

Goldpac Group Limited: Steady Growth in 2015 interim period with diversified prospects

(Hong Kong, 25 August 2015) Today, Goldpac Group Limited (3315.HK) (the “Group”), announced its interim results for the six months ended 30 June 2015. According to the announcement, the Group recorded revenues of RMB 874 million, representing an increase of 25% compared with the second half of 2014 and a growth of 6.3% year-on-year. The net profit of the Group reached RMB126 million. The profit for the period increased 32% compared with the second half of 2014 and was uplifted 6.6% year-on-year.

Despite China’s economic slowdown during the first half of 2015 and supported by the commitment of the entire organization, Goldpac adopted a stable and healthy development strategy while enhancing its core competitiveness and business expansion. The aim was to upgrade its fundamentals by scrutinizing any detail that could lead to an improvement in Goldpac’s operational efficiency. This allowed Goldpac to achieve continuous momentum and progress in an ongoing basis to achieve remarkable growth in the first half of 2015.

According to statistics from China UnionPay, the Group maintained its Number 1 position in the China market for the first half of 2015 and also further reinforced its leadership. Meanwhile Goldpac actively expanded its overseas markets and established a personalization service center in Manila, the Philippines, which is now in operation covering the needs of over 600 million consumers in the southeastern Asia region and is certified by VISA and MasterCard. Goldpac also achieved a breakthrough in the American market and is confident of further expansion.

In the first half of 2015, Goldpac’s three primary business segments achieved steady growth. The turnover for Embedded Software and Secure Payment Products recorded revenues of RMB724 million, representing a growth of 3.1% year-on-year and an uplift of 29% compared with the second half of 2014. The turnover of Personalization Services recorded revenues of RMB81.5 million, representing a growth of 15.8% year-on-year. The turnover of the Card-issuance System business recorded revenues of RMB68.3 million, representing a growth of 38% year-on-year.

In July 2015, the People’s Bank of China, along with 10 other departments, issued a draft for the Non-bank Payment Institution Online Payment Management Methodology Request For Proposal. The intention was to not only encourage innovation in the field of financial payment, but to also manage the associated financial risks. Thus China’s government is again emphasizing that China’s payment system should be rooted in the foundations of a banking infrastructure, the cornerstone of which being the financial payment card, further favoring Goldpac’s steady growth in turnover.

At the same time, modern information technologies such as the “Internet +” and Big Data, have driven the diversified development of payment mechanisms and enabled the introduction of a wide range of innovative payment vehicles, including Online to Offline (O2O), mobile payment,

wearables, Host Card Emulation (HCE), virtual credit cards as well as biometrics. However, there are still issues to be resolved including security, transaction infrastructure, development of user habits, biometric cost and privacy, and especially the government's concerns on the stability of the financial system. Therefore these emerging payment vehicles are in their beginning stages and the financial payment card, especially the credit card, has still an enormous potential with the continuous development of the personal consumption credit system and the size of the growing middle-income class in China. All of which favor the further expansion of Goldpac's business. Furthermore, promoting urbanization and stimulating domestic demand in China helps bolster the overall development of the financial payment cards business.

For the foreseeable future, Goldpac will continue with its strategy for steady and healthy development, its combination of information technology with industrial operations, and guidance by the Industry 4.0 Framework. Reinforcing its role as a "Service & Platform Provider", Goldpac distinguished itself from homogenous competitors through the provisioning of value-added differentiated services. At the same time, Goldpac kept up its continuous investment in R&D to achieve a sustainable rate of innovation for the smart payment industry that included wearable technologies and mobile payment solutions. Goldpac will push the business model towards smart living ecosystems via a diversified capital operation and business cooperation. Responding to the "One Belt, One Road" strategy, RMB internationalization and China UnionPay globalization, the Group will expand aggressively to welcome forthcoming market breakouts in a number of countries such as India, Russia and central Asia.