

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2024**

**HIGHLIGHTS**

- For the six months ended 30 June 2024, due to global economic slowdown and customers outside the Chinese mainland experiencing longer-than-expected purchasing cycles, the Group recorded a revenue of approximately RMB542.0 million, representing a year-on-year decrease of approximately 27.3%.
- During the Interim Period, the Group recorded a gross profit of approximately RMB132.3 million, representing a year-on-year decrease of approximately 37.2%. The gross profit margin decreased by 3.8 percentage points to approximately 24.4% compared to the same period of 2023, but the Group still maintained healthy profitability.
- The Group's profit for the period was approximately RMB30.5 million, representing a year-on-year decrease of approximately 64.4%.
- Factors such as longer purchasing cycles of customers outside the Chinese mainland and the increased market competition in the Chinese mainland affected the Group's revenue from embedded software and secure payment products segment, which recorded a revenue of approximately RMB290.3 million, representing a year-on-year decrease of approximately 39.2%.
- Increased market competition of digital equipment led to a fall in its sales volume, which caused a year-on-year decrease in revenue of approximately 6.3% to approximately RMB251.7 million in the Group's platform and service business segment for the period.
- In the face of such a complex macro-environment, the Group persevered and accelerated its implementation of digital and platform-based strategy, increased its research and development investment for digital platform, and promoted projects development in automobile safety, telecommunications, transportation and other fields. During the Interim Period, the Group invested approximately RMB53.4 million in research and development, representing a year-on-year increase of approximately 4.3%, and accounting for approximately 9.9% of the revenue.

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 2024 (the “**Interim Period**”).

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2024*

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Revenue</b>	4	<b>542,012</b>	745,884
Cost of sales		<b>(409,702)</b>	(535,347)
<b>Gross profit</b>		<b>132,310</b>	210,537
Other income		<b>24,914</b>	27,122
Other gains – net		<b>1,738</b>	3,976
Research and development expenses		<b>(53,410)</b>	(51,223)
Selling and distribution expenses		<b>(50,126)</b>	(66,414)
Administrative expenses		<b>(23,187)</b>	(25,443)
Provision for impairment loss on trade receivables		<b>(1,607)</b>	(3,402)
Finance income – net		<b>866</b>	1,062
<b>Profit before income tax</b>	5	<b>31,498</b>	96,215
Income tax expense	6	<b>(1,026)</b>	(10,600)
<b>PROFIT FOR THE PERIOD</b>		<b>30,472</b>	85,615
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		<b>430</b>	1,875
<b>Total comprehensive income for the period</b>		<b>30,902</b>	87,490
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>31,144</b>	75,393
Non-controlling interests		<b>(672)</b>	10,222
		<b>30,472</b>	85,615
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>31,574</b>	77,268
Non-controlling interests		<b>(672)</b>	10,222
		<b>30,902</b>	87,490
<b>Earnings per share (RMB cents)</b>			
– Basic	8	<b>3.8 cents</b>	9.3 cents
– Diluted	8	<b>3.8 cents</b>	9.3 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		289,461	295,069
Right-of-use assets		33,219	36,165
Investment property		186,258	190,832
Deferred tax assets		28,941	28,708
Other receivables		–	67,933
Fixed bank deposits	9	216,170	122,349
<b>Total non-current assets</b>		<b>754,049</b>	<b>741,056</b>
<b>Current assets</b>			
Inventories	10	269,451	301,577
Trade receivables	11	380,581	330,995
Contract assets		11,999	12,038
Other receivables and prepayments		102,814	77,564
Financial assets at fair value through profit or loss		110,857	–
Pledged bank deposits		40,274	156,656
Fixed bank deposits		503,058	669,471
Cash and cash equivalents		292,676	404,550
<b>Total current assets</b>		<b>1,711,710</b>	<b>1,952,851</b>
<b>Total assets</b>		<b>2,465,759</b>	<b>2,693,907</b>
<b>EQUITY</b>			
Share capital	13	1,192,362	1,192,362
Reserves		809,200	880,969
Equity attributable to owners of the Company		2,001,562	2,073,331
Non-controlling interests		2,486	21,740
<b>Total equity</b>		<b>2,004,048</b>	<b>2,095,071</b>

		As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> <b>(unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> (audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		6,585	7,382
Deferred tax liabilities		<u>35,240</u>	<u>37,399</u>
<b>Total non-current liabilities</b>		<u>41,825</u>	<u>44,781</u>
<b>Current liabilities</b>			
Trade and bills payables	12	313,392	399,788
Contract liabilities		18,697	25,332
Other payables		55,456	82,552
Lease liabilities		3,069	4,584
Income tax payable		<u>29,272</u>	<u>41,799</u>
<b>Total current liabilities</b>		<u>419,886</u>	<u>554,055</u>
<b>Total liabilities</b>		<u>461,711</u>	<u>598,836</u>
<b>Total equity and liabilities</b>		<u>2,465,759</u>	<u>2,693,907</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 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, retails, public services including social security, healthcare, transportation, etc. 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 Centre, 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 20 August 2024.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard (“**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 D2 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 of the Company for the year ended 31 December 2023 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 2023 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 2023 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 of the laws of Hong Kong).

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 2023.

### **3 ACCOUNTING POLICIES**

The accounting policies applied are consistent with the financial statements for the year ended 31 December 2023, as described in those annual financial statements, except for the adoption of standards and amendments to HKASs and Hong Kong Financial Reporting Standards ("HKFRSs") effective for the financial year beginning 1 January 2024.

#### **(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 2025 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 2024 reporting period and have not been early adopted by the Group. The Group is still assessing and 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 2024 and 2023 by business segment are as follow:

	<b>For the six months ended 30 June 2024</b>		
	<b>Embedded software and secure payment products RMB'000</b>	<b>Platform and service RMB'000</b>	<b>Total RMB'000</b>
<b>Types of goods or services</b>			
Embedded software and secure payment products	290,292	–	290,292
Data processing and other services	–	164,202	164,202
Digital equipment	–	87,518	87,518
	<hr/>	<hr/>	<hr/>
Total	<b>290,292</b>	<b>251,720</b>	<b>542,012</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Geographical markets</b>			
The Chinese mainland	238,989	240,986	479,975
Non-Chinese mainland	51,303	10,734	62,037
	<hr/>	<hr/>	<hr/>
Total	<b>290,292</b>	<b>251,720</b>	<b>542,012</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>For the six months ended 30 June 2023</b>		
	<b>Embedded software and secure payment products RMB'000</b>	<b>Platform and service RMB'000</b>	<b>Total RMB'000</b>
<b>Types of goods or services</b>			
Embedded software and secure payment products	477,310	–	477,310
Data processing	–	77,060	77,060
Digital equipment	–	191,514	191,514
	<hr/>	<hr/>	<hr/>
Total	<b>477,310</b>	<b>268,574</b>	<b>745,884</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Geographical markets</b>			
The Chinese mainland	328,694	257,807	586,501
Non-Chinese mainland	148,616	10,767	159,383
	<hr/>	<hr/>	<hr/>
Total	<b>477,310</b>	<b>268,574</b>	<b>745,884</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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	–	Design, development, manufacture and sale of embedded software and secure payment products for smart secure payment
Platform and service	–	Provision of data processing, digital equipment, logistical auxiliary service, system platforms and other total solutions for customers in a wide business range including financial, retails, public services including social security, healthcare, transportation, etc. 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 and other 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 segments:

	Revenue		Results	
	Six months ended 30 June 2024	2023	Six months ended 30 June 2024	2023
	<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	290,292	477,310	62,784	128,886
– platform and service	251,720	268,574	69,526	81,651
	<u>542,012</u>	<u>745,884</u>	132,310	210,537
Other income			24,914	27,122
Other gains – net			1,738	3,976
Research and development expenses			(53,410)	(51,223)
Selling and distribution expenses			(50,126)	(66,414)
Administrative expenses			(23,187)	(25,443)
Provision for impairment loss on trade receivables			(1,607)	(3,402)
Finance income – net			866	1,062
Profit before income tax			<u>31,498</u>	<u>96,215</u>



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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit before income tax is arrived at after charging/(crediting) following items:		
Directors' emoluments	<b>5,678</b>	5,758
Retirement benefits scheme contributions	<b>7,361</b>	6,966
Staff costs	<b>98,080</b>	97,073
Cost of inventories sold	<b>310,463</b>	451,990
Government grants ( <i>Note i</i> )	<b>(267)</b>	(886)
Value-added tax refund ( <i>Note i</i> )	<b>(6,027)</b>	(7,719)
Interest income ( <i>Note i</i> )	<b>(16,427)</b>	(16,213)
Unrealised gain from financial assets at FVTPL ( <i>Note ii</i> )	<b>(857)</b>	–
Net exchange gains ( <i>Note ii</i> )	<b>(881)</b>	(3,975)
Reversal of write-down of inventories to net realisable values	<b>(9,499)</b>	(6,548)
Depreciation of property, plant and equipment	<b>17,741</b>	18,213
Depreciation of right-of-use assets	<b>2,783</b>	2,972
	<b>—————</b>	<b>—————</b>

*Notes:*

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

## 6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current income tax		
Chinese mainland corporate income tax	—	—
Hong Kong profits tax	<u>(3,418)</u>	<u>(10,853)</u>
	<b>(3,418)</b>	<b>(10,853)</b>
Deferred income tax	<u>2,392</u>	<u>253</u>
Income tax expense	<u><b>(1,026)</b></u>	<u><b>(10,600)</b></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 2020, 2021 and 2022. Goldpac Limited has obtained the renewal in 2023 and continued to be entitled to the preferential tax rate of 15% in 2023, 2024 and 2025.

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
2023 Final – HK10.0 cents (2022 Final – HK12.0 cents) per ordinary share	<u>73,817</u>	<u>86,469</u>
2023 Special – HK4.0 cents (2022 Special – HK4.0 cents) per ordinary share	<u>29,526</u>	<u>28,823</u>

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2024 (for the six months ended 30 June 2023 : 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:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Earnings:		
Profit for the period attributable to owners of the Company	<u>31,144</u>	<u>75,393</u>

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>Number of ordinary shares '000</b>	<b>Number of ordinary shares '000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share ( <i>Note</i> )	<u>809,789</u>	<u>811,431</u>

*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 2024 and 2023, 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 FIXED BANK DEPOSITS

As at 30 June 2024, the amount of non-current fixed bank deposits was RMB216,170,000 (as at 31 December 2023: RMB122,349,000), RMB30,000,000 of the non-current fixed bank deposits was pledged for bills payables from April 2024 to July 2024.

## 10 INVENTORIES

	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Raw materials	183,188	222,766
Work in progress	3,697	3,679
Finished goods	<u>136,982</u>	<u>139,047</u>
	323,867	365,492
Less: write-down of inventories to net realisable values	<u>(54,416)</u>	<u>(63,915)</u>
	<u><u>269,451</u></u>	<u><u>301,577</u></u>

## 11 TRADE RECEIVABLES

	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Trade receivables	386,499	336,018
Less: provision for impairment loss	<u>(5,918)</u>	<u>(5,023)</u>
	<u><u>380,581</u></u>	<u><u>330,995</u></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:

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	<b>As at 31 December 2023 RMB'000 (audited)</b>
Aging		
0 – 90 days	214,826	215,954
91 – 180 days	83,331	38,219
181 – 365 days	38,878	39,403
Over 1 year	43,546	37,419
	<u>380,581</u>	<u>330,995</u>

## 12 TRADE AND BILLS PAYABLES

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	<b>As at 31 December 2023 RMB'000 (audited)</b>
Trade payables	264,279	255,784
Bills payables – secured	49,113	144,004
	<u>313,392</u>	<u>399,788</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.

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	As at 31 December 2023 RMB'000 (audited)
Aging		
0 – 90 days	<b>186,304</b>	231,360
91 – 180 days	<b>65,578</b>	101,052
181 – 365 days	<b>38,436</b>	60,934
Over 1 year	<b>23,074</b>	6,442
	<b>313,392</b>	399,788

### 13 SHARE CAPITAL

	<b>Number of ordinary shares '000</b>	<b>Amount HKD'000</b>
Issued and fully paid:		
At 31 December 2023 (audited)	819,577	1,499,498
shares cancellation	(1,642)	–
At 30 June 2024 (unaudited)	<b>817,935</b>	<b>1,499,498</b>
		<i>RMB'000</i>
Shown in the consolidated financial statements as of 31 December 2023 (audited) and condensed consolidated financial information as of 30 June 2024 (unaudited)		<b>1,192,362</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Reinforcing Confidence to Accelerate the Implementation of Digital and Platform-Based Strategy

In the first half of 2024, geopolitical tensions continued and policy divergences became more prominent. According to the *World Economic Outlook* published by The International Monetary Fund in July 2024, global manufacturing remained subdued, inflation in prices for services was more persistent and commodity prices surged. The economic growth of developed economies was slower than projected. Developing countries were also facing continuous deceleration in economic growth, as well as obstacles posed by insufficient effective demand and prudent consumer behaviour in the Chinese mainland market. Therefore, the world economy is facing more prominent near-term and mid-term challenges, leading to an unclear outlook.

Since China is one of the largest economies and markets for payment solutions in the world, it continues to be one of the main markets that the Group focused its efforts on. In the first half of 2024, the Chinese government enhanced anti-fraud efforts, leading to a more guarded attitude towards credit card issuance. The banking industry having focused on cultivating its existing user market combined with the impact of insufficient effective demand and reduced consumption in China, resulting in a decline in the number of newly issued credit cards in the Chinese market. Meanwhile, the factors above contributed to the acceleration of the digital transformation in the banking industry, leading financial institutions to grasp opportunities spawned from the integration of sci-tech innovation and industry development, paving a way for breakthroughs from underlying logic to transformative business operational models.

In the face of such a complex macro-environment, the Group will closely monitor the movement of payment markets, accelerate the implementation of its digital and platform-based strategy, and adapt its product structure to maintain its core business scale. As financial institutions around the globe are undergoing digital transformation, the Group will harness development opportunities by investing greater efforts into fintech innovation, reinforcing confidence to explore room for breakthroughs in the evolving economic landscape.

## OVERVIEW

Due to global economic slowdown and other uncertainties in the first half of 2024, customers outside the Chinese mainland experienced longer-than-expected purchasing cycles. As the Chinese government tightened risk management of the banking industry, the industry turned to the existing user market which witnessed a decrease in the quarterly circulation of credit cards and credit and debit duo cards. Intensified market competition and phased adjustment of financial institutions' business strategies towards existing users led to a fall in both the sales price and sales volume of the Group's products. For the six months ended 30 June 2024, the Group recorded a revenue of approximately RMB542.0 million, representing a year-on-year decrease of approximately 27.3%.

The Group persisted in its commitment to fintech innovation and accelerated its implementation of its digital and platform-based strategy. The Group increased its research and development investment for digital platform, and promoted projects development in automobile safety, telecommunications, transportation and other fields. During the period, the Group invested approximately RMB53.4 million in research and development, representing a year-on-year increase of approximately 4.3%, and accounting for approximately 9.9% of the revenue. At the same time, influenced by periodic changes in the revenue structure, the Group recorded a gross profit of approximately RMB132.3 million, representing a year-on-year decrease of approximately 37.2%. The gross profit margin decreased by 3.8 percentage points to approximately 24.4% compared to the same period of 2023, but the Group still maintained healthy profitability. Mainly influenced by the decrease of the gross profit, as well as the increase in research and development expenses and the decrease in exchange gains, the Group's profit for the period was approximately RMB30.5 million, representing a year-on-year decrease of approximately 64.4%.

During the period, factors such as longer purchasing cycles of customers outside the Chinese mainland and the increased market competition in the Chinese mainland affected the Group's revenue from embedded software and secure payment products segment. This business segment recorded a revenue of approximately RMB290.3 million, representing a year-on-year decrease of approximately 39.2%.

During the period, increased market competition of digital equipment led to a fall in its sales volume, which caused a year-on-year decrease in revenue of approximately 6.3% to approximately RMB251.7 million in the Group's platform and service business segment.

The Group's financial performance indicators remained stable and healthy. In this dynamic business environment, the Group has equipped itself with an excellent risk resistance capacity to ensure the stability and sustainability of the business, as well as sufficient investment for future research and development. As of 30 June 2024, the Group's current assets totalled approximately RMB1.712 billion. The Group's current ratio and quick ratio were approximately 4.1 and 3.4 respectively, while the gearing ratio was approximately 18.7%. 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, pledged bank deposits and financial assets at FVTPL reached approximately RMB1.163 billion. The Group will adhere to a prudent financial management policy and will optimise its capital structure.

## **OUTLOOK**

In the era of competing for existing users, banks have to focus on both the inelastic demand of customers and digital transformation, which brings the Group opportunities for advancing business model transformation through its digital and platform-based strategy. The Group offers comprehensive business services for financial institutions by developing its UMV digital platform. Focusing on the diverse needs of financial institutions, the UMV digital platform gathers upstream and downstream participants of the industrial chain and offers all-round and intelligent solutions via innovative technologies such as Artificial Intelligence (“AI”) and big data. The UMV digital platform helps financial institutions efficiently deal with various challenges of non-financial core business workflows and enhance core business competitiveness to gain better market performance. The Group has successfully launched UMV – Goldigital platform for business customers, and UMV – YoMee platform for end users during the period.



The UMV – Goldigital platform helps financial institutions to accommodate consumers’ needs for small-batch, rapidly issued personalised products in the digital era. With comprehensive digital operations, the platform helps financial institutions to reduce costs while improving efficiency and enhancing core competitiveness. There are already over 18 corporate customers in fields of finance and transportation using the UMV – Goldigital platform since its launch. The UMV – YoMee platform for end consumers has partnered with over 20 banks and attracted a continuously growing number of end users with its expanding catalogue of customised secure payment products.

The Group will continue to utilise the power of the UMV digital platform, propelling the Group on a new trajectory for growth.

### **First, to Stabilise and Capture a Larger Share of the Current Product Market.**

In the first half of 2024, Mastercard launched its card issuance and clearing business in China, helping China to improve the multi-level and diversified payment service systems. Meanwhile, the surge in online commerce and the rising requirement for contactless payment options have bolstered the reliance on credit card payments, and the digital transformation is also boosting the expansion of credit card business in markets of wider regions around the world. It is projected that the global credit card market will expand at a compound annual growth rate between 5% to 9% from 2023 to 2033, which demonstrates the growth potential of credit card business. Therefore, the Group will fully utilise the core advantages in the field of secure payment, and leverage the UMV digital platform to stabilise and advance the development of credit card business.

The UMV – Goldigital platform leverages AI, big data and cutting-edge algorithms to build a one-stop, digitally integrated, and continually upgraded service platform. It facilitates financial institutions in realising the entire operations life cycle from offer to delivery, helping them to improve service quality and efficiency. Simultaneously, the Group continuously optimises the service capabilities of the entire industrial chain across creative marketing, brand building, and flexible manufacturing amongst others, to provide financial institutions with add-on services related to secure payment products, further delivering value to their existing customers. Additionally, the UMV digital platform integrates the Group’s internal digital system, further strengthening the Group’s core competitive advantages of efficiency and security, facilitating the Group in stabilising and capturing a larger share of the current product market.

### **Second, to Promote Innovative Products and Services.**

Closely following the sci-tech development and the growing personalised demand of consumers, the Group is devoted to promote innovative products and service model. During the period, the UMV – YoMee platform promoted innovative products and services to end consumers, which facilitated banks to improve customer experience, and the platform received positive feedback from customers. Benefiting from international card organisations’ support for environment protection, as well as the positive effect of Race to Zero campaign, eco-friendly payment products will embrace a rapid development.

### **Third, to Promote Business Transformation From B2B to B2C2B Models.**

The traditional B2B business model has been a growing problem as operational pressure increases. Banks are facing the challenges of propelling business growth while trying to save costs. The Group disrupted the B2B business model by introducing a B2C2B structure through digital operation and internet traffic aggregation via the UMV digital platform.

The Group gathers sophisticated card craftsmanship, IP collaboration and AI technologies to develop the newest and trendsetting secure payment products for bank customers on the UMV - YoMee platform, which also offers a revolutionary platform for banks to display. With corresponding online promotional events, it attracts end users' attention and purchase of secure payment products, which facilitates financial institutions in precision marketing. During the period, this cooperation model has already been successfully implemented in several medium-to-large banks, signifying the Group's adaptability and capability to transform business models. There are plans for extensive promotion and implementation of the platform in the coming two years. The integration and digitalisation of the UMV – Goldigital platform and the UMV – YoMee platform will connect commercial financial services with the volume of end consumer traffic, building an innovative ecosystem of the secure payment value chain.

### **Fourth, to Expand Global Business Territories.**

Along with the transformation to B2C2B, the Group will leverage on the breadth of features and flexibility of the UMV digital platform and its digital service capabilities to connect diverse players in the fintech industry including card organisations, card issuers, financial institutions and end users. It also disrupts the previous model and changes the current situation of repeated allocation of production resources in the global industry via resource aggregation and sharing. At the same time, the Group will pay close attention to the diverse needs of different countries and regions around the world and cultivate opportunities to improve market coverage through active international outreach and collaborative initiatives. The Group will accelerate its promotion of existing successful business models to markets in target regions around the world, and expect feedback in the coming two years.

## SUBSEQUENT EVENT

No material events occurred subsequent to 30 June 2024 and up to the date of this announcement.

## DIVIDENDS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
2023 Final — HK10.0 cents (2022 Final — HK12.0 cents) per ordinary share	<u>73,817</u>	<u>86,469</u>
2023 Special — HK4.0 cents (2022 Special — HK4.0 cents) per ordinary share	<u>29,526</u>	<u>28,822</u>

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2024 (for the six months ended 30 June 2023: 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 2024, the Company has utilised approximately RMB860.9 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 requirements as well as to fund its research and development and business expansion plans. The Group formulates and exercises fund management measures and upholds a conservative financial management attitude. The Board monitors the use of funds to ensure the safety, liquidity and profitability of funds.

As at 30 June 2024, the Group's total amount of cash and cash equivalents, fixed bank deposits, pledged bank deposits and financial assets at FVTPL was approximately RMB1,163.0 million (as at 31 December 2023: approximately RMB1,353.0 million), of which approximately RMB1,004.5 million (as at 31 December 2023: approximately RMB1,096.1 million) was denominated in RMB, accounting for approximately 86.4% of the aggregate amount, and approximately RMB158.5 million (as at 31 December 2023: approximately RMB256.9 million) was denominated in USD, HKD and other currencies, accounting for approximately 13.6% of the aggregate amount.

As at 30 June 2024, the Group's financial assets at FVTPL amounted to approximately RMB110.9 million (as at 31 December 2023: Nil), which was the structured deposits represented by principal-guaranteed financial products issued by banks, among which approximately RMB50.6 million was in Bank of China Limited, approximately RMB30.1 million was in Industrial Bank Co., Ltd and approximately RMB30.2 million was in China Guangfa Bank Co., Ltd.

As at 30 June 2024, the Group's total amount of trade receivables was approximately RMB380.6 million (as at 31 December 2023: approximately RMB331.0 million). It is the industry practice that the settlement of trade receivables peaks around the end of year.

As at 30 June 2024, the Group's total current assets amounted to approximately RMB1,711.7 million (as at 31 December 2023: approximately RMB1,952.9 million).

As at 30 June 2024, the Group's current ratio was approximately 4.1 (as at 31 December 2023: approximately 3.5), representing a high liquidity.

As at 30 June 2024, the Group had no bank borrowings (as at 31 December 2023: Nil and did not use any financial instruments for hedging purpose). As at 30 June 2024, the Group's gearing ratio (gearing ratio is equivalent to total liabilities divided by total assets) was approximately 18.7% (as at 31 December 2023: approximately 22.2%).

## **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 2024, 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 2024, the Group's capital expenditure was approximately RMB11.7 million (for the six months ended 30 June 2023: approximately RMB15.2 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 2024 was approximately RMB4.3 million (as at 31 December 2023: approximately RMB3.8 million).

## **CONTINGENT LIABILITIES**

As at 30 June 2024, the Group had no material contingent liabilities.

## **SIGNIFICANT INVESTMENTS**

The Group did not have any significant investments during the six months ended 30 June 2024.

## **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 2024.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

For the six months ended 30 June 2024, the Group did not have any future plans for material investments and capital assets.

## **PLEGGED ASSETS**

As at 30 June 2024, bank deposits of approximately RMB40.3 million (as at 31 December 2023: approximately RMB156.7 million) were pledged to secure the bills payables, with a decrease by approximately 74.3% compared with that as at 31 December 2023 due to a decrease in the invoiced amount of bills payable.

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

The 1,642,000 shares repurchased by the Company during the period from November to December 2023 were cancelled on 29 April 2024. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

The treasury share regime under the Listing Rules is not yet available to the Company, being a listed issuer incorporated in Hong Kong, and accordingly, the disclosure requirements in respect of treasury shares under the Listing Rules are not applicable to the Company.

## **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 2024, 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 2023 prepared with reference to Appendix C2 to the Listing Rules (Environmental, Social and Governance Reporting Guide) was published on the Company's and the Stock Exchange's websites in April 2024.

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 2024. 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**

The Group has optimised its staff structure to facilitate the digital transformation. As at 30 June 2024, the Group had a total of 1,342 employees (as at 31 December 2023: 1,507), with a decrease of 165 employees. Total employee benefits expenses, including Directors' emoluments, for the six months ended 30 June 2024 amounted to approximately RMB111.1 million (for the six months ended 30 June 2023: approximately RMB109.8 million). Organizational optimisation driven by digital transformation is expected to help the Group to further streamline staff and improve the labour efficiency in the second half of 2024.

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 specialised and challenging career development and training programmes. 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 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 Part 2 of Appendix C1 of the Listing Rules during the six months ended 30 June 2024.

## **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 C3 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 2024.

## **REVIEW OF INTERIM RESULTS**

The audit committee of the Company which comprised all three independent non-executive Directors, namely Mr. JIANG Li (*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 2024.

PricewaterhouseCoopers, the Company's auditor, had carried out review of the unaudited interim results of the Group for the six months ended 30 June 2024 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 2024**

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 Company's interim report for the six months ended 30 June 2024 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, 20 August 2024

*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. LU Wai Lim and Ms. LI Yijin; and the independent non-executive Directors of the Company are Mr. JIANG Li, 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.*