

Goldpac Announces 2017 Annual Results

Goldpac Operating Profit Rises 21.8% for 2017

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Continued Increase in Profitability, Strong Growth in Credit Card Business

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- **Final and Special Dividend of HK16.0 cents**
- **Full Year Dividend of HK20.0 cents, Dividend Payout Ratio Up to 81.8%**

(16 March 2018, HK) Goldpac Group Limited ('Goldpac' or the 'Group', stock code: 03315.HK) announces its annual results for the year ended 31 December 2017.

The development of China's financial industry became further standardized and the dominant position banks held within the financial system was further strengthened. The Group maintained a steady pace of growth and has achieved turnover of RMB1,400.8 million, representing an year-on-year increase of approximately 0.5%. Operating profit was approximately RMB250.3 million, representing an increase of approximately 21.8% compared to the previous year. Profit for the year decreased approximately 19.7% to RMB164.5 million, as a result of the exchange rate fluctuation of USD denominated bank deposits against the RMB. Adjusted for the unrealized exchange loss of approximately RMB49.8 million, the profit for the year would have increased approximately 31.0% to approximately RMB214.3 million.

2017 marked the fifth year of the Group's listing on the Main Board of HKEx. Over the past five years, the Group has maintained a steady pace of growth and has achieved a total turnover and profit of approximately RMB7.1 billion and approximately RMB965.5 million respectively. Profitability continues to increase. The dividend payout ratio of the Group has been increasing year on year. The Board of Directors proposed to declare a 2017 final dividend of HK10.0 cents per share, together with a special dividend of HK6.0 cents per share. If this proposal is approved at the shareholders meeting, the payout ratio for the year will rise to 81.8%.

For five consecutive years, the Group has maintained its leading market share position in China's smart security payment products segment. The Group has a broad, stable and diverse customer base comprising more than 1,000 banks globally and has established a multi-level customer structure. Following a strong rally by major banks, China's credit card market grew rapidly in 2017. The Group was best benefited with credit card shipment volumes increasing nearly 40% year on year. At the same time, the Group has successively launched six major product categories in 24 innovative products spanning payment watches, payment jewelry, payment mobile phone accessories, and blue-tooth payment tools. The Group has been expanding into various non-financial sectors such as government, healthcare and enterprises segments to realize diversified business. By adopting the "Platform + Service" strategy, turnover of the platform and services segment was approximately RMB250.9 million, representing an year on year increase of 9.5%, resulting in an increase in contribution to turnover to approximately 17.9%.

Looking into the future, the Group is now establishing its second Five-Year Development Plan with the focus on becoming the expert in smart financial service solutions within the next three to five years. The

Group is now making preparations to upgrade its capabilities in technology, advanced R&D, intelligent operations, fund planning and other aspects in order to achieve this goal.

Despite increasing competition in the smart secure payment products market, the Group has distinguished itself through its competitive advantages in technology, innovative products and capital. The Group is fully capable of striving for greater market share in China and in overseas market, especially in Asia. The group's accurate and efficient intelligent operating system also built a solid foundation for the Group's larger-scale global operation in the future.

At the same time, the Group is also proactively focusing on the future advancement of R&D for secure encryption technology applications. At present, the Group has made progress in its technical preparations for IoT secure modules, mobile phone APP white boxes, smart homes, machine interaction and other related areas. In the application of electronic IDentity (eID), the Group also possesses essential technologies and related products. In the future, these technologies will be applied to the emerging areas of artificial intelligence (AI) financial self-service kiosks and identity documents for overseas markets, becoming new driving forces for the Group's growth.

Currently, the Group's customers are spread across 25 countries and regions in the world. In response to the 'Belt and Road' initiative and with the advantage of the China national chip, the Group will capitalize on opportunities on China UnionPay's overseas promotion and strive to secure greater market share.

The Group will prudently utilize its cash reserves and also pay attention to external expansion, as well as seek opportunities by means of capital operations such as domestic and international mergers and acquisitions. The Group will combine internal growth and external expansion, to create synergies and accelerate the overall development of the enterprise.