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**Goldpac Group Limited**  
**金邦達寶嘉控股有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 3315)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**HIGHLIGHTS**

- For the six months ended 30 June 2019, the Group's turnover amounted to approximately RMB653 million and net profit amounted to approximately RMB87.2 million, representing an increase of approximately 3.2% and 1.0% respectively year-on-year. The growth of turnover was attributable to the platform and service segment and the overseas business.
- The Group continued advancing the high-end fashion product strategy, which significantly mitigated the pressure from market price. The platform and service segment maintained its momentum of rapid growth. Its turnover was approximately RMB182 million, representing an increase of approximately 37.7% year-on-year. Its proportion in the total turnover increased to approximately 27.8% from approximately 20.8% in 2018.
- The turnover of the overseas business increased by nearly 40% year-on-year to approximately RMB46.2 million from approximately RMB33.7 million in the corresponding period of last year.
- The Group maintained a stable gross margin of approximately 28.5%.
- The Board declared an interim dividend of HK4.0 cents (equivalent to approximately RMB3.6 cents) per ordinary share (for the six months ended 30 June 2018: HK4.0 cents, equivalent to approximately RMB3.5 cents).

The board (the “**Board**”) of directors (the “**Directors**”) of Goldpac Group Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2019 (the “**Interim Period**”).

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

|  |       | Six months ended 30 June |             |
|--|-------|--------------------------|-------------|
|  |       | 2019                     | 2018        |
|  | NOTES | RMB'000                  | RMB'000     |
|  |       | (unaudited)              | (unaudited) |
| <b>Turnover</b>  | 3     | 653,143                  | 632,973     |
| Cost of sales  |       | (466,941)                | (452,047)   |
| <b>Gross profit</b>  |       | 186,202                  | 180,926     |
| Other income   |       | 30,963                   | 49,423      |
| Other gains or losses  |       | 3,217                    | 4,068       |
| (Allowance for) reversal of impairment loss on trade receivables     |       | (742)                    | 741         |
| Impairment loss on interests in an associate                         |       | —                        | (10,234)    |
| Research and development costs                                       |       | (51,434)                 | (51,809)    |
| Selling and distribution costs                                       |       | (44,385)                 | (45,445)    |
| Administrative expenses  |       | (18,570)                 | (17,084)    |
| Finance costs  |       | (418)                    | —           |
| Share of loss of associates  |       | —                        | (909)       |
| <b>Profit before taxation</b>  | 4     | 104,833                  | 109,677     |
| Taxation   | 5     | (17,589)                 | (23,282)    |
| <b>Profit for the period</b>   |       | 87,244                   | 86,395      |
| Other comprehensive (expense) income for the period                  |       |                          |             |
| <i>Item that may be subsequently reclassified to profit or loss:</i> |       |                          |             |
| — exchange differences arising on translation of foreign operations  |       | (3,510)                  | 163         |
| <b>Total comprehensive income for the period</b>                     |       | 83,734                   | 86,558      |
| <b>Profit (loss) for the period attributable to:</b>                 |       |                          |             |
| Owners of the Company  |       | 87,692                   | 86,395      |
| Non-controlling interests  |       | (448)                    | —           |
|  |       | 87,244                   | 86,395      |
| <b>Total comprehensive income (expense) attributable to:</b>         |       |                          |             |
| Owners of the Company  |       | 84,182                   | 86,558      |
| Non-controlling interests  |       | (448)                    | —           |
|  |       | 83,734                   | 86,558      |
| <b>Earnings per share (RMB cents)</b>                                | 7     |                          |             |
| — Basic  |       | 10.6 cents               | 10.5 cents  |
| — Diluted  |       | 10.6 cents               | 10.5 cents  |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

|  |              | At<br>30 June<br>2019<br><i>RMB'000</i><br>(unaudited) | At<br>31 December<br>2018<br><i>RMB'000</i><br>(audited) |
|--|--------------|--|--|
|  | <i>NOTES</i> |  |  |
| <b>Non-current assets</b>  |              |  |  |
| Property, plant and equipment                                      | 8            | 352,442  | 335,019  |
| Right-of-use assets  | 8            | 40,158   | —  |
| Land use rights  |              | —  | 26,206   |
| Goodwill   |              | 1,375  | 1,375  |
| Intangible assets  |              | 5,531  | 6,676  |
| Interests in associates  |              | —  | —  |
| Deferred tax assets  |              | 9,104  | 9,104  |
| Pledged bank deposits  |              | 150,000  | 150,000  |
| Fixed bank deposits  |              | 100,000  | 100,000  |
|  |              | <b>658,610</b>   | 628,380  |
| <b>Current assets</b>  |              |  |  |
| Inventories  | 9            | 220,250  | 211,952  |
| Trade receivables  | 10           | 460,629  | 413,840  |
| Contract assets  | 11           | 12,483   | 13,564   |
| Other receivables and prepayments                                  |              | 50,649   | 40,665   |
| Financial assets at fair value through<br>profit or loss (“FVTPL”) |              | 284,931  | 232,649  |
| Pledged bank deposits  |              | 176  | 15,573   |
| Fixed bank deposits  |              | 594,144  | 750,787  |
| Bank balances and cash   |              | 224,330  | 321,042  |
|  |              | <b>1,847,592</b>                                       | 2,000,072  |
| <b>Current liabilities</b>   |              |  |  |
| Trade and bills payables   | 13           | 384,395  | 437,721  |
| Contract liabilities   |              | 10,335   | 27,176   |
| Other payables   |              | 97,452   | 129,381  |
| Lease liabilities  |              | 7,617  | —  |
| Government grants  |              | —  | 3,000  |
| Taxation   |              | 30,925   | 24,696   |
|  |              | <b>530,724</b>   | 621,974  |
| <b>Net current assets</b>  |              | <b>1,316,868</b>                                       | 1,378,098  |
| <b>Total assets less current liabilities</b>                       |              | <b>1,975,478</b>                                       | 2,006,478  |

|  |    | At<br>30 June<br>2019<br><i>RMB'000</i><br>(unaudited) | At<br>31 December<br>2018<br><i>RMB'000</i><br>(audited) |
|--|----|--|--|
| <b>Non-current liabilities</b>               |    |  |  |
| Lease liabilities                            |    | 6,661  | —  |
| Deferred tax liabilities                     |    | <u>20,427</u>  | <u>26,395</u>  |
|  |    | <u>27,088</u>  | <u>26,395</u>  |
| <b>Net assets</b>                            |    | <u><u>1,948,390</u></u>                                | <u><u>1,980,083</u></u>                                  |
| <b>Capital and reserves</b>                  |    |  |  |
| Share capital                                | 14 | 1,192,362  | 1,192,362  |
| Reserves                                     |    | <u>753,942</u>   | <u>785,187</u>   |
| Equity attributable to owners of the Company |    | 1,946,304  | 1,977,549  |
| Non-controlling interests                    |    | <u>2,086</u>   | <u>2,534</u>   |
| <b>Total equity</b>                          |    | <u><u>1,948,390</u></u>                                | <u><u>1,980,083</u></u>                                  |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2019*

## 1. GENERAL AND BASIS OF PREPARATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The financial information relating to the year ended 31 December 2018 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (the “**Companies Ordinance**”).

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.

The Group’s condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial assets at FVTPL, which are measured at fair value.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2018.

## Application of new and amendments to HKFRSs

In the Interim Period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

|                       |  |
|-----------------------|--|
| HKFRS 16              | Leases   |
| HK(IFRIC) – Int 23    | Uncertainty over Income Tax Treatments               |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation       |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement            |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2015–2017 Cycle        |

### 3. TURNOVER AND SEGMENT INFORMATION

#### Disaggregation of revenue

|   | For the six months ended 30 June 2019                                       |   |                         |
|---|---|---|-------------------------|
|   | Embedded<br>software<br>and secure<br>payment<br>products<br><i>RMB'000</i> | Platform<br>and service<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| <b>Types of goods</b>   |   |   |                         |
| Embedded software and secure payment products   | 471,520   | —   | 471,520                 |
| Data processing   | —   | 132,300                                   | 132,300                 |
| Equipment   | —   | 49,323                                    | 49,323                  |
|   | <u>471,520</u>  | <u>181,623</u>                            | <u>653,143</u>          |
| Total   | <u>471,520</u>  | <u>181,623</u>                            | <u>653,143</u>          |
| <b>Timing of revenue recognition</b>  |   |   |                         |
| A point in time   | <u>471,520</u>  | <u>181,623</u>                            | <u>653,143</u>          |
| <b>Geographical markets</b>   |   |   |                         |
| Overseas and the special administrative regions of<br>Hong Kong (“ <b>Hong Kong</b> ”) and Macao (“ <b>Macao</b> ”) | 37,599  | 8,565                                     | 46,164                  |
| Mainland China  | <u>433,921</u>  | <u>173,058</u>                            | <u>606,979</u>          |
| Total   | <u>471,520</u>  | <u>181,623</u>                            | <u>653,143</u>          |

|   | For the six months ended 30 June 2018                                       |   |                         |
|---|---|---|-------------------------|
|   | Embedded<br>software<br>and secure<br>payment<br>products<br><i>RMB'000</i> | Platform<br>and service<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| <b>Types of goods</b>   |   |   |                         |
| Embedded software and secure payment products                             | 501,083   | —   | 501,083                 |
| Data processing   | —   | 99,853                                    | 99,853                  |
| Equipment   | —   | 32,037                                    | 32,037                  |
| Total   | <u>501,083</u>  | <u>131,890</u>                            | <u>632,973</u>          |
| <b>Timing of revenue recognition</b>                                      |   |   |                         |
| A point in time   | <u>501,083</u>  | <u>131,890</u>                            | <u>632,973</u>          |
| <b>Geographical markets</b>   |   |   |                         |
| Overseas and the special administrative regions of<br>Hong Kong and Macao | 27,396  | 6,345                                     | 33,741                  |
| Mainland China  | <u>473,687</u>  | <u>125,545</u>                            | <u>599,232</u>          |
| Total   | <u>501,083</u>  | <u>131,890</u>                            | <u>632,973</u>          |

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 | — Embedded software and secure payment products for smart secure payment  |
| Platform and service                          | — Provision of data processing, equipment, system platforms and other total solutions for customers in a wide business range including financial, government, healthcare, transportation and retails by leveraging innovative Fintech |

Each operating and reportable segment derives its turnover from the sales of products. They are managed separately because each product requires different production and marketing strategies. For segment reporting, these individual operating segments have been aggregated into a single reportable segment due to similar nature of the products.

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 recognised in a point in time:

|  | Turnover                      |                | Results                       |                |
|--|-------------------------------|----------------|-------------------------------|----------------|
|  | Six months ended 30 June 2019 | 2018           | Six months ended 30 June 2019 | 2018           |
|  | <i>RMB'000</i>                | <i>RMB'000</i> | <i>RMB'000</i>                | <i>RMB'000</i> |
|  | (unaudited)                   | (unaudited)    | (unaudited)                   | (unaudited)    |
| Sales to external parties of                                     |                               |                |                               |                |
| — embedded software and secure payment products                  | <b>471,520</b>                | 501,083        | <b>109,501</b>                | 117,537        |
| — platform and service   | <b>181,623</b>                | 131,890        | <b>76,701</b>                 | 63,389         |
|  | <b><u>653,143</u></b>         | <u>632,973</u> | <b><u>186,202</u></b>         | <u>180,926</u> |
| Research and development costs                                   |                               |                | <b>(51,434)</b>               | (51,809)       |
| Other operating expenses   |                               |                | <b>(62,955)</b>               | (62,529)       |
| Other income, gains or losses ( <i>Note</i> )                    |                               |                | <b>14,865</b>                 | 29,660         |
| Interest income  |                               |                | <b>15,417</b>                 | 13,922         |
| Operating profit   |                               |                | <b>102,095</b>                | 110,170        |
| Investment income from financial assets at FVTPL                 |                               |                | <b>2,963</b>                  | 4,658          |
| Net exchange gain  |                               |                | <b>935</b>                    | 5,251          |
| (Allowance for) reversal of impairment loss on trade receivables |                               |                | <b>(742)</b>                  | 741            |
| Finance costs  |                               |                | <b>(418)</b>                  | —              |
| Share of losses of associates                                    |                               |                | —                             | (909)          |
| Impairment loss on interests in an associate                     |                               |                | —                             | (10,234)       |
| Profit before taxation   |                               |                | <b><u>104,833</u></b>         | <u>109,677</u> |

*Note:* Included in other income, gains or losses are value-added tax refund of RMB9,364,000 (for the six months ended 30 June 2018: RMB12,083,000) and government subsidies of RMB3,225,000 (for the six months ended 30 June 2018: RMB18,825,000).

The management 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 is presented.



#### 4. PROFIT BEFORE TAXATION

|   | Six months ended 30 June |                 |
|---|--------------------------|-----------------|
|   | 2019                     | 2018            |
|   | <i>RMB'000</i>           | <i>RMB'000</i>  |
|   | (unaudited)              | (unaudited)     |
| Profit before taxation has been arrived at after charging<br>(crediting): |                          |                 |
| Directors' remuneration   | 6,183                    | 5,779           |
| Other staff's retirement benefits scheme contributions                    | 2,603                    | 3,037           |
| Other staff's equity-settled share-based payment                          | 1,099                    | 4,459           |
| Other staff costs   | <u>95,113</u>            | <u>84,397</u>   |
|   | <b>104,998</b>           | 97,672          |
| Less: Staff costs included in research and development costs              | <u>(27,753)</u>          | <u>(24,663)</u> |
|   | <u>77,245</u>            | <u>73,009</u>   |
| Amortisation of intangible assets   | 1,145                    | 1,144           |
| Depreciation of property, plant and equipment                             | 20,894                   | 22,130          |
| Depreciation of right-of-use assets                                       | 4,138                    | —               |
| Investment income from financial assets at FVTPL                          | (2,963)                  | (4,658)         |
| Interest income   | (15,417)                 | (13,922)        |
| Operating lease rentals in respect of                                     |                          |                 |
| — land use rights   | —                        | 310             |
| — office premises   | —                        | 3,313           |
| Expense relating to short term lease                                      | 118                      | —               |
| Cost of inventories recognised as expense                                 | <u>370,263</u>           | <u>361,571</u>  |

## 5. TAXATION

|  | <b>Six months ended 30 June</b> |                       |
|--|---------------------------------|-----------------------|
|  | <b>2019</b>                     | <b>2018</b>           |
|  | <b><i>RMB'000</i></b>           | <b><i>RMB'000</i></b> |
|  | <b>(unaudited)</b>              | <b>(unaudited)</b>    |
| The charge comprises:                        |                                 |                       |
| Mainland China Enterprise Income Tax (“EIT”) | <b>(11,526)</b>                 | (18,287)              |
| Hong Kong Profits Tax                        | <b>(2,740)</b>                  | (887)                 |
|  | <b>(14,266)</b>                 | (19,174)              |
| Deferred taxation                            | <b>(3,323)</b>                  | (4,108)               |
|  | <b>(17,589)</b>                 | (23,282)              |

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 gazette on the following day. Under the two-tiered profits tax rates regime, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million 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%.

The Directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Accordingly, starting from the current year, the Hong Kong Profits Tax is calculated at 8.25% on the first HKD2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million.

The EIT is calculated at the applicable rates in accordance with the relevant laws and regulations in the Mainland China.

The Company’s subsidiaries in the Mainland China are subject to EIT at 25% except that Goldpac Limited is approved for 3 years as the enterprise satisfied as a High-New Technology Enterprise and entitles the preferential tax rate of 15% in 2017, 2018 and 2019.

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%.

## 6. DIVIDENDS

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2019                     | 2018           |
|   | <i>RMB'000</i>           | <i>RMB'000</i> |
|   | (unaudited)              | (unaudited)    |
| <b>Dividends</b>  |                          |                |
| 2018 Final — HK10.0 cents per ordinary share based on 833,561,000 shares (declared on 15 March 2019)    |                          |                |
| (2017 Final — HK10.0 cents per ordinary share based on 833,561,000 shares (declared on 16 March 2018))  | <u>73,150</u>            | <u>68,060</u>  |
| 2018 Special — HK6.0 cents per ordinary share based on 833,561,000 shares (declared on 15 March 2019)   |                          |                |
| (2017 Special — HK6.0 cents per ordinary share based on 833,561,000 shares (declared on 16 March 2018)) | <u>43,890</u>            | <u>40,836</u>  |

Subsequent to the end of the Interim Period, the Board has resolved to declare the payment of an interim dividend of HK4.0 cents (equivalent to approximately RMB3.6 cents) per ordinary share, amounting to approximately RMB29,935,000 in aggregate with reference to the number of issued shares as at the end of the Interim Period (for the six months ended 30 June 2018: HK4.0 cents (equivalent to approximately RMB3.5 cents) per ordinary share, amounting to RMB29,008,000). The interim dividend will be paid to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 5 September 2019.

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

|   | For the six months ended 30 June |                |
|---|----------------------------------|----------------|
|   | 2019                             | 2018           |
|   | <i>RMB'000</i>                   | <i>RMB'000</i> |
|   | (unaudited)                      | (unaudited)    |
| Earnings:   |                                  |                |
| Earnings for the purpose of basic earnings per share<br>(Profit for the period attributable to owners of the Company) | <u>87,692</u>                    | <u>86,395</u>  |

| For the six months<br>ended 30 June                 |   |
|---|---|
| 2019  | 2018  |
| Number of<br>ordinary shares<br>'000<br>(unaudited) | Number of<br>ordinary shares<br>'000<br>(unaudited) |

Number of shares:

|  |                |         |
|--|----------------|---------|
| Weighted average number of ordinary shares for the purpose of basic earnings per share ( <i>Note</i> ) | <b>828,718</b> | 826,134 |
|--|----------------|---------|

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

The computation of diluted earnings per share does not assume the exercise of the Company's Pre-IPO Share Option Scheme and share awards because the exercise price of those options and the options under fair value of those share awards were higher than the average market price for shares in both periods.

## 8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the period, the Group mainly incurred nil (for the six months ended 30 June 2018: nil) on buildings, RMB7,137,000 (for the six months ended 30 June 2018: RMB7,186,000) on furniture, fixtures and equipment, RMB2,139,000 (for the six months ended 30 June 2018: RMB6,217,000) on plant and machinery and RMB31,869,000 (for the six months ended 30 June 2018: RMB11,958,000) on construction in progress.

During the Interim Period, the Group entered into the new lease agreements for the use of office premises for 2 years to 3 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised RMB11,106,000 of right-of-use asset and RMB11,106,000 lease liabilities.

## 9. INVENTORIES

|                  | At<br>30 June<br>2019<br><i>RMB'000</i><br>(unaudited) | At<br>31 December<br>2018<br><i>RMB'000</i><br>(audited) |
|------------------|--|--|
| Raw materials    | 129,604  | 135,974  |
| Work in progress | 5,206  | 4,787  |
| Finished goods   | 85,440   | 71,191   |
|                  | <b>220,250</b>   | 211,952  |

## 10. TRADE RECEIVABLES

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 aged analysis of trade receivables net of allowance for doubtful debt presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised:

|              | At<br>30 June<br>2019<br><i>RMB'000</i><br>(unaudited) | At<br>31 December<br>2018<br><i>RMB'000</i><br>(audited) |
|--------------|--|--|
| Age          |  |  |
| 0–90 days    | 273,697  | 308,371  |
| 91–180 days  | 97,316   | 41,946   |
| 181–365 days | 50,779   | 32,416   |
| Over 1 year  | 38,837   | 31,107   |
|              | <u>460,629</u>   | <u>413,840</u>   |

## 11. CONTRACT ASSETS

|   | At<br>30 June<br>2019<br><i>RMB'000</i><br>(unaudited) | At<br>31 December<br>2018<br><i>RMB'000</i><br>(audited) |
|---|--|--|
| Embedded software and secure payment products | 7,025  | 7,163  |
| Equipment                                     | 5,458  | 6,401  |
|   | <u>12,483</u>  | <u>13,564</u>  |

The contract assets primarily relate to the Group's right to receive remaining payments from customers and not billed because rights are conditioned on the satisfaction of quality over the products delivered at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The condition is fulfilled upon the completion of retention period which is normally between 6 months to 1 year.

**12. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL**

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2019                     | 2018           |
|   | <i>RMB'000</i>           | <i>RMB'000</i> |
|   | (unaudited)              | (audited)      |
| Impairment loss recognised (reversed) in respect of |                          |                |
| Trade receivables                                   | <u>742</u>               | <u>(741)</u>   |

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

**13. TRADE AND BILLS PAYABLES**

|   | At             | At             |
|---|----------------|----------------|
|   | 30 June        | 31 December    |
|   | 2019           | 2018           |
|   | <i>RMB'000</i> | <i>RMB'000</i> |
|   | (unaudited)    | (audited)      |
| Trade payables  |                |                |
| — Subsidiaries of Gemalto N.V. (“ <b>Gemalto</b> ”) ( <i>Note</i> ) | 804            | 9,533          |
| — Related company of Gemalto  |                |                |
| — DataCard Corporation  | 24,928         | 10,621         |
| — Third parties   | <u>222,949</u> | <u>249,476</u> |
|   | <u>248,681</u> | <u>269,630</u> |
| Bills payables — secured  |                |                |
| — Subsidiaries of Gemalto   | —              | 23,021         |
| — Third parties   | <u>135,714</u> | <u>145,070</u> |
|   | <u>135,714</u> | <u>168,091</u> |
|   | <u>384,395</u> | <u>437,721</u> |

*Note:* Gemalto is a company incorporated under the laws of the Netherlands. It controlled Gemplus International S.A., a substantial shareholder of the Company throughout both periods, which is a limited liability company incorporated in Luxembourg.

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 and bill issuance date respectively at the end of the reporting period.

|              | <b>At<br/>30 June<br/>2019<br/><i>RMB'000</i><br/>(unaudited)</b> | <b>At<br/>31 December<br/>2018<br/><i>RMB'000</i><br/>(audited)</b> |
|--------------|---|---|
| Age          |   |   |
| 0–90 days    | <b>340,293</b>  | 353,550   |
| 91–180 days  | <b>25,535</b>   | 65,026  |
| 181–365 days | <b>8,685</b>  | 11,911  |
| Over 1 year  | <b>9,882</b>  | 7,234   |
|              | <b><u>384,395</u></b>   | <b><u>437,721</u></b>   |

#### 14. SHARE CAPITAL

|   | <b>Number of<br/>ordinary shares<br/>'000</b> | <b>Amount<br/><i>HKD'000</i></b> |
|---|---|----------------------------------|
| Issued and fully paid:  |   |                                  |
| At 1 January 2018 (audited), 31 December 2018 (audited) and<br>30 June 2019 (unaudited) | <b><u>833,561</u></b>                         | <b><u>1,499,498</u></b>          |
|   |   | <i>RMB'000</i>                   |
| Shown in the financial statements as of   |   |                                  |
| — at 31 December 2018 (audited) and 30 June 2019 (unaudited)                            |   | <b><u>1,192,362</u></b>          |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

2019 is the first year for the implementation of The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (“**GBA**”). An international bay area and world-class city cluster are emerging. Promoting the integration of Guangdong, Hong Kong and Macao with financial technology (“**Fintech**”), and developing the GBA into a world-class Fintech innovation hub have become the broad consensus and common goal of the governments, enterprises and research institutions of Guangdong, Hong Kong and Macao.

As one of the earliest Fintech enterprises in China, the Group is situated at the heart of the GBA, and has taken the lead in the process of the integration and coordinated development of Fintech industries in Guangdong, Hong Kong and Macao. As early as 2000, the Group has given full play to its technical advantages in identity authentication and security encryption, and has provided data processing services to many financial institutions in Hong Kong, Macao and the Mainland China. These efforts exemplify how to leverage cutting-edge scientific and technological means to empower financial institutions.

Standing at the historical starting point, the Group has proactively taken steps to firmly implement its established strategies. The Group is well-positioned for the opportunities presented by the rapid development of the GBA.

### Performance Review

In the first half of 2019, attributed to the significant growth of the platform and service segment and the overseas business, the Group’s turnover amounted to approximately RMB653 million, representing an increase of approximately 3.2% year-on-year.

Impacted by the fluctuation of the market price of traditional and low-end payment cards, the turnover of the embedded software and secure payment products segment decreased by approximately 5.9% year-on-year to approximately RMB472 million. The Group followed the market trend and continued advancing the high-end fashion product strategy. The product portfolio was further improved and the turnover contribution from high-end products continued to rise. As a result, the market price pressure was effectively mitigated.

The platform and service segment maintained a rapid growth momentum. Attributed to growth in artificial intelligence (“**A.I.**”) equipment solutions and innovative payment accessories, its turnover was approximately RMB182 million, representing an increase of approximately 37.7% year-on-year. Its proportion in the total turnover was increased to approximately 27.8% from approximately 20.8% in 2018 and its gross margin was approximately 42.2%. In response to the Chinese government’s promotion of the implementation of the “Internet+” initiative to further hasten reforms in government service, the A.I. self-service financial kiosks introduced by the Group met the needs for “One Stop Shop” government service in the finance and social security scenarios. Its turnover continued increasing and has a great potential for future development.



Through internal organizational and strategic adjustments in 2018, the Group has gradually developed a precise and robust overseas strategy and is steadily expanding into the international market. The turnover of the overseas market increased by nearly 40% year-on-year to approximately RMB46.2 million from approximately RMB33.7 million in the corresponding period of last year.

In the first half of 2019, the Group maintained a stable gross margin of approximately 28.5%. The research and development (“R&D”) costs were approximately RMB51.4 million, basically the same as that of the corresponding period of last year. The Group’s R&D mainly focused on secure chips, solutions, and software and hardware development of A.I. self-service kiosks. Sales and distribution costs were effectively controlled and totaled approximately RMB44.4 million, representing a decrease of approximately 2.3% year-on-year. The operating profit decreased by approximately 7.3% year-on-year to approximately RMB102 million and the net profit increased by approximately 1.0% year-on-year to approximately RMB87.2 million.

## **Market Analysis and Outlook**

### ***1. Actively Responding to the National Strategy and Participating in the Construction of the GBA***

The development of the GBA will accelerate the cross-border integration of smart city systems such as social security, transportation, business travel and other sectors, driving the demand for relevant systems, equipment, and software and hardware. In this regard, the Group has extensive experience in delivering a variety of mature total solutions, leveraging Internet of Things (“IoT”), cloud computing and other cutting-edge technologies to promote the integration of the GBA and to pursue seamless connectivity in transportation, social security and other sectors.

As the future Fintech innovation highland of the GBA, the construction of “Zhuhai Fintech Center” is in progress and it is expected to be completed by 2020. With the support of the government, the Group will collaborate with upstream and downstream businesses of the Fintech industry chain to attract more financial and technological enterprises, talents and funds, from Hong Kong, Macao and the Mainland China, to build an international Fintech development and exchange platform.

## ***2. Following the Trend in Banking Card Upgrades and Reinforcing Core Competitiveness***

The global smart security payment industry has entered a mature and steady stage of development. With the advantages of security, universality, acceptance environment, maturity and many other aspects, banking cards and mobile payment and other emerging payment methods complement each other to meet the diversified needs of consumer payment. Over the past five years, Visa and MasterCard, the major companies in the global smart security payment industry, have achieved sound performance, indicating that secure payment is still the mainstream transaction method around the world. In the China market, the number of card transactions reached a record high of 64.5 billion in the first quarter of 2019, representing an increase of approximately 50% year-on-year, according to the statistics of the People's Bank of China. Bank cards are maintaining a rising momentum and dominant position in the payment market.

With the acceleration of the adjustment of China's economic structure, consumption has become the main driving force of economic growth. The consumption upgrade and diversification have promoted the upgrade of financial market demand. In addition to providing safe and convenient payment services, the banking card is a powerful tool for banks in personal consumption financial markets. The banking card products with various innovative technologies and functions have become the important choice for banks, despite the much higher prices. With the competitiveness on innovative design, fashion theme, material and techniques, and functionality, the Group has maintained a leading edge in the banking card market.

The Group has always been committed to promoting the application of the China chip in the financial field for many years. At present, several multinational banks have adopted the Group's China chip products to issue EMV (Europay, MasterCard and Visa) standard products all around the world. It will be an important and competitive advantage for the Group in the global business.

The predictable growth of ETC (Electronic Toll Collection) business will also be a new growth driver for the Group. In May 2019, the National Development and Reform Commission and the Ministry of Transport of China issued a national ETC implementation plan, which illustrated the development goal of the national highway electronic non-stop quick toll application service. By the end of December 2019, it is estimated that the number of ETC users in the country will exceed 180 million. The new ETC plan will fully cover the highway toll station, and the rate of the highway non-stop quick tolls will be more than 90%. Through the linking and binding between ETC and bank account, the application eco-system of bank payment system will be expanded, which will drive the growing demand for debit cards and credit cards. It is expected that the national ETC implementation plan will bring a favorable impact on the Group in the second half of 2019.

### **3. *Proactively Involving in Digital Transformation of Banks***

With the acceleration of business platformization and digitization development of banks, the integration of the business of banking and the Internet is also further bolstered. By understanding the business needs of banks within the process of digital transformation, the Group is developing a platform for the GBA's next generation credit payment system. Through the integration of big data analysis, cloud computing and other emerging technologies with online and offline payment, cross-border payment and international exchange, consumer credit and other business links, the Group is combining innovative financial elements such as virtual banking and digital asset protection, to diversify the financial business sector's use-case scenarios.

The Group is well-prepared for the next-generation e-credit payment system and is currently engaging in negotiation with partners across different sectors to explore future opportunities.

### **4. *Accelerating the Development of Overseas Markets***

The Group enjoyed the fruits of its labors in overseas markets after several years of effort. In the first half of 2019, the turnover of the overseas market increased by nearly 40% year-on-year.

At the moment, the Group has developed a clear overseas market strategy, which is to focus on the Southeast Asia region, pursue "Product + Service" total solutions, and pool its strengths to achieve further breakthrough.

The Group has been engaging in the Southeast Asian market over the last few years and has established a world-leading data processing center in Manila, Philippines. This year, the Southeast Asian market is still the focus of the overseas development. The product, team and business structure portfolio will be further enriched and optimized, so as to make the overseas cooperation broader and deeper and enhance overseas turnover contributions.

China is one of the global leaders in the smart security payment industry in standards, services and technologies. The Group has developed various total solutions for use in government, transport, finance, education and other sectors in overseas markets. At the moment, the Group is continuously improving these solutions to better meet the needs of the local market.

In the future, the Group will continue to increase investment in personnel and R&D for the overseas market to maintain its sound momentum and to establish the overseas market as an important pillar of the Group.

## 5. Exploration in IoT

In 2019, China will officially begin its 5G commercial roll-out, opening up a new horizon for IoT. The Group has always been committed to the exploration of the IoT sector. In 2013, the “Wuhan University — Goldpac IoT Joint Laboratory” was established. In 2017, the Group was recognized as an “IoT Secure Payment Engineering Technology Center for Guangdong Province”, and is well-placed for the development in the sector of IoT.

The Group will focus on the following two areas:

1. Core security encryption and identity authentication technology. The Group has two R&D centers and more than 400 R&D staff, and has developed various kinds of security transaction softwares for many banks. In the era of IoT, the Group’s security encryption software technology will be employed for a broader range of uses.
2. Based on the principles of stringent financial transaction methods, the Group provides secure channel services for IoT devices through the cloud platform, enabling hundreds of millions of applications of devices to be safely uploaded and downloaded, so as to ensure the reliability and security of data transmission of IoT equipment. The Group will continue to explore commercial opportunities for the IoT with partners, aiming at achieving secure connectivity solutions and services in areas such as finance, smart cities and so on.

## SUBSEQUENT EVENTS

Subsequent to 30 June 2019 and up to the date of this announcement, no material events have occurred.

## DIVIDENDS

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2019                     | 2018           |
|   | <i>RMB’000</i>           | <i>RMB’000</i> |
|   | (unaudited)              | (unaudited)    |
| <b>Dividends</b>  |                          |                |
| 2018 Final — HK10.0 cents per ordinary share based on 833,561,000 shares (declared on 15 March 2019)    |                          |                |
| (2017 Final — HK10.0 cents per ordinary share based on 833,561,000 shares (declared on 16 March 2018))  | <u>73,150</u>            | <u>68,060</u>  |
| 2018 Special — HK6.0 cents per ordinary share based on 833,561,000 shares (declared on 15 March 2019)   |                          |                |
| (2017 Special — HK6.0 cents per ordinary share based on 833,561,000 shares (declared on 16 March 2018)) | <u>43,890</u>            | <u>40,836</u>  |

Subsequent to the end of the Interim Period, the Board has resolved to declare the payment of an interim dividend of HK4.0 cents (equivalent to approximately RMB3.6 cents) per ordinary share, amounting to approximately RMB29,935,000 in aggregate with reference to the number of issued shares as at the end of the Interim Period (for the six months ended 30 June 2018: HK4.0 cents (equivalent to approximately RMB3.5 cents) per ordinary share, amounting to approximately RMB29,008,000). The interim dividend will be paid to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 5 September 2019.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine who are entitled to the interim 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Monday, 2 September 2019. The register of members of the Company will be closed from Tuesday, 3 September 2019 to Thursday, 5 September 2019, both days inclusive, during which period no transfer of shares will be registered. The dividend will be paid on Thursday, 19 September 2019 to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 5 September 2019.

## **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 30 June 2019, the Company utilized approximately RMB804.8 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**

By assuming a conservative financial management attitude, the Group continued to maintain a healthy financial position.

As at 30 June 2019, the Group's aggregate amount of bank balances and cash, fixed bank deposits and pledged bank deposits reached approximately RMB1,068.7 million (as at 31 December 2018: approximately RMB1,377.4 million), of which approximately RMB676.7 million (as at 31 December 2018: approximately RMB942.7 million) was denominated in RMB, accounting for approximately 63.3% of the aggregate amount, and approximately RMB391.9 million (as at 31 December 2018: approximately RMB392.0 million) was denominated in USD, HKD and other currencies, accounting for approximately 36.7% of the aggregate amount.

As at 30 June 2019, the Group's financial assets at fair value through profit or loss was approximately RMB284.9 million, which was the structured deposits represented principal-guaranteed financial products issued by China's state-owned commercial banks and national joint-stock commercial banks.

The aggregate dividend of approximately RMB117.0 million was paid by the Company during the six months ended 30 June 2019 (for the six months ended 30 June 2018: approximately RMB108.9 million).

As at 30 June 2019, the Group's aggregate amount of trade receivables and contract assets was approximately RMB473.1 million (as at 31 December 2018: approximately RMB427.4 million), increased by approximately 10.7% compared with that as at 31 December 2018. It is the industry practice that settlement of trade receivables peaks around the end of year.

As at 30 June 2019, the Group's total current assets amounted to approximately RMB1,847.6 million (as at 31 December 2018: approximately RMB2,000.1 million), decreasing by approximately 7.6% compared with that as at 31 December 2018. The decrease of current assets was mainly due to the settlement of current liabilities during the Interim Period.

As at 30 June 2019, the Group's current ratio was approximately 3.5 (as at 31 December 2018: approximately 3.2), representing a high liquidity.

As at 30 June 2019 and 31 December 2018, the Group had no bank loans. As at 30 June 2019, the Group's gearing ratio (gearing ratio is equivalent to total debt divided by total assets) was 22.3% (as at 31 December 2018: 24.7%).

## **CURRENCY EXPOSURE**

In terms of currency exposure, the majority of the Group's sales were denominated in RMB, USD and HKD while the majority of operating expenses and purchases were denominated in RMB with portions in USD and HKD. Exercising effective centralized management and supervision, the Group pays attention to USD currency exchange rate fluctuation and reviews currency exposure periodically.

## **CAPITAL EXPENDITURE**

For the six months ended 30 June 2019, the Group's capital expenditure was approximately RMB41.1 million (for the six months ended 30 June 2018: approximately RMB25.4 million). The capital expenditure includes expenses in fixed assets, intangible assets and deferred assets.

## **CAPITAL COMMITMENT**

The aggregate capital commitment of the Group as at 30 June 2019 was approximately RMB15.0 million (as at 31 December 2018: approximately RMB18.0 million).

## **PLEDGED ASSETS**

As at 30 June 2019, bank deposits of approximately RMB150.2 million (as at 31 December 2018: approximately RMB165.6 million) was pledged to secure the bills payables and bank guarantee.

## **CONTINUING CONNECTED TRANSACTIONS**

The Group is highly committed in self-driven R&D. The Group has launched proprietary embedded chip operating system to diversify its chip supplies. In the first half of 2019, the Group's purchasing volume from Gemalto amounted to approximately RMB2.3 million, representing a year-on-year decrease of approximately 97.0%, which was fully exempt from shareholders' approval, annual review and all disclosure requirements under the Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE**

The Group is committed to maintaining high levels of environmental, social and governance standards to ensure sustainable development of its business. During the six months ended 30 June 2019, the Group's environmental, social and governance ("ESG") management team had managed, monitored, and recommended on environmental, social and governance aspects continuously. An ESG report for the year 2018 had been prepared with reference to Appendix 27 to the Listing Rules "Environmental, Social and Governance Reporting Guide" and had been published on the Company's and the Stock Exchange's websites.

The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group encourages its employees, customers, suppliers and other stakeholders to participate in environmental and social activities.

The Group maintains close relationships with its employees. The Group also enhances cooperation with its suppliers and provides high quality products and services to its customers so as to ensure continued and sustainable development.

## **HUMAN RESOURCES AND REMUNERATION POLICIES**

As at 30 June 2019, the Group had 1,664 employees (as at 31 December 2018: 1,735), with a decrease of 71 employees compared with that as at 31 December 2018.

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 Mainland China, 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 Mainland China. The Group also provides full coverage of housing provident fund contributions as required by local regulations in the Mainland China. For overseas employees, the Group also make contributions towards relevant insurance scheme as required by the local regulations.

## **CORPORATE GOVERNANCE**

The Company has met all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2019.

## **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 10 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 six months ended 30 June 2019.

## **REVIEW OF INTERIM RESULTS**

The Audit Committee of the Company, which comprised all three independent non-executive Directors, has reviewed the interim results of the Group for the six months ended 30 June 2019.

Deloitte Touche Tohmatsu, the Company's auditor, had carried out review of the unaudited interim results of the Group for the six months ended 30 June 2019 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.



## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT 2019**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.goldpac.com](http://www.goldpac.com)). The interim report for the six months ended 30 June 2019 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, 16 August 2019

*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. LU Xiaozhong, Mr. WU Siqiang and Mr. LING Wai Lim; and the independent non-executive Directors of the Company are Mr. MAK Wing Sum Alvin, Ms. YE Lu and Mr. YANG Geng.*

*This announcement is prepared in both Chinese and English. In the event of inconsistency, the Chinese version shall prevail.*