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Goldpac Group Limited

金邦達實業有限公司

(Stock Code: 03315.HK)

Goldpac Announces 2018 Interim Results

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The Total Comprehensive Income for the Period Rises 7.1% to RMB86.56 Million
Sustainable and Steady Dividend Payout, Interim Dividend of HK4.0 cents Declared,
Dividend Payout Ratio Reaches 33%

17 August 2018, Goldpac Group Limited (“Goldpac” or the “Group”, stock code: 03315.HK) announced its interim results for the six months ended 30 June 2018 (the “Period”). The Group’s total comprehensive income for the Period amounted to approximately RMB86.56 million, representing an increase of approximately 7.1% year-on-year. The interim dividend of HK4.0 cents was declared.

In the first half of 2018, standard payment card prices decreased as a result of market competition. However, through diversified chip supplies, the increased market promotion of fashion products and platform and services, the Group maintained its steady profitability. The Group’s turnover amounted to approximately RMB633 million, representing a year-on-year decrease of approximately 8.4%. The operating profit rate reached approximately 17.5%, continuing to remain the leading position within the industry. R&D costs continued to increase while the other operating expenses were well managed and decreased. USD appreciation provided a positive impact on the Group's forex gains. The total comprehensive income for the Period was approximately RMB86.56 million, representing an increase of approximately 7.1% year-on-year.

In the first half of 2018, China’s economic growth and the continuous increase in payment card usage scenarios have effectively driven the market demand for payment card products. The Group has further strengthened its leading position in China’s smart payment products market. With the trust and support of a customer base of more than 1,000 banks across the globe, the Group’s shipment volumes for payment cards maintained its continuous growth. Furthermore, shipment volumes for UnionPay IC cards set a new record subsequent to the 2015 China IC card migration.

The individualized consumption is promoting the upgrade of payment card products. The fast growth

of individualized and fashion payment cards are likely to provide the Group with the wider development space. During the Period, depending on the important differentiating factor and competitive advantage in cutting-edge fashion design and technological innovation, the Group is constantly improving its offers for individualized and fashion products. Most of individualized products, such as IP credit cards and AR credit cards, were welcomed by the market, and effectively increased the overall product value-added level and alleviated part of the price pressure. The favorable results of the product upgrades are beginning to surface.

The Group is highly committed to its self-driven Research and Development (“R&D”). R&D costs steadily increased over the past five years. The CAGR of R&D costs in the past five years amounted to approximately 30.7%. The Group had been a promoter for the commercial application of China chip under the guidance of China chip strategic plan. In the first half of 2018, the Group launched the world’s first EMV product based on China chip and opened up opportunities for its penetration of international markets. At the same time, the Group has also carried out R&D in forward-looking technologies, including applications of block chain techniques, Internet of Things, security algorithms and smart banks. R&D costs for the Period continued to grow to approximately RMB51.8 million, representing an increase of approximately 5.2% year-on-year.

Based on the Group’s steady profitability and healthy financial condition, the Group keeps strong capital strength. The total cash available of the Group has continued to increase to nearly RMB1.4 billion and the net assets amounted to nearly RMB2.0 billion.

Looking ahead, the Group will focus on the following three directions in its second Five-Year Development Plan after its IPO.

Accelerate the “Platform” strategy

The individualized consumption inspired by the Internet culture is promoting the upgrades of payment card products. Cardholders and issuers of payment cards are increasingly focused on a wider range of areas other than the payment function. Meanwhile, with the rapid development of consumer credit in China, credit card, as one of the most advantageous products, is also increasing its contribution in the retail income of banks. The objectives of attracting customers through payment cards are becoming more and more important. The Group will follow the trend of the market development, accelerate the “Platform” strategy, and strive to make our “Platform” bring together banking solutions on one hand, and card holders’ preferences on the other, thus gaining the leading advantage in the process of payment card products upgrades.

Overseas markets

The Group has further enhanced its organizational structure in the international market to attract outstanding talents from the world's top corporations. In the expansion of its overseas market, the Group will fully implement the "Solutions" and "Platforms" strategies with the objective to break through geographical restrictions and achieve the goal of rapid development. Simultaneously, the Group will further promote China chip in overseas markets.

AI Self-service Financial Kiosks and solutions

Demand for AI Self-service Financial Kiosks is growing rapidly around the world. The Group will continue to increase its investment in these areas and fully utilize Biometrics, facial recognition and natural language processing technology with a simple, integrated and scenario-based approach. In the meantime, the Group will also accelerate the capital investment and strategic opening cooperation in this field.

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About Goldpac Group Limited (Stock Code: 03315)

With 25 years of successful experience and a leading global technology portfolio, and committed to its core vision of Making Transactions More Secure and Convenient, Goldpac is specialised in delivering embedded software, secure payment products and Artificial Intelligence Financial Self-service Kiosks for global customers while leveraging innovative Fintech to provide data processing service, system platform and other total solutions for a wide business range of financial, government, healthcare, transportation, and retails.

For more information, please visit <http://www.goldpac.com> or contact at goldpac@goldpac.com.