EARNINGS PER SHARE

Basic: RMB15.2 cents, weighted average number of ordinary shares for the purpose of basic earnings per share: 830,295,748 (30 June 2014: RMB14.2 cents, weighted average number of ordinary shares for the purpose of basic earnings per share: 830,000,000).

Diluted: RMB15.0 cents, weighted average number of ordinary shares for the purpose of diluted earnings per share: 839,807,648 (30 June 2014: RMB14.0 cents, weighted average number of ordinary shares for the purpose of diluted earnings per share: 844,918,000).

DIVIDEND

The Board has resolved not to declare any dividend for the six months ended 30 June 2015.

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 2015 (the “**Period under Review**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover		873,761	822,236
Cost of sales		<u>(638,535)</u>	<u>(583,597)</u>
Gross profit		235,226	238,639
Other income, expenses, gains or losses		29,157	24,445
Research and development costs		(41,998)	(32,353)
Selling and distribution costs		(52,460)	(55,995)
Administrative expenses		(15,217)	(14,054)
Finance costs		(43)	(462)
Share of loss of associates		<u>(337)</u>	<u>—</u>
Profit before taxation	4	154,328	160,220
Taxation	5	<u>(28,436)</u>	<u>(42,103)</u>
Profit for the period		125,892	118,117
Other comprehensive income for the period			
— exchange differences arising on translation of foreign operations which may be subsequently reclassified to profit or loss		<u>5</u>	<u>1,512</u>
Total comprehensive income for the period		<u>125,897</u>	<u>119,629</u>
Earnings per share	7		
— Basic		<u>15.2 cents</u>	<u>14.2 cents</u>
— Diluted		<u>15.0 cents</u>	<u>14.0 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
	NOTES		
Non-current assets			
Property, plant and equipment	8	193,576	186,373
Land use rights	8	822	890
Goodwill		1,375	—
Intangible assets		14,691	15,835
Interests in associates	18	1,863	—
Deposits paid for acquisition of property, plant and equipment		8,571	11,732
Amount due from an associate		275	—
Fixed bank deposits		<u>100,000</u>	<u>—</u>
		<u>321,173</u>	<u>214,830</u>
Current assets			
Inventories	9	299,276	284,878
Trade receivables	10	794,009	300,624
Other receivables and prepayments		18,967	11,558
Other financial assets		—	740,000
Structured bank deposit		200,000	—
Pledged bank deposits		16,580	22,574
Fixed bank deposits		597,300	617,600
Bank balances and cash		<u>227,908</u>	<u>125,233</u>
		<u>2,154,040</u>	<u>2,102,467</u>
Current liabilities			
Trade and bills payables	11	624,764	546,886
Other payables		114,915	123,216
Government grants		5,050	4,820
Taxation		27,343	18,130
Bank loans	12	<u>5,445</u>	<u>—</u>
		<u>777,517</u>	<u>693,052</u>
Net current assets		<u>1,376,523</u>	<u>1,409,415</u>
Total assets less current liabilities		<u>1,697,696</u>	<u>1,624,245</u>
Non-current liability			
Deferred taxation		<u>17,694</u>	<u>13,407</u>
Net assets		<u>1,680,002</u>	<u>1,610,838</u>
Capital and reserves			
Share capital	14	1,181,160	1,175,015
Reserves		<u>498,842</u>	<u>435,823</u>
Total equity		<u>1,680,002</u>	<u>1,610,838</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

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 IAS 19 Defined Benefit Plans: Employee Contributions;
- Amendments to IFRSs Annual Improvements to IFRSs 2010–2012 Cycle;
- Amendments to IFRSs Annual Improvements to IFRSs 2011–2013 Cycle.

The application of the above new 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:

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

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:

	Turnover		Results	
	Six months ended 30 June 2015	2014	Six months ended 30 June 2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales to external parties of				
— Embedded software and secure payment products	724,058	702,384	175,347	181,046
— Personalisation service	81,453	70,352	32,535	34,802
— Card issuance system solutions	68,250	49,500	27,344	22,791
	<u>873,761</u>	<u>822,236</u>	<u>235,226</u>	<u>238,639</u>
Research and development costs			(41,998)	(32,353)
Other operating expenses			(67,677)	(70,049)
Other income, expenses, gains or losses (<i>Note</i>)			16,598	9,327
Interest income			12,559	15,118
Finance costs			(43)	(462)
Share of loss of associates			(337)	—
Profit before taxation			<u>154,328</u>	<u>160,220</u>

Note: Included in other income, expenses, gains or losses are the amounts of RMB10,409,000 (for the six months ended 30 June 2014: RMB4,267,000) and RMB4,805,000 (for the six months ended 30 June 2014: RMB6,659,000) relating to the investment income of other financial assets and value-added tax refund respectively.

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

2015	2014
<i>RMB'000</i>	<i>RMB'000</i>
<i>(unaudited)</i>	<i>(unaudited)</i>

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

Directors' remuneration	5,850	6,905
Other staff's retirement benefits scheme contributions	3,324	2,857
Other staff's equity-settled share-based payment	6,621	11,633
Other staff costs	<u>82,723</u>	<u>63,599</u>
	98,518	84,994
Less: Staff costs included in research and development costs	<u>(25,591)</u>	<u>(18,684)</u>
	<u>72,927</u>	<u>66,310</u>
Allowance for obsolete inventories	—	2,500
Amortisation of intangible assets	1,144	1,150
Depreciation of property, plant and equipment	19,990	10,578
Investment income from other financial assets	(10,409)	(4,267)
Reversal of allowance for doubtful debts	—	(432)
Operating lease rentals in respect of		
— land use rights	68	70
— office premises	4,250	3,114
	<u>4,250</u>	<u>3,114</u>

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

5. TAXATION

Six months ended 30 June

2015	2014
<i>RMB'000</i>	<i>RMB'000</i>
<i>(unaudited)</i>	<i>(unaudited)</i>

The charge comprises:

Mainland China ("PRC") Enterprise Income Tax ("EIT")	(21,908)	(36,432)
PRC withholding tax on dividend distribution	(1,300)	(2,900)
Hong Kong Profits Tax	<u>(941)</u>	<u>(753)</u>
	(24,149)	(40,085)
Deferred taxation	<u>(4,287)</u>	<u>(2,018)</u>
	<u>(28,436)</u>	<u>(42,103)</u>

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

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

6. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends		
2014 Final — HK10.0 cents per ordinary share based on 831,573,000 shares (declared on 19 March 2015)	<u><u>65,579</u></u>	<u><u>—</u></u>
2013 Final — HK4.8 cents per ordinary share based on 830,000,000 shares (declared on 21 March 2014)	<u><u>—</u></u>	<u><u>31,540</u></u>

Except as described above, 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:

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	<u>125,892</u>	<u>118,117</u>
	For the six months ended 30 June	
	2015	2014
	'000	'000
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>830,296</u>	<u>830,000</u>
Effect of dilutive potential ordinary shares:		
Pre-IPO share option (note 13)	<u>9,512</u>	<u>14,918</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>839,808</u>	<u>844,918</u>

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

During the period, the Group mainly incurred approximately RMB10,128,000 (for the six months ended 30 June 2014: RMB22,289,000) on plant and machinery, RMB15,106,000 (for the six months ended 30 June 2014: RMB21,584,000) on construction in progress and nil (for the six months ended 30 June 2014: RMB2,566,000) on buildings for the expansion of production facilities.

9. INVENTORIES

	At 30 June	At 31 December
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(audited)
Raw materials	191,150	169,780
Work in progress	7,961	9,393
Finished goods	<u>100,165</u>	<u>105,705</u>
	<u>299,276</u>	<u>284,878</u>

10. TRADE RECEIVABLES

	At 30 June 2015 RMB'000 (<i>unaudited</i>)	At 31 December 2014 RMB'000 (<i>audited</i>)
Trade receivables		
— BOC's subsidiaries (<i>as defined in note 20</i>)	57,842	15,900
— Goldpac ACS (<i>as defined in note 19</i>)	3,102	—
— third parties	711,321	257,180
Retentions held by customers	<u>21,744</u>	<u>27,544</u>
	<u>794,009</u>	<u>300,624</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 2015 RMB'000 (<i>unaudited</i>)	At 31 December 2014 RMB'000 (<i>audited</i>)
Age		
0–90 days	512,347	215,230
91–180 days	187,409	31,770
181–365 days	62,238	37,006
Over 1 year (<i>Note</i>)	<u>32,015</u>	<u>16,618</u>
	<u>794,009</u>	<u>300,624</u>

Note: Included in the above balance aged over one year at 30 June 2015 were retentions held by customers for sales of goods of RMB12,095,000 (31 December 2014: RMB13,057,000).

11. TRADE AND BILLS PAYABLES

	At 30 June 2015 RMB'000 (<i>unaudited</i>)	At 31 December 2014 RMB'000 (<i>audited</i>)
Trade payables		
— Gemalto's subsidiaries (<i>as defined in note 19</i>)	405,957	337,706
— Gemalto's related company		
— DataCard Corporation	10,573	21,199
— third parties	<u>136,067</u>	<u>114,861</u>
	552,597	473,766
Bills payables — secured	<u>72,167</u>	<u>73,120</u>
	<u>624,764</u>	<u>546,886</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 2015 RMB'000 (<i>unaudited</i>)	At 31 December 2014 RMB'000 (<i>audited</i>)
Age		
0–90 days	351,738	361,167
91–180 days	257,992	171,728
181–365 days	13,361	12,273
Over 1 year	<u>1,673</u>	<u>1,718</u>
	<u>624,764</u>	<u>546,886</u>

12. BANK LOANS

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Carrying amount repayable within one year and amount shown under current liabilities	<u>5,445</u>	<u>—</u>

The variable rate bank loans carry interests at 1.32% per annum above the six months London Inter-Bank Offered Rate for United States Dollars. At the end of the reporting period, the Group had variable rate bank loans carrying interest at 1.76% (2014: nil) per annum.

At the end of the reporting period, the Group had unutilised available credit facilities amounting to RMB549,907,000 (2014: RMB188,807,000).

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 31 December 2013, 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.

As at 30 June 2015, the number of the shares in respect of which options had been granted and remained outstanding under the pre-IPO share option scheme was 33,776,000, representing approximately 4% of the shares of the Company in issue at that date.

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:

	Number of share options
Outstanding share options:	
As at 1 January 2015	35,293,000
Exercise of share options	<u>(1,517,000)</u>
As at 30 June 2015	<u><u>33,776,000</u></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 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><u>HK\$2.4250 to HK\$2.4791</u></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 RMB8,587,000 for the six months ended 30 June 2015 (for the six months ended 30 June 2014: RMB15,064,000) 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 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 highest 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 five business days immediately preceding the offer date; and (c) the nominal value of the Company's share.

During the six months ended 30 June 2015, no options were granted or agreed to be granted pursuant to Share Option Scheme.

14. SHARE CAPITAL

	Number of ordinary shares '000	Par value HK\$	Amount HK\$'000
Authorised:			
At 1 January 2014	<u>4,000,000</u>	0.001	<u>4,000</u>
At 31 December 2014 and 30 June 2015	<u>Note</u>	Note	<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.

	Number of ordinary shares '000	Par value HK\$	Amount HK\$'000
	<i>Note</i>		
Issued and fully paid:			
At 1 January 2014	830,000	0.001	830
Transfer from share premium upon abolition of par value	—	N/A	1,474,077
Issue of shares upon exercise of share options	<u>707</u>	N/A	<u>3,631</u>
At 31 December 2014	830,707	N/A	1,478,538
Issue of shares upon exercise of share options	1,517	N/A	7,790
Buy-back of shares	<u>(580)</u>	N/A	<u>—</u>
At 30 June 2015	<u>831,644</u>	N/A	<u>1,486,328</u>

Note (i): During the period, the Group bought back and cancelled a total of 580,000 ordinary shares of the Company at an aggregate purchase of HK\$2,816,944 on the Stock Exchange.

RMB'000

Shown in the financial statements as of		
— 30 June 2015		<u>1,181,160</u>
— 31 December 2014		<u>1,175,015</u>

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 2015 RMB'000 (unaudited)	At 31 December 2014 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>8,803</u>	<u>25,489</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).

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)		
Financial assets at fair value through profit or loss:				
Other financial assets				
— unlisted funds in the PRC	—	740,000	Level 2	Redemption value quoted by the relevant investment trust
	<u>—</u>	<u>740,000</u>		

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

The Directors 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. ACQUISITION OF A SUBSIDIARY

During the period the Group acquired the entire equity interest in Goldpac Golden Card Equipment (Zhuhai) Ltd. (the “**Acquired Subsidiary**”) which is engaged in trading of secure payment product in PRC.

RMB’000
(unaudited)

Consideration for the acquisition:

Cash consideration	<u>2,000</u>
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RMB’000
(unaudited)

Assets and liabilities recognised at the date of acquisition (determined on a provisional basis):

Property, plant and equipment	217
Bank balances and cash	410
Tax payable	<u>(2)</u>
	<u>625</u>

RMB’000
(unaudited)

Goodwill arising on acquisition

(determined on a provisional basis):

Consideration transferred	2,000
Less: recognised amount of identifiable net assets acquired	<u>(625)</u>
Goodwill arising on acquisition	<u>1,375</u>

RMB’000
(unaudited)

Net cash flows arising on acquisition:

Cash consideration paid for acquisition	2,000
Less: Cash and cash equivalent balances acquired	<u>(410)</u>
	<u>1,590</u>

Impact of acquisition on the results of the Group

Included in the profit for the interim period is loss of approximately RMB1 thousand attributable to the Acquired Subsidiary. Revenue for the interim period includes RMB385 thousand generated from the Acquired Subsidiary. Had the acquisition been effected at the beginning of the interim period, total Group revenue for the period ended 30 June 2015 would have been approximately RMB873,863 thousand, and the profit for the interim period would have been RMB125,891 thousand. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

18. INTERESTS IN ASSOCIATES

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Unlisted investments in associates, at cost	2,200	—
Share of post-acquisition results	<u>(337)</u>	<u>—</u>
	<u>1,863</u>	<u>—</u>

Details of the Group's associates at the end of the reporting period are as follows:

Name of entity	Form of entity	Country of incorporation and operation	Proportion of ordinary share capital indirectly held by the Company		Principal activity
			30 June 2015	31 December 2014	
Kaixin Holdings Limited	Private limited liability company	British Virgin Islands	45%	100%	Inactive
Goldpac ACS Technologies Inc. ("Goldpac ACS")	Private limited liability company	Philippines	45%	—	Inactive

19. 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:

Name of related company	Nature of transactions	Six months ended 30 June	
		2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Goldpac ACS	Sale of machines	3,102	—
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	372,236	225,698
Gemalto Pte. Ltd.	Purchase of materials	—	1,590
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

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 the 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	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Directors' fee	260	237
Basis salaries and allowances	3,474	2,576
Bonus	117	628
Equity-settled share-based payments	1,966	3,431
Retirement benefits scheme contributions	33	33
	<u>5,850</u>	<u>6,905</u>

20. CONNECTED PARTY TRANSACTIONS

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 was a substantial shareholder of the Company and is considered as a connected person under the Listing Rules since December 2013 up to 12 November 2014. During the six months ended 30 June 2014, the Group sold goods totalling RMB102,132,000 to companies controlled by BOC.

21. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the current interim period, the Group entered into a capital increase agreement on 13 August 2015. Pursuant to which, the Group agreed to contribute RMB29,920,000 in cash to the share capital of Sichuan Zhongruan Technology Limited (“**SCZR**”), resulting in obtaining of 19.68% of the equity interest in SCZR. SCZR is engaged in the software development, smart city project construction, city intelligent platform, city information system & intelligent operation integrated solutions in the PRC.

MANAGEMENT DISCUSSION & ANALYSIS

Keep moving forward everyday

As alluded to by Mr. Adam Smith in his magnum opus, *The Wealth of Nations*, the concept of the transaction is a wonderful construct and a critical feature of human society. With the evolution and modernization of human civilization, transactions have become increasingly important and common while secure and convenient means of transactions have become an essential need by the whole of society. This is the foundation on which the Group's strategy to become a "Leader in the Global Smart Secure Payment Industry" is built.

The financial payment card is the cornerstone of the payment system

Everywhere around the world, banks occupy a dominant position within the financial system. In July 2015, the People's Bank of China, along with 10 other departments, issued a draft for the Non-bank Payment Institution Online Payment Management Methodology Request For Proposals. The intention was to not only encourage innovation in the field of financial payment, but to also manage the associated financial risks. The draft stipulates that transactions over a defined limit must be carried out through a bank. This once again demonstrates that China's payment system is rooted in the foundations of a banking infrastructure. The financial payment card is entirely security focused, transaction data can be recorded and traced. Furthermore, its ability to rapidly adapt to a maturing environment is an advantage that makes it the preferred vehicle for non-cash payment transactions, and a globally accepted standard for payment. This bank-led payment system is likely to remain stable for the foreseeable future. The financial payment card will also maintain its position as a non-cash payment vehicle of choice that will continue to grow with the ongoing improvements to the banking card transaction environment, especially in emerging economies.

In a marked departure from developed countries in Europe and America, China skipped the "personal checkbook" chapter in its evolutionary history, jumping straight into the banking card era. However, compared to these countries, the personal consumption credit system, represented by credit card, is at its formative stages in China with vast potential for growth still left across a wide range of domains such as average credit amount per capita, credit card activation ratio and differentiated services. According to the International Monetary Fund (IMF)'s prediction, China will become the biggest economic entity within the next ten years and the size of the middle-income class will grow further. Therefore, the financial payment card, especially the credit card, has still an enormous potential with the continuous development of the personal consumption credit system in China.

At the same time, modern information technologies such as the "Internet +" and Big Data, have driven the diversified development of payment mechanisms and enabled the introduction of a wide range of innovative payment vehicles, including Online to Offline (O2O), mobile payment, wearables, Host Card Emulation (HCE), virtual credit cards as well as biometrics. However, there are still issues to be resolved including security, transaction infrastructure, development of user habits, biometric cost and privacy, and especially the government's concerns on the stability of the financial system. These emerging payment vehicles are in their beginning stages and will become a strong supplement for the financial payment card in the future.

During the Period under Review, the Group experienced an external environment where both opportunities and challenges co-existed. China's economic development model has evolved into a "New Normal", where the country's GDP begins to indicate entry into a moderate growth stage. A number of favorable factors, such as the upgrading of the payment industry, the further opening-up of the financial sector to foreign capital investment and the rapid growth of internet financial services, is still creating a strong drive for China's smart payment industry. Meanwhile, the complicated and intense market competition, consumers' increasing individualized demands, and the continuous downward trend in average selling price (ASP), call for greater demands from the Group.

By committing to the notion of information security first, adhering to a stable and healthy development strategy, and adopting a practical and realistic philosophy, the Group maintained forward momentum to achieve continuous and stable growth in operations, solutions, Research and Development ("R&D"), marketing, information security and overseas expansion during the Period under Review and built a solid foundation for long-term development.

Performance Highlights

During the Period under Review, the Group achieved steady performance. Turnover amounted to RMB873.8 million, representing a growth of 6.3% year-on-year and an increment of RMB174.9 million (+25%) compared with that of the second half of 2014. During the Period under Review, the net profit of the Group reached RMB125.9 million. Profit for the period achieved a growth of 6.6% year-on-year and an increase of 32% or RMB30.5 million compared with the second half of 2014.

Although ASP downward tendency resulted from the fierce market competition had imposed pressure on the Group's profitability, contributing factors such as the Group's leading market share, world-leading operations management, strong R&D capabilities and continuous inputs in R&D, promising prospects for the future payment industry development, creative abilities of business models and products, and bargaining power advantages originated from the market leadership, enable the Group to maintain a gross profit margin increase of 1.2 percentage points to 26.9% and a net profit margin increase of 1 percentage point to 14.4%, compared with the second half of 2014.

All of the Group's three primary business segments achieved steady growth. The turnover for Embedded Software and Secure Payment Products recorded RMB724.0 million, representing a growth of 3.1% year-on-year and an uplift of 29% compared with the second half of 2014. The turnover of Personalisation Service recorded RMB81.5 million, representing a growth of 15.8% year-on-year. The turnover of Card Issuance System business recorded RMB68.3 million, representing a growth of 38% year-on-year. Of the Group's turnover during the Period under Review, the Embedded Software and Secure Payment Products accounted for 82.9%, Personalisation Service accounted for 9.3% while Card Issuance Systems accounted for 7.8%.

During the Period under Review, the Group reinforced its leadership position and consolidated its market share in China. According to statistics from China UnionPay, the Group stayed in the number one position in the China market for the first half of 2015.

The Company's wide, stable and diversified customer base is further nurtured during the Period under Review, extending to clients from the majority of China's banks, a couple of overseas financial institutions, governments, transportation groups and even to several multinational corporations. The diversification of the Group's customer base ensures the Group's steady development.

During the Period under Review, the Group made constructive endeavors in outreach expansion projects in the fields of the smart city and smart living, entering into new business domains through mergers and acquisitions. An increasing number of outreaching expansion projects are under progress.

Core Strategies

Confronted by a fierce and complicated competitive market environment during the Period under Review, the Group took realistic and effective measures to bolster its stable and healthy development strategy and to enhance core competitiveness and business expansion. The aim was to upgrade the Group's fundamentals by scrutinizing any detail that could lead to an improvement in the Group's operational efficiency. This allowed the Group to achieve continuous improvement and progress on an ongoing basis. This accumulation of multiple small steps leads to a great distance covered. In this way, the Group's stable and healthy development strategy is proved to be correct by the past 20 years remarkable growth and has produced expected results.

1. *Blending information technology and industrial operations, to reinforce leadership in the smart payment industry and maintain a dominant position*

During the Period under Review, the Group was committed to combining information technology with industrial operations, to reinforce the Group's leadership in the smart payment industry. Guided by the Industry 4.0 framework, the Group built a brand-new Goldpac digital platform, consisting of eight modules including, amongst others, information collection, quality control, data output and alerting capabilities. This enables digital management of the whole operation process and achieves the objectives of swift order delivery and cost efficiency improvement. Integration of information technology and industrial operation elevated the Group's operational efficiency significantly.

Furthermore, the Group maintained its leading advantage in smart payment products. During the Period under Review, the Group had been granted patents for a number of its products, such as the dynamic QR code smart card, passive LED smart card and voice smart card. The Group also had been awarded the Quality Management System Certification from China UnionPay and became one of the first companies in China holding this certification. The Quality Management System Certification allows China UnionPay to enhance the quality of consumer products and technology experiences it provides. It enables the categorization of industrial quality and was introduced to meet even higher security and quality standards. This certification represents the attainment of the highest standard of smart card quality in China and in the world.

2. *Further strengthening the role of “Service & Platform Provider”*

The Group’s track record has proven that its role as the Service & Platform Provider has allowed it to distinguish itself from homogenous competitors through provision of value-added differentiated services. This has contributed greatly to the Group’s continuous growth.

During the Period under Review, the Group delivered Comprehensive 360° Solutions, integrating Batch Card Issuance System, Instant Card Issuance System and TSM (Trusted Services Management) platforms, to satisfy customers’ wide ranging and individualized needs and to further strengthen the Group’s identity as a Service & Platform Provider. DTS, a proprietary system developed independently by the Group, provides an automatic and open personalisation management platform, enabling high-efficiency and low-cost secure batch card issuance and delivering online orders management and dynamic statistics. Capitalising on the emerging internet technologies, the proprietary Instant Card Issuance System of the Group enables the materialisation of the “Application Anytime” and “Card Collection Nearby” service modes. To further satisfy the differentiated market demands, the Group also launched the TSM individualized card-issuance solution in a dual service model of local and cloud.

3. *Safeguarding information security in the Big Data era*

Stringent security management is one of the core competencies that distinguishes the Group from others. The massive amount of data processed by the Group raises not only personal data privacy concerns, but also awareness for national financial security.

During the Period under Review, the Group took cutting-edge development features into consideration with regards to safeguard of information security, and utilized the latest internet information security technologies to identify possible threats through accurate data analysis and prevent possible leakage of customers’ privacy. Through close monitor and logical analysis of the massive throughput of operational data, the Group ensures that the highest-level of security of customers’ data is maintained, earning trust and reliance from customers.

During the Period under Review, the Group successfully passed the third party professional organization information technology outsourcing audit as required by the China Banking Regulatory Commission. The audit covers, amongst others, company governance structure,

information security policies and systems, information security technologies, information security operation and business continuity management. During the Period under Review, the Group also successfully passed the audit performed by a third party engaged by one of the world's largest food chain companies, establishing a solid management and risk control foundation for the Group to reach greater market prospect.

Overseas Market

Since its establishment, the Group has identified itself as an international payment solution provider and has allocated considerable resources to ensure that its products and services comply, or even surpass international standards and certifications. For example, the Group is one of the few providers of EMV (Europay, MasterCard and VISA) products and solutions in Greater China. Furthermore, as the leading China UnionPay payment products and solutions provider, the Group has maintained a long cooperative relationship with China UnionPay. As China UnionPay acts as the rotating president of EMVCo this year, China UnionPay will accelerate its overseas expansion. The Group is confident that with the internationalization of the RMB and China UnionPay's overseas strategies, the overseas market will be a vast reservoir of potential that will help drive the Group's continuous growth in the future.

In 2014, the China Government presented its strategic concept of "One Belt, One Road", strengthening the Group's resolve for overseas development. During the Period under Review, the Group established its Southeastern Asia Personalisation Center in Manila, the Philippines, which is now in operation and certified by VISA and MasterCard. Situated in the core area prescribed in the "One Belt, One Road" strategy, the Philippines has a business propagating effect for over 600 million inhabitants in the southeastern Asia region. With continuous improvement on the financial payment card transaction environment of the region, countries like (in particular) the Philippines, Thailand and Indonesia, will reveal enormous market potential for the smart payment industry.

During the Period under Review, the Group secured substantial orders from the US market. Although the initial volume is representative of the early stage, the Group fully believes that, with its abundant overseas market experience and portfolio of international mainstream products and services, the Group is tapping into a significant opportunity.

R&D — "Internet +" drives Smart Life

During the Period under Review, the Group's R&D investment maintained its trend of rapid and continuous growth of 29.8% year-on-year. R&D development work further intensified and initial results have been achieved in accordance with planned development roadmaps.

In the light of China's Premier, Mr. Li Keqiang's call for plans for development of the "Internet +" as highlighted in the China government's annual report and in the face of the immense pace of development of internet technology, the Group responded aggressively in the field of internet financing. During the Period under Review, the integration of smart secure devices and internet technologies enabled the Group's innovative secure payment solution, Pennyware, to be awarded the 2015 Innovation Product Award for demonstrating the unique and distinctive integration of the "Internet +"

and secure payment at the INT'L SOFT CHINA 2015 expo. Capitalising on the success of the Pennyware solution, the Group delivered the Smart Life solution, which offered convenient payment, smart community, positioning and data interaction features. Utilizing emerging technologies that include the internet, cloud computing, Big Data and Trusted Services, this solution created an innovative payment ecosystem that benefits the society and enterprises while enabling the organic integration of city intelligence and secure payment and the sustainable development of the city. Currently this solution is ready for massive commercial roll-out.

To satisfy the demands of internet finance, mobile payment and traditional financial payment systems, a number of smart security technologies, such as multi-function Bluetooth equipment and smart wearables with embedded Secure Element (SE), have completed prototype development stages and will be introduced for large-scale commercial roll-out as soon as favorable market conditions are met.

Furthermore, by adhering to the China Government's information security guidance policies for "Independence and Controllability" and responding aggressively to the cutting-edge trends for national IC chip and OSCCA* algorithm development, the Group kept pace with government authorities to promote the nationalization of integrated circuit chips. In February 2015, the Group assisted the Bank of Changsha to issue the first state cryptographic algorithm powered financial IC card supporting inter-bank transaction. This financial IC card utilized a domestic financial IC chip design and validated the use of state cryptographic algorithms. It marked a significant milestone for China's financial information security development. In April 2015, Goldpac's A7, a financial IC Card product, independently developed by the Group, passed the audit mandated by the State Cryptography Administration (SCA) of the PRC and therefore was successfully granted the OSCCA certificate. The Group was honored to be one of the first companies in China to be fully compliant with the OSCCA standard.

Outlook

It is observed that over the past several years' developments in the financial payment industry, the internet online payment and smart offline payment segments have created a synergistic relationship that could boost and supplement each other. According to predictions outlined in the Nilson Report, in the US where both financial systems and internet frameworks have achieved a high degree of maturity, the proportion of financial card-based payments (inclusive of credit card, debit card and pre-paid card) contributing to the total number of social transactions is expected to rise from 57% in 2013 to 70% in 2018, occupying a dominant position. Internet online payments will also increase from 7% to 9%, supplementing card-based payments. Paper-based payments, such as cash and checks, however, are destined to follow an inevitable downward trend.

Due to the innate and irreplaceable advantages of security and tax control, financial payment card will still occupy a dominant position in the financial payment industry for the foreseeable future. Moreover, in the new economic model driven by the "Internet +", smart payment systems act as a bootstrap to connect each chain in the smart ecosystem, embracing favorable opportunities for a wide range of

* Office of State Commercial Cryptography Administration

application expansion including transportation, healthcare, education, smart city and smart home. This implies a huge market potential. As the leader in smart payment total solutions, the Group's core competitive advantage will be further intensified and demonstrated.

1. *Steady and healthy development to maintain the continuous growth of profitability*

The Group is fully confident that, driven by a number of favorable factors, the smart secure payment market will maintain continuous growth in the second half of 2015, which will create a favorable external environment for the Group's continuous growth. Adhering to its stable and healthy development strategy and in light of the "Internet +" concept, and reinforcing the role of "Service & Platform Provider", the Group will bolster its dominant leadership position in the smart payment industry while striving for excellent, stable and continuous performance. The Group has set continuous profit growth as its primary target in order to create more value and return to shareholders.

2. *Continuous R&D investment, to drive innovation in the smart payment industry and progressing towards smart payment ecosystems via diversified capital operation and business cooperation*

In traditional markets, the Group will maintain its competitiveness via continuous innovation in products. The Group will accelerate market promotions for a number of prototypes, such as wearables, to achieve large-scale market deployment. In addition, the Group will push the solution business forward via R&D in TSM platforms. The Group will reinforce its attention in mobile payment to deliver convenient solution in response to its mobility feature, capitalising on the IC chip's strong capacity, integration ability and expanding nature.

In emerging markets, the Group will push the business model towards smart living ecosystems via a diversified capital operation and business cooperation. Taking smart payment as the core, through internet finance, mobile payment, smart home, smart city and smart healthcare, the Group will seek merger and acquisition opportunities to enter into new business fields. This will create new growth silos for the Group's business development.

The emerging and innovative payment vehicles will get broad space for development but are still in their beginning stage, with a couple of issues to be resolved, including the security needs of the payment, especially large-amount payments, mobile payment transaction environment construction and improvement, user habit fostering as well as biometric and credentials collection cost. In light of the clear prospects of the financial payment industry, the Group will actively push forward mergers and acquisitions as well as strategic cooperation, to build the ecosystem in the financial payment and information security industry. By utilizing different kinds of emerging e-payments vehicles, the Group will expand its product and service domains and promote total solutions through innovative modes of internet financing, mobile payment, smart home, city intelligence and smart health.

3. *Expanding overseas markets*

Overseas markets represent huge development potential and is expected to act as a strong catalyst for the Group's future development. For example, southeastern Asia is highly valued by the Group because of their enormous population, potential market demand, comparatively low level of smart payment industry development and lack of professional technologies. However, uncertainties do exist in the process of market cultivation and breakout. Therefore, the Group will keep a close eye on any favorable financial policies in the emerging market and seize the appropriate opportunities to enter into those markets to ensure promising success.

The Group will reinforce its overseas market efforts in order to strengthen the overseas pre-sale and after-sale team, local service team and technical support team. Responding to the "One Belt, One Road" strategy, RMB internalization and China UnionPay globalization, the Group will expand aggressively to welcome the forthcoming market breakout in a number of countries such as India, Russia and central Asia counties.

DIVIDENDS

Six months ended 30 June	
2015	2014
RMB'000	RMB'000
(unaudited)	(unaudited)

Dividends

2014 Final — HK10.0 cents per ordinary share based
on 831,573,000 shares (declared on 19 March 2015)

<u><u>65,579</u></u>	<u><u>—</u></u>
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2013 Final — HK4.8 cents per ordinary share based
on 830,000,000 shares (declared on 21 March 2014)

<u><u>—</u></u>	<u><u>31,540</u></u>
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Except as described above, no dividends were paid, declared or proposed during the Period under Review. The Directors have determined that no dividend will be paid in respect of the Period under Review.

USE OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING

The shares of the Company (the "Shares") were listed on the Main Board of the Stock Exchange on 4 December 2013 with net proceeds from the global offering of approximately RMB974.6 million (after deducting underwriting commissions and related expenses). As at 30 June 2015, the Company did not apply any net proceeds for the purposes other than those disclosed in the prospectus of the Company dated 22 November 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group's aggregate amount of structured bank deposits, bank balances and cash and fixed bank deposits reached approximately RMB1,125 million, of which RMB1,097 million was denominated in RMB. Since majority of the Group's purchases and sales are denominated in RMB, the Group's exposure to currency risk is extremely low.

As at 30 June 2015, the Group's trade receivables was RMB794 million (as at 30 June 2014: RMB657 million). It is the industry practice that settlement of trade receivables peaks around the end of year.

As at 30 June 2015, the Group's current assets reached RMB2,154 million, achieving a growth of 2.5% compared with that of RMB2,102 million as at 31 December 2014. The current ratio of the Group as at 30 June 2015 was 2.77, representing a high liquidity.

The Group's gearing ratio was 47.3% as at 30 June 2015 (as at 31 December 2014: 43.9%). (The gearing ratio is equivalent to total debt divided by total equity as at the end of the reporting period.)

HUMAN RESOURCES

As at 30 June 2015, the Group had 1,649 employees (as at 31 December 2014: 1,773), with a decrease of 124 employees compared with that as at 31 December 2014, attributed by a decrease in front-line operations staff through the use of industry intelligence and automatization. As well, the structure of R&D team was further improved with increasing high-level R&D professionals.

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

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.

CAPITAL COMMITMENT

The aggregate capital commitment of the Group as at 30 June 2015 was approximately RMB8.8 million (as at 31 December 2014: RMB25.5 million).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no material contingent liabilities.

PLEDGED ASSETS

As at 30 June 2015, the total pledged assets was RMB16.6 million.

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 during the Period under Review.

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period under Review, the Group has bought back 824,000 Shares for a total amount of HK\$3.8 million and cancelled 580,000 Shares. Neither the Company nor any of its subsidiaries has sold or redeemed any of the Shares during the Period under Review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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 2015

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.goldpac.com). The Interim Report as at 30 June 2015 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 2015

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.