

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

金邦達 Goldpac

**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 2015**

**HIGHLIGHTS**

- For the year ended 31 December 2015, the Group's turnover and net profit were RMB1,685 million and RMB242 million, representing an increase of 10.8% and 13.1% as compared with the preceding year, respectively.
- The Group's core business of payment solutions was ranked as one of the global leaders and the first in China in terms of financial payment card shipment.
- The Group continuously expanded its overseas market presence and successfully entered into a number of emerging markets in South Asia, Middle-East and Africa.
- The Board proposed to declare a final dividend of HK11 cents (equivalent to approximately RMB9 cents) per ordinary share and special dividend of HK4 cents (equivalent to approximately RMB3 cents) per ordinary share.

**FINANCIAL PERFORMANCE**

(RMB million)

	<b>2015</b>	2014	Growth Rate
Turnover	<b>1,685</b>	1,521	10.8%
Gross Profit	<b>445</b>	419	6.2%
Gross Margin	<b>26.4%</b>	27.5%	-1.1pps
Net Profit	<b>242</b>	214	13.1%
Net Profit Margin	<b>14.4%</b>	14.1%	+0.3pps
Basic EPS	<b>29.1 cents</b>	25.7 cents	13.2%

The board of directors (the “**Directors**” and “**Board**”, respectively) of Goldpac Group Limited (the “**Company**”) is pleased to announce the audited financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2015 as below,

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

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>RMB'000</b>	2014 <b>RMB'000</b>
<b>Turnover</b>	4	<b>1,684,632</b>	1,521,069
Cost of sales		<u><b>(1,239,632)</b></u>	<u>(1,102,565)</u>
<b>Gross profit</b>		<b>445,000</b>	418,504
Other income, expenses, gains or losses		<b>71,096</b>	52,543
Research and development costs		<b>(79,539)</b>	(70,339)
Selling and distribution costs		<b>(112,521)</b>	(115,843)
Administrative expenses		<b>(30,552)</b>	(27,254)
Share of profit of associates		<b>2,743</b>	—
Finance costs		<u><b>(48)</b></u>	<u>(1,059)</u>
<b>Profit before taxation</b>	5	<b>296,179</b>	256,552
Taxation	6	<u><b>(54,341)</b></u>	<u>(43,045)</u>
<b>Profit for the year</b>		<b>241,838</b>	213,507
Other comprehensive income for the year			
— exchange differences arising on translation of foreign operations which may be reclassified subsequently to profit or loss		<u><b>1,634</b></u>	<u>62</u>
<b>Total comprehensive income for the year</b>		<u><b>243,472</b></u>	<u>213,569</u>
Earnings per share	8		
— Basic		<u><b>29.1 cents</b></u>	<u>25.7 cents</u>
— Diluted		<u><b>28.7 cents</b></u>	<u>25.2 cents</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		196,108	186,373
Land use rights		755	890
Goodwill		1,375	—
Intangible assets		13,546	15,835
Interests in associates		38,457	—
Deposits paid for acquisition of property, plant and equipment		6,432	11,732
Amount due from an associate		814	—
Pledged bank deposit		100,000	—
Fixed bank deposits		110,000	—
		<u>467,487</u>	<u>214,830</u>
<b>Current assets</b>			
Inventories		320,936	284,878
Trade receivables	9	492,903	300,624
Other receivables and prepayments		19,589	11,558
Amount due from an associate		4,153	—
Other financial assets		—	740,000
Pledged bank deposits		22,064	22,574
Fixed bank deposits		296,089	617,600
Bank balances and cash		983,620	125,233
		<u>2,139,354</u>	<u>2,102,467</u>
<b>Current liabilities</b>			
Trade and bills payables	10	567,317	546,886
Other payables		147,662	123,216
Government grants		18,720	4,820
Taxation		36,180	18,130
Bank loans		—	—
		<u>769,879</u>	<u>693,052</u>
<b>Net current assets</b>		<u>1,369,475</u>	<u>1,409,415</u>
<b>Total assets less current liabilities</b>		<u>1,836,962</u>	<u>1,624,245</u>
<b>Non-current liability</b>			
Deferred taxation		22,748	13,407
<b>Net assets</b>		<u>1,814,214</u>	<u>1,610,838</u>
<b>Capital and reserves</b>			
Share capital		1,190,419	1,175,015
Reserves		623,795	435,823
<b>Total equity</b>		<u>1,814,214</u>	<u>1,610,838</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2015*

### 1. GENERAL AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company acts as an investment holding company while the Group is principally engaged in the research, development, sales and manufacture of embedded software and secure payment products, such as smart card carrying embedded software, and provision of total solution service for financial secure payment.

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

For the year ended 31 December 2013 and 31 December 2014, the Group prepared its consolidated financial statements in accordance with International Financial Reporting Standards (“**IFRSs**”).

For the year ended 31 December 2015, the Group has prepared the consolidated financial statements that comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) applicable for the current year, together with the comparative period figures for the year ended 31 December 2014, as described in the significant accounting policies. There is no adjustment made by the Group in restating its IFRSs consolidated financial statements for the year ended 31 December 2014, including the consolidated statement of financial position as at 1 January 2014 to HKFRSs financial statements.

The estimates at 1 January 2014 and at 31 December 2014, under HKFRSs are consistent with those made for the same dates in accordance with IFRSs. The estimates used by the Group to present these amounts in accordance with HKFRSs reflect conditions at 1 January 2014, the date of transition to HKFRSs and as at 31 December 2014.

The financial information relating to the years ended 31 December 2015 and 31 December 2014 included in this announcement of annual results for the year ended 31 December 2015 does not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2014, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (“**CO**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the CO and will deliver the financial statements for the year ended 31 December 2015 in due course.

Auditor’s reports have been prepared on these financial statements of the Group for both years. The auditor’s report for the year ended 31 December 2015 was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the CO.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the CO.

The provisions of the new CO regarding preparation of accounts and directors’ reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

## 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 HKFRS 8 are as follows:

Embedded software and secure payment products	—	research, development, sales and manufacture of embedded software and secure payment products, such as smart card carrying embedded software.
Personalisation service	—	provision of data processing outsourcing services for financial institution and government, etc.
Card issuance system solutions	—	provision of 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. No operating segments identified by the chief operating decision maker have been aggregated in arising at the reportable segments of the Group.

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

Segments results represent the gross profit earned by each segment.

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

	Turnover		Results	
	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales to external parties of				
— embedded software and secure payment products	<b>1,389,907</b>	1,264,383	<b>329,042</b>	314,358
— personalisation service	<b>155,686</b>	140,331	<b>60,918</b>	57,255
— card issuance system solutions	<b>139,039</b>	116,355	<b>55,040</b>	46,891
	<b><u>1,684,632</u></b>	<u>1,521,069</u>	<b>445,000</b>	418,504
Research and development costs			<b>(79,539)</b>	(70,339)
Other operating expenses			<b>(143,073)</b>	(143,097)
Other income, expenses, gains or losses			<b>40,737</b>	24,551
Interest income			<b>30,359</b>	27,992
Share of profit of associates			<b>2,743</b>	—
Finance costs			<b>(48)</b>	(1,059)
Profit before taxation			<b><u>296,179</u></b>	<u>256,552</u>

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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Turnover		
— PRC (People's Republic of China, excluding the special administrative regions of Hong Kong and Macau)	1,585,486	1,447,595
— Overseas	<u>99,146</u>	<u>73,474</u>
	<u><u>1,684,632</u></u>	<u><u>1,521,069</u></u>

All the non-current assets excluding financial instruments of the Group are situated in the PRC, Hong Kong and the Philippines.

## Information about major customers

For the year ended 31 December 2015, there were two customers from the segments of embedded software and secure payment products and personalisation service with turnover of RMB282,825,000 and RMB233,193,000 respectively (2014: RMB360,752,000 and RMB175,901,000 respectively) which individually accounted for more than 10% of the Group's total turnover.

## 5. PROFIT BEFORE TAXATION

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit before taxation has been arrived at after charging:		
Directors' remuneration	16,920	13,905
Other staff costs	155,097	127,115
Other staff's equity-settled share-based payments	12,812	23,284
Other staff's retirement benefits scheme contributions	<u>4,767</u>	<u>4,199</u>
	189,596	168,503
Less: Staff costs included in research and development costs	<u>(45,405)</u>	<u>(35,548)</u>
	<u>144,191</u>	<u>132,955</u>
Allowance for obsolete inventories included in cost of sales	3,935	5,412
Amortisation of intangible assets	2,289	2,290
Auditor's remuneration	1,366	1,391
Depreciation of property, plant and equipment	39,996	26,959
Operating lease rentals in respect of		
— land use rights	135	135
— office premises	<u>7,881</u>	<u>6,688</u>

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

## 6. TAXATION

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
The charge comprises:		
PRC Enterprise Income Tax (“EIT”)	(39,865)	(33,060)
Underprovision of EIT in prior years	<u>(2,583)</u>	<u>—</u>
	(42,448)	(33,060)
PRC withholding tax on dividend distribution	(1,300)	(2,905)
Hong Kong Profits Tax	<u>(1,252)</u>	<u>(1,251)</u>
	(45,000)	(37,216)
Deferred taxation	<u>(9,341)</u>	<u>(5,829)</u>
	<u>(54,341)</u>	<u>(43,045)</u>

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 Limited (formerly known as Goldpac Secur-Card Zhuhai Limited) is approved for 3 years as enterprise that satisfied as a High-New Technology Enterprise and entitles the preferential tax rate of 15% in 2014, 2015 and 2016.

According to a joint circular of Ministry of Finance and the State Administration of Taxation, Cai Shui (2008) No. 1, only the profits earned by Goldpac Limited 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:

	2015		2014	
	RMB'000	%	RMB'000	%
Profit before taxation	<u>296,179</u>		<u>256,552</u>	
Tax at the applicable income tax rate ( <i>Note</i> )	(74,045)	(25.0)	(64,138)	(25.0)
Tax effect of expenses not deductible for tax purpose	(4,244)	(1.4)	(3,056)	(1.3)
Tax effect of income not taxable for tax purpose	4,214	1.4	5,376	2.1
Tax effect of deductible temporary difference not recognised	(342)	(0.1)	(2,312)	(0.9)
Tax effect of tax concession granted to a PRC subsidiary	31,821	10.7	29,175	11.4
Tax effect of different tax rate of subsidiaries operating in other tax jurisdiction	793	0.3	644	0.3
Tax effect of share of profit of associates	686	0.2	—	—
PRC withholding tax on undistributed earnings	(10,640)	(3.6)	(8,734)	(3.4)
Underprovision of EIT in prior years	<u>(2,584)</u>	<u>(0.9)</u>	<u>—</u>	<u>—</u>
Tax charge and effective tax rate for the year	<u>(54,341)</u>	<u>(18.4)</u>	<u>(43,045)</u>	<u>(16.8)</u>

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

At 31 December 2015, the Group has deductible temporary differences of RMB49,014,000 (2014: RMB47,644,000) 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.

## 7. DIVIDENDS

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

Subsequent to the end of the reporting period, a final dividend of HK11.0 cents (2014: HK10.0 cents) and special dividend of HK4.0 cents (2014: nil) per ordinary share in respect of the year ended 31 December 2015 has been proposed by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

## 8. 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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<u>241,838</u>	<u>213,507</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	831,348	830,032
Effect of dilutive potential ordinary shares — Pre-IPO share options	<u>10,362</u>	<u>15,777</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>841,710</u>	<u>845,809</u>

## 9. TRADE RECEIVABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	470,307	273,080
Retentions held by customers	<u>22,596</u>	<u>27,544</u>
	<u>492,903</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:

	<b>2015</b>	2014
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Age</b>		
0–90 days	<b>358,590</b>	215,230
91–180 days	<b>66,387</b>	31,770
181–365 days	<b>42,270</b>	37,006
Over 1 year ( <i>note</i> )	<b>25,656</b>	16,618
	<b>492,903</b>	300,624

*Note:* Included in the above balance aged over one year at 31 December 2015 were retentions held by customers for sales of goods of RMB12,703,000 (31 December 2014: RMB13,057,000).

The Group does not hold any collateral over these balances.

At 31 December 2015, included in the Group's trade receivable balances are trade receivables with aggregate carrying amount of RMB13,144,000 (2014: RMB2,793,000) 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:

	<b>2015</b>	2014
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Age</b>		
91–180 days	<b>5,969</b>	2,623
181–365 days	<b>3,151</b>	156
Over 1 year	<b>4,024</b>	14
	<b>13,144</b>	2,793

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.

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:

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
At 1 January	7,260	5,519
(Reversal of) impairment loss recognised on receivables	(34)	2,268
Bad debts written off	<u>—</u>	<u>(527)</u>
At 31 December	<u><u>7,226</u></u>	<u><u>7,260</u></u>

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.

#### 10. TRADE AND BILLS PAYABLES

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade payables		
— Gemalto's subsidiaries	173,069	337,706
— Gemalto's related company		
— DataCard Corporation	5,139	21,199
— third parties	<u>235,224</u>	<u>114,861</u>
	<u>413,432</u>	<u>473,766</u>
Bills payables — secured		
— Gemalto's subsidiaries	128,337	—
— third parties	<u>25,548</u>	<u>73,120</u>
	<u>153,885</u>	<u>73,120</u>
	<u><u>567,317</u></u>	<u><u>546,886</u></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 and bills payables based on invoice date at the end of the reporting period:

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Age</b>		
0–90 days	484,836	361,167
91–180 days	64,110	171,728
181–365 days	14,194	12,273
Over 1 year	<u>4,177</u>	<u>1,718</u>
	<u><u>567,317</u></u>	<u><u>546,886</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Reinforcing Core Business, Expanding Overseas Markets and Accelerating Innovation for the Diversification of Payment Solutions**

In 2015, being the global leader in payment solutions, the Group developed itself along its core strategic initiatives that focus on “reinforcing core business, expanding overseas markets and accelerating innovation for the diversification of payment solutions”. Both turnover and net profit recorded double-digit growth. Furthermore, the Group’s core business of payment solutions was ranked as one of the global leaders and the first in China in terms of financial payment card shipment. Leveraging on the internationalization of the RMB and adhering to China’s “the Belt and Road” initiative, the Group continuously expanded its overseas market presence and successfully entered into a number of emerging markets in South Asia, Middle-East and Africa. In order to satisfy market demands in an era of payment solutions diversification and assist clients in enhancing their core competitiveness, the Group delivered a continuous stream of innovative operation systems and products, which significantly bolstered the Group’s financial performance.

### **Financial Highlights**

In 2015, the Group’s turnover was RMB1,685 million, representing an increase of 10.8% as compared with the preceding year, while net profit was recorded at RMB242 million, representing an increase of 13.1% as compared with the preceding year. The recorded growth rates were distinctly above industry average. An increase in the proportion of chip-based products shipped, coupled with the decline in overall average selling price caused a slight decrease in profit margin. However, net profit margin remained stable at 14.4%, leading the industry globally.

Strong R&D (Research and Development) capabilities have always been one of the core strengths of the Group. In 2015, the Group reinforced its R&D capabilities with a total R&D cost of approximately RMB80 million, representing an increase of 13.1% as compared with the preceding year and fully demonstrating the Group’s strategy to be R&D driven.

### **Business Review**

- *Reinforcing Core Business*

In 2015, the Group further strengthened its leading position in the core business of payment solutions. China is one of the largest financial IC card market in the world. Although hindered by the slowing economic growth in 2015, China achieved a stronger GDP (Gross Domestic Product) growth than most countries in the world and China’s banking card market still saw significant development. In 2015, the Group’s market share of China UnionPay payment card worldwide shipments remained to be the largest at approximately 15.5% while the Group’s financial IC card shipments recorded an increase of 36.4% as compared with the preceding year. The Nilson Report published in September 2015 stated that the Group became the world’s No.4 financial IC card supplier with a global market share of approximately 6.0% – an advancement of 1.5 percentage points as compared with the preceding year.

In adhering to the Chinese government's strategy of 2i Integration<sup>\*</sup>, the Group accelerated the amalgamation of its industrial operations and IT applications to meet client demands for a professional, differentiated and effective operation model. In 2015, the Client Collaboration System was launched. This system integrates the data management systems of the supplier and clients and enables the utilization of Big Data analysis. In doing so, clients are able to maintain the lowest possible inventory levels, whilst shortening delivery times and performing precise production forecasting. Deployed by a large joint-stock commercial bank in China, this system helped expedite delivery, reduce inventory and improved the core competitiveness of such bank.

- *Expanding Overseas Markets*

In 2015, leveraging on the internationalization of RMB and adhering to the China's "the Belt and Road" initiative, the Group seized the opportunities created by the globalization of China UnionPay and China's leading financial institutions. This led to the significant expansion of the Group's overseas market presence and the Group saw a substantial increase in turnover generated from sales overseas, as compared with the preceding year.

In the Southeast Asia region, the Group's new personalization center in the Philippines is now operational. Additionally, a liaison office has been set up in Singapore to strengthen the overseas marketing team of the Group in preparation for the upcoming EMV (Europay, MasterCard and VISA) migration in emerging markets such as Indonesia, the Philippines and Thailand. Southeast Asia possesses a vast territory which is densely populated with a remarkably low banking service coverage ratio. Therefore, the Group plans to explore the opportunities to provide internet financial services in the region and to promote the development of Inclusive Financial System<sup>\*\*</sup> promoted by the United Nations.

In 2015, the Group successfully entered into the markets in Africa, the Middle East and South Asia. The African and Middle Eastern markets have a total population of over 1.5 billion. Meanwhile, South Asia is one of the most densely populated regions in the world with a steadily growing economy. The payment solutions industries in these regions are at their beginning stages and carry massive market potential.

- *Accelerating Innovation for the Diversification of Payment Solutions*

Currently, internet financial services in the world are undergoing a broad range of developments with emerging mobile payment mediums driving the way forward. In order to benefit from the opportunities created, financial institutions are in urgent need of innovative and diverse payment solutions. Guided by the key principle of creating value for clients, and with over twenty-years of experience in executing successful projects and technological development, the Group broke new ground by introducing innovative products, services and platforms that assisted clients in enhancing their competitive advantages in this new era of payment solutions diversification.

\* Integration of information technology and industrialization

\*\* Means the comprehensive financial system that provides services to all sectors and groups in the society.

In 2015, the Chinese government strengthened the implementation of its strategies in promoting security and manageability of data. This promotes the development of China's domestic financial IC chip and OSCAA (Office Security Commercial Code Administration of China) algorithm. Being a key contributor towards China's national financial IC migration, the Group developed the Goldpac A7, a chip design that has passed the test of the SCA (State Cryptography Administration) of China. The Group also assisted the Bank of Changsha to launch one of the first state cryptographic algorithm financial IC Cards in China, in preparation for the large-scale commercial implementation of China's national IC chip.

In 2015, metal and embedded multimedia cards were launched by the Group and the Group immediately saw an drastic increase in turnover. As a revolutionary card body innovation, the metal card body is designed for high-end users with extravagant need. Through online sales promotion, the metal card did not only gain popularity among the high-end users but also gained popularity among the younger consumer group. Based on the combination of the Group's proprietary LED sparkling card and music card technologies, the Group launched an embedded multimedia card that can shimmer or play a melody during contactless transactions. The embedded multimedia card transforms the traditional payment card experience and brings with it novel visual and aural effects. These features assist banks and retailers by creating cross-sale marketing opportunities and help them to capture the young and fashionable consumer segment.

The Group also developed a Bluetooth Card product utilizing low-energy bluetooth technologies. This product aims to replace cards used for different purposes with a single Bluetooth Card. Furthermore, wearable products with payment functions were officially launched in the market and are gaining popularity. Three styles of the Group's wristband products, namely Classic, Sports and Fashion, are undergoing testing by banks and companies operating public transportation. The Group has successfully launched embedded SE (Secure Element) components for wearable products to assist wearable OEMs (Original Equipment Manufacturer) within the industry.

As a leader in the payment solutions industry, the Group has also devoted itself to social and environmental agendas and undertook various eco-protection responsibilities through product innovation. In 2015, the Group developed a genuinely eco-friendly card. This new product is valuable in helping the smart card industry to reduce its impact on the environment and also represents a viable solution for clients looking to meet their social and environmental responsibilities.

The Group is expanding its areas of business through mergers and acquisitions and capital operations to continue the diversification of payment solutions towards a wider business area. The Group has officially invested into Sichuan Zhongruan Technology Limited (SCZR), accelerating the Group's development in the payment eco-system and the transformation into software and platform domains.

## Subsequent Events

Subsequent to 31 December 2015, no material events have occurred.

## Outlook

In view of the evolution of the global payment solutions industry, the mid-term development target of the Group is to become one of the three largest payment solutions suppliers in the world.

In 2016, the slowdown of China's economic growth is expected to continue and signs of economic restructuring are expected to emerge. The banking business could potentially be influenced by the slowing economic growth and in turn the Group's businesses in China may be adversely affected. However, having the track record of successfully overcoming the 1997 Asian Financial Crisis, the 2004 SARS outbreak and the 2008 global financial tsunami, the management of the Group remains confident for 2016. With the Chinese government's initiatives towards "Supply-side reform and global production cooperation", the Group will intensify its efforts in product, service and platform innovation and will aggressively develop its overseas markets to mitigate against these pressures and to maintain its competitive advantages. In addition, under the global economic weakness and industrial restructuring, the Group will capitalize its steady financial status to seek for opportunities in mergers and acquisitions for industry consolidation globally, to accelerate its outreaching expansion and overstepping development.

- *Core business*

Looking ahead, the Group is confident in the development of the global payment solutions industry. The heavily invested global payment infrastructure currently in place is operating extremely well. The wider global adoption of NFC (Near Field Communication) will further improve the contactless payment smart card transaction environment and create more room for market growth. Smart cards are becoming increasingly affordable and more secure. These core advantages of the smart card help cement its central role in future payment developments. Furthermore, the application of smart chip cards is still not saturated in certain geographic areas and industries, especially in emerging markets such as China, South Asia, the Middle-East and Africa, which represent massive market potential.

The Group will leverage on the 2i integration and the O2O (Online to Offline) business model to further sharpen the competitiveness of its core business. The 2i integration aims at improving operational efficiency, while O2O is a reform of the operation model. The amalgamation of both intensifies the interaction and viscosity between clients and the Group, enhancing client experience. The Group's proprietary Cloud-Platform Complete Solution, due to be launched, decentralizes clients' traditional card-issuance businesses, to realize a "4A" (Anybody, Anytime, Anywhere, Any applet) card-issuance management model. This platform maximizes client value by offering rapid response, low cost and high security level. This cloud platform solution is also a pioneering realization of the synergistic combination of the application of a "sharing economy" philosophy and secure payment operation model.



- *Overseas Markets*

Overseas markets pose significant room for growth for the Group's future development. The initiative of "the Belt and Road" is the Chinese government's great vision for regional cooperation. The Silk Road Economic Belt and 21st-Century Maritime Silk Road covers 65 countries and a population of 4.4 billion with an aggregate GDP of USD21 trillion, representing approximately 63% of the global population and 29% of the global GDP, respectively. At the same time, the internationalization of the RMB creates new opportunities for win-win cooperation, driven by the initiative of "the Belt and Road" and will lead to the realization of a series of regional financial cooperation mechanisms. This will move the internationalization of RMB forward into a brand-new stage. China UnionPay and the primary financial institutions in China are taking this opportunity to carry out their global development plans, thus creating a favorable environment for the Group's overseas expansion.

In the Southeast Asia region, the Group will continue to expand its leadership advantage. In addition to making the most of the market potential created by upcoming EMV migrations in Indonesia, the Philippines and Thailand, the Group will also seek development opportunities in the realm of internet finance service. Meanwhile, the direction of EMV migration in the Middle-east and South Asia is gradually becoming apparent. The Group will be well-prepared for both this significant secure payment card growth opportunity as well as Cloud platform and data processing service opportunities. Meanwhile, Africa is an immense emerging market, which the Group will continue to pursue with payment diversification solutions following a strong start in 2015.

- *Payment Diversification*

The payment diversification era brings consumers with a splendid and convenient payment experience. To keep up with the pace and diversity of evolution of payment solutions, financial institutions are in urgent demand for innovation. The Group believes that by satisfying client needs through product, service and solution innovation, it will create continuing and persistent opportunities for future development and business sustainability.

As a fundamental element of the information industry's third wave and a pillar for the fourth industrial revolution, the IoT (Internet of Things) forms part of the Group's core strategic R&D development domain. The Group's advanced research in areas like the smart city and smart lifestyle has played an important role in building up the groundwork for the Group's leading edge IoT developments. The Group will gain momentum in the IoT field by leveraging its core technological competitiveness in identification and security as well as tapping into a client pool of over 400 financial institutions it has built over the past 20 years to spearhead its efforts.

The Group is poised to launch its Smart Life solution, a solution that is built on the benefits of internet technologies. This solution will further enrich the smart eco-system, extending the smart payment's cross-field application into the financial services, healthcare, transportation, education and training, properties management, public services and retail sectors. Tailored to the payment needs of end-users, this Smart Life solution connect residents, financial institutions, retailers, and city and community managers together within a complete eco-system. This greatly facilitates the Group's swift cross-field and cross-industry expansion and integration.

Capitalizing on its healthy financial position and sufficient funding, the Group will also be looking to be more proactive with merger and acquisition opportunities in order to expand its business areas in the payment diversification era. These efforts will focus on expansion opportunities in mobile payment, international remittance and exchange, third-party payment and internet finance; all of which assist the Group in creating greater value for shareholders.

## DIVIDENDS

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

Subsequent to the end of the reporting period, a final dividend of HK11.0 cents (2014: HK10.0 cents) and special dividend of HK4.0 cents (2014: nil) per ordinary share in respect of the year ended 31 December 2015 has been proposed by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

## USE OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING

The shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange on 4 December 2013 with net proceeds from the global offering of approximately RMB975 million (after deducting underwriting commissions and related expenses). For the year ended 31 December 2015, the Company did not utilize any net proceeds for the purposes other than those disclosed in the prospectus of the Company dated 22 November 2013.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group's aggregate amount of pledged bank deposits, bank balances, cash and fixed bank deposits reached approximately RMB1,512 million, (2014: RMB765 million approximately). During the year ended 31 December 2015, the Group redeemed all of its investments in Guangfa Money Market Fund of approximately RMB740 million.

As at 31 December 2015, the Group's current assets reached RMB2,139 million, achieving a growth of 1.8% compared with that of RMB2,102 million for the year 2014. The current ratio of the Group for the year 2015 was 2.8, representing a high liquidity.

As of 31 December 2015, the Group's aggregate amount of bank loans and amounts due to related companies was nil (2014: nil); the gearing ratio was 0.0% (2014: 0.0%). (Gearing ratio is equivalent to total debt divided by total equity as at the end of the year. Total debt includes all interest-bearing bank loans and loans from/amounts due to related parties.) The Group's leverage ratio was 30.4% as at 31 December 2015 (2014: 30.5%). (The leverage is equivalent to total liabilities divided by total assets as at the end of the year.)

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 31 December 2015, the Company had 1,708 employees (1,773 in 2014), with a decrease of 65 employees compared with that as at 31 December 2014. The structure of R&D team was further improved with increasing number of high-level R&D professionals. Meanwhile, the number of the front-line operation staff was further reduced due to the transformation of the Group's business to platform and service business.

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

## **CORPORATE GOVERNANCE**

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

## **AUDIT COMMITTEE**

The Company established an audit committee (the "Audit Committee") with a set of written terms of reference made in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Mak Wing Sum, Alvin, Mr. Zhu Lijun and Mr. Liu John Jianhua. Mr. Mak Wing Sum, Alvin serves as the Chairman of the Audit Committee. The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2015.

## CLOSURE OF REGISTER OF MEMBERS

In order to be eligible for attendance and for voting at the forthcoming annual general meeting of the Company to be held on Thursday, 19 May 2016, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Monday, 16 May 2016. The register of members of the Company will be closed from Tuesday, 17 May 2016 to Thursday, 19 May 2016, 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 and special dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at the above address for registration by 4:30 p.m. on Friday, 3 June 2016. The register of members of the Company will be closed from Monday, 6 June 2016 to Wednesday 8 June 2016, both days inclusive, during which period no transfer of Shares will be registered. Subject to shareholders' approval of the proposed dividends at the annual general meeting of the Company to be held on Thursday, 19 May 2016, the dividends will be paid to shareholders on Thursday, 23 June 2016 whose names appear on the register of members of the Company at the close of business on Wednesday, 8 June 2016.

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

During the year ended 31 December 2015, the Company purchased its ordinary shares listed on the Stock Exchange as follows:

Month	No. of ordinary shares	Price per share		Aggregate consideration (exclusive of transaction cost)
		Highest HK\$	Lowest HK\$	HK\$'000
February 2015	580,000	4.89	4.80	2,817
March 2015	244,000	3.96	3.85	<u>955</u>
				<u><u>3,772</u></u>

The aforesaid ordinary shares purchased were cancelled.

Except for the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

## **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 year ended 31 December 2015.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT 2015**

This announcement has been published on the website of the Stock Exchange (*www.hkexnews.hk*) and that of the Company (*www.goldpac.com*). The annual report for the year ended 31 December 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.

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

Hong Kong, 16 March 2016

*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 English text of the announcement shall prevail over the Chinese text.*