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 2023

HIGHLIGHTS

- The Group still recorded a revenue of approximately RMB1.417 billion for the year ended 31 December 2023, representing a year-on-year decrease of approximately 7.4%, despite adverse factors such as insufficient effective demand in the Chinese mainland.
- Benefiting from adjusting product structure and optimizing supply chain management, the Group recorded gross profit of approximately RMB420.1 million during the year, and gross profit margin increased 3.3 percentage points to approximately 29.7%.
- The Group's profit for the year was approximately RMB151.2 million, representing a year-on-year decrease of approximately 6.1%.
- The Group recorded a revenue of approximately RMB319.9 million in markets outside the Chinese mainland, accounting for approximately 22.6% of the Group's revenue and achieving a significant year-on-year growth of approximately 27.5%.
- The Board proposed to declare a final dividend of HK10.0 cents (equivalent to approximately RMB9.2 cents) per ordinary share (HK12.0 cents in 2022) and a special dividend of HK4.0 cents (equivalent to approximately RMB3.7 cents) per ordinary share (HK4.0 cents in 2022) for the year ended 31 December 2023.

The board (the "**Board**") of directors (the "**Directors**") 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 2023 as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**1,416,573**	1,530,251
Cost of sales	*6*	**(996,521)**	(1,127,115)
Gross profit		**420,052**	403,136
Other income	*4*	**50,665**	49,169
Other gains – net	*5*	**309**	47,889
Research and development expenses	*6*	**(102,451)**	(112,955)
Selling and distribution expenses	*6*	**(143,596)**	(172,822)
Administrative expenses	*6*	**(48,302)**	(41,623)
(Provision for)/reversal of impairment loss on trade receivables		**(199)**	169
Impairment loss on amount due from an associate		**(36)**	(394)
Impairment loss of investment properties	*12*	**(4,974)**	–
Finance income/(costs) – net	*7*	**2,265**	(8,499)
Profit before income tax		**173,733**	164,070
Income tax expense	*8*	**(22,568)**	(3,091)
Profit for the year		**151,165**	160,979
Other comprehensive income for the year			
Item that may be subsequently reclassified to profit or loss:			
– exchange differences arising on translation of international operations		**1,805**	5,709
Total comprehensive income for the year		**152,970**	166,688

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Profit for the year attributable to:			
Owners of the Company		**132,051**	147,427
Non-controlling interests		**19,114**	13,552
		151,165	160,979
Total comprehensive income attributable to:			
Owners of the Company		**133,856**	153,136
Non-controlling interests		**19,114**	13,552
		152,970	166,688
Earnings per share	*9*		
– Basic *(RMB cents)*		**16.3**	18.1
– Diluted *(RMB cents)*		**16.3**	18.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**295,069**	312,722
Right-of-use assets		**36,165**	32,896
Investment properties	*12*	**190,832**	192,436
Deferred tax assets		**28,708**	25,946
Other receivables	*15*	**67,933**	84,500
Pledged bank deposits		**–**	219,841
Fixed bank deposits		**122,349**	126,500
Total non-current assets		**741,056**	994,841
Current assets			
Inventories	*13*	**301,577**	362,621
Trade receivables	*14*	**330,995**	340,322
Contract assets		**12,038**	10,637
Other receivables and prepayments	*15*	**77,564**	102,587
Pledged bank deposits		**156,656**	7,112
Fixed bank deposits		**669,471**	368,143
Cash and cash equivalents		**404,550**	627,594
Total current assets		**1,952,851**	1,819,016
Total assets		**2,693,907**	2,813,857
EQUITY			
Share capital	*19*	**1,192,362**	1,192,362
Reserves		**880,969**	864,563
Equity attributable to owners of the Company		**2,073,331**	2,056,925
Non-controlling interests		**21,740**	13,638
Total equity		**2,095,071**	2,070,563

	Notes	**2023**	2022
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**7,382**	2,991
Deferred tax liabilities		**37,399**	33,397
Total non-current liabilities		**44,781**	36,388
Current liabilities			
Trade and bills payables	*16*	**399,788**	336,693
Contract liabilities	*17*	**25,332**	177,298
Other payables		**82,552**	114,559
Bank borrowings	*18*	**–**	44,818
Lease liabilities		**4,584**	5,883
Income tax payables		**41,799**	27,655
Total current liabilities		**554,055**	706,906
Total liabilities		**598,836**	743,294
Total equity and liabilities		**2,693,907**	2,813,857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 GENERAL INFORMATION

The Company is an investment holding company and the principal activities of its subsidiaries (together, the "**Group**") are engaged in embedded software and secure payment products for smart secure payment and provision of data processing services, digital equipment, system platforms, Artificial Intelligence ("**AI**") self-service kiosks and other total solutions for customers in a wide business range including financial, retails, public services including social security, healthcare, transportation, etc. by leveraging innovative financial technology ("**Fintech**").

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 address of the registered office is Room 1301, 13th Floor, Bank of East Asia, Harbour View Centre, No. 56 Gloucester Road, Wanchai, Hong Kong.

The controlling shareholder of the Company is Cititrust Private Trust (Cayman) Limited, the trustee of a family trust established by Mr. Lu Run Ting (the Chairman and an executive director of the Company). The ultimate controlling party of the Company is Mr. Lu Run Ting.

The Group's consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2.2 New and amended standards adopted by the Group

The Group has applied the following new and amended standards for the first time for their annual reporting period commencing 1 January 2023:

- HKFRS 17 Insurance Contracts

- Definition of Accounting Estimates – Amendments to HKAS 8

- International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12

- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 New standards and interpretations that have been issued but are not yet effective for the financial year beginning on or after 1 January 2024 and have not been early adopted by the Group

The following new and amended standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendment to HKFRS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced, but not yet completed, an assessment of the impact of the new standards and amendments to standards on its results of operations and financial position. The Group is not yet in a position to state whether these new standards, amendments to standards and interpretations would have any significant impact on its results of operations and financial positions.

3 REVENUE AND SEGMENT INFORMATION

3.1 Description of segments and principal activities

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	–	Design, development, manufacture and sale of embedded software and secure payment products for smart secure payment.
Platform and service	–	Provision of data processing, digital equipment, system platforms and other total solutions for customers in a wide business range including financial, retails, public services including social security, healthcare, transportation, etc. by leveraging innovative Fintech.

Each operating and reportable segment derives its revenue from the sales of products and provision of data processing services. They are managed separately because each product requires different production and marketing strategies.

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:

	Revenue		Results	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Sales to external parties of				
– embedded software and secure payment products	**949,781**	1,009,115	**264,059**	221,250
– platform and service	**466,792**	521,136	**155,993**	181,886
	1,416,573	1,530,251	**420,052**	403,136
Other income			**50,665**	49,169
Other gains – net			**309**	47,889
Research and development expenses			**(102,451)**	(112,955)
Selling and distribution expenses			**(143,596)**	(172,822)
Administrative expenses			**(48,302)**	(41,623)
(Provision for)/reversal of impairment loss on trade receivables			**(199)**	169
Impairment loss on amount due from an associate			**(36)**	(394)
Impairment loss of investment properties			**(4,974)**	–
Finance income/(costs) – net			**2,265**	(8,499)
Profit before income tax			**173,733**	164,070

The management of the Group makes decisions according to the gross profit 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 is presented.

3.2 Revenue

The segment information for the year ended 31 December 2023 and 2022 by business segment were as follows:

	For the year ended 31 December 2023		
	Embedded software and secure payment products	**Platform and service**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Embedded software and secure payment products	**949,781**	**–**	**949,781**
Data processing	**–**	**183,005**	**183,005**
Digital equipment	**–**	**283,787**	**283,787**
Total	**949,781**	**466,792**	**1,416,573**

Revenue from sale of embedded software and secure payment products and sale of digital equipment are recognised at a point in time, and revenue from data processing services are recognised over time.

	For the year ended 31 December 2023		
	Embedded software and secure payment products	**Platform and service**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Geographical markets			
The Chinese mainland	**653,112**	**443,611**	**1,096,723**
Non-Chinese mainland	**296,669**	**23,181**	**319,850**
Total	**949,781**	**466,792**	**1,416,573**

	For the year ended 31 December 2022		
	Embedded software and secure payment products *RMB'000*	Platform and service *RMB'000*	Total *RMB'000*
Types of goods or services			
Embedded software and secure payment products	1,009,115	–	1,009,115
Data processing	–	203,385	203,385
Digital equipment	–	317,751	317,751
Total	1,009,115	521,136	1,530,251

Revenue from sale of embedded software and secure payment products and sale of digital equipment are recognised at a point in time, and revenue from data processing services are recognised over time.

	For the year ended 31 December 2022		
	Embedded software and secure payment products *RMB'000*	Platform and service *RMB'000*	Total *RMB'000*
Geographical markets			
The Chinese mainland	775,798	503,553	1,279,351
Non-Chinese mainland	233,317	17,583	250,900
Total	1,009,115	521,136	1,530,251

Information about major customer

For the year ended 31 December 2023, there was one customer with revenue of RMB161,148,000 in aggregate from the segments of both embedded software and secure payment products and platform and service which accounted for more than 10% of the Group's total revenue (2022: none).

3.3 Segment assets

Information about the Group's non-current assets except for financial instruments and deferred tax assets by location of assets is presented as below:

	2023	2022
	RMB'000	*RMB'000*
Hong Kong	**136,903**	141,105
The Chinese mainland	**390,125**	396,949
	527,028	538,054

3.4 Accounting policies of revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods and services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good and service.

A contract asset represents the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

(a) Performance obligation for contracts with customers

(i) Sales of embedded software and secure payment products

The Group sells embedded software and secure payment products to financial institutions, retail businesses, public sectors including social security, healthcare, transportation and others. Revenue on sales of embedded software and secure payment products is recognised at the point of time when control of the goods has transferred to the customers, being when the goods have been shipped to the designed location.

(ii) Sales of data processing services

The data processing services, including encode cardholder information and/or develop and load custom software applications to embedded software and secure payment products, which are considered to be a distinct service as it is regularly supplied by the Group to customers on a stand-alone basis. The transaction price of data processing service each activity makes reference to the quotation that the Group offered to the customers and revenue is recognised over time as the performance obligation is satisfied through creating or enhancing an asset that the customer controls.

(iii) Sales of digital equipment

The Group also provides self-service kiosks and on-site, instant card issuance system solutions to its customers. The revenue is recognised at the point of time when control of the goods has transferred to the customers, being when the goods have been shipped to the designed location and installation of the digital equipment is completed with customers' acceptance.

(b) Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation (i.e. embedded software and secure payment products for smart secure payment and data processing solution) the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer.

If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The normal credit period is 30-150 days upon delivery. Retentions held by customers are normally payable between 6 months to 1 year by the customers from the date of issuance of invoice. Such retentions include retentions for embedded software and secure payment products required by customers to insure performance of Integrated Circuit (“**IC**”) chips during the warranty period. The card issuance system solutions also have retentions ranging from 5% to 10%, which are payable after the expiration of the warranty period. These warranties associated with the goods cannot be purchased separately and they serve as an assurance that the goods sold comply with agreed– upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The contracts for embedded software and secure payment products, digital equipment and data processing services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4 OTHER INCOME

	2023	2022
	RMB’000	*RMB’000*
Government grants	**951**	4,186
Interest income from bank deposits	**32,649**	27,681
Value-added tax refund	**12,776**	14,195
Rental income from investment property	**3,675**	2,034
Others	**614**	1,073
	50,665	49,169

5 OTHER GAINS – NET

	2023	2022
	RMB’000	*RMB’000*
Net exchange gains	**333**	46,301
Investment income from financial assets at fair value through profit or loss (“**FVTPL**”)	–	1,262
Gain on lease modification	–	741
Loss on disposal of property, plant and equipment	**(24)**	(447)
Others	–	32
	309	47,889

6 EXPENSES BY NATURE

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**848,085**	933,325
(Reversal of write-down)/write-down of inventories	**(4,351)**	22,006
Employee benefits expenses	**224,680**	250,861
Depreciation of property, plant and equipment	**36,186**	33,232
Depreciation of right-of-use assets	**5,987**	6,244
Depreciation of investment properties	**9,266**	3,879
Legal and professional fees	**3,163**	3,571
Auditor's remuneration		
– audit services	**1,841**	1,377
– non-audit services	**468**	402
Business entertainment expenses	**4,416**	6,803
Freight and duties	**30,571**	13,552
Professional service fees	**26,987**	69,656
Testing fees	**8,609**	9,561
Travelling and transportation expenses	**14,726**	13,032
Other expenses	**80,236**	87,014
Total cost of sales, research and development expenses, selling and distribution expenses and administrative expenses	**1,290,870**	1,454,515

7 FINANCE INCOME/(COSTS) – NET

	2023	2022
	RMB'000	*RMB'000*
Unwinding interest income from deposits paid to suppliers	**2,936**	2,498
Finance income	**2,936**	2,498
Interest expense discounted from deposits paid to suppliers	**–**	(8,084)
Borrowing costs	**(339)**	(2,320)
Interest expense on lease liabilities	**(332)**	(593)
Finance costs	**(671)**	(10,997)
Net finance income/(costs)	**2,265**	(8,499)

8 INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expense, and shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2023	2022
	RMB'000	*RMB'000*
Current income tax		
The Chinese mainland corporate income tax	–	3,972
Hong Kong Profits Tax	**21,329**	11,427
	21,329	15,399
Deferred income tax	**1,239**	(12,308)
Income tax expense	**22,568**	3,091

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the year ended 31 December 2019, the Hong Kong Profits Tax is calculated at 8.25% on the first HKD2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2,000,000 for Goldpac Datacard Solutions Company Limited.

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

The Company's subsidiaries in the Chinese mainland are subject to the Chinese mainland corporate income tax at 25%, except that Goldpac Limited which is approved for 3 years as an enterprise satisfied as a High-New Technology Enterprise and is entitled to the preferential tax rate of 15% in 2020, 2021 and 2022. Goldpac Limited has obtained the renewal in 2023 and continued to be entitled to the preferential tax rate of 15% in 2023, 2024 and 2025.

According to a joint circular of Ministry of Finance and the State Administration of Taxation, Cai Shui (2008) No. 1, only the profits earned 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 Corporate Income Tax Law and Article 91 of its Implementation Rules, dividend distributed out of the profit generated thereafter, shall be subject to corporate income tax 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 liabilities on the undistributed profits earned by Goldpac Limited since 1 January 2008 have been accrued at the tax rate of 5%.

Income tax expense for the year is reconciled to profit before tax as follows:

	2023	2022
	RMB'000	*RMB'000*
Profit before tax	**173,733**	164,070
Tax at People's Republic of China ("**PRC**") tax rate of 25% (2022: 25%)	**43,433**	41,018
Tax effect of amounts not taxable for tax purpose	**(585)**	(13,934)
Tax effect of tax losses not recognised	**2,924**	2,955
Previously unrecognised tax losses now recouped to reduce current tax expenses	**–**	(580)
Tax effect of tax concession	**(18,697)**	(23,330)
Tax effect of different tax rate of subsidiaries operating in other tax jurisdiction	**(10,312)**	(5,838)
Withholding EIT on undistributed profits in the PRC	**2,907**	2,743
Others	**2,898**	57
Income tax expense for the year	**22,568**	3,091

9 EARNINGS PER SHARE

The basic earnings per share attributable to the owners of the Company is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of ordinary shares outstanding during the financial year

	2023	2022
Profit for the year attributable to owners of the Company *(RMB'000)*	**132,051**	147,427
Weighted average number of ordinary shares for the purpose of basic earnings per share *(thousand) (Note)*	**811,326**	814,817
Basic earnings per share *(RMB cents)*	**16.3**	18.1

Note: The weighted average number of ordinary shares adopted in the calculation of basic and diluted earnings per share for both years have been arrived at after deducting the shares held in trust for the Company by an independent trustee under the shares award scheme of the Company.

For the year ended 31 December 2023 and 2022, diluted earnings per share were same as the basic earnings per share as there was no potential dilutive ordinary shares outstanding during the years.

10 DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
2023 Interim – nil (2022 Interim – nil) per ordinary share	**–**	–
2022 Final – HK12.0 cents (2021 Final – HK10.0 cents) per ordinary share	**86,469**	69,292
2022 Special – HK4.0 cents (2021 Special – HK4.0 cents) per ordinary share	**28,823**	27,716
	115,292	97,008

Subsequent to the end of the reporting period, a final dividend of HK10.0 cents (2022: HK12.0 cents) and a special dividend of HK4.0 cents (2022: HK4.0 cents) per ordinary share in respect of the year ended 31 December 2023 have been proposed by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The dividend declared after 31 December 2023 has not been recognised as a liability as at 31 December 2023.

11 INTERESTS IN ASSOCIATES

	2023	2022
	RMB'000	*RMB'000*
Unlisted investments in associates, at cost	**2,200**	2,200
Share of post-acquisition results and reserves	**1,300**	1,300
Impairment loss on interests in an associate	**(3,500)**	(3,500)
	–	–

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

Name of entity	**Country of incorporation and operation**	**Proportion of issued ordinary share and capital indirectly held by the Group**		**Principal activity**
		2023	2022	
Kaixin Holdings Limited	The British Virgin Islands	**45%**	45%	Investment holding
Goldpac ACS Technologies Inc. ("**Goldpac ACS**")	Philippines	**45%**	45%	Data processing
Sichuan Zhongruan Technology Ltd. ("**SCZR**")	The Chinese mainland	**19.68%** *(Note i)*	19.68% *(Note i)*	Smart city platform

Note i: In February 2021, two external professional firms were appointed by the court to act as the liquidation administrators of SCZR pursuant to the court order ((2020)川0104 破4號決定書). The operation and management of SCZR during the period of bankruptcy and liquidation is undertaken by the bankruptcy administrator. In November 2021, the court declared the bankruptcy of SCZR. In June 2022, the bankruptcy administrator announced the distribution plan of SCZR's remaining assets but the liquidation process was still in progress as at 31 December 2023. Therefore, according to HKAS28R ("**Investments in Associates and Joint Ventures**"), the Group has reclassified the equity investment of SCZR from interest in an associate to FVTPL in 2021 as the Group has lost significant influence over SCZR. The Group has reviewed and estimated the fair value of SCZR on a regular basis under the requirement of HKFRS9.

Aggregate information of associates that are not individually material

The Group has discontinued recognition of its share of loss of associates because the Group's share of losses of the associates in previous years has exceeded its investment costs. The amounts of the unrecognised share of losses of the associates, both for the year and cumulatively, are as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Unrecognised share of losses of the associates for the year	**–**	(144)
Accumulated unrecognised share of losses of the associates	**(5,260)**	(5,260)

12 INVESTMENT PROPERTIES

	2023 ***RMB'000***	2022 *RMB'000*
Non-current assets – at cost		
Opening balance as at 1 January	**207,107**	60,789
Transfer from property, plant and equipment	**11,876**	140,692
Exchange realignment	**963**	5,626
Closing balance as at 31 December	**219,946**	207,107
Depreciation		
Opening balance as at 1 January	**14,671**	9,792
Provided for the year	**8,714**	2,120
Transfer from property, plant and equipment	**552**	1,759
Exchange realignment	**203**	1,000
Impairment		
Provision for impairment *(Note i)*	**4,974**	–
Closing balance as at 31 December	**29,114**	14,671
Carrying values		
At 31 December	**190,832**	192,436

(i) Impairment for investment properties

The Group has identified certain indications of impairment on investment properties located in Hong Kong. The Group has carried out an impairment assessment on these investment properties as at 31 December 2023. Based on the result, the Group provided impairment loss amounting to RMB4,974,000 for these investment properties.

(ii) Amounts recognised in profit or loss for investment properties

	2023	2022
	RMB'000	*RMB'000*
Rental income from operating leases	**3,675**	2,034
Direct operating expenses from property that generated rental income	**(2,496)**	(2,206)
Direct operating expenses from property that did not generate rental income	**(6,770)**	(1,673)

(iii) Presenting cash flows

The Group classifies cash outflows to acquire or construct investment properties as investing cash flows and rental inflows as operating cash flows.

(iv) Leasing arrangement

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

The fair value of the Group's investment properties at 31 December 2023 were RMB47,058,000 for investment properties located in Hong Kong (2022: RMB54,231,000) and RMB189,530,000, for investment properties located in Zhuhai (2022: RMB189,404,000), respectively. The fair value has been arrived at based on a series of valuation carried out by Asset Appraisal Limited for investment properties located in Hong Kong and Zhuhai Chengxinda Real Estate Evaluation Co., Ltd. for investment properties located in Zhuhai, both independent valuers, and consideration of management by reference to market value comparison.

The valuation has been arrived by reference to direct comparison method as available in the market and where appropriate, on the basis of referencing to the sales transactions of similar commercial properties in Hong Kong and Zhuhai.

In estimating the fair value of the property, the highest and best use of the property is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2023		2022	
	Carrying amount	**Fair value at level 3 Hierarchy**	Carrying amount	Fair value at level 3 Hierarchy
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Investment properties located in Hong Kong	**47,058**	**47,058**	53,503	54,231
Investment properties located in Zhuhai	**143,774**	**189,530**	138,933	189,404

The above investment properties are depreciated for 20-30 years on a straight-line basis.

13 INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**222,766**	260,157
Work in progress	**3,679**	2,449
Finished goods	**139,047**	168,281
	365,492	430,887
Less: write-down of inventories to net realisable values	**(63,915)**	(68,266)
	301,577	362,621

Inventories recognised as an expense during the year ended 31 December 2023 amounted to RMB848,085,000 (2022: RMB933,325,000). These were included in cost of sales. Reversal of write-down of inventories amounted to RMB4,351,000 during the year ended 31 December 2023 (2022：write-down of inventories amounted to RMB22,006,000). These were recognised in cost of sales in the consolidated statement of profit of loss and other comprehensive income (Note 6).

14 TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**336,018**	345,271
Less: Loss allowance *(Note)*	**(5,023)**	(4,949)
	330,995	340,322

Note: The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The assessment resulted in an increase of the loss allowance on 31 December 2023 by RMB199,000 (2022: decrease of the loss allowance by RMB169,000) for trade receivables.

The carrying amounts of trade receivables approximate their fair values.

Payment terms with customers are mainly on credit. Invoices are normally payable in 30 to 150 days by the customers from date of issuance. The following is an ageing analysis of trade receivables net of provision for impairment loss presented based on the invoice date:

	2023	2022
	RMB'000	*RMB'000*
Ageing		
0 – 90 days	**215,954**	237,750
91 – 180 days	**38,219**	47,892
181 – 365 days	**39,403**	28,408
Over 1 year	**37,419**	26,272
	330,995	340,322

15 OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	RMB'000	*RMB'000*
Current		
– Prepayment to suppliers	**34,550**	55,631
– Deposits paid to suppliers	**28,419**	32,086
– Tender deposits	**7,764**	8,590
– Employee welfare	**1,866**	1,777
– Tax refund receivables	**1,765**	2,541
– Rental and utility deposits	**1,724**	1,720
– Others	**1,476**	242
Non-current		
– Deposits paid to suppliers	**67,933**	84,500
	145,497	187,087

16 TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**255,784**	259,465
Bills payables – secured	**144,004**	77,228
	399,788	336,693

Trade payables are unsecured and are usually paid within 60 to 180 days of recognition. The bills payables are secured by pledged bank deposits.

The carrying amounts of trade and bills payables are considered to be the same as their fair values, due to their short-term nature. The following is an ageing analysis of trade and bills payables based on invoice date and bill issuance date respectively at the end of the year.

	2023	2022
	RMB'000	*RMB'000*
Ageing		
0 – 90 days	**231,360**	272,295
91 – 180 days	**101,052**	52,520
181 – 365 days	**60,934**	8,799
Over 1 year	**6,442**	3,079
	399,788	336,693

17 CONTRACT LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Embedded software and secure payment products	**25,332**	177,298

The Group receives 10% to 100% of the contract value as deposit from customers when they sign the contracts with customers. Contract liabilities represent the receipts in advance from customers which is recognised as revenue at a point in time when the control of the goods is transferred to the customers. During the year ended 31 December 2023, revenue recognised in the current year relating to contract liabilities at the beginning of the year is RMB174,873,000 (2022: RMB25,552,000).

18 BANK BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Current liabilities		
Bank borrowings – unsecured	**–**	44,818

(a) All the bank borrowings in opening balance are at floating rates.

(b) All the bank borrowings in opening balance are credit loan and the carrying amounts of the bank borrowings are denominated in HKD.

(c) All the bank borrowings are repayable within one year.

19 SHARE CAPITAL

	Number of ordinary shares	Amount
	'000	*HKD'000*
Issued and fully paid:		
At 31 December 2022 and 2023	819,577	1,499,498
		RMB'000
Shown in the consolidated financial statements as of 31 December 2022 and 2023		1,192,362

From November to December 2023, the Company purchased 1,642,000 ordinary shares on-market in order to simplify the Company's capital structure and did not cancel any ordinary shares in 2023. The buy-back and cancellation were approved by shareholders at last year's annual general meeting, and the payment was made out of the company's distributable profits with no reduction of capital.

The shares were acquired at an average price of HKD1.44 per share, with prices ranging from HKD1.40 to HKD1.46. The total amount of HKD2,367,000 (RMB2,158,000) paid to acquire the shares has been deducted from retained earnings within shareholders' equity.

MANAGEMENT DISCUSSION AND ANALYSIS

Prioritizing stability for a new era of transformation

In 2023, the haze of COVID-19 gradually dissipated and the global economy should have started to recover as expected. However, due to the impact of geopolitical turmoil, supply chains were disrupted and trade relationships were restructured, causing a divided global economic landscape which hindered economic recovery. Although China's economy has demonstrated strong resilience during this period, with insufficient effective demand and exports under pressure, China's economic recovery still faces many challenges.

In an increasingly complicated macro-environment, the global sci-tech industry has entered a phase of rapid and continuous innovation with digital, intelligent and green transformations advancing at an accelerated pace. In the payments industry, recently, the Chinese mainland government released guidelines on further improving the quality and convenience of payment services, promoting the parallel development of multiple complementary payment methods including bank cards, which boosts confidence in the development of the payments industry. Leveraging on the accumulated advantages it has gained in the field of secure payments over 30 years, the Group is able to continue furthering its competitive edge by making greater efforts in fintech innovation and adapting its product structure. The Group is pushing forward its digital and platform-based strategy, looking to integrate and restructure the industry and value chain through the development of the UMV platform, paving the way for technological advancements by seizing opportunities for transformation and growth in a rapidly evolving ecosystem.

FINANCIAL ANALYSIS

For the year ended 31 December 2023, despite adverse factors such as weaker-than-expected effective demand and lackluster consumer sentiment in the Chinese mainland, the Group still recorded a revenue of approximately RMB1.417 billion, representing a year-on-year decrease of approximately 7.4%. Leveraging on the leading advantages in secure payment industry, the Group has been actively tapping into emerging markets and expanding its global business territories. The Group recorded a revenue of approximately RMB319.9 million in markets outside the Chinese mainland, accounting for approximately 22.6% of the Group's revenue and achieving a significant year-on-year growth of approximately 27.5%.

Facing changes in market demands, the Group strategically adjusted its product structure, increased the proportion of high value-added products and continuously optimized its supply chain management. During the year, the Group's gross profit was approximately RMB420.1 million, and gross profit margin increased 3.3 percentage points to approximately 29.7%. Benefiting from its strategic advancement and refined management, operating expenses decreased by approximately 10.1% year-on-year. In addition, the Group's profit for the year decreased by approximately 6.1% to approximately RMB151.2 million while the exchange gains decreased. The Group's net profit margin remained stable at approximately 10.7%, maintaining its solid profitability.

As of 31 December 2023, the Group's total current assets amounted to approximately RMB1,952.9 million, representing a year-on-year increase of approximately 7.4%. The Group's current ratio and quick ratio were approximately 3.5 and 3.0 respectively, while its gearing ratio was close to 22.2%. The Group still maintained a high level of liquidity and low gearing ratio. The Group will adhere to a prudent financial management policy and optimize its capital structure.

The Board proposed to declare a final dividend of HK10.0 cents (equivalent to approximately RMB9.2 cents) per ordinary share (HK12.0 cents in 2022) and a special dividend of HK4.0 cents (equivalent to approximately RMB3.7 cents) per ordinary share (HK4.0 cents in 2022) for the year ended 31 December 2023.

BUSINESS REVIEW

In 2023, a new phase of technological revolution and industrial reform emerged, and global sci-tech innovations continued to grow in breadth, depth, and speed. Riding the wave of digital transformation, the Group focused on growth along continuous exploration and limitless innovation to fully promote digital and platform-based transformations. The Group will continue to innovate effectively while embracing core business advantages to generate new opportunities amid inevitable change.

Due to fluctuations in consumer markets, the Group's embedded software and secure payment products business segment recorded a revenue of approximately RMB949.8 million, representing a year-on-year decrease of approximately 5.9%. However, by continuously strengthening supply chain management, optimizing product structure, and using digital and platform-based marketing tools to increase product value, the gross profit of the Group's embedded software and secure payment products business segment rose by approximately 19.3% compared to last year. Meanwhile, the growth potential of the international markets was continuously explored through the launching of embedded software and secure payment products that meet the technical specifications required by international markets and the diverse needs of each country. The revenue from markets outside the Chinese mainland grew by approximately 27.2% to approximately RMB296.7 million.

The Group's revenue from the platform and service business segment dropped back to approximately RMB466.8 million, representing a year-on-year decrease of approximately 10.4%. Increased market competition of digital equipment led to a fall in revenue of approximately 10.7% year-on-year to approximately RMB283.8 million. During the year, the Group continued to promote its platform development and implementation as well as transformed and upgraded its digital equipment business to one that focuses on comprehensive scenario-based solutions. Both laid a solid foundation for the Group's strategic development in the medium-to-long term.

Simultaneously, the Group's digital and platform-based strategy has produced remarkable results. As an important initiative of the digital and platform-based strategy, the UMV platform reshapes the value chain of the traditional financial institution business model. It helps to realize the on-demand and mass-customization business model to accommodate for various types of order quantities ranging from 1 to 10 million units. It is a versatile platform solution that has been implemented across multiple sectors including finance, transportation, and retails.

OUTLOOK: PROPELLING FORWARD BY BREAKING TECHNOLOGICAL FRONTIERS

At present, digital transformation in the banking industry is being fast tracked with fintech becoming the key driving force. Meanwhile, China's State Council required local governments to implement favorable measures such as improving the acceptance environment for bank cards and further improving the multi-level and diversified payment service systems that include bank cards. This requirement has been actively responded to by leading institutions such as the People's Bank of China, China UnionPay, and NetsUnion Clearing Corporation. The payments industry is about to embrace new changes and opportunities. The Group will closely monitor the movement of digital developments in the banking industry to fully implement its digital and platform-based strategy, while consolidating core business advantages and strengthening technological competitiveness. Moreover, the Group will grasp the opportunities created by the rise of AIGC (Artificial Intelligence Generated Content) to develop new business models, propelling the business forward with cutting-edge application breakthroughs.

Looking into the future, the Group aims to nurture business and increase market share by focusing on four key strategies including "consolidating efforts in UMV platform development", "expanding the scope of new businesses and strengthening core competitive advantages", "continuing to promote the expansion of secure payment technologies into multiple fields" and "venturing into untapped international markets and enhancing global competitiveness".

First, consolidating efforts in UMV platform development.

Catering to the needs of digitalization in the payments industry, the UMV platform leverages AI, privacy computing, big data and cutting-edge algorithms to build an one-stop, digitally-integrated service platform, thereby creating an innovative ecosystem for payment value chain.

For enterprise customers (B2B), the UMV platform offers three key benefits of improved efficiency, reduced costs, and enhanced customer experience, all in a bid to support the business needs of small batches and rapid payment product issuance. Through refined management and customized services, the UMV platform facilitates financial institutions in transforming their business models from a large scale and unified business model to small batches and customized business model, helping the financial institutions to improve the quality and efficiency of their services to customers.

Along with continuous changes on technology and social demands, the way to acquire and retain customers has been a growing problem for banks and other financial institutions. This makes it difficult to drive the implementation of innovative technologies such as AI. For end consumers (B2C), the UMV platform addresses the problem by building a third-party integrated fintech platform that revolutionizes the payment card customer acquisition model through features such as precise user traffic control and high-traffic usage scenarios. The platform enables more financial institutions to reach end consumers and targeted individual customer groups, thus empowering the future development of financial institutions.

Second, expanding the scope of new businesses and strengthening core competitive advantages.

As the growth for green and low-carbon development accelerates, green finance will see a promising future as the integration with digital technology is an ongoing trend. The Group is responding to the call for "boosting self-reliance and strength in green and low-carbon science and technology", and is abiding with environmental, social and governance (ESG) development targets, while strengthening its green and low-carbon technology innovation capabilities. Combining eco-friendly payment products such as eco-friendly cards and metal cards with its digital card issuance platform, the Group launches multifaceted low-carbon secure payment solutions to help financial institutions around the world in building their competitive advantages on the road to sustainable practices.

Seizing the opportunities of digital RMB pilot in the Chinese mainland, the Group has fully utilized resources from the E-CNY Industry Alliance and the digital currency innovation pilot site – Zhuhai Fintech Center – to promote the establishment of digital currency in multiple forms, scenarios and applications in the Guangdong-Hong Kong-Macao Greater Bay Area. The Group will utilize fintech innovations to further develop its competitive advantages, strengthen its strategic blueprint in new business areas such as low carbon and digital currency, and generate new momentum for further development.

Third, continuing to promote the expansion of secure authentication technologies into multiple fields.

Building on decades of experience in the financial secure payment industry, the Group has completed the system interface of its telecommunication products with the operators on digital currency and digital identity authentication applications. It has also established strategic cooperative relationships with a number of telecommunications players.

By actively exploring cutting-edge technologies, the Group will concentrate on laying out business models and promoting the integration of its secure authentication solutions into other sectors such as telecommunications, transportation, Internet of Things, automotive communication, etc. In the era of the Internet of Everything, it is important to anticipate the vast potential for broad development.

Fourth, venturing into untapped international markets and enhancing global competitiveness.

As the scale of the international markets expands, the Group has actively participated in global conferences, exhibitions, and other marketing activities that have significantly elevated its profile in the international markets. Its products and services now cover over 30 countries and regions around the world. Looking ahead, the Group will maximize its global footprint by paying close attention to the localized payment needs of different countries and regions, adopting tailored-made marketing strategies, tapping into emerging markets and potential customers, and searching for the new territories for business growth.

SUBSEQUENT EVENTS

No material events occurred subsequent to 31 December 2023 and up to the date of this annual results announcement.

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 Tuesday, 21 May 2024, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Tuesday, 14 May 2024. The register of members of the Company will be closed from Thursday, 16 May 2024 to Tuesday, 21 May 2024, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Friday, 31 May 2024. The register of members of the Company will be closed from Monday, 3 June 2024 to Wednesday, 5 June 2024, 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 Tuesday, 21 May 2024, the dividends will be paid on Friday, 28 June 2024 to the shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 5 June 2024.

USE OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING

The Company's shares were listed on the Main Board of the Stock Exchange on 4 December 2013 with net proceeds from the global offering of approximately RMB975.0 million (after deducting underwriting commissions and related expenses). As at 31 December 2023, the Company utilized approximately RMB858.1 million for the purposes of production capacity expansion, innovative product and service research and development, investment in associates and acquisition, market expansion outside of China, working capital supplementation and other general corporate purposes. The balances of the net proceeds were deposited in banking account. The Company has utilized and will utilize the net proceeds pursuant to the purposes and the proportions as disclosed in the prospectus of the Company dated 22 November 2013.

LIQUIDITY AND FINANCIAL RESOURCES

Based on the Group's steady cash inflow from operations, coupled with sufficient cash and bank balances, the Group has adequate liquidity and financial resources to meet the daily operations and working capital requirements as well as to fund its expansion plans. The Group formulates and excercises fund management measures and upholds a conservative financial management attitude. The Board monitors the use of funds to ensure the safety, liquidity and profitability of funds.

As at 31 December 2023, the Group's aggregate amount of bank balances and cash, fixed bank deposits and pledged bank deposits reached approximately RMB1,353.0 million (2022: approximately RMB1,349.2 million), of which approximately RMB1,096.1 million (2022: approximately RMB728.4 million) was denominated in RMB, representing approximately 81.0%, and approximately RMB256.9 million (2022: approximately RMB620.8 million) was denominated in USD and HKD, etc., representing approximately 19.0%.

As at 31 December 2023, the Group had no bank borrowings (2022: approximately RMB44.8 million).

As at 31 December 2023, the Group's trade receivables was approximately RMB331.0 million (2022: approximately RMB340.3 million).

As at 31 December 2023, the Group's total current assets amounted to approximately RMB1,952.9 million (2022: approximately RMB1,819.0 million), representing an increase of approximately 7.4% compared to that of the previous year.

As at 31 December 2023, the Group's current ratio was approximately 3.5 (2022: approximately 2.6), while its quick ratio was approximately 3.0 (2022: approximately 2.1), representing a high liquidity.

As at 31 December 2023, the Group's gearing ratio (the gearing ratio is equivalent to total liabilities divided by total assets as at the end of the year) was approximately 22.2% (2022: approximately 26.4%).

CURRENCY EXPOSURE

The Group's sales were mainly denominated in RMB, USD and HKD while the operating expenses and purchases were mainly denominated in RMB with certain portions in USD and HKD. During the year ended 31 December 2023, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group manages its foreign currency risk by closely monitoring the fluctuation of foreign currency rates.

CAPITAL EXPENDITURE

For the year ended 31 December 2023, the Group's capital expenditure was approximately RMB29.3 million (2022: approximately RMB67.0 million). The capital expenditure represented the expenses incurred in purchasing fixed assets, which decreased significantly compared to the same period in 2022 due to the completion of the Zhuhai Fintech Center.

CAPITAL COMMITMENT

The aggregate capital commitment of the Group as at 31 December 2023 was approximately RMB3.8 million (2022: approximately RMB24.0 million), which was decreased due to the completion of the Zhuhai Fintech Center.

PLEDGED ASSETS

As at 31 December 2023, bank deposits of approximately RMB156.7 million (2022: approximately RMB227.0 million) were pledged to secure the bills payables and bank guarantee.

SIGNIFICANT INVESTMENTS

The Group had no significant investments for the year ended 31 December 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group has no future plans for material investment or capital assets during 2024.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the year ended 31 December 2023, the Company purchased 1,642,000 ordinary shares of the Company on the Stock Exchange at an aggregate price of approximately HKD2,367,000 (equivalent to approximately RMB2,158,000). The shares were acquired at an average price of HKD1.44 per share, with prices ranging from HKD1.40 to HKD1.46. All the shares purchased have not been cancelled.

The details of the purchase of shares are as follows:

Month	**Number of shares purchased**	**Highest price per share** ***(HKD)***	**Lowest price per share** ***(HKD)***	**Aggregate consideration paid** ***(HKD)***
November 2023	357,000	1.44	1.42	512,053.45
December 2023	1,285,000	1.46	1.40	1,855,037.67
Total	1,642,000			2,367,091.12

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The Group is committed to maintaining high levels of environmental and social standards to ensure sustainable development of its business. During the year ended 31 December 2023, the Group's environmental, social and governance ("**ESG**") management team had managed, monitored, recommended and reported on environmental and social aspects. An ESG report for the year ended 31 December 2023 will be prepared with reference to Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (Environmental, Social and Governance Reporting Guide) and will be published on the websites of the Company and the Stock Exchange.

The Group has complied with all relevant laws and regulations in relation to its business including anti-corruption, health and safety, workplace conditions, employment and the environment in all material aspects during the year ended 31 December 2023. The Group encourages its employees, customers, suppliers and other stakeholders to participate in environmental and social activities.

The Group maintains strong relationships with its employees. The Group also enhances cooperation with its suppliers to jointly foster a fair business environment, and provides high quality products and services to its customers so as to ensure continued and sustainable development.

HUMAN RESOURCES AND REMUNERATION POLICIES

Digital transformation has helped the Group to optimize its organizational structure and streamline staff, thus improving the labor efficiency. As at 31 December 2023, the Group had 1,507 employees (as at 31 December 2022: 1,583), with a decrease of 76 employees as compared to that as at 31 December 2022. Total employee benefits expenses including Directors' emoluments, for the year ended 31 December 2023, amounted to approximately RMB224.7 million (for the year ended 31 December 2022: approximately RMB250.9 million).

The human resources are one of the Group's most important assets. In addition to offering competitive remuneration and welfare packages, the Group is also committed to providing specialized and challenging career development and training programs. Generally, a salary review is conducted annually. The Group also adopted the Pre-IPO share option scheme, the share option scheme and the share award scheme to motivate prospective employees. Apart from basic remuneration, for employees in the Chinese mainland, the Group makes contributions towards employee mandatory social security, pensions, work-related injury insurance, maternity insurance and medical and unemployment insurance in accordance with the applicable laws and regulations of the Chinese mainland. The pensions and unemployment insurance belong to defined contribution plans. The Group does not have the right to confiscate the contributions and therefore has no use of the contributions. The Group also provides full coverage of housing provident fund contributions as required by local regulations in the Chinese mainland. For the employees outside the Chinese mainland, the Group also makes contributions towards relevant insurance scheme as required by the local regulations.

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the remuneration committee of the Company (the "**Remuneration Committee**") periodically. The emoluments of the Directors are recommended by the Remuneration Committee to the Board and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics.

The Group emphasises on employee performance and development, and is committed to enhancing their knowledge and skills. The Group provides comprehensive internal and external trainings, such as compulsory orientation, job skills training, improvement training, information security training, compliance and legal training, project management training, business etiquette training and etc.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's annual results for the year ended 31 December 2023.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules during the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the year ended 31 December 2023.

NON-STATUTORY FINANCIAL STATEMENTS

The financial information relating to the years ended 31 December 2022 and 31 December 2023 included in this annual results announcement does not constitute the Company's statutory annual consolidated financial statements for the respective year but is derived from those financial statements. The Company has delivered its financial statements for the year ended 31 December 2022 and will deliver its financial statements for the year ended 31 December 2023 in due course to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong). The Company's auditor has reported on those financial statements. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT OF 2023

This annual results announcement is published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.goldpac.com*). The Annual Report for the year ended 31 December 2023 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 & Executive Director

Hong Kong, 20 March 2024

As at the date of this announcement, the executive Directors of the Company are Mr. LU Run Ting, Mr. HOU Ping, Mr. LU Runyi, Mr. WU Siqiang, Mr. LU Wai Lim and Ms. LI Yijin; and the independent non-executive Directors of the Company are Mr. MAK Wing Sum Alvin, Ms. YE Lu and Mr. LAI Tung Kwok.

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.