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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 2023**

HIGHLIGHTS

- For the six months ended 30 June 2023, the Group recorded revenue of approximately RMB745.9 million, representing a year-on-year increase of approximately 5.1%. The Group recorded revenue of approximately RMB159.4 million in overseas, Hong Kong and Macao, representing a year-on-year increase of approximately 65.4%.
- The Group continued to optimize business structure, expand overseas market and strengthen supply chain management, resulting in an overall improvement of gross profit margin which increased by 1.7 percentage points to approximately 28.2%.
- The Group recorded profit for the period of approximately RMB85.6 million, representing a year-on-year increase of approximately 9.1%. Net profit margin was approximately 11.5% with an increase of 0.4 percentage point year-on-year.
- The embedded software and secure payment products segment achieved steady growth, recording revenue of approximately RMB477.3 million, rising approximately 2.7% year-on-year. The markets of overseas, Hong Kong and Macao further expanded, and this segment in these regions recorded revenue of approximately RMB148.6 million, representing a year-on-year growth of approximately 66.7%.
- The Group promoted the in-depth integration between digital technology and green finance and launched low-carbon secure payment solutions for boosting a high-quality and sustainable development of the finance industry.
- During the Interim Period, the digital equipment business recorded revenue of approximately RMB191.5 million, representing a year-on-year growth of 34.8%. Benefiting from this growth, the platform and service business segment recorded revenue of approximately RMB268.6 million, representing a year-on-year growth of 9.7%.

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 2023 (the “**Interim Period**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	4	745,884	709,419
Cost of sales		(535,347)	(521,120)
Gross profit		210,537	188,299
Other income		27,122	20,102
Other gains – net		3,976	26,889
Research and development expenses		(51,223)	(55,068)
Selling and distribution expenses		(66,414)	(64,926)
Administrative expenses		(25,443)	(17,541)
Provision for impairment loss on trade receivables		(3,402)	(2,726)
Impairment loss on amount due from an associate		–	(499)
Finance income/(costs) – net		1,062	(8,583)
Profit before income tax	5	96,215	85,947
Income tax expense	6	(10,600)	(7,482)
Profit for the period		85,615	78,465
Other comprehensive income for the period			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
– exchange differences arising on translation of foreign operations		1,875	3,510
Total comprehensive income for the period		87,490	81,975
Profit for the period attributable to:			
Owners of the Company		75,393	75,766
Non-controlling interests		10,222	2,699
		85,615	78,465
Total comprehensive income attributable to:			
Owners of the Company		77,268	79,276
Non-controlling interests		10,222	2,699
		87,490	81,975
Earnings per share (RMB cents)			
– Basic	8	9.3 cents	9.3 cents
– Diluted	8	9.3 cents	9.3 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	9	312,163	312,722
Right-of-use assets	9	30,161	32,896
Investment property	9	189,496	192,436
Deferred tax assets		28,573	25,946
Other receivables		66,925	84,500
Pledged bank deposits		31,847	219,841
Fixed bank deposits		30,426	126,500
		<u>689,591</u>	<u>994,841</u>
Total non-current assets		<u>689,591</u>	<u>994,841</u>
Current assets			
Inventories	10	364,274	362,621
Trade receivables	11	525,058	340,322
Contract assets		11,731	10,637
Other receivables and prepayments		107,094	102,587
Pledged bank deposits		203,327	7,112
Fixed bank deposits		520,041	368,143
Cash and cash equivalents		362,737	627,594
		<u>2,094,262</u>	<u>1,819,016</u>
Total current assets		<u>2,094,262</u>	<u>1,819,016</u>
Total assets		<u>2,783,853</u>	<u>2,813,857</u>
EQUITY			
Share capital	14	1,192,362	1,192,362
Reserves		826,539	864,563
		<u>2,018,901</u>	<u>2,056,925</u>
Equity attributable to owners of the Company		2,018,901	2,056,925
Non-controlling interests		23,860	13,638
		<u>2,042,761</u>	<u>2,070,563</u>
Total equity		<u>2,042,761</u>	<u>2,070,563</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 30 June 2023*

		As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,506	2,991
Deferred tax liabilities		35,771	33,397
Total non-current liabilities		37,277	36,388
Current liabilities			
Trade and bills payables	<i>12</i>	462,760	336,693
Contract liabilities		104,989	177,298
Other payables		99,144	114,559
Bank borrowings	<i>13</i>	–	44,818
Lease liabilities		5,051	5,883
Income tax payable		31,871	27,655
Total current liabilities		703,815	706,906
Total liabilities		741,092	743,294
Total equity and liabilities		2,783,853	2,813,857

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

1. GENERAL INFORMATION

The Company is an investment holding company and the principal activities of its subsidiaries (together, the “**Group**”) are engaged in embedded software and secure payment products for smart secure payment and provision of data processing services, digital equipment, system platform, Artificial Intelligence (“**A.I.**”) self-service kiosks, and other total solutions for customers in a wide business range including financial, government, healthcare, transportation and retails by leveraging innovative financial technology (“**Fintech**”).

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 address of the registered office is Room 1301, 13th Floor, Bank of East Asia, Harbour View Center, No. 56 Gloucester Road, Wanchai, Hong Kong.

The controlling shareholder of the Company is Cititrust Private Trust (Cayman) Limited, the trustee of a family trust established by Mr. Lu Run Ting (the Chairman and an executive director of the Company). The ultimate controlling party of the Company is Mr. Lu Run Ting.

The Group’s interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board on 22 August 2023.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information has 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 interim condensed consolidated financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period. The interim condensed consolidated financial information has been prepared on the historical cost basis except for certain financial assets at fair value through profit or loss (“**FVTPL**”), which are measured at fair values.

The financial information relating to the year ended 31 December 2022 that is included in this interim condensed consolidated financial information 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 required to be disclosed in accordance with Section 436 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (“**Companies Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, 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 (Cap. 622).

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key resources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with the financial statements for the year ended 31 December 2022, as described in those annual financial statements, except for the adoption of standards and amendments to HKASs and HKFRSs effective for the financial year beginning 1 January 2023.

(a) New and amendments to standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The Directors consider that application of these new standards, amendments and interpretation to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and on the disclosures set out in this interim financial information.

(b) New standard and amendments to existing standards issued but not yet effective for the financial year beginning on or after 1 January 2024 and have not been early adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. REVENUE AND SEGMENT INFORMATION

The unaudited segment information for the six months ended 30 June 2023 and 2022 by business segment are as follows:

	For the six months ended 30 June 2023		
	Embedded software and secure payment products <i>RMB'000</i>	Platform and service <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Embedded software and secure payment products	477,310	–	477,310
Data processing	–	77,060	77,060
Digital equipment	–	191,514	191,514
	<u>477,310</u>	<u>268,574</u>	<u>745,884</u>
Total	<u>477,310</u>	<u>268,574</u>	<u>745,884</u>
Geographical markets			
Chinese mainland	328,694	257,807	586,501
Overseas and the special administrative regions of Hong Kong (“ Hong Kong ”) and Macao (“ Macao ”)	148,616	10,767	159,383
	<u>148,616</u>	<u>10,767</u>	<u>159,383</u>
Total	<u>477,310</u>	<u>268,574</u>	<u>745,884</u>
For the six months ended 30 June 2022			
	Embedded software and secure payment products <i>RMB'000</i>	Platform and service <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Embedded software and secure payment products	464,555	–	464,555
Data processing	–	102,798	102,798
Digital equipment	–	142,066	142,066
	<u>464,555</u>	<u>244,864</u>	<u>709,419</u>
Total	<u>464,555</u>	<u>244,864</u>	<u>709,419</u>
Geographical markets			
Chinese mainland	375,408	237,657	613,065
Overseas, Hong Kong and Macao	89,147	7,207	96,354
	<u>89,147</u>	<u>7,207</u>	<u>96,354</u>
Total	<u>464,555</u>	<u>244,864</u>	<u>709,419</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	–	Manufacture and sale of embedded software and secure payment products for smart secure payment
Platform and service	–	Provision of data processing, digital 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

Revenue from sale of embedded software and secure payment products and sale of digital equipment are recognised at a point in time, and revenue from data processing services are recognised over time.

Each operating and reportable segment derives its revenue from the sales of products and provision of data processing services. 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:

	Revenue		Results	
	Six months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	<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	477,310	464,555	128,886	104,541
– platform and service	268,574	244,864	81,651	83,758
	745,884	709,419	210,537	188,299
Other income			27,122	20,102
Other gains – net			3,976	26,889
Research and development expenses			(51,223)	(55,068)
Selling and distribution expenses			(66,414)	(64,926)
Administrative expenses			(25,443)	(17,541)
Provision for impairment loss on trade receivables			(3,402)	(2,726)
Impairment loss on amount due from an associate			–	(499)
Finance income/(costs) – net			1,062	(8,583)
Profit before income tax			96,215	85,947

The management of the Group makes decisions according to the gross profit 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.

5. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit before income tax is arrived at after charging/(crediting) following items that are unusual because of their nature, size or incidence:		
Directors' emoluments	5,758	5,303
Retirement benefits scheme contributions	6,966	7,537
Staff costs	97,073	107,325
Cost of inventories sold	451,990	440,206
Government grants (<i>Note i</i>)	(886)	(3,217)
Value-added tax refund (<i>Note i</i>)	(7,719)	(6,828)
Interest income (<i>Note i</i>)	(16,213)	(8,722)
Investment income from financial assets at FVTPL (<i>Note ii</i>)	–	(1,262)
Net exchange gains – net (<i>Note ii</i>)	(3,975)	(25,627)
Write-down of inventories to net realisable values	(6,548)	6,889
Depreciation of property, plant and equipment	18,213	15,864
Depreciation of right-of-use assets	2,972	3,263
	2,972	3,263

Notes:

- (i) Government grants, value-added tax refund, and interest income are included in “Other income”.
- (ii) Investment income from financial assets at FVTPL, and net exchange gains – net are included in “Other gains – net”.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Current income tax		
Chinese mainland corporate income tax	–	(3,648)
Hong Kong profits tax	<u>(10,853)</u>	<u>(3,056)</u>
	(10,853)	(6,704)
Deferred income tax	<u>253</u>	<u>(778)</u>
Income tax expense	<u>(10,600)</u>	<u>(7,482)</u>

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

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 gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 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%. Accordingly, starting from the year ended 31 December 2019, the Hong Kong Profits Tax is calculated at 8.25% on the first HKD2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2,000,000 for Goldpac Datacard Solutions Company Limited.

The Chinese mainland corporate income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the Chinese mainland.

The Company's subsidiaries in the Chinese mainland are subject to Chinese mainland corporate income tax at 25%, except that Goldpac Limited which is approved for 3 years as an enterprise satisfied as a High-New Technology Enterprise and is entitled to the preferential tax rate of 15% in 2021, 2022 and 2023.

According to a joint circular of Ministry of Finance and the State Administration of Taxation, Cai Shui (2008) No. 1, only the profits earned 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 Corporate Income Tax Law and Article 91 of its Implementation Rules, dividend distributed out of the profit generated thereafter, shall be subject to corporate income tax 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 liabilities on the undistributed profits earned by Goldpac Limited since 1 January 2008 have been accrued at the tax rate of 5%.

7. DIVIDENDS

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
2022 Final – HK12.0 cents (2021 Final – HK10.0 cents) per ordinary share	86,469	69,292
2022 Special – HK4.0 cents (2021 Special – HK4.0 cents) per ordinary share	28,823	27,716

Subsequent to the end of the current interim period, the Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2023(for the six months ended 30 June 2022 : Nil).

8. 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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Earnings:		
Profit for the period attributable to owners of the Company	75,393	75,766

For the six months ended 30 June	
2023	2022
Number of ordinary shares '000 (unaudited)	Number of ordinary shares '000 (unaudited)

Number of shares:

Weighted average number of ordinary shares for the purpose of basic earnings per share (*Note*)

811,431	816,545
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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.

For the six months ended 30 June 2023 and 2022, diluted earnings per share were same as the basic earnings per share as there was no potential dilutive ordinary share outstanding during the period.

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

During the period, the Group incurred capital expenditures of approximately RMB14,993,000 (for the six months ended 30 June 2022: RMB35,652,000) and capital expenditures of approximately RMB241,000 (for the six months ended 30 June 2022: Nil) for property, plant and equipment and right-of-use assets, respectively, and there were no capital expenditures incurred for investment property and intangible assets (for the six months ended 30 June 2022: Nil).

10. INVENTORIES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Raw materials	267,470	260,157
Work in progress	3,366	2,449
Finished goods	155,155	168,281
	425,991	430,887
<i>Less:</i> write-down of inventories to net realizable values	(61,717)	(68,266)
	364,274	362,621

11. TRADE RECEIVABLES

	As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
Trade receivables	533,409	345,271
Less: provision for impairment loss	<u>(8,351)</u>	<u>(4,949)</u>
	<u>525,058</u>	<u>340,322</u>

The carrying amounts of trade receivables approximate their fair values.

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 aging analysis of trade receivables net of provision for impairment loss presented based on the invoice date:

	As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
Aging		
0 – 90 days	354,306	237,750
91 – 180 days	70,924	47,892
181 – 365 days	65,250	28,408
Over 1 year	<u>34,578</u>	<u>26,272</u>
	<u>525,058</u>	<u>340,322</u>

12. TRADE AND BILLS PAYABLES

	As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
Trade payables	370,210	259,465
Bills payables – secured	<u>92,550</u>	<u>77,228</u>
	<u>462,760</u>	<u>336,693</u>

The carrying amounts of trade and bills payables approximate their fair values.

The Group normally receives credit terms of 60 to 180 days from its suppliers. The following is an aging 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.

	As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
Aging		
0 – 90 days	334,050	272,295
91 – 180 days	116,796	52,520
181 – 365 days	8,404	8,799
Over 1 year	<u>3,510</u>	<u>3,079</u>
	<u>462,760</u>	<u>336,693</u>

13. BANK BORROWINGS

	As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
Current liabilities		
Bank borrowings – unsecured	–	44,818

As at 31 December 2022, all the bank borrowings are:

- (a) at floating rates;
- (b) credit loan and the carrying amounts of the bank borrowings are denominated in HKD; and
- (c) repayable within one year.

The above opening balance of bank borrowings have been repaid during the period.

14. SHARE CAPITAL

	Number of ordinary shares '000	Amount <i>HKD'000</i>
Issued and fully paid: At 31 December 2022(audited) and 30 June 2023 (unaudited)	819,577	1,499,498
		<i>RMB'000</i>
Shown in the consolidated financial statements as of 31 December 2022 (audited) and condensed consolidated financial information as of 30 June 2023 (unaudited)		1,192,362

MANAGEMENT DISCUSSION AND ANALYSIS

Bolstering Core Business Through Self-reliant Sci-tech Development

Opportunities and Challenges

In the first half of 2023, major economies in the world were emerging from the shadow of the COVID-19 epidemic, but the recovery of the global economy was still constrained by geopolitical turmoil, inflation, supply chain fluctuations and other factors. China's economy is currently picking up, but still faces a lot of challenges such as insufficient domestic demand and complicated external environments among others, suggesting that the path ahead will have twists and turns. Relying on its 30-year experience, the Group is adopting a cautiously optimistic attitude and will grasp opportunities for new growth.

Facing the complicated macro-environment, the Group seized the opportunities along the new wave of technological revolution and industrial transformation. Catered to the rebounding of the economy and society as well as the financial industry, the Group achieved a healthy growth in both revenue and net profit. Adapted to economic development, the Group accelerated the implementation of its digital and platform-based strategy and endeavored to build its UMV platform, promoting the construction of a digital ecosystem for green finance, while leading the innovation in the financial technology (“fintech”) industry.

OVERVIEW

For the six months ended 30 June 2023, the Group recorded revenue of approximately RMB745.9 million, representing a year-on-year increase of approximately 5.1%. The Group recorded revenue of approximately RMB159.4 million in overseas, Hong Kong and Macao markets, representing a year-on-year increase of approximately 65.4%. The Group has provided products and services to 33 countries and regions around the world. With the implementation of the Group's digital and platform-based strategy, the platform and service business segment grew by approximately 9.7% year-on-year to approximately RMB268.6 million. Based on years of technology accumulation and advantageous market position, the Group continued to optimize business structure, expand overseas markets and strengthen supply chain management, resulting in an overall improvement of gross profit margin which increased by 1.7 percentage points to approximately 28.2% and net profit of approximately RMB85.6 million, representing a year-on-year increase of approximately 9.1%.

Healthy Growth of Embedded Software and Secure Payment Products Segment

During the Interim Period, the Group adopted proactive marketing strategies. The embedded software and secure payment products segment achieved steady growth, recording revenue of approximately RMB477.3 million, up-lifting approximately 2.7% year-on-year.

The Group paid close attention to the diversified payment needs of different regions around the world, and continued to launch secure payment products that meet the technical specifications of different regions. Through active participation in global conferences, exhibitions and other marketing activities, the Group further enhanced its influence in the international market and continued to maximize its global footprint, realizing a rapid and healthy development of its overseas business. For the six months ended 30 June 2023, the Group's revenue in overseas, Hong Kong and Macao markets of this segment recorded approximately RMB148.6 million, representing a year-on-year growth of approximately 66.7%.

Driven by the objective of achieving carbon peaking and carbon neutrality, the Group proactively advanced its green transformation programs and shouldered corporate social responsibility by integrating the concept of green development and low carbon into the Group's operation. The Group developed a series of eco-friendly payment products with eco-friendly materials certified by Underwriters Laboratories ("UL") and Intertek, and obtained a number of patents. The innovative eco-friendly products jointly launched by the Group and financial institutions have been successfully adopted and are widely recognized by the global market. During the Interim Period, the Group actively promoted the in-depth integration between digital technology and green finance and launched low-carbon secure payment solutions. By combining eco-friendly payment products with digital card issuance platform, the solutions aim to realize carbon neutrality targets over the full life cycle, boosting the high-quality and sustainable development of the finance industry.

Improvement in Platform and Service Business Segment

At present, the digital economy has become an important booster for global economy, and the digital transformation of the finance industry is being fast tracked. Taking a forward-looking mindset, the Group has advanced the deployment of its digital and platform-based development strategy. During the Interim Period, the digital equipment business recorded revenue of approximately RMB191.5 million, representing a year-on-year growth of 34.8%. Benefiting from the growth of the digital equipment business, the platform and service business segment recorded revenue of approximately RMB268.6 million, representing a year-on-year growth of 9.7%, and accounting for approximately 36.0% of the Group's revenue.

Advancing the construction of the UMV platform is the most important initiative of the Group's digital and platform-based strategy. The UMV platform aims to build an innovative ecosystem encompassing a secure payment value chain by linking upstream and downstream resources of the industry chain to provide one-stop digitally integrated financial business services. Leveraging on the platform-based advantages, the UMV platform promotes positive interaction among participants including financial institutions, card organizations, card issuers and consumers across the entire industry chain, facilitating the upgrades of products and services alongside the trends in digital transformation. During the Interim Period, the construction of the UMV platform has achieved remarkable progress with the complete technological infrastructure and business model qualified for different types of orders from 1 to 10 million. At the moment, the platform has been applied in multiple fields including finance, transportation and retail. Following the boosting of the digital transformation of the industry, it is believed that the UMV platform will bring business potential to the Group.

Financial Performance Indicators Remained Stable and Healthy

As at 30 June 2023, the Group's current assets totaled approximately RMB2.09 billion, representing a growth of approximately 15.1% compared to that of the end of 2022. The Group's current ratio and quick ratio were approximately 3.0 and 2.5 respectively, while the gearing ratio was approximately 26.6%. The Group still maintained a high level of liquidity and a low gearing rate. The aggregate amount of cash and cash equivalents, fixed bank deposits and pledged bank deposits reached approximately RMB1.15 billion. The Group will adhere to a prudent financial management policy and optimize its capital structure.

OUTLOOK

As the global economy gradually stabilizes and the business environment is continuously improving, more market opportunities are being discovered. The secure payment industry is undergoing a new round of evolution after the 3-year epidemic. The Group will further consolidate its core business advantages and explore new business opportunities to achieve industry co-development.

Firstly, the global market of secure payment products will maintain a steady growth. Attributed to its high security, the credit card is still a worldwide recognized secure payment vehicle. The credit card market will continue to expand with the world economy recovery and consumption growth. Meanwhile, as lots of countries are proactively advancing domestic payment systems, a new round of growth is expected in the market of secure payment products including credit cards. Based on the sustainable development goals, international card organizations are accelerating the application of eco-friendly materials in the payment field, boosting the development of eco-friendly payment products and solutions. At the same time, as the Chinese mainland accelerates the promotion of digital RMB, the digital RMB hardware wallet products show huge market potential.

Secondly, the digital transformation of retail banking will create more opportunities. In recent years, the external environment of consumer finance business has drastically changed and the value of retail banking has been signified. Banks are progressing towards a key transformation direction through refined operations and differentiated competitive advantages. Thus, banks are able to attract new customers and keep current ones engaged by providing high value-added products and services.

Thirdly, the increasing demand for self-service kiosks is also fueling market growth. Following the trend of digital transformation and operational efficiency enhancement, the business scope for self-service kiosks in fields including finance, government, retail and healthcare will expand. Furthermore, frontier technologies such as artificial intelligence, big data and Internet of Things (“IoT”) will facilitate the technology iteration and integration, which further promotes the expansion of the self-service kiosks market.

Fourthly, smart cards have broad prospects in the fields of telecommunication and transportation. In the telecommunication card market, the commercial popularization of 5G will drive demand for telecommunication card upgrades. Meanwhile, the rapid development of IoT will generate new momentum for cross-domain integration of the industry. Following the evolution of transportation connectivity, the one card solution sees a rapid growth in output volume.

STRATEGY IMPLEMENTATION

The Group will continue to adapt and develop in line with the new trends of market, relying on technological self-reliance and high-quality customer resources to develop new blue ocean markets.

Firstly, the Group will promote the construction of the UMV platform-B2B to realize the digitalization of traditional business processes and comprehensively improve capabilities of customer service. During a bank's digital transformation, the communication efficiency for traditional business processes needs to be improved. Relying on the UMV platform, the Group will integrate upstream and downstream resources within the industry to build a digital business management platform for business customers, achieving a complete digitized process from demand matching to order delivery, thus enhancing the service capabilities while reducing costs and optimizing efficiency.

Secondly, the Group will maintain the scale of its core business. The Group will cater to global development trends in green finance, and develop low-carbon secure payment solutions through the collaboration within the industry chain, covering products such as eco-friendly cards and metal cards, as well as digital card issuance platforms to assist financial institutions in achieving the environmental, social and governance (“ESG”) development targets. By fully utilizing the resources of the E-CNY Industry Alliance and leveraging its innovative advantages in fintech, the Group aims at leading the development in key areas such as digital currency products and services and scenario construction. Furthermore, the Group will extend its advantages to new business areas such as low carbon, environmental protection and digital currency through technology investment and product innovation.

Thirdly, the Group will venture into untapped markets in overseas regions. The Group will adhere to the rapid development of overseas markets and explore the potential for its secure payment products and card issuance solutions in regions around the world by leveraging on the digital marketing services of the UMV platform. Through active cooperation, the Group will efficiently tap target customers in new markets to expand market coverage and enhance the scale of its core business.

Fourthly, the Group will develop its 2C business through the UMV platform to assist banks to strengthen their marketing and customer-acquisition capabilities for the personal finance business segment. The value of personal finance business segment is highlighted by the latest trends of the consumer finance market in the Chinese mainland. The emergence of Internet financial platforms has intensified competition in the segment. Leveraging on the technological advantages of the UMV platform, the Group will identify the business development needs of banks to build a comprehensive marketing and customer-acquisition platform that serves credit cards, credit and other personal finance services. By adopting an open banking system interface approach, the UMV platform has currently obtained authorization from 20 banks. The Group will continue to advocate business cooperation between the UMV platform and banks.

Fifthly, the Group will advance the adoption of secure payment products and card issuance solutions in telecommunication, social security, transportation and other fields. Relying on its technological advantages in the field of secure payment, the Group will promote its technology innovation and explore the technology integration across multiple domains through active product development in telecommunication, IoT and automobile communications. It is expected to further increase the Group's core business value.

SUBSEQUENT EVENT

No material events occurred subsequent to 30 June 2023 and up to the date of this announcement.

DIVIDENDS

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
2022 Final — HK12.0 (2021 Final — HK10.0) cents per ordinary share	86,469	69,292
2022 Special — HK4.0 (2021 Special — HK4.0) cents per ordinary share	28,822	27,716

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

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 of 30 June 2023, the Company has utilised approximately RMB857.3 million for the purposes of production capacity expansion, research and development of innovative product and service, investment in associates and acquisition, market expansion, working capital supplementation and other general corporate purposes. The balances of the net proceeds were deposited in the bank account. The Company has utilised and will utilise the net proceeds pursuant to the purposes and the proportions as disclosed in the prospectus of the Company dated 22 November 2013 based on the business needs of the Company and the prevailing market condition.

LIQUIDITY AND FINANCIAL RESOURCES

Based on the Group's steady cash inflow from operations, coupled with sufficient cash and bank balances, the Group has adequate liquidity and financial resources to meet the daily operations and working capital requirements as well as to fund its expansion plans. By taking a prudent financial management attitude, the Group continued to maintain the healthy financial position.

As at 30 June 2023, the Group's total amount of cash and cash equivalents, fixed bank deposits and pledged bank deposits was approximately RMB1,148.4 million (as at 31 December 2022: approximately RMB1,349.2 million), of which approximately RMB890.6 million (as at 31 December 2022: approximately RMB728.4 million) was denominated in RMB, accounting for approximately 77.6% of the aggregate amount, and approximately RMB257.8 million (as at 31 December 2022: approximately RMB620.8 million) was denominated in USD, HKD and other currencies, accounting for approximately 22.4% of the aggregate amount.

As at 30 June 2023, the Group's total amount of trade receivables was approximately RMB525.1 million (as at 31 December 2022: approximately RMB340.3 million). It is the industry practice that the settlement of trade receivables peaks around the end of year.

As at 30 June 2023, the Group's total current assets amounted to approximately RMB2,094.3 million (as at 31 December 2022: approximately RMB1,819.0 million), with an increase by approximately 15.1% compared with that as at 31 December 2022.

As at 30 June 2023, the Group's current ratio was approximately 3.0 (as at 31 December 2022: approximately 2.6), representing a high liquidity.

As at 30 June 2023, the Group had no bank borrowings (as at 31 December 2022: approximately RMB44.8 million). As at 30 June 2023, the Group's gearing ratio (gearing ratio is equivalent to total liabilities divided by total assets) was approximately 26.6% (as at 31 December 2022: approximately 26.4%).

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. During the six months ended 30 June 2023, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group manages its foreign currency risk by closely monitoring the fluctuation of foreign currency rates.

CAPITAL EXPENDITURE

For the six months ended 30 June 2023, the Group's capital expenditure was approximately RMB15.0 million (for the six months ended 30 June 2022: approximately RMB35.7 million). The capital expenditure includes expenses incurred in connection with fixed assets and the construction in process.

CAPITAL COMMITMENT

The aggregate capital commitment of the Group as at 30 June 2023 was approximately RMB25.3 million (as at 31 December 2022: approximately RMB24.0 million).

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the six months ended 30 June 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

For the six months ended 30 June 2023, the Group did not have any future plans for material investments and capital assets.

PLEDGED ASSETS

As at 30 June 2023, bank deposits of approximately RMB235.2 million (as at 31 December 2022: approximately RMB227.0 million) were pledged to secure the bills payables.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2023, 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 and social standards to ensure sustainable development of its business. During the six months ended 30 June 2023, the Group's environmental, social and governance (“ESG”) management team had managed, monitored, recommended and reported on environmental, social and governance aspects continuously. An ESG report for the year ended 31 December 2022 prepared with reference to Appendix 27 to the Listing Rules (Environmental, Social and Governance Reporting Guide) was published on the Company's and the Stock Exchange's websites in April 2023.

The Group has complied with all relevant laws and regulations in relation to its business including anti-corruption, health and safety, workplace conditions, employment and the environment in all material aspects during the six months ended 30 June 2023. 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 the cooperation with its suppliers to jointly foster a fair business environment, and provides high quality products and services to its customers to ensure continued and sustainable development.

HUMAN RESOURCES AND REMUNERATION POLICIES

Digital transformation has helped the Group to optimize its organizational structure and streamline staff, thus improving the labor efficiency. As at 30 June 2023, the Group had a total of 1,513 employees (as at 31 December 2022: 1,583), with an decrease of 70 employees as compared to those as at 31 December 2022. Total employee benefits expenses, including Directors' emoluments, for the six months ended 30 June 2023 amounted to approximately RMB109.8 million (for the six months ended 30 June 2022: approximately RMB120.2 million).

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 adopts 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 Chinese mainland, 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 Chinese mainland. The Group also provides full coverage of housing provident fund contributions as required by local regulations in the Chinese mainland. For overseas employees, the Group makes contributions towards relevant insurance schemes as required by the local regulations.

The Group’s emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the remuneration committee of the Company (the “**Remuneration Committee**”) periodically. The emoluments of the Directors are recommended by the Remuneration Committee to the Board and are decided by the Board, having regard to the Group’s operating results, individual performance and comparable market statistics.

The Group emphasises on employee performance and development, and is committed to enhancing their knowledge and skills. The Group provides comprehensive internal and external trainings, such as compulsory orientation, job skills training, improvement training, information security training, compliance and legal training, business etiquette training, etc.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors have confirmed, following specific enquiries made by the Company, that they have complied with the Model Code throughout the six months ended 30 June 2023.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) which comprised all three independent non-executive Directors, namely Mr. MAK Wing Sum Alvin (*Chairman*), Ms. YE Lu, and Mr. LAI Tung Kwok, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023.

PricewaterhouseCoopers, the Company’s auditor, had carried out review of the unaudited interim results of the Group for the six months ended 30 June 2023 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 ANNOUNCEMENT AND INTERIM REPORT 2023

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.goldpac.com). The Company's interim report for the six months ended 30 June 2023 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, 22 August 2023

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. WU Siqiang, Mr. LING Wai Lim and Ms. LI Yijin; and the independent non-executive Directors of the Company are Mr. MAK Wing Sum Alvin, Ms. YE Lu and Mr. LAI Tung Kwok.

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