This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read the prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading supplier in Greater China (including the PRC, Hong Kong and Macao) of financial cards (in the form of magnetic strip cards or smart cards), card personalisation services and on-site card issuance system solutions. According to the Frost & Sullivan Report, we were the largest provider of financial cards in terms of sales value and the third largest in term of sales volume for the year ended 31 December 2012 in Greater China and we were the only financial card manufacturer and the only card personalisation services provider in the PRC certified by all six of the leading worldwide payment card organisations (Visa, MasterCard, American Express, UnionPay, JCB and Diners Club). The financial cards that we produce and personalise are used in a variety of manners, including as debit cards, credit cards, charge cards and social insurance cards. We are one of the leaders in card personalisation services and the largest card personalisation services provider in terms of both sales value and sales volume for the year ended 31 December 2012 in Greater China. We are also a major provider of on-site card issuance system solutions with a market share of 23.6% in terms of sales value during the same period. According to the Frost & Sullivan Report, in Greater China, the total sales value of financial cards has grown from RMB665.2 million in 2008 to RMB2.4 billion in 2012, while the total sales value of card personalisation services has grown from RMB56.3 million in 2008 to RMB281.6 million in 2012. Our turnover for the years ended 31 December 2010, 2011 and 2012, was RMB357.2 million, RMB444.3 million and RMB676.6 million, respectively, representing a CAGR of 37.6%, and for the six months ended 30 June 2012 and 2013, was RMB275.7 million and RMB540.4 million, respectively. Our profit after tax for the years ended 31 December 2010, 2011 and 2012, was RMB53.4 million, RMB48.1 million and RMB115.1 million, respectively, representing a CAGR of 46.8%, and for the six months ended 30 June 2012 and 2013, was RMB43.0 million and RMB81.1 million, respectively.

PRODUCTS AND SERVICES

During the Track Record Period, we were principally engaged in providing total secured solutions and services for financial institutions, government agencies and other organisations that issue financial cards. We deliver total solutions to our customers through a portfolio of products and services within three segments that make up the value chain of Greater China financial card, personalisation service, card issuance systems solution service:

- manufacture and sales of magnetic strip cards and smart cards;
- provision of personalisation solutions services; and
- provision of on-site card issuance system solutions and related solutions services.

For further details of our products and services, see "Business — Our Products, Solutions and Services" on page 100 in this prospectus.

Set out below is a brief description of our three market segments:

Magnetic Strip Cards and Smart Cards

We design and manufacture a wide range of magnetic strip card and smart card products to our customers, primarily for use as financial cards (including debit cards, credit cards, charge cards and social insurance cards), as well as other purposes such as public transportation cards and highway toll cards.

Personalisation Services

Personalisation services generally include a series of customised services involved in the design, packaging and distribution of financial cards. Our personalisation services involve the process of loading personal data or premium value applications onto the IC chips embedded in smart cards. The principal personalisation services we provided including inventory management, data processing, magnetic strip encoding, embossing, personal data loading, and irregular / rush card processing.

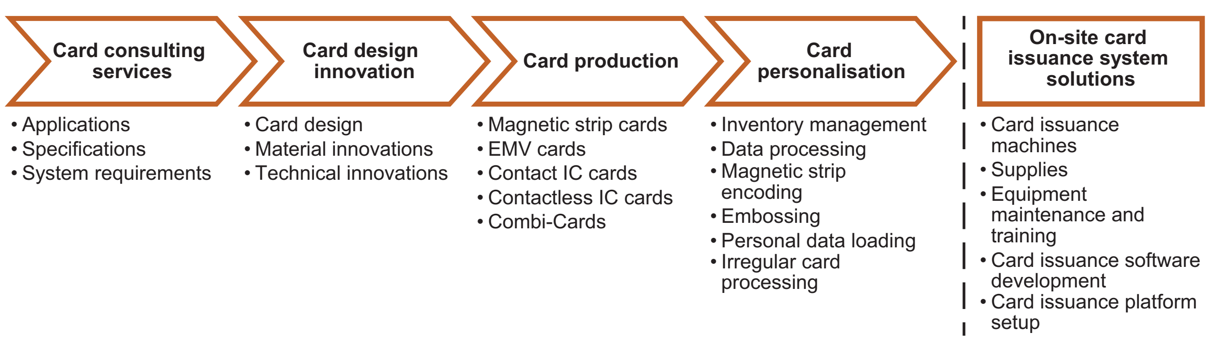
On-Site Card Issuance System Solutions

We are a distributor in the PRC of on-site card issuance system solutions. Our solutions include central card issuance systems for high-volume industrial size card personalisation operations and desktop card issuance systems for issuance at low volumes near where our end users are located, such as within bank branches. Our on-site card issuance system solutions include, among others, including consulting and planning, provision of equipment, software customisation, equipment installation and training and after-sales service and repairs.

BUSINESS MODEL

Our ability to provide products and services across these three complimentary segments allows us to be a one stop shop for issuers of financial cards. Card issuers can fully outsource their card issuance functions to us by purchasing our full suite of products and services to assist them from planning and design of new card products to production all the way through personalisation and issuance of cards and final delivery to end users. They can also purchase our products and services a la carte, depending on their needs.

The following diagram illustrates our business model:



Turnover

The following table sets forth the turnover attributable to each of our market segments and the respective percentage of total turnover for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2010		2011		2012		2012		2013	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000 (unaudited)*	%	*RMB'000*	%
Sales of										
Magnetic strip cards and smart cards	274,753	76.9	311,878	70.2	499,227	73.8	187,877	68.1	435,763	80.6
Personalisation service	52,924	14.8	69,950	15.7	81,859	12.1	37,954	13.8	55,660	10.3
On-site card issuance system solutions	29,479	8.3	62,427	14.1	95,523	14.1	49,904	18.1	48,950	9.1
Total	**357,156**	**100.0**	**444,255**	**100.0**	**676,609**	**100.0**	**275,735**	**100.0**	**540,373**	**100.0**

Awards

Our products and services have received numerous awards in recognition of their quality and innovation. For example, the Guangdong Science and Technology Department* (廣東省科學技術廳) awarded our safety authentication and multi-function safety payment cards products as "High and New Technology Product of Guangdong Province of 2011* (2011年廣東省高新技術產品)", and our contactless smart card operation system and laser cards were jointly awarded by five Guangdong governmental authorities as "Independent Innovative Product of Guangdong Province* (廣東省自主創新產品)" in 2011.

OUR COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES

We have been able to compete successfully in our industry due to the following strengths: (i) our Group and our brand is widely recognised within our industry both in China and internationally for our high quality products and services; (ii) we provide a comprehensive product portfolio and integrated customer solutions; (iii) our strong research, design and development capabilities are a solid foundation for our innovation and adoption of advanced technologies; (iv) we have a stable, strong and diverse customer base; and (v) we have an experienced management team with extensive industry experience.

We intend to strengthen our market position and increase our market share by pursuing business strategies including the following: (i) continue to work closely with our customers and other market participants to develop innovative, value-added solutions that satisfy the needs of our customers; (ii) expand our research and development efforts on new payment technologies; (iii) expand our existing production facilities and capabilities; and (iv) selectively expand overseas markets. For further details of our competitive strengths and business strategies, please see "Business — Our Competitive Strengths" on page 96 and "Business — Our Business Strategies" on page 98, respectively, in this prospectus.

SALES AND CUSTOMERS

Within the PRC, we serve many of the leading national and regional state-owned and joint-stock commercial banks, as well as foreign banks. Our customer base has wide geographic coverage across the PRC. We also serve a number of banks in Hong Kong and Macao, as well as banks outside of Greater China. In terms of public sector customers, in the PRC we provide social insurance cards for a number of municipal jurisdictions, as well as cards for public transportation and toll facilities for transportation agencies in a number of cities and regions. We also provide cards for certain corporate and retail clients. The following table sets forth our turnover by geographical market, based on the location of operations of our customers for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2010		2011		2012		2012		2013	
Location	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000 (unaudited)*	%	*RMB'000*	%
PRC	309,825	86.7	397,430	89.5	602,234	89.0	250,995	91.1	508,779	94.2
Hong Kong and Macao	42,950	12.0	37,710	8.5	64,259	9.4	19,117	6.9	29,275	5.4
Philippines	2,766	0.8	6,353	1.4	6,436	1.0	3,325	1.2	1,610	0.3
Mongolia	632	0.2	1,671	0.4	1,827	0.3	646	0.2	509	0.1
Other countries	983	0.3	1,091	0.2	1,853	0.3	1,652	0.6	200	0.0
Total	**357,156**	**100.0**	**444,255**	**100.0**	**676,609**	**100.0**	**275,735**	**100.0**	**540,373**	**100.0**

For each of the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013, our five largest customers in aggregate accounted for approximately 36.6%, 35.2%, 46.6% and 62.1%, respectively of our total turnover. Sales to our largest customer for each of the same periods amounted to approximately 13.1%, 15.5%, 20.7% and 42.3% of our total turnover respectively. The sales to BOC Credit Card (International) Limited and certain Bank of China entities in the PRC (including BOC Services Co. Ltd), connected persons of our Company, accounted for 8.5%, 9.4%, 15.9% and 14.6% of our Group's total sales for the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, respectively. The supply of cards and solutions to Gemalto Taiwan Co., Ltd and Gemalto Pte. Ltd., connected persons of our Company, amounted to RMB1,398,000, RMB903,000, RMB193,000, and nil for the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, respectively.

Most of our customers, including banks and financial institutions in the PRC and governmental departments and public utilities institutions, will normally determine their outsourcing procurement via a tender process whereby we are required to submit a detailed bidding proposal to the head office of such customer (although in some cases we participate in requests for tender made by regional branches of banks or financial institutions). After achieving a successful bid, we will usually enter into a framework agreement with the head office of the customer that made the request for tender. The framework agreement provides that we, along with the other successful bidding vendors, will become one of such customer's preferred suppliers to its regional branches. The regional branches will then make purchase orders with one or more of the preferred suppliers and, we will communicate directly with those regional branches in order to secure purchase orders from them. In the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, our subsidiary Goldpac Secur-Card had 16, 16, 12 and 16 successful bids, respectively, out of 23, 23, 17 and 19 invitations to tender from head offices of banks and financial institutions in the PRC, respectively, that we participated in, and represent a success rate of 69.6%, 69.6%, 70.6% and 84.2%, respectively. The following table sets forth the turnover attributable to tender projects and non-tender projects and the respective percentage of total turnover for the periods indicated:

	Year ended 31 December						**Six months ended 30 June**	
	2010		**2011**		**2012**		**2013**	
	RMB'000	*%*	***RMB'000***	*%*	***RMB'000***	*%*	***RMB'000***	*%*
Turnover attributable to								
Tender projects[(1)]	307,461	86.1	394,689	88.8	629,894	93.1	519,250	96.1
Non-tender projects[(2)]	49,695	13.9	49,566	11.2	46,715	6.9	21,123	3.9
Total	**357,156**	**100.0**	**444,255**	**100.0**	**676,609**	**100.0**	**540,373**	**100.0**

(1) Mostly for banks, financial institutions and other state-owned companies and governmental agencies.
(2) Mostly for privately-owned companies and overseas companies.

For further details, see "Business — Business Process" on page 103 and "Business — Customers" on page 120 in this prospectus.

None of the Directors or any of their respective associates, or any shareholders, who owned more than 5% of our issued share capital as at the Latest Practicable Date, holds any interest in any of our five largest customers in any of the financial years during the Track Record Period and the six months ended 30 June 2013, other than Mr. Ting Tao I, our non-executive Director, and BOCI Investment. Details of its relationship are set out under the section headed "Connected Transactions — Connected Persons" on page 139 in this prospectus.

The members of our sales and marketing and engineering teams also maintain regular contact with our prospective customers to keep abreast of their future plans with respect to secure payment solutions, new requirements for products and services and potential upcoming requests for tender. As at 30 June 2013, our marketing and sales team comprised 63 personnel. All personnel of our marketing and sales team are knowledgeable about our products and services and have extensive sales experience. We also closely communicate with our marketing and sales personnel to keep abreast of the latest market trend and developments within the industry. For further details, see "Business — Sales and Marketing" on page 120 in this prospectus.

PROCUREMENT AND SUPPLIERS

We procure our raw materials from third-party suppliers that are mostly based in the PRC, Singapore and Hong Kong. A material portion of our raw materials include IC chips, which we use in the production of smart cards, and PVC, which we used in the production of magnetic strip cards and smart cards. Raw materials incurred during the year/period represented approximately 69.8%, 70.7%, 78.5% and 85.7%, respectively, of our total cost of manufacturing for the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013. We have established long-term relationships with our major suppliers, most of which have been our suppliers for over seven years. For each of the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013, purchases from our top five suppliers together accounted for approximately 54.6%, 53.4%, 73.4% and 96.4% of our total purchase, respectively, while the largest supplier accounted for approximately 16.7%, 20.1%, 26.9% and 59.3% respectively. For further details, see "Business — Suppliers" on page 123 in this prospectus. The procurement from Gemalto group, a connected person of our Company, accounted for 4.4%, 6.9%, 31.3% and 60.2% of our Group's total purchase and 12.4%, 19.4%, 57.8% and 79.0% of our total purchase of IC chips for the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, respectively.

As at the Latest Practicable Date, none of our Directors, or their respective associates, or any shareholders of our Company who, to the knowledge of our Directors, owned 5% or more of our issued share capital, had any interest in any of our five largest suppliers during the Track Record Period, other than Gemalto, which is a connected person of our Company, and Mr. Christophe Jacques Pagezy, our non-executive Director. Details of its relationship are set out under the section headed "Connected Transactions — Connected Persons" on page 139 in this prospectus.

PRODUCTION FACILITIES

We carry out our card production activities at our manufacturing facilities currently located in Zhuhai, Guangdong province and our card personalisation services at our personalisation centres in Zhuhai and Shanghai.

Our main facility in Zhuhai has an aggregate site area of approximately 36,000 sq.m. and a total gross floor area of approximately 13,400 sq.m. In order to expand our business, we are in the process of establishing a new production facility at our main office site in Zhuhai, which, when fully completed, will occupy a total gross floor area of approximately 11,500 sq.m. The construction of the new plant building was completed in June 2013 and we expect to commence operations in the fourth quarter of 2013 or the first quarter of 2014. The new plant when fully completed and fit out will primarily house our smart card production lines.

We have another facility in Shanghai with a gross floor area of approximately 2,100 sq.m., which includes a card personalisation centre. Our Shanghai facility provides various services relating to personalisation such as data processing, embossing cards and delivery to our customers located in Shanghai and eastern China. We intend to expand our Shanghai facility by leasing additional buildings, which will occupy a gross floor area of approximately 860 sq.m. For further details, see "Business — Facilities" on page 109 in this prospectus.

EXPANSION PLAN

In order to satisfy increasing demand for our financial card products, we intend to increase our manufacturing capacity by establishing a new production facility at our existing manufacturing site in Zhuhai, Guangdong province, and increase our personalisation services capacity at our existing site in

Shanghai. We have finished construction of our new production building in June 2013 in Zhuhai, which we expect to commence operations in the fourth quarter of 2013 or the first quarter of 2014. We expect to commence operating our new personalisation lines in Shanghai in the fourth quarter of 2013 or the first quarter of 2014. We also expect to make further upgrades and other improvements to the Zhuhai and Shanghai facilities, including purchasing additional machinery to increase automation in both of these facilities to increase efficiency and manage increasing labour costs. We expect to complete our expansion projects by 2016. We will continue to shift our focus away from magnetic strip cards and mainly towards greater production of smart cards. After the expansion and upgrade, we expect that our aggregate designed production capacity each year for card manufacturing will increase from our present annual capacity of approximately 221 million units as at 31 December 2012 to approximately 280 million units, among which will consist of approximately 80 million units for magnetic strip cards and approximately 200 million units for smart cards. We plan to manage our production capacity growth by leveraging our experience in managing our existing production facilities and expanding our production capacity cost-efficiently. The total estimated capital expenditures in relation to the expansion of our Zhuhai and Shanghai facilities, through the end of 2016, is approximately RMB266.5 million and RMB3.4 million, respectively, of which approximately RMB9.6 million and nil, respectively, had been spent up to 30 June 2013 for the acquisition of property, plant and equipment. For further details of our expansion plan, please see "Business — Expansion Plan" on page 111 in this prospectus.

RESEARCH, DESIGN AND DEVELOPMENT

Strong research and development capabilities are important to ensure our success and our ability to develop application solutions to meet the requirements of financial institutions, government departments or agencies, and business enterprises. Such capabilities also enable us to continue to upgrade our existing application solutions in response to the changes in technological developments. Consequently, we continue to increase our resources devoted to research and development. We have dedicated two research and development centres in Zhuhai and Beijing. As at 30 June 2013, we have approximately 262 staff members engaged in research and development and design and the majority of them have received tertiary education. Furthermore, we also have cooperation with universities like Beijing Institute of Technology Zhuhai College* (北京理工大學珠海學院) and Wuhan University* (武漢大學). We have research agreements with Wuhan University* (武漢大學) since 2010 in which we cooperate with and provide financial support for faculty and student researchers in their development of new technologies relating to our business. Such technologies include various software applications and applets for use with our smart card products. These research relationships provide us with a source of new technology as well as a source for recruitment of new research and development staff, as we regularly hire graduates that have participated in these research programmes.

We expect to spend approximately RMB262.8 million (equivalent to approximately HK$332.7 million) of the net proceeds from the Global Offering from 2014 to 2016 on research and development projects and initiatives (assuming (i) an offer price of HK$5.10 per Offer Share, which is the mid-point of the indicative Offer Price range, (ii) that the Over-Allotment Option is not exercised and (iii) the net proceeds are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.00 to RMB0.79) as set forth in the table below:

	2014	2015	2016	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Smart card application platform	35,202	43,024	19,400	**97,626**
New payment platforms and applications	16,258	20,325	7,724	**44,307**
Data task system for personalisation services	10,021	6,681	5,076	**21,778**
Establish integrated research and development centre and facilities	10,514	4,506	—	**15,020**
Develop enhanced security features	2,703	2,027	2,027	**6,757**
Acquire equipment and facilities	29,189	29,189	18,972	**77,350**
Total	**103,887**	**105,752**	**53,199**	**262,838**

INDUSTRY AND COMPETITIVE LANDSCAPE

We consider the financial card and card services industry in which we operate to be highly competitive. Although the industry has high entry barriers, such as technology, security requirements, qualification and certification requirements, production capacity, production experience and stable customer relationships, the competition among existing market players is intense in terms of product quality, pricing, performance, reliability, timeliness of delivery, product development capabilities, customer service and overall management. In the year ended 31 December 2012, in Greater China, we were the largest financial card supplier in terms of sales value and the third largest in terms of sales volume, and were the largest personalisation services provider in terms of both sales value and sales volume. Our key competitors in these two market segments consist of domestic PRC manufacturers as well as multi-national corporations selling in the PRC and other markets in which we supply our products. For the on-site card issuance system solutions market segment in Greater China, as at 31 December 2012, our sales value accounted for 23.6% of total sales value in this segment. Our competitors in this market segment are primarily PRC-based companies.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised and not taking into account of any Shares which fall to be issued and allotted upon exercise of the options granted under the Pre-IPO Share Option Scheme and options to be granted under the Share Option Scheme), GIHL will hold approximately 44.60% of the issued share capital of our Company. GIHL is wholly-owned by Chairman Lu. Accordingly, GIHL and Chairman Lu will be our Controlling Shareholders after the Global Offering. Apart from our Group, the Controlling Shareholders and their respective associates do not have interests in other businesses. In addition, the Controlling Shareholders have entered into the Deed of Non-Competition with us to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which may be in competition with our businesses. For more details, see "Relationship with Controlling Shareholders" on page 134 in this prospectus.

PRE-IPO INVESTMENT BY BOCI INVESTMENT

On 3 July 2013, BOCI Investment, a company incorporated under the laws of Hong Kong and a subsidiary of BOC, entered into a subscription agreement with our Company, pursuant to which, BOCI Investment agreed to subscribe for 15.04% issued share capital of our Company, for a consideration of the HK$ equivalent of RMB187,000,000, being HK$234,618,086.92 fully settled on 4 July 2013, which was determined by the parties after arm's length negotiations by reference to, among other matters, the historical and anticipated financial performance of our Group at the time of the investment from BOCI Investment. Upon completion of the subscription, our Company was held as to 67.97% by GIHL, 16.99% by GISA, and 15.04% by BOCI Investment, respectively. Up to the Latest Practicable Date, the finance cost of the share repurchase obligations as a result of such Pre-IPO Investment was approximately RMB11 million, is charged to profit and loss and is of non-cash nature. We do not expect such notional finance cost to have a material impact on our business and working capital for the year ending 31 December 2013.

The carrying value of such share repurchase obligations at the date prior to the Listing will be reclassified to the equity but not through profit and loss of the Company upon the Listing, when such share repurchase obligation is terminated, which have no impact on the net assets value of our Group upon Listing. Please see "History and Corporate Structure — Pre-IPO Investment" on page 91 in this prospectus for further details about the subscription by BOCI Investment.

SELECTED HISTORICAL FINANCIAL INFORMATION

Results of Operations

The table below sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Turnover	357,156	444,255	676,609	275,735	540,373
Cost of goods sold	(230,081)	(298,255)	(473,221)	(184,171)	(384,463)
Gross profit	127,075	146,000	203,388	91,564	155,910
Other income, expenses, gains or losses	4,245	2,732	12,192	5,997	(2,876)
(Loss) gain on fair value changes of derivative financial instruments	—	(13,058)	13,058	(3,692)	—
Research and development costs	(20,595)	(23,605)	(28,548)	(11,327)	(19,457)
Selling and distributions costs	(35,118)	(40,640)	(41,540)	(18,130)	(25,158)
Administrative expenses	(6,536)	(8,253)	(13,783)	(5,824)	(6,417)
Finance costs	—	(1,153)	(6,819)	(5,565)	(548)
Profit before taxation	69,071	62,023	137,948	53,023	101,454
Taxation	(15,655)	(13,941)	(22,835)	(9,977)	(20,329)
Profit for the year	**53,416**	**48,082**	**115,113**	**43,046**	**81,125**

Consolidated Statements of Financial Position

The table below sets forth our summary consolidated statements of financial position as at 31 December 2010, 2011 and 2012 and 30 June 2013:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non current assets	75,892	80,737	94,564	114,884
Current assets	377,567	440,273	613,344	866,191
Current liabilities	175,730	366,813	488,438	697,711
Net current assets	201,837	73,460	124,906	168,480
Total assets less current liabilities	277,729	154,197	219,470	283,364
Net assets	267,020	147,047	213,467	276,077

Cash Flows

The table below sets forth our cash flows for the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2012 and 2013:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash from/(used in) operating activities	47,504	91,468	232,900	(42,437)	(20,026)
Net cash from/(used in) investing activities	(83,240)	(89,371)	(25,495)	35,181	73,954
Net cash from/(used in) financing activities	33,421	(23,134)	(187,487)	19,667	(9,298)
Net (decrease)/increase in cash and cash equivalents	(2,315)	(21,037)	19,918	12,411	44,630
Cash and cash equivalents at the beginning of year/period	47,111	44,007	22,317	22,317	42,223
Effect of foreign exchange rate changes	(789)	(653)	(12)	68	(382)
Cash and cash equivalents at the end of year/period	**44,007**	**22,317**	**42,223**	**34,796**	**86,471**

Financial Ratios

	Year ended/as at 31 December			Six months ended/as at 30 June
	2010	2011	2012	2013
Net profit margin(1)	15.0%	10.8%	17.0%	15.0%
Current ratio(2)	214.9%	120.0%	125.6%	124.1%
Quick ratio(3)	175.2%	94.9%	95.8%	100.0%
Return on assets(4)	11.8%	9.2%	16.3%	8.3%
Return on equity(5)	20.0%	32.7%	53.9%	29.4%
Interest coverage ratio(6)	N/A	55	21	184
Net debt to equity(7)	N/A	107.5%	2.9%	N/A
Gearing ratio(8)	13.1%	122.6%	22.6%	20.9%

Notes:

(1) Net profit margin equals our net profit after tax divided by turnover for the year/period.
(2) Current ratio equals our current assets divided by current liabilities as at the end of the year/period.
(3) Quick ratio equals our current assets less inventories divided by current liabilities as at the end of the year/period.
(4) Return on assets equals net profit for the year/period divided by total assets as at the end of the year/period.
(5) Return on equity equals net profit for the year/period divided by total equity amounts as at the end of the year/period.
(6) Interest coverage ratio equals profit before interest and tax of one year/period divided by interest expenses of the same year/period.
(7) Net debt to equity ratio equals net debt divided by total equity as at the end of the year/period. Net debt includes all interest-bearing bank loans and loans from/amounts due to related parties, net of cash and cash equivalents.
(8) Gearing ratio equals total debt divided by total equity as at the end of the year/period. Total debt includes all interest-bearing bank loans and loans from/amounts due to related parties.

Analysis of Key Financial Ratios

Net Profit Margin

The extent of fluctuation of our net profit margin during the Track Record Period was magnified by the fair value gain and loss of foreign currency forward contracts recorded during the year ended 31 December 2012 and 2011 respectively. Excluding the fair value changes, our net profit margin was 13.8% for the year ended 31 December 2011 and 15.1% for the year ended 31 December 2012. Our net profit margin (excluding fair value changes) declined in 2011 primarily due to a decline in our gross profit margin. Although our gross profit margin declined further in 2012, our cost control measures implemented helped us to restore our net profit margin.

Current Ratio

The decrease in current ratio from 214.9% as at 31 December 2010 to 120.0% as at 31 December 2011 was primarily as a result of a substantial increase in current liabilities primarily due to increased bank borrowings for the purpose of, among others, making dividend distribution to certain of our Group's shareholders in 2011. Since then our current ratio remained relatively stable as at 31 December 2012 and 30 June 2013.

Return on Assets and Return on Equity

Our return on assets ratio decreased from 11.8% for the year ended 31 December 2010 to 9.2% for the year ended 31 December 2011 primarily as a result of a decrease in our net profit for the year as well as our declined cash balance. Return on assets ratio increased to 16.3% for the year ended 31 December 2012 primarily as the increase in our profits exceeded the growth of our asset base. Our return on assets ratio was 8.3% for the six months ended 30 June 2013.

Our return on equity ratio increased from 2010 to 2011 primarily due to a smaller decrease in our net profit relative to the decrease in our equity balance as a result of our dividend payment in 2011. Our return on equity ratio increased further in 2012 primarily due to a larger increase in our net profit relative to the increase in our equity balance as a result of more effective cost control measures we implemented in 2012. Our return on equity ratio was 29.4% for the six months ended 30 June 2013. On an annualised basis, our return on equity ratio was 58.8%. The slightly higher return on equity was primarily due to a greater increase in our profit relative to a slight increase in our equity balance.

Gearing Ratio

Our gearing ratio increased substantially from 13.1% as at 31 December 2010 to 122.6% as at 31 December 2011 primarily due to an increase in bank loans to finance our working capital and a decrease in our total equity as a result of dividend distributions. It decreased to 22.6% as at 31 December 2012 primarily as a result of a substantial decrease in our bank borrowings. Our gearing ratio decreased slightly to 20.9% as at 30 June 2013.

For further details about the analysis of financial ratios, please see "Financial Information — Financial Ratios" on page 204 in this prospectus.

Gross Profit and Gross Profit Margin

The table below sets forth our gross profit and gross profit margin by product category for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2010		2011		2012		2012		2013	
	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Magnetic strip cards and smart cards	83,173	30.3	84,873	27.2	125,986	25.2	52,924	28.2	105,994	24.3
Personalisation service	32,262	61.0	37,549	53.7	42,722	52.2	20,957	55.2	27,513	49.4
On-site card issuance system solutions	11,640	39.5	23,578	37.8	34,680	36.3	17,683	35.4	22,403	45.8
Total	**127,075**	35.6	**146,000**	32.9	**203,388**	30.1	**91,564**	33.2	**155,910**	28.9

The decrease in our overall gross profit margin was mainly attributable to a decrease of gross profit margin for our magnetic strip cards and smart cards and personalisation service segments. The gross profit margin for our magnetic strip cards and smart cards decreased mainly because we shifted our focus to produce more smart cards in response to the evolving market trend, which increased our total cost of goods sold since certain IC chips used for certain bank cards and higher-end financial social insurance cards that are needed for the production of a bulk of our smart cards commanded higher prices.

In addition, with respect to our personalisation service, the gross profit margin decreased from the year ended 31 December 2010 to the year ended 31 December 2012 primarily due to a decrease of approximately 15.0% in average selling price, whereas the average cost of goods sold remained stable during the same period. The trend continued in the six months ended 30 June 2013 primarily due to the shift in our focus to provide more smart card related personalisation service, which commanded higher average selling price but also a higher cost of goods sold than our personalisation service for magnetic strip cards. For further details about the analysis of gross profit and gross profit margin, please see "Financial Information — Principal Income Statement Components — Gross Profit and Gross Profit Margin" on page 172 in this prospectus.

Selling Price of Our Products and Services

For our magnetic strip cards and smart cards, the average selling price of these cards increased approximately 70.1% during the period from the year ended 31 December 2010 to the year ended 31 December 2012, and increased approximately 120.1% during the period from the six months ended 30 June 2012 to the six months ended 30 June 2013. The increase in our average selling price for our magnetic strip cards and smart cards was mainly because we shifted our focus to produce more smart cards in response to the evolving market trend which commanded higher prices. For our personalisation services, the average selling price decreased approximately 15.0% during the period from the year ended 31 December 2010 to the year ended 31 December 2012 primarily due to increased competition in the open tender processes, which limited our ability to adjust the price of our personalisation services. The average selling price also increased approximately 35.3% during the period from the six months ended 30 June 2012 to the six months ended 30 June 2013 primarily due to our shift in focus to smart cards, which have a higher per unit price, from magnetic strip cards in response to the evolving market trend.

Cash Flow from Operating Activities

Our net cash used in operating activities for the six months ended 30 June 2013 was RMB20.0 million, primarily reflecting our profit before taxation of RMB101.5 million as adjusted for (i) an increase in trade and bills receivables of approximately RMB285.5 million, and (ii) an increase in inventories of approximately RMB26.3 million, and was offset primarily by an increase in trade and bills payables of approximately RMB196.6 million. We had net operating cash outflow for the six months ended 30 June 2013 primarily due to the increase in purchases of raw materials in response to the increase in the production of our smart cards as well as the practice of many of our customers in the PRC (where the turnover generated from the PRC accounted for 86.7%, 89.5%, 89.0% and 94.2% of our total turnover for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013) of having relatively longer repayment time during the year and having their outstanding balances settled at close to year end. We had bank balances and cash of approximately RMB86.5 million as at 30 June 2013, which we believe would be sufficient for our working capital needs and that occasional net cash outflow for operating activities will not have a material adverse effect on our financial condition and liquidity. As at 30 September 2013, we maintained bank balances and cash of approximately RMB158.4 million. However, our ability to maintain adequate cash flows from operating activities may affect our future liquidity, the payment of our trade and bills payables, as well as the repayment of outstanding bank loans. For further details on the risks associated with our net cash used in operating activities for the six months ended 30 June 2013, please see "Risk Factors — Risk Relating to Our Business — Our negative operating cash flow may expose us to liquidity risk" on page 31 in this prospectus.

(Loss) Gain on Fair Value Changes of Derivative Financial Instruments

(Loss) gain on fair value changes of derivative financial instruments mainly includes foreign currency forward contracts, which we utilise to limit our foreign currency exchange risk exposure arising from our repayment of short-term foreign currency denominated bank loans in 2012. For further details about the gain/loss on fair value change of derivative financial instruments, please see "Financial Information — Description of Selected Consolidated Statements of Financial Position Items — Derivative Financial Instruments" on page 200 in this prospectus.

RECENT DEVELOPMENTS

Based on our unaudited management accounts for the three months ended 30 September 2013, our unaudited turnover for this period was approximately RMB299.5 million, and our gross profit was approximately RMB87.7 million. Our gross profit margin remained relatively stable during this period at approximately 29.2%. Save for the listing expenses as described below, we did not incur any material exceptional expenses during the three months ended 30 September 2013.

In terms of expansion of our Shanghai facility, our Directors have confirmed that the expansion was underway as planned with the commencement of the initial constructions. We expect to commence operation towards the end of 2013 or the first quarter of 2014. Furthermore, our Directors have confirmed that, as at the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 30 June 2013, being the last date of our latest audited consolidated financial statements as up to the Latest Practicable Date.

LISTING EXPENSES

We incurred approximately RMB3.9 million in expenses for the Global Offering and Listing during the Track Record Period, and expect to incur an additional RMB6.3 million up to 30 September 2013 in expenses and expect to incur an additional RMB8.7 million in expenses until the completion of the Global Offering and Listing. Total listing expenses of RMB35.8 million in relation to the issue of new Shares, including underwriting commission, which assumes an Offer Price of HK$5.10 per Offer Share, representing the mid-point of the indicative offer price range, are expected to be capitalised. Our Directors would like to emphasise that such cost is a current estimate for reference only, and the final amount to be recognised to the statement of comprehensive income of our Group or to be capitalised is subject to adjustment based on audit and the then changes in variables and assumptions. We do not expect these expenses to have a material impact on our business and results of operations for the year ending 31 December 2013.

IMPACT OF PRE-IPO SHARE OPTION SCHEME

We have adopted the Pre-IPO Share Option Scheme on 15 November 2013. Its principal terms are set out in the sections headed "Other Information — 15. Share Option Schemes — B. Pre-IPO Share Option Scheme" in Appendix IV to this prospectus.

The total number of Shares subject to the Pre-IPO Share Option Scheme is 36,000,000 Shares, representing approximately 4.5% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Global Offering and taking no account of any shares which may be allotted and issued pursuant to the exercise of the Over-allotment options and the options granted or to be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme.

The total number of Shares immediately following completion of the Capitalisation Issue and Global Offering assuming the Over-allotment Option and any options granted under the Share Option Scheme are not exercised, would be diluted by approximately 4.31% upon the exercise in full of the options granted under the Pre-IPO Share Option Scheme.

Further, assuming that all the options granted under the Pre-IPO Share Option Scheme had been exercised in full during the year ended 31 December 2012 and that 836,000,000 Shares, comprising 800,000,000 Shares to be in issue immediately after the Capitalisation Issue and the Global Offering (assuming no exercise of the Over-allotment Option) and 36,000,000 Shares to be issued upon the exercise of all of the options granted under the Pre-IPO Share Option Scheme, were deemed to have been in issue throughout the year ended 31 December 2012, this would have a potentially dilutive effect on audited basic earnings per Share from approximately RMB14.4 cents (assuming on 800,000,000 Issued Shares) to approximately RMB13.8 cents (assuming on 836,000,000 Issued Shares). This calculation has been prepared on the assumption that we will not receive any proceeds from the exercise of any option under the Pre-IPO Share Option Scheme, without taking into account the impact of fair value of the Shares on computation of the number of potentially dilutive Shares, and without taking into account the impact of the fair value of the options under the Pre-IPO Shares Option Scheme on the audited net profit for the year ended 31 December 2012.

DIVIDEND POLICY

We may declare dividends in the future after taking into account our results of operations, cash flows, financial condition and future prospects, as well as statutory and regulatory restrictions on our ability to make dividend payments and any other factors that we may consider relevant. However, our Group has distributed dividends of nil, RMB167.4 million, RMB48.7 million and RMB19.7 million for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, respectively, to the then equity holders of our Group. In addition, on 1 July 2013, our Group declared dividends of RMB72.0 million for the year ended 31 December 2012. All declared and unpaid dividends will be fully settled prior to Listing through our internal resources and bank borrowings. After Listing, the declaration of dividends will be subject to the approvals of our Board, after considering the above factors, and by our then Shareholders. Subject to the factors described above, our Board of Directors intends to recommend at the relevant shareholders' meetings an annual dividend of no less than 20% of our net profit available for distribution to the Shareholders in the foreseeable future.

OFFER STATISTICS

	Based on an Offer Price of HK$4.52 per Share	**Based on an Offer Price of HK$5.67 per Share**
Market capitalisation of our Shares(1)	HK$3,616 million	HK$4,536 million
Unaudited pro forma adjusted consolidated net tangible asset value per Share(2)	HK$1.67	HK$1.95

Notes:

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised. The calculation of market capitalisation is based on 800,000,000 Shares expected to be issued and outstanding following the completion of the Global Offering.

(2) The unaudited pro forma adjusted consolidated net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II and based on 800,000,000 Shares expected to be issued and outstanding following the completion of the Global Offering.

USE OF PROCEEDS

Assuming an offer price of HK$5.10 per Offer Share, which is the mid-point of the indicative Offer Price range, and assuming that the Over-Allotment Option is not exercised, the net proceeds to our Company from the issue of the Offer Shares, after deducting underwriting commissions and fees (taking no account of any discretionary fee) and estimated expenses payable by our Company is HK$950.7 million.

We intend to use the proceeds from the Global Offering for the purposes and in the amounts set below:

- Approximately 35.0%, or HK$332.7 million is expected to be used primarily for research and development of new products and services such as security features, smart card applications, new payment platforms and applications and personalisation services, and the establishment of our integrated research and development centre

- Approximately 35.0%, or HK$332.7 million, is expected to be used primarily for expansion to our production facilities, upgrades and other improvements to our existing card production and personalisation service facilities

- Approximately 10.0%, or HK$95.1 million, is expected to be used for financing future strategic alliances with complementary companies by way of either joint ventures or acquisitions

- Approximately 10.0%, or HK$95.1 million, is expected to be used for further strengthening our presence in the existing markets outside of the PRC

- Approximately 10.0%, or HK$95.1 million, is expected to be used for working capital and other general corporate purposes

If the net proceeds our Company receives are either more or less than expected (including due to the payment of any discretionary fee), our Company will adjust the allocation of the net proceeds for the above purposes on a pro rata basis.

RISK FACTORS

There are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business and our industry; (ii) risks relating to conducting business in China; and (iii) risks relating to the Global Offering. These risk factors are further described in the section entitled "Risk Factors" on page 27 in this prospectus.