

HISTORY AND CORPORATE STRUCTURE

BUSINESS HISTORY AND DEVELOPMENT

Prior to establishing our Group, Chairman Lu, through GIHL, commenced providing financial cards to commercial bank since 1993. Our first subsidiary, Goldpac Secur-Card, was established in 1995 and was then held partially by GIHL and Secur-Card Technology Pte Ltd, an Independent Third Party, and after its establishment, commenced providing financial cards to commercial bank. In 1999 a wholly-owned subsidiary of the predecessor of Gemalto (“**Gemalto Group Company**”) became a shareholder of Goldpac Secur-Card, through the acquisition of the entire issued share capital of Secur-Card Technology Pte Ltd. Since the establishment of our Group, we have developed expertise in the business of card manufacturing and providing card production solutions relating to these products. Currently, our business primarily consists of three segments, namely, (i) manufacture and sale of magnetic strip cards and smart cards, (ii) provision of card personalisation services and (iii) provision of on-site card issuance system solutions.

The following sets out our major business milestones and achievements:

	Year	Event
1990s	1995	Established Goldpac Secur-Card, our major PRC subsidiary, in Zhuhai
	1997	Began to manufacture and sell magnetic strip cards
		Obtained approvals from Visa and MasterCard to manufacture the relevant cards
	1999	Established our first personalisation service centre in the PRC Gemalto Group Company became an indirect shareholder of Goldpac Secur-Card
2000s	2000	Established Goldpac Datacard in Hong Kong
	2004	Established our Company in Hong Kong GISA became a shareholder of our Company as nominated by Gemalto
	2005	Provided the first EMV card in PRC
		Jointly recognised by four national level government agencies in the PRC as providing a “National Key Product* (國家重點新產品)”
		Became the only manufacturer in PRC certified by all six of the leading worldwide payment card organisations (Visa, MasterCard, American Express, UnionPay, JCB and Diners Club)
	2006	Commenced the construction of our phase two factory in Zhuhai
	2007	Established our new facility in Shanghai and a new branch in Beijing
2010s	2011	Received the award “Winner, Unique Innovation — Elan Awards for Card Manufacturing Excellence” from the International Card Manufacturers Association Jointly recognised by five provincial level governmental authorities in the PRC as a provincial level enterprise technology centre of Guangdong* (廣東省省級企業技術中心)
		Recognised by NDRC as a “National Demonstration Company for the Development of Linkage between Manufacture and Logistics* (全國製造業與物流業聯動發展展示範單位)”
	2012	Recognised by MOFCOM as a “Key Outsourcing Service Enterprise in 2012* (2012年商務部重點聯繫服務外包企業)” The largest financial card supplier and the largest card personalisation services provider in terms of sales volume in Greater China
	2013	Completed the construction of our new production facility in Zhuhai

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CORPORATE DEVELOPMENT

The following describes the corporate history of our Company and our subsidiaries.

Our Company

Our Company, which changed its name from Great Steps Limited to Gemplus Goldpac Group Limited on 7 April 2006 and from Gemplus Goldpac Group Limited to our current name on 1 November 2013, was incorporated in Hong Kong on 8 October 2004 as a limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.0 each. Chairman Lu effectively gained control of our Company on 30 August 2011 upon completion of the acquisition of 47% equity interest in our Company through GIHL from GISA pursuant to the 2011 Sale and Purchase Agreement. Upon completion of the acquisition under the 2011 Sale and Purchase Agreement, our Company was held as to 80% by Chairman Lu. As at the Latest Practicable Date, all allotted and issued shares of our Company was held as to approximately 59.47% by GIHL, 25.49% by GISA, and 15.04% by BOCI Investment, respectively.

Our Company is a holding company which holds all the equity interests in our subsidiaries, which are principally engaged in providing total secured solutions and services for financial institutions, government agencies and other organisations that issue financial cards.

As at 1 January 2010, the commencement date of the Track Record Period, our Company had an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.0 each, of which 1,000 shares of HK\$1.0 each were issued and allotted as fully paid or credited as fully paid and held as to 670 shares by GISA and 330 shares by GIHL.

As the business of our Group was principally developed and managed by Chairman Lu from its establishment, Chairman Lu had intended to become the majority shareholder of our Group but did not have sufficient financial means to make all acquisition of additional interests in our Company from GISA until 2011. Eventually, with sufficient financial resources, Chairman Lu and GISA commenced arm's length negotiation and as a result, on 30 August 2011, pursuant to the sale and purchase agreement dated 29 March 2011 ("**2011 Sale and Purchase Agreement**"), GISA transferred 470 shares of HK\$1.00 each in our Company to GIHL for a consideration of: (a) EUR18 million in cash which was settled at completion of the sale and purchase on 29 August 2011; (b) EUR10 million in cash to be paid in five annual payments of EUR2 million each, payable on the first and each subsequent anniversary date of the completion date, being 30 August 2011, and provided a listing is achieved within five years from the completion date, the balance shall be paid on or before the listing date in full; (c) an amount equivalent to the market value of 10% (or, if there has been any permitted proportionate dilution of the shareholdings, such proportionately reduced percentage) ("**Relevant Equity Interest**") of the equity interest in our Company at the time of the Listing which shall be paid by GIHL in cash on or before the Listing, where the market value for the Relevant Equity Interest shall equal the product of the number of ordinary shares in our Company constituting the Relevant Equity Interest and the price per share of our Company offered to the public at Listing, provided that if the Listing does not occur within five years of the date of completion, being 30 August 2011, the amount payable by GIHL to GISA shall be the market value of the Relevant Equity Interest as agreed by GISA and GIHL within six months thereafter, and provided further that if the Listing does not occur within five years of the date of completion, being 30 August 2011, and GISA and GIHL fail to agree the market value within six months thereafter, GIHL must immediately upon expiry of such six-month period transfer to GISA, for nominal consideration, the number of ordinary shares in our Company equal to the Relevant Equity Interest. In respect of part (b) of the consideration, two instalments of EUR2 million each were paid on 28 August 2012 and 29 August 2013, respectively, by GIHL to GISA and the remaining EUR6 million is expected to be paid by GIHL to GISA within 10 days prior to the Listing. Chairman Lu confirmed that he will settle the remaining EUR6 million of part (b) of the consideration by way of his own funds and personal bank loans and will not charge or pledge his

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Shares as collateral for such loans. Part (c) of the consideration has been fully settled pursuant to step 3 of the Reorganisation.

Chairman Lu confirmed that the above consideration was determined by the parties as a commercial decision after arm's length negotiation by reference to a number of factors, amongst others, the historical performance, the earnings per share, the book value per share, the net asset value and the anticipated financial performance and business prospect of our Company and that the settlement of the consideration by three portions was agreed by the parties by taking into account, among other factors: (i) Chairman Lu would have cashflow pressure if the consideration was to be fully settled at completion; (ii) the future dividend payment (if any) to be received by GIHL from our Group would be able to partially fund the stage payments under part (b); and (iii) the parties' confidence in the performance of the Group and their intention to remain strategic partners and shareholders of our Company, by settling part (c) of the consideration by either cash settlement or share transfer of the Relevant Equity Interest.

Pursuant to the 2011 Sale and Purchase Agreement, on 30 August 2011 a charge over 250 shares of HK\$1.00 each in our Company was granted by GIHL in favour of GISA as continuing security for the payment and discharge of part (b) and part (c) of the consideration ("**2011 Share Charge**"), of the 250 charged shares, 150 shares and 100 shares respectively were charged in connection with part (b) and part (c) of the consideration. Subsequent to the payment of the two instalments on 28 August 2012 and 29 August 2013 of part (b) of the consideration, a total of 60 charged shares (30 charged shares per instalment) have been released. The remaining 90 shares charged in respect of part (b) of the consideration will be released upon settling of the remaining EUR6 million prior to the Listing, while the 100 shares charged in respect of part (c) of the consideration will be released upon the completion of step 3 of the Reorganisation.

As a result of the transfer, our Company was held as to 80% by GIHL and 20% by GISA. Based on publicly available information, no announcement was made by Gemalto in respect of the transfer, save that our Company was disclosed in the 2010 annual report of Gemalto as one of its consolidated entities, and our Company was disclosed under "Investment in associate" in the 2011 annual report of Gemalto.

Our Hong Kong legal advisors, Mayer Brown JSM, has advised that even though part (b) and part (c) of the consideration of the 2011 Sale and Purchase Agreement will only be settled prior to the Listing, the legal and beneficial interest in the then 47% issued share capital of our Company had been duly transferred by GISA to GIHL upon completion of the 2011 Sale and Purchase Agreement on 30 August 2011, as such Chairman Lu (via GIHL) had been entitled to the shareholder's rights over such shares even there were outstanding payment obligations under part (b) and part (c) of the consideration, on the basis that (i) share certificates for 470 shares in our Company (represented the then 47% issued share capital of our Company) had been duly issued in the name of GIHL upon the completion of the 2011 Sale and Purchase Agreement on 30 August 2011; (ii) the register of shareholders of our Company had been duly updated upon the completion of the 2011 Sale and Purchase Agreement on 30 August 2011 showing that GIHL was the holder of such 470 shares in our Company; and (iii) from the completion of the 2011 Sale and Purchase Agreement on 30 August 2011, GIHL had been exercising all shareholder's rights (including but not limited to voting and dividend rights) attached to such 470 shares in our Company.

Since then our Company had been held as to 80% by GIHL and 20% by GISA, respectively, prior to the Reorganisation. Please refer to the paragraph headed "Reorganisation" in this section for further details about the reorganisation.

Our subsidiary in Hong Kong

Goldpac Datacard

Goldpac Datacard was incorporated in Hong Kong on 8 May 2000 as a limited liability company with an authorised share capital of HK\$500,000 divided into 500,000 shares of HK\$1.0 each.

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As at 1 January 2010, the commencement date of the Track Record Period, Goldpac Datacard had an authorised share capital of HK\$500,000 divided into 500,000 shares of HK\$1.0 each, of which 500,000 shares of HK\$1.0 each were issued and allotted fully paid or credited as fully paid and held as to 499,999 shares by our Company and as to 1 share by GIHL (as trustee for our Company).

Goldpac Datacard had been held as to 99.9998% by our Company and 0.0002% by GIHL (as trustee for our Company) prior to the Reorganisation. Goldpac Datacard is principally engaged in sales of cards carrying personal identity such as banking card, social insurance card and other payment solution services provided by Goldpac Secur-Card outside the PRC.

Our subsidiaries in the PRC

Goldpac Secur-Card

Goldpac Secur-Card was established in the PRC on 21 June 1995 as a sino-foreign equity joint venture company with an initial registered capital of USD2 million. At the time of establishment, Goldpac Secur-Card was held by Zhuhai Goldpac Technology Co., Ltd* (珠海市新邦達科技有限公司) as to 5% and GIHL as to 25% and the remaining 70% by Secur-card Technology Pte Ltd, an Independent Third Party. At that time, GIHL was held majority by Chairman Lu, and to the best knowledge, information and belief of our Directors, Zhuhai Goldpac Technology Co., Ltd* (珠海市新邦達科技有限公司) was held by Chairman Lu and Mr. R.Y. Lu. Zhuhai Goldpac Technology Co., Ltd.* (珠海市新邦達科技有限公司) was deregistered on 15 August 2013.

In 1999, the entire issued share capital of Secur-Card Technology Pte Ltd was acquired by a Gemalto Group Company, and Secur-Card Technology Pte Ltd changed its name to Secur-Card Gemplus Pte Ltd. As a result of the acquisition, Goldpac Secur-Card was held by Zhuhai Goldpac Technology Co., Ltd* (珠海市新邦達科技有限公司) as to 5% and GIHL as to 25% and 70% indirectly by the Gemalto Group Company through Secur-Card Gemplus Pte Ltd.

As at 1 January 2010, the commencement date of the Track Record Period, the registered capital of Goldpac Secur-Card was US\$6 million, which was contributed by our Company.

On 14 October 2011, the registered capital of Goldpac Secur-Card was increased from US\$6 million to US\$11,900,000, with the increased portion partly contributed by its surplus reserve for the financial year 2007 in the sum of RMB34,432,712.65, and the remaining amount contributed by an equivalent amount of its surplus reserve for the financial years 2008 to 2010. On 27 September 2013, the registered capital of Goldpac Secur-Card was increased from US\$11,900,000 to US\$21,000,000. Our PRC legal advisors confirmed that the said registered capital of Goldpac Secur-Card had been fully paid up.

Goldpac Secur-Card had been a wholly-owned subsidiary of our Company since 13 April 2005. Goldpac Secur-Card is principally engaged in providing total secured solutions and services for financial institutions, government agencies and other organisations that issue financial cards.

Goldpac Guangzhou

Goldpac Guangzhou was established in the PRC on 2 September 2010 as a limited liability company with an initial registered capital of RMB1,000,000, which was contributed by Goldpac Golden Card Equipment Co., Ltd.* (珠海市金邦達金卡片設備有限公司) at the time of its incorporation.

On 4 May 2012, pursuant to an equity transfer agreement, Goldpac Golden Card Equipment Co., Ltd.* (珠海市金邦達金卡片設備有限公司) transferred the entire equity interest in Goldpac Guangzhou to Goldpac Secur-Card for a consideration of RMB1,000,000, which was determined with reference to the value of the registered capital of Goldpac Guangzhou.

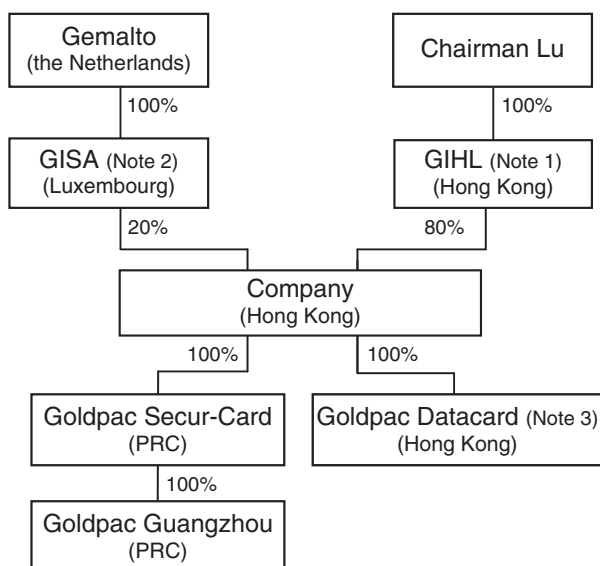
Goldpac Guangzhou had been a wholly-owned subsidiary of Goldpac Secur-Card since 4 May 2012. Goldpac Guangzhou has not engaged in any business since its incorporation.

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Our PRC legal advisors confirmed that the registered capital of Goldpac Guangzhou had been fully paid up.

REORGANISATION

Prior to the Reorganisation, our subsidiaries (save for one share in, representing 0.0002% in the share capital of, Goldpac Datacard which was held by GIHL on trust for our Company) were held by our Company. The following chart sets forth our Group's corporate and shareholding structure immediately before the Reorganisation:



Notes:

- (1) GIHL (formerly known as Chi Shing (Paoan Ping Wu) Industrial Co. Limited) is a company incorporated under the laws of Hong Kong on 18 June 1992 (the name of which changed to its current name on 7 April 1993).
- (2) GISA (formally known as MARS.SUN, S.à.r.l.), is a Société Anonyme (public limited company) incorporated under the laws of Luxembourg on 6 December 1999 (the name of which changed to its current name on 1 February 2000). It is wholly-owned by Gemalto.
- (3) Goldpac Datacard is held as to 99.9998% by our Company and 0.0002% by GIHL (on trust for our Company).

In order to prepare for the Listing, we underwent the Reorganisation which involved the following steps:

(1) Step 1 — Subscription of 15.04% issued share capital of our Company by BOCI Investment

On 3 July 2013, BOCI Investment entered into a subscription agreement with our Company, pursuant to which, BOCI Investment agreed to subscribe for approximately 15.04% of the enlarged issued share capital of our Company, for a consideration of the HK\$ equivalent of RMB187 million being HK\$234,618,086.9 fully settled on 4 July 2013, which was determined by the parties after arm's length negotiation 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 approximately 67.97% by GIHL, 16.99% by GISA and 15.04% by BOCI Investment, respectively. Please refer to the paragraph headed "Pre-IPO Investment" in this section for further details about the subscription by BOCI Investment.

(2) Step 2 — Transfer of the one share in Goldpac Datacard held by GIHL to our Company

On 16 October 2013, GIHL transferred the one share of HK\$1.0 each in Goldpac Datacard to our Company for a nominal consideration of HK\$1.0. The one share of par value of HK\$1.0 in Goldpac Datacard was previously held by GIHL as a nominee in trust in favour of our Company as the

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beneficial owner pursuant to a declaration of trust dated 24 February 2003 entered into between GIHL and our Company. Upon completion of the transfer, Goldpac Datacard became a wholly-owned subsidiary of our Company.

(3) Step 3 — Transfer of 100 shares in the issued share capital of our Company held by GIHL to GISA

As the market value for the Relevant Equity Interest of part (c) of the consideration under the 2011 Sale and Purchase Agreement mentioned in paragraph headed “Corporate Development — Our Company” in this section is determined by reference to the Offer Price, to facilitate the preparation of the proposed Listing, after arm’s length negotiation, our then Directors have considered: (i) the willingness of Gemalto to take up more shares in our Company and in order to maintain Gemalto’s strategic relationship with and its long term commitment to our Group; (ii) on the basis of the current structure of the Global Offering, cash settlement of the consideration will impose significant pressure on the cash flow of Chairman Lu; and (iii) the mutual intention of GIHL and GISA to accelerate settlement of the outstanding consideration, GIHL and GISA agreed to settle the outstanding consideration by making reference to one of the settlement mechanisms set out in the 2011 Sale and Purchase Agreement. Part (c) of the consideration (payable prior to the Listing by reference to the market value at the timing of the Listing of the Relevant Equity Interest) would be settled by way of transfer of the Relevant Equity Interest by GIHL to GISA at a nominal value of HK\$100 in full and final settlement of such outstanding consideration.

Accordingly, on 14 August 2013, GISA and GIHL entered into a supplemental agreement to the 2011 Sale and Purchase Agreement, whereby, among other matters, GIHL transferred the Relevant Equity Interest to GISA for a nominal consideration HK\$100 amending and settling the part (c) of the consideration under the 2011 Sale and Purchase Agreement. The transfer was completed on 3 September 2013. Upon completion of share subscription by BOCI Investment, the Relevant Equity Interest represented 8.5% of the issued share capital of our Company as at the date of the supplement agreement as diluted by the investment in our Company by BOCI Investment referred to in Step 1 of the Reorganisation. The Relevant Equity Interest would have translated to 50,980,000 Shares representing 6.4% of the issued share capital of our Company immediately upon completion of the Global Offering (assuming offering 25% new Shares of the enlarged share capital and before exercise of Over-allotment Option or any options granted or to be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme).

The values of the Relevant Equity Interest as at the date of the 2011 Sale and Purchase Agreement and as at the date of the supplemental agreement, respectively, were both agreed by GIHL and GISA as being an amount to be determined by reference to the Relevant Equity Interest (i.e. 50,980,000 Shares immediately upon completion of Global Offering, assuming offering 25% new Shares of the enlarged share capital and before exercise of Over-allotment Option or any options granted or to be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme) at the Offer Price. Therefore, the value of the Relevant Equity Interest remains the same under settlement by either cash settlement or share transfer at the time of the Listing, and there is no appreciation in value of the consideration to GISA through the settlement by way of transfer of Relevant Equity Interest.

Upon completion of the transfer, our Company was held as to approximately 59.47% by GIHL, 25.49% by GISA and 15.04% by BOCI Investment, respectively. As advised by the Hong Kong legal advisors of our Company, the supplemental agreement constitutes an accelerated and early adoption of payment mechanism agreed by the parties under the 2011 Sale and Purchase Agreement.

(4) Step 4 — Share subdivision and increase in authorised share capital of our Company

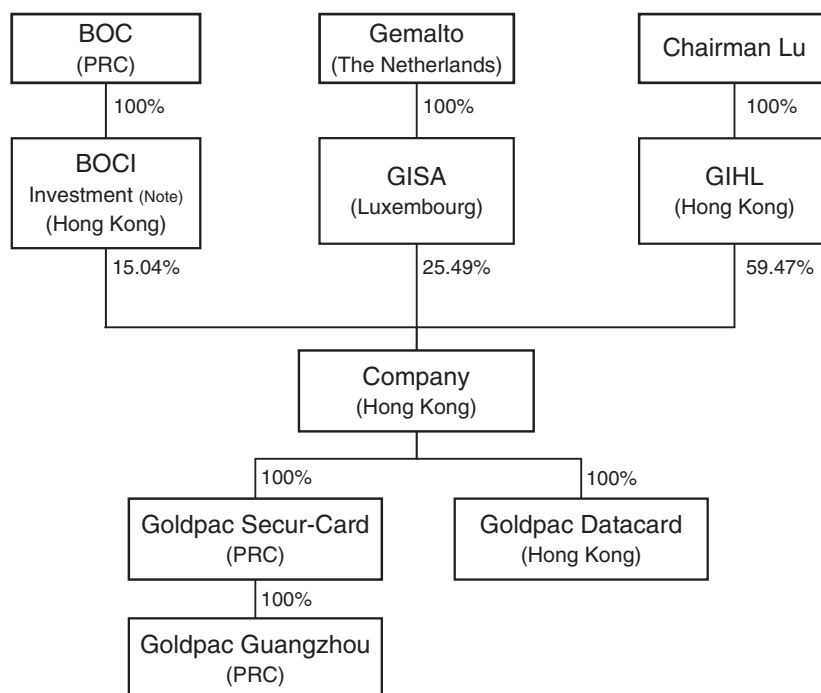
Pursuant to a written resolutions of the shareholder passed on 28 October 2013, (i) every share of HK\$1.0 each in the issued and unissued share capital of our Company was subdivided into 1,000 shares of HK\$0.001 each; and (ii) the authorised share capital of our Company was increased from

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HK\$10,000 divided into 10,000,000 shares of HK\$0.001 each to HK\$4,000,000 divided into 4,000,000,000 shares of HK\$0.001 each by the creation of 3,990,000,000 shares of HK\$0.001 each.

Upon completion of the share subdivision and the increase in authorised share capital, our Company had issued share capital of HK\$4,000,000 divided into 4,000,000,000 shares of HK\$0.001 each of which 1,177,000 shares of HK\$0.001 each were issued and allotted as fully paid or credited as fully paid and were held as to 700,000 shares by GIHL, 300,000 shares by GISA and 177,000 shares by BOCI Investment.

The following chart set out our corporate and shareholding structure immediately before the completion of Capitalisation Issue and Global Offering (taking into no account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options granted or to be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme):



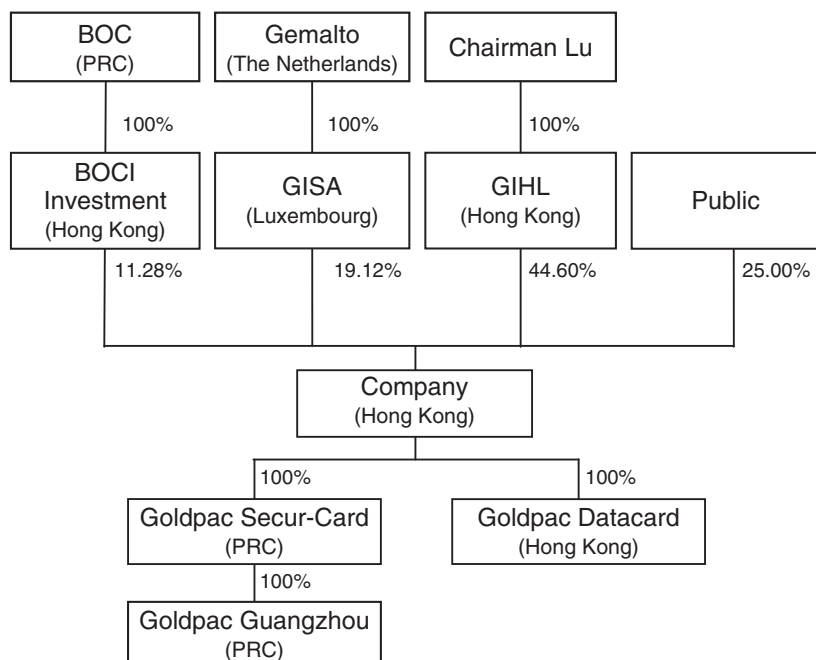
Note: BOCI Investment is wholly owned by BOC International Holdings Limited, which in turn is wholly owned by BOC.

(5) Step 5 – Global Offering and Capitalisation Issue

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Company will capitalise all or a portion, as the case may be, of the balance of the share premium account and applying such sum in paying up in full at nominal value a total of 598,823,000 Shares for allotment and issue to the existing shareholders of our Company, namely GIHL, GISA, and BOCI Investment, as to 356,139,422 Shares, 152,631,181 Shares and 90,052,397 Shares, respectively. Immediately after Capitalisation issue and the Global Offering (taking into no account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options granted or to be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme), GIHL, GISA and BOCI Investment will hold approximately 44.60%, 19.12% and 11.28%, respectively, of the enlarged issued share capital of our Company.

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The following chart sets forth our shareholding structure immediately following completion of the Global Offering and Capitalisation Issue (taking into no account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options granted or to be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme):



PRE-IPO INVESTMENT

Our Pre-IPO Investor

BOCI Investment

Pursuant to a share subscription agreement dated 3 July 2013 (“**Subscription Agreement**”) and entered into among our Company and BOCI Investment, BOCI Investment agreed to subscribe and our Company agreed to issue and allot 177 shares in our Company to BOCI Investment representing in aggregate approximately 15% of the total issued share capital of our Company at that time (“**Share Subscription**”). The consideration of the Share Subscription was HK\$ equivalent of RMB187 million, being HK\$234,618,086.92 fully settled on 4 July 2013, representing approximately HK\$1,325,525.91 per subscription share, which was determined after arm’s length negotiation between the parties by reference to, among other matters, the historical and anticipated financial performance of our Group at the time of the investment from BOCI Investment. As a result of the Share Subscription, our Company was held by GIHL as to approximately 67.97%, GISA as to approximately 16.99%, and BOCI Investment as to approximately 15.04%. The proceeds from the Share Subscription shall be applied for the purposes of carrying on our Group’s business, which include (a) expanding production capacity, (b) developing business-related hardware, software and applications, (c) executing strategic mergers and acquisition and (d) funding working capital needs, of our Group companies, provided that at least 80% of the proceeds shall be injected in Goldpac Secur-Card, either by increase of registered capital or grant of shareholder’s loan.

Based on the consideration of the Share Subscription being HK\$234,618,086.92, the acquisition cost of BOCI Investment translates to approximately HK\$2.6 per Share immediately after completion of the Capitalisation Issue and the Global Offering. Assuming an Offer Price of HK\$4.52 (being the low-end of the indicative Offer Price range stated in this prospectus), HK\$5.10 (being the mid-point of

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the indicative Offer Price range stated in this prospectus), and HK\$5.67 (being the high-end of the indicative Offer Price range stated in this prospectus), the acquisition cost per Share of BOCI Investment represents a discount of 42.48%, 49.02% and 54.14%, respectively, to the Offer Price.

Pursuant to the Share Subscription, an amended and restated shareholders agreement dated 3 July 2013 (“**Shareholders Agreement**”) was entered into between GISA, BOCI Investment, GIHL and our Company, which set out the terms governing the relationship of GISA, BOCI Investment and GIHL as shareholders of our Company, effective from the closing of the Share Subscription, which took place on 4 July 2013. All the special rights granted to BOCI Investment (including but not limited to the redemption rights) under the Subscription Agreement and the Shareholders’ Agreement will be terminated and will not survive upon the Listing. The key terms of the Share Subscription are summarised as follows:

Redemption Rights

Pursuant to the Shareholders Agreement, our Company has granted BOCI Investment redemption rights which may only be exercised in the following two events:

(a) our Company fails to meet the net profit of RMB96 million for any of the financial year 2013 or 2014, or

(b) the Listing fails to happen within 18 months after the date of the Shareholders Agreement, BOCI Investment shall have the right (but not obligation),

Upon occurrence of any of the above events, BOCI Investment may at any time but no later than five (5) Business Days after the date falling 18 months after the date of the Shareholders Agreement, on one or more occasions, to require our Company to repurchase or redeem all or any part of the shares held by BOCI Investment (the “**Redemption Shares**”).

The price (the “**Redemption Price**”) for each Redemption Share shall be equal to a price which is HK\$1,325,525.91 per each Redemption Share (as appropriately adjusted for share splits, share dividends, combinations and the like) *plus* an amount necessary to produce an internal rate of return of 15% per annum thereon (*minus* any dividend or distribution actually paid to BOCI Investment as a holder of such Redemption Share) calculated from the issue date of such Redemption Share to (and including) the actual date of payment.

Board Representation

BOCI Investment is entitled to appoint one director to each of our Group companies.

Pre-emptive Right

Our Company shall not issue any shares or any equity securities unless 15.04% (or such other percentage as shall be equal to the percentage shareholding then held by BOCI Investment and any other BOCI Investment group member in the issued share capital of our Company) of the additional shares or equity securities (as the case may be) are issued to BOCI Investment and/or another BOCI Investment group member and/or a wholly-owned subsidiary of BOCI Investment at the same price and upon the same terms of such further issue of new shares or equity securities.

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Protective Rights

Certain reserved matters which (A) require the prior approval by a director appointed by BOCI Investment by either written resolutions at a board meeting or written approval, which include (a) the decision to cease or terminate any existing line of business of the Group, (b) any merger, consolidation, reorganisation of any Group Company, (c) any material disposal by any Group Company, (d) any material capital expenditure, (e) any grant of security by any Group Company to benefit any third party outside our Group, (f) any incurrence of material debt or financial obligation, (g) any material loan granted by any Group Company, (h) any material financing of any Group Company, (i) any creation, amendment or termination of related-party agreements, (j) any transfer, disposal or encumbrance over a majority of the shares in less than the subscription price under the Subscription Agreement, and (B) require the prior approval by BOCI Investment as a shareholder by either written resolutions at a general meeting or written approval, which include (a) any alteration of the memorandum and articles or other constitutional documents of any Group Company, (b) any changes in share capital of any Group Company, (c) change of any Group Company's auditors, (d) any change to the principal accounting policies or procedures of each Group Company, (e) any proposal to wind up any Group Company, (f) adoption or implementation or variation or change of any employee share option plans (other than such plan which is in full compliance with rules and regulations governing the listing of securities on the Hong Kong Stock Exchange and to be adopted on the Listing Date).

Information Rights

BOCI Investment is entitled to receive audited annual consolidated financial statements, unaudited monthly and quarterly consolidated financial statements and consolidated management reports, annual business plan and annual budget, books and records of our Company and its subsidiaries. BOCI Investment may at any time and at its own cost examine and inspect facilities, separate books, records, and accounts to be kept by each our Company and its subsidiaries.

Right of First Refusal

If any shareholder of our Company proposes to transfer any of its shares in our Company, BOCI Investment shall have a right of first refusal to purchase its pro-rata share of such shares.

Tag-along Right

BOCI Investment has the right to participate in the proposed share transfer on the same terms and conditions as offered by the selling shareholder, in proportion to the total number of shares held by BOCI Investment over the total number of shares held by all the shareholders who wish to participate in the proposed transfer including the selling shareholder.

Drag-along Right

If GIHL and either GISA or BOCI Investment receive an offer from a bona fide arms length third party for acquisition of our Company or all of the shares in our Company held by GIHL and either GISA or BOCI Investment which they want to accept, the other shareholder shall sell all of its shares on the terms and conditions offered by such third party.

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Termination of Special Rights

All the above rights will be terminated and will not survive upon the Listing.

On 23 October 2013, BOCI Investment executed an unilateral waiver of its redemption rights under the Shareholders Agreement and the memorandum and articles of association of our Company in the event that our Company fails to meet the net profit of RMB96 million for any of the financial year 2013 or 2014.

As advised by the Hong Kong legal advisors of our Company, the unilateral waiver executed by BOCI Investment did not constitute a new agreement among the parties to the Subscription Agreement and/or Shareholders Agreement.

The share repurchase obligations under the Shareholders Agreement are classified as financial liabilities and carried at amortised cost, using the effective interest method. The related cost are recorded as finance cost in profit or loss. Up to the Latest Practicable Date, the finance cost in respect of these share repurchase obligations of our Group was approximately RMB11 million, which is charged to profit and loss. As such finance cost 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 the share repurchase obligations at the date prior to the Listing, which represent the aggregate of the principal of RMB187 million and the relevant accumulated finance costs incurred up to 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 the share repurchase obligation is terminated, which have no impact on the net assets value of our Group upon Listing.

M&A RULES

*The Rules on the Merger with and Acquisitions of Domestic Enterprises by Foreign Investors** (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”) were jointly promulgated by six agencies, including MOFCOM, the China Securities Regulatory Commission and State Administration of Foreign Exchange on 8 August 2006 and became effective on 8 September 2006. Pursuant to the M&A Rules, a foreign company lawfully established or controlled by a PRC domestic company, enterprise or natural person shall obtain approval of MOFCOM prior to acquisition of domestic enterprises related to such domestic company, enterprise or natural person. Our PRC legal advisors, Commerce & Finance Law Offices, have considered that Goldpac Secur-Card is directly established foreign invested enterprises, and that Chairman Lu, the Controlling Shareholder of our Company, is a permanent resident of Hong Kong but not domestic natural person. Therefore, the M&A Rules are not applicable to the Global Offering and the Listing, and we are not required to obtain the approval from MOFCOM.

CIRCULAR NO. 75

Pursuant to SAFE’s *Notice on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and Roundtrip Investment via Overseas Special Purpose Vehicles** (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (“Circular No. 75”) promulgated on 21 October 2005 and became effective on 1 November 2005, domestic residents who establish or control overseas special purpose vehicles (“SPV”) shall apply to the local branch of foreign exchange administration for foreign exchange registration of overseas investments. Where a domestic resident contributes his or her assets or shareholding of a domestic enterprise into a SPV, or engages in overseas shareholding financing after contributing assets or shareholding into a SPV, he or she shall go through procedures for the changes of foreign exchange registration of overseas investments with regards to the net asset interests held in the SPV and their changes. Our PRC legal advisors, Commerce & Finance Law Offices, have considered that Chairman Lu is a permanent resident of Hong Kong. He is not domestic residents under Circular No. 75. Accordingly, he is not subject to Circular No. 75 nor required to go through the foreign exchange registration procedures of overseas investment.