

Financial Highlights

(RMB'000)	2016 1H	2015 1H	yoy Change
Turnover	681,437	873,761	-22.0%
Gross profit	205,564	235,226	-12.6%
Gross profit margin (%)	30.2%	26.9%	+3.3 pts
Period expenses	125,523	109,708	+14.4%
- R&D expenses	46,931	41,998	+11.7%
- Other operating expenses	78,592	67,677	+16.1%
Period expenses margin (%)	18.6%	12.6%	+6 pts
Net profit	95,412	125,892	-24.2%
Net profit margin (%)	14.0%	14.4%	-0.4 ppt
Dividend per share (HK cents)			
- Interim	4.0	-	-
Dividend payout ratio	29.6%	-	-
EPS (RMB Cents)			
- Basic	11.5	15.2	-24.3%
- Diluted	11.5	15.0	-23.3%

Temporary Industry Slowdown due to Regulatory Rectification

- The Government strengthened financial payment market rectification to improve risk management
- Financial IC card business encountered temporary fluctuation
- Payment card shipment declined by 22.3% yoy in 1H 2016

Gross Margin Further Increased

- Proactively optimized product portfolio and focused on advancing high value-added and high-margin products
- Enhanced intelligent digital operation and automation, reduced operating costs

R&D Investment Increased

- R&D expenditure to revenue ratio increased to 6.9% from 4.8%, R&D costs increased to approximately 12% year-on-year
- Continue to increase investment in market expansion and deployment in overseas markets

Optimized Product Portfolio, Sales Increased In Software and Platform Businesses, Enhanced Revenue Mix

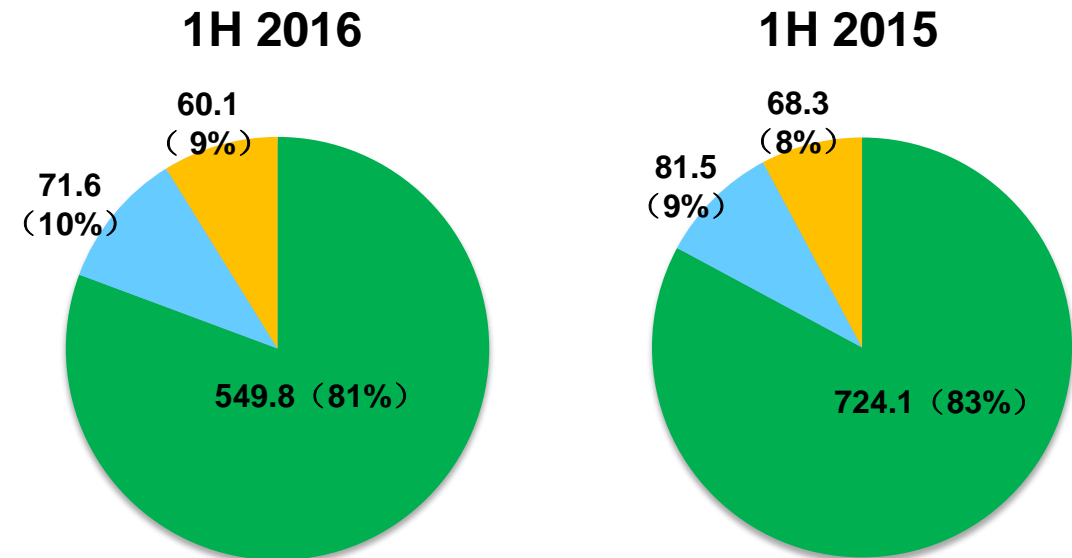
- Software and platform businesses made further progress, sales as a percentage of revenue of both businesses increased by 1 percentage point
- The Group's testing technology was selected and used by CFCA
- Data platform and payment system solutions for cross-industry applications made further headway

Reaffirmed Leading Market Position, Overseas Business Continues To Grow

- According to statistics of China UnionPay, Goldpac ranked No. 1 in China's financial IC card shipments in 1H 2016
- Continual expansion in overseas markets, securing a number of key projects

Revenue Structure

Revenue
(RMB million)



- Embedded Software & Secure Payment Business
- Personalisation Services
- System & Platform Solutions

Key Financial Indicators

Indicators	As at 30 Jun 2016	As at 30 Jun 2015	As at 31 Dec 2015
Amount of Inventories (RMB'000)	198,135	299,276	320,936
Inventory turnover (days)	100	82	89
Account receivable (RMB'000)	702,909	794,009	492,903
A/R turnover¹ (days)	160	113	86
Account payable (RMB'000)	347,673	624,764	567,317
Accounts payable turnover period (days)	175	165	164
Current assets (RMB'000)	1,937,176	2,154,040	2,139,354
Current liabilities (RMB'000)	552,448	777,517	769,879
Current ratio (times)	3.5	2.8	2.8
Debt to assets ratio (Total debt / Total assets)	24.1%	32.1%	30.4%

Remark : ¹A/R turnover increased as a result of the government's policy to replace business tax with value-added tax. Major banking clients adjusted their clearing systems, leading to a delay in payment. The situation returned to normal in Jul 2016

Cash Flow & Financial Position

(RMB'000)	As at 30 Jun 2016	As at 30 Jun 2015	As at 31 Dec 2015
Non-current assets	181,782	193,576	196,108
– Fixed bank deposits	110,000	100,000	110,000
– Pledged bank deposits	100,000	-	100,000
Current assets	1,937,176	2,154,040	2,139,354
– Inventory	198,135	299,276	320,936
– Bank balances and cash	402,624	227,908	983,620
– Structured bank deposit	603,771	597,300	296,089
– Fixed bank deposits	1,187	16,580	22,064
Current liabilities	552,448	777,517	769,879
Net current assets	1,384,728	1,376,523	1,369,475
Non-current liabilities	21,419	17,494	22,748
Net assets	1,807,063	1,680,002	1,814,214
Cash available for use	1,217,582	1,141,788	1,511,773
Net assets per share	RMB 2.17	RMB 2.01	RMB 2.18
Net cash per share	RMB 1.46	RMB 1.37	RMB 1.81
Share price (16 Aug 2016)		RMB 2.12 (HKD 2.49)	