

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this Circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your Shares, you should at once hand this Circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Circular is addressed to the Shareholders in connection with the EGM to be held at 10:00 a.m. on 25 February 2016.

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金邦達 Goldpac

Goldpac Group Limited

金邦達寶嘉控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 3315)

**CONTINUING CONNECTED TRANSACTION
AND
NOTICE OF EGM**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



SOMERLEY CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Circular. A letter from the Board is set out on pages 4 to 15 of this Circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on pages 16 to 17 of this Circular. A letter from Somerley to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 26 of this Circular.

A notice convening the EGM to be held at Room 2211, 22nd Floor, ACE Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong at 10:00 a.m. on 25 February 2016 is set out on pages 32 to 33 of this Circular. If you are not able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

5 February 2016

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Circular”	the circular of the Company dated 5 February 2016 in relation to, among other matters, the Mutual Supply Agreement, the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder
“Company”	Goldpac Group Limited (金邦達寶嘉控股有限公司), a limited liability company incorporated in Hong Kong whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other matters, the Mutual Supply Agreement, the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder and the relevant proposed annual caps
“GDSHK”	Goldpac Datacard Solutions Company Limited (金邦達數據有限公司), a company incorporated under the laws of Hong Kong with limited liability on 8 May 2000 and a wholly-owned subsidiary of the Company
“Gemalto”	Gemalto N.V., a company incorporated under the laws of the Netherlands, whose shares are listed and traded on NYSE Euronext Amsterdam and NYSE Euronext Paris with stock code “GTO”, and a connected person of the Company
“Gemalto IC Chips”	the IC chips supplied by Gemalto

DEFINITIONS

“GL”	金邦達有限公司 (Goldpac Limited*) (formerly known as 珠海市金邦達保密卡有限公司), a wholly foreign owned enterprise established under the laws of the PRC with limited liability on 21 June 1995 and a wholly-owned subsidiary of the Company
“Goldpac Entities”	the Company, GDSHK and GL
“Goldpac Products”	has the meaning given to it in the paragraphs headed “The Mutual Supply Agreement” in the section headed “Letter From The Board” in this Circular
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, who have no material interest in the Agreement; namely, Mr. Mak Wing Sum Alvin, Mr. Zhu Lijun and Mr. Liu John Jianhua
“Independent Financial Adviser” or “Sommerley”	Sommerley Capital Limited, the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder
“Independent Shareholders”	Shareholders who are not involved or interested in the Mutual Supply Agreement
“Latest Practicable Date”	3 February 2016, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mutual Supply Agreement”	the supply agreement to be entered into among the Goldpac Entities and Gemalto

DEFINITIONS

“PRC”	The People’s Republic of China, which for the purpose of this Circular, excludes Hong Kong, Taiwan and Macau Special Administrative Region of the Peoples’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“%”	per cent.

* *In this Circular, the English names of the PRC entities are translation of their Chinese names and included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*



Goldpac Group Limited

金邦達寶嘉控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 3315)

Executive Directors:

LU Run Ting (*Chairman*)

HOU Ping

LU Runyi

LU Xiaozhong

Non-executive Directors:

Christophe Jacques PAGEZY

TING Tao I

Independent Non-executive Directors:

MAK Wing Sum Alvin

ZHU Lijun

LIU John Jianhua

Registered Office:

Room 2211, 22nd Floor

ACE Tower, Windsor House

311 Gloucester Road

Causeway Bay

Hong Kong

Head Office:

Goldpac Tech Park

Fuxi, Qianshan Xiangzhou District

Zhuhai, Guangdong Province

PRC

5 February 2016

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 14 January 2016 in relation to, among other matters, the transactions contemplated under the Mutual Supply Agreement.

The purpose of this Circular is to provide you with, among other matters, (i) further information on the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM and the form of proxy.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS

THE MUTUAL SUPPLY AGREEMENT

Background

The Group has been purchasing certain microprocessors composed of an electronic component embedding a card operating system, also known as IC chips, from Gemalto. As disclosed in the section headed “Connected Transactions” in the prospectus of the Company dated 22 November 2013, on 29 March 2011, a module supply agreement was entered into between Gemalto as the supplier, and the Goldpac Entities as the purchasers (the “**2011 Module Supply Agreement**”), pursuant to which Gemalto or its affiliates agreed to supply and the Group agreed to purchase certain IC chips exclusively from Gemalto. The 2011 Module Supply Agreement expired upon listing of the Company on 4 December 2013 (the “**Listing Date**”). On 15 November 2013, a module supply agreement was entered into between Gemalto and the Goldpac Entities (the “**2013 Module Supply Agreement**”), pursuant to which Gemalto agreed to supply and the Group agreed to purchase IC chips from Gemalto or its affiliates on substantially similar terms as those in the 2011 Module Supply Agreement for a term commencing from the Listing Date and ended on 31 December 2015.

The Directors are pleased to announce that the Mutual Supply Agreement is proposed to be entered into among the Company, GDSHK, GL and Gemalto, pursuant to which, (i) the Goldpac Entities will supply to Gemalto with the Goldpac Products; and (ii) Gemalto will supply to the Goldpac Entities with Gemalto IC Chips.

Parties

- (a) the Company;
- (b) GDSHK;
- (c) GL; and
- (d) Gemalto

Term and Termination

The Mutual Supply Agreement will be for a term of three years taking effect from 1 January 2016 and ending on 31 December 2018, which may be terminated by any party by serving a 90-day written notice on other parties from 1 January 2017.

LETTER FROM THE BOARD

Transactions

Pursuant to the Mutual Supply Agreement:

(a) *Supply of the Goldpac Products from the Goldpac Entities to Gemalto*

The Goldpac Entities will supply to Gemalto with, among others, the following products:

- (i) banking card modules;
- (ii) cardbody; and
- (iii) personalisation machines, equipments, spare parts and relevant consumables.

(collectively, the “**Goldpac Products**”).

(b) *Supply of Gemalto IC Chips from Gemalto to the Goldpac Entities*

Gemalto will supply to the Goldpac Entities with Gemalto IC Chips.

Price Determination

The purchase price of each of the Goldpac Products and Gemalto IC Chips payable by Gemalto and the Goldpac Entities, respectively, will be determined in accordance with the following pricing principles under the Mutual Supply Agreement and the internal pricing policy of the Group. Under the Mutual Supply Agreement, the price shall be determined in accordance with the following pricing principles:

- (a) the Goldpac Entities should offer terms and conditions to Gemalto on normal commercial terms in relation to the supply of Goldpac Products to Gemalto; and
- (b) Gemalto should offer Gemalto IC Chips to the Goldpac Entities at the most favourable terms and conditions as compared with the terms and conditions offered by Gemalto to other customers of Gemalto in Asia, considering that the business operation of the Company is mainly in Asia (the “**Most Favourable Terms Arrangements**”).

In accordance with the internal pricing policy of the Group:

- (a) In order to ensure that the sale price of the Goldpac Products is no less favourable to the Group than terms available to independent third parties,
 - (i) the finance department will calculate the base price of the Goldpac Products based on the manufacturing costs, together with the logistic costs, value-added tax and other administrative costs specific to the relevant Goldpac Products; and

LETTER FROM THE BOARD

- (ii) the sales department will benchmark the profit margins for different Goldpac Products based on:
 - (1) at least two price quotations provided to independent third party customers for comparable products; and
 - (2) prices offered by independent third party suppliers in the market for comparable products based on offers made by other suppliers in public tenders.

As an indication, a more personalised product will be considered for a higher profit margin, while a more generalised product will be considered with a lower profit margin. The final price quotation to Gemalto shall be agreed between Gemalto and the Goldpac Entities after arm's length negotiation and, in any event, not lower than the manufacturing costs or procurement costs of the relevant Goldpac Products and in any event no more favourable than the price offered by the Goldpac Entities to independent third parties. After computing the final price quotation as above, the relevant sales officer will present the price quotation, other relevant terms of price quotation and the relevant supporting documents of the profit margin benchmarking based on (1) and (2) above for final review and approval by the head of the sales department.

- (b) In order to ensure that the purchase price of Gemalto IC Chips is no less favourable to the Group than terms available from independent third parties,
 - (i) in the course of the procurement of Gemalto IC Chips and prior to the issue of purchase order for Gemalto IC Chips, the procurement department will obtain quotations from at least two independent third party suppliers from the Group's approved list of suppliers to ensure the final procurement price of Gemalto IC Chips is fair and reasonable with reference to the prevailing market price;
 - (ii) the Group will develop internal IC chips procurement plans on a monthly basis based on market forecasts, customer demand, technical performance, production planning and other factors, and the procurement plans will be submitted to the respective head of the marketing department, sales department, technical department and planning department; and

LETTER FROM THE BOARD

- (iii) the procurement officer will prepare purchase orders in accordance with IC chips procurement plans, and submit the purchase orders to the procurement supervisor and procurement manager for final review and approval. The procurement supervisor and procurement manager will compare the quotation of Gemalto with quotation provided by independent third party suppliers and with reference to the prevailing market price of comparable products to ensure the purchase price of Gemalto IC Chips is no less favourable to the Group than terms available from independent third parties.

The final price and other terms of the purchase order for Gemalto IC Chips are subject to mutual agreement by the management of Gemalto and the Goldpac Entities after arm's length negotiation and based on normal commercial terms.

Other Principal Terms of the Mutual Supply Agreement

- (a) The Goldpac Entities have the first priority right in the PRC, Hong Kong, Taiwan and the Macau Special Administrative Region of the People's Republic of China to supply to Gemalto with the Goldpac Products or products similar to the Goldpac Products under the same terms and conditions offered by other suppliers of Gemalto.
- (b) Pursuant to the Most Favourable Terms Arrangements, Gemalto undertakes in good faith to notify the Goldpac Entities in writing immediately after it has entered into an agreement with any customer in Asia with terms and conditions more favourable than those offered to the Goldpac Entities and to offer to the Goldpac Entities such more favourable terms and conditions.
- (c) Gemalto must pay the Goldpac Entities in relation to the purchase of Goldpac Products in accordance with the payment terms as specified in each purchase order issued by Gemalto and accepted by the Goldpac Entities.
- (d) The Goldpac Entities must pay Gemalto in relation to the purchase of Gemalto IC Chips within 120 days upon receipt of invoice or such other time as the parties may agree.

SUPPLY OF THE GOLDPAC PRODUCTS FROM THE GOLDPAC ENTITIES TO GEMALTO

Historical Transaction Value

For each of the three years ended 31 December 2013, 2014 and 2015, respectively, Gemalto did not purchase any Goldpac Product from the Group.

LETTER FROM THE BOARD

Annual Caps

In view of the PRC government's continuous promotion of national IC chips and the OSCCA (Office of State Commercial Cryptography Administration) algorithm in the PRC, Gemalto seeks to commence its national IC chip card business segment and therefore purchase from the Goldpac Entities the Goldpac Products pursuant to the Mutual Supply Agreement given that the Group is certified by the OSCCA and is one of the first suppliers involved in the trials conducted in the PRC's banking industry since 2014 regarding the utilisation of national IC chips and the OSCCA algorithm in financial payment cards.

The annual caps proposed by the Company for the three years ending 31 December 2016, 2017 and 2018, respectively, are as follows:

Transactions	Year ended 31 December 2016 (RMB) Cap	Year ended 31 December 2017 (RMB) Cap	Year ended 31 December 2018 (RMB) Cap
Supply of the Goldpac Products from the Goldpac Entities to Gemalto	<u>12,000,000</u>	<u>16,000,000</u>	<u>20,000,000</u>

The Company has determined the annual caps for the three years ending 31 December 2016, 2017 and 2018, respectively, based on estimate provided by Gemalto regarding the amount of purchases to be made by Gemalto from the Goldpac Entities for the Goldpac Products for each of the three years ending 31 December 2016, 2017 and 2018, respectively, mainly due to the PRC government's further promotion of national IC chips and the OSCCA algorithm.

SUPPLY OF GEMALTO IC CHIPS FROM GEMALTO TO THE GOLDPAC ENTITIES

Historical Transaction Value

The actual value of transactions for three years ended 31 December 2013, 2014 and 2015 (by reference to the financial information from the management accounts of the Company for the year ended 31 December 2015), were as follows:

Transactions	Year ended 31 December 2013 (RMB) Actual Value	Year ended 31 December 2014 (RMB) Actual Value	Year ended 31 December 2015 (RMB) Actual Value
Supply of Gemalto IC Chips from Gemalto to the Goldpac Entities	<u>491,848,000</u>	<u>590,048,000</u>	<u>618,835,000</u>

LETTER FROM THE BOARD

Annual Caps

The annual caps proposed by the Company for the three years ending 31 December 2016, 2017 and 2018, respectively, are as follows:

Transactions	Year ended 31 December 2016 (RMB) Cap	Year ended 31 December 2017 (RMB) Cap	Year ended 31 December 2018 (RMB) Cap
Supply of Gemalto IC Chips from Gemalto to the Goldpac Entities	750,000,000	750,000,000	750,000,000

The Company has determined the annual caps for the three years ending 31 December 2016, 2017 and 2018, respectively, based on:

- (i) the historical amount of purchases made by the Goldpac Entities from Gemalto for Gemalto IC Chips for the three years ended 31 December 2013, 2014 and 2015, respectively;
- (ii) the expected increase in the amount of purchases to be made by the Goldpac Entities from Gemalto for Gemalto IC Chips for each of the three years ending 31 December 2016, 2017 and 2018, respectively, due to the continuous growth of the sales of smart cards of the Company because of the expected increase in the overall market demand for smart cards and thus the demand for Gemalto IC Chips of the Company; and
- (iii) the estimated decrease in the market price of Gemalto IC Chips for each of the three years ending 31 December 2016, 2017 and 2018, respectively, due to the decrease in material costs and the price competition among suppliers of IC chips.

REASONS FOR THE TRANSACTIONS

Supply of the Goldpac Products from the Goldpac Entities to Gemalto

As Gemalto seeks to commence its national IC chip card business segment and therefore purchase from the Goldpac Entities the Goldpac Products pursuant to the Mutual Supply Agreement in view of the PRC government's continuous promotion of national IC chips and the OSCCA algorithm, the Directors believe that the supply of the Goldpac Products under the Mutual Supply Agreement will generate economic returns for the Group.

LETTER FROM THE BOARD

Supply of Gemalto IC Chips from Gemalto to the Goldpac Entities

As (i) the supply of Gemalto IC Chips under the Mutual Supply Agreement will be conducted on an arm's length basis and on terms no less favourable to the Group than those offered by other suppliers, (ii) from the past long-term business relationship between Gemalto and the Group, Gemalto has an established track record of being a reliable and stable supplier, and (iii) in the event that the Mutual Supply Agreement is not entered into or is terminated, other suppliers, both overseas and in the PRC, of comparable procurement terms and quality are available to the Group, the Directors consider that (a) the Group is able to source its IC chips without reliance on Gemalto; (b) the procurement from Gemalto which will be conducted based on the Most Favourable Terms Arrangements is in the interest of the Group and the Shareholders as a whole; and (c) the purchase of Gemalto IC Chips from Gemalto is for the mutual benefit of and reflecting commercial reality for both Gemalto and the Group.

IMPLICATIONS OF THE LISTING RULES

Gemalto is a substantial shareholder of the Company and hence a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Mutual Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) (as defined under Rule 14.04(9) of the Listing Rules) calculated by reference to the annual caps is/are less than 5%, the supply of the Goldpac Products from the Goldpac Entities to Gemalto as contemplated under the Mutual Supply Agreement is subject to reporting and announcement requirements, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) (as defined under Rule 14.04(9) of the Listing Rules) calculated by reference to the annual caps is/are more than 5% and more than HK\$10,000,000, the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated under the Mutual Supply Agreement is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the EGM, the Company will seek the Independent Shareholders' approval for (i) the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder; and (ii) the proposed annual caps for each of the three years ending 31 December 2016, 2017 and 2018, respectively, for the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated under the Mutual Supply Agreement.

LETTER FROM THE BOARD

The Company has established the Independent Board Committee to advise the Independent Shareholders as to whether (i) the entering into of the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities (including the proposed annual caps for each of the three years ending 31 December 2016, 2017 and 2018) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

GENERAL INFORMATION ABOUT THE GROUP

The Group is principally engaged in providing secured solutions and services for financial institutions, government agencies and other organisations that issue financial cards.

GDSHK is principally engaged in sales of cards carrying personal identity such as banking card, social insurance card and other payment solutions services provided by GL outside the PRC.

GL is principally engaged in providing total secured solutions and services for financial institutions, government agencies and other organisations that issue financial cards.

GENERAL INFORMATION ABOUT GEMALTO

Gemalto is a company incorporated under the laws of Netherlands and whose shares are listed and traded on NYSE Euronext Amsterdam and NYSE Euronext Paris, respectively. According to information available from public source, Gemalto is principally engaged in the provision of digital security solution, which caters for the expanding needs for personal mobile services, payment security, authenticated cloud access, identity and privacy protection, eHealthcare and eGovernment efficiency, convenient ticketing and dependable machine-to-machine (M2M) applications. Gemalto also develops secure embedded software and secure products which it then designs and personalises. Gemalto's platforms and services manage these products, the confidential data they contain and the trusted end user services made possible.

LETTER FROM THE BOARD

GENERAL

Confirmation from Directors

The Directors (including the independent non-executive Directors) are of the view that:

- (a) the Mutual Supply Agreement and the transactions contemplated thereunder (i) will be conducted on normal commercial terms, or on terms no less favourable to the Group than those available to and from independent third parties under prevailing market conditions; (ii) will be entered into in the ordinary and usual course of business of the Group; and (iii) is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (b) the proposed annual caps for each of the three years ending 31 December 2016, 2017 and 2018, respectively, mentioned above are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The terms of the Mutual Supply Agreement have been negotiated, and will be conducted on, an arm's length basis and on normal commercial terms between the parties involved.

Director's Interest

None of the Directors has a material interest in the Mutual Supply Agreement and none of them were therefore required to abstain from voting on the resolutions passed or to be passed by the board of Directors in respect of the Mutual Supply Agreement and the transactions contemplated thereunder.

EGM

The Company will convene the EGM at Room 2211, 22nd Floor, ACE Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong at 10:00 a.m. on 25 February 2016 at which ordinary resolutions will be proposed for the Shareholders to consider, and if thought fit, to approve, among others, the Mutual Supply Agreement, the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder and the relevant proposed annual caps. The resolutions will be put to the vote at the EGM by poll as required by the Listing Rules. A notice of the EGM is set out on pages 32 to 33 of this Circular.

LETTER FROM THE BOARD

Any connected persons or Shareholders with a material interest in the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder, and its/his/her associates will abstain from voting at the EGM. As at the Latest Practicable Date, Gemalto is a substantial shareholder of the Company holding approximately 18.34% of the issued share capital of the Company. Thus, the relevant interested Shareholder, namely, Gemalto, and its associates and those who are involved or interested in the Mutual Supply Agreement are required to abstain from voting on the resolutions to be proposed at the EGM in respect of the Mutual Supply Agreement, the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder and the relevant annual caps for each of the three years ending 31 December 2016, 2017 and 2018. Other than Gemalto or its associates, as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholders is required under the Listing Rules to abstain from voting at the EGM.

A form of proxy for use at the EGM is also enclosed. If you are not able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all the resolutions put to the vote at the EGM will be taken by way of poll. The chairman of the EGM will explain the detailed procedures for conducting a poll at the commencement of the EGM.

After the conclusion of the EGM, the poll results will be published on the respective websites of the Stock Exchange and the Company.

RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 16 to 17 of this Circular and the letter of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 18 to 26 of this Circular in connection with the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder, and the principal factors and reasons taken into consideration in arriving at such advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that (i) the entering into of the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities (including the proposed annual caps for each of the three years ending 31 December 2016, 2017 and 2018) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, the Directors, including the Independent Board Committee, recommend the Shareholders to vote in favour of the ordinary resolutions to approve, among others, the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder at the EGM as set out in the notice of the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this Circular.

Yours faithfully,
For and on behalf of the Board
Goldpac Group Limited
Mr. LU Run Ting
Chairman and Executive Director



Goldpac Group Limited

金邦達寶嘉控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 3315)

5 February 2016

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular of the Company dated 5 February 2016 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Mutual Supply Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder.

Your attention is drawn to the “Letter from the Board” set out on pages 4 to 15 of the Circular which contains, inter alia, information about the terms of the Mutual Supply Agreement, and the “Letter from Somerley” set out on pages 18 to 26 of the Circular which contains its advice in respect of the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated thereunder together with the principal factors and reasons taken into consideration in arriving at such advice.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Mutual Supply Agreement and having taken into account the factors and reasons considered by and the advice of the Independent Financial Adviser as stated in their letter dated 5 February 2016, we consider that (i) the entering into of the Mutual Supply Agreement and the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities (the “**Gemalto IC Chips CCT**”) are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Gemalto IC Chips CCT (including the proposed annual caps for each of the three years ending 31 December 2016, 2017 and 2018) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Gemalto IC Chips CCT (including the proposed annual caps for each of the three years ending 31 December 2016, 2017 and 2018).

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. MAK Wing Sum Alvin

Independent

Non-executive Director

Mr. ZHU Lijun

Independent

Non-executive Director

Mr. LIU John Jianhua

Independent

Non-executive Director

LETTER FROM SOMERLEY

The following is the full text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

5 February 2016

To: *the Independent Board Committee and the Independent Shareholders of
Goldpac Group Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities pursuant to the Mutual Supply Agreement (the "**Gemalto IC Chips Continuing Connected Transaction**") (including the proposed annual caps in respect of the Gemalto IC Chips Continuing Connected Transaction for the three years ending 31 December 2016, 2017 and 2018 (the "**Annual Caps**"). Details of the Gemalto IC Chips Continuing Connected Transaction (including the Annual Caps) are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 5 February 2016 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As stated in the letter from the Board in the Circular, the Company announced on 14 January 2016 that the Mutual Supply Agreement was proposed to be entered into among the Company, GDSHK, GL and Gemalto, pursuant to which (i) the Goldpac Entities will supply to Gemalto with the Goldpac Products (the "**Goldpac Products Continuing Connected Transaction**"); and (ii) Gemalto will supply to the Goldpac Entities with Gemalto IC Chips (i.e. the Gemalto IC Chips Continuing Connected Transaction).

Gemalto is a substantial shareholder of the Company and hence a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Mutual Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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As each of the applicable percentage ratios (other than the profits ratio) (as defined under Rule 14.04(9) of the Listing Rules) calculated by reference to the annual caps is/are less than 5%, the Goldpac Products Continuing Connected Transaction is subject to reporting and announcement requirements, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. For the avoidance of doubt, in the circumstances, it is not part of our scope of engagement to advise the Independent Board Committee or the Independent Shareholders on the Goldpac Products Continuing Connected Transaction.

As one or more of the applicable percentage ratios (other than the profits ratio) (as defined under Rule 14.04(9) of the Listing Rules) calculated by reference to the annual caps is/are more than 5% and more than HK\$10 million, the Gemalto IC Chips Continuing Connected Transaction is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Mak Wing Sum Alvin, Mr. Zhu Lijun and Mr. Liu John Jianhua, has been formed to advise and make recommendations to the Independent Shareholders on the Gemalto IC Chips Continuing Connected Transaction (including the Annual Caps). We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, GDSHK, GL and Gemalto or their respective core connected persons, close associates or associates and accordingly are considered to be eligible to give independent advice on the Gemalto IC Chips Continuing Connected Transaction (including the Annual Caps). Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, GDSHK, GL and Gemalto or their respective core connected persons, close associates or associates.

In formulating our opinion, we have reviewed, amongst others, the announcement of the Company dated 14 January 2016 in relation to the Mutual Supply Agreement, the Mutual Supply Agreement, the calculations of the Annual Caps together with the relevant supporting documents, the annual report of the Company for the year ended 31 December 2014, the interim report of the Company for the six months ended 30 June 2015 (the "**2015 Interim Report**") and the information contained in the Circular. We have also discussed with and reviewed information provided by management of the Group regarding the businesses of the Group and the prospects of conducting the Gemalto IC Chips Continuing Connected Transaction.

We have relied on the information and facts supplied, and the opinions expressed to us, by the Directors and management of the Group and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received to be sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation with regard to the Gemalto IC Chips Continuing Connected Transaction (including the Annual Caps), we have taken into account the principal factors and reasons set out below.

1. Information on the Group

The Group is principally engaged in providing secured solutions and services for financial institutions, government agencies and other organisations that issue financial cards.

2. Information on the parties

Gemalto

Gemalto is a company incorporated under the laws of Netherlands and whose shares are listed and traded on NYSE Euronext Amsterdam and NYSE Euronext Paris, respectively. According to information available from public source, Gemalto is principally engaged in the provision of digital security solution, which caters for the expanding needs for personal mobile services, payment security, authenticated cloud access, identity and privacy protection, eHealthcare and eGovernment efficiency, convenient ticketing and dependable machine-to-machine applications. Gemalto also develops secure embedded software and secure products which it then designs and personalises. Gemalto's platforms and services manage these products, the confidential data they contain and the trusted end user services made possible.

GDSHK

GDSHK is principally engaged in sales of cards carrying personal identity such as banking card, social insurance card and other payment solutions services provided by GL outside the PRC.

GL

GL is principally engaged in providing total secured solutions and services for financial institutions, government agencies and other organisations that issue financial cards.

3. Reasons for and benefits of the entering into the Gemalto IC Chips Continuing Connected Transaction

As set out in the letter from the Board of the Circular, as (i) the supply of Gemalto IC Chips under the Mutual Supply Agreement will be conducted on an arm's length basis and on terms no less favourable to the Group than those offered by other suppliers, (ii) from the past long-term business relationship between Gemalto and the Group, Gemalto has an established track record of being a reliable and stable supplier, and (iii) in the event that the Mutual Supply Agreement is not entered into or is terminated, other suppliers,

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both overseas and in the PRC, of comparable procurement terms and quality are available to the Group, the Directors (including the independent non-executive Directors, whose views are also set out in the letter from the Independent Board Committee in the Circular) consider that (a) the Group is able to source its IC chips without reliance on Gemalto, (b) the procurement from Gemalto which will be conducted based on the Most Favourable Terms Arrangements is in the interest of the Group and the Shareholders as a whole, and (c) the purchase of Gemalto IC Chips from Gemalto is for the mutual benefit of and reflecting commercial reality for both Gemalto and the Group.

Having regard to the principal business and operations of the Group and the reasons for and benefits of the entering into the Gemalto IC Chips Continuing Connected Transaction above, we concur with the aforesaid Directors' view that the proposed entering into the Gemalto IC Chips Continuing Connected Transaction is in the ordinary and usual course of the business of the Group.

4. The Gemalto IC Chips Continuing Connected Transaction

(a) Introduction

Background of the Gemalto IC Chips Continuing Connected Transaction dates back to 2011. As disclosed under the section headed "Connected Transactions" in the prospectus of the Company dated 22 November 2013, on 29 March 2011, a module supply agreement was entered into between Gemalto as the supplier, and the Goldpac Entities as the purchasers (the "**2011 Module Supply Agreement**"), pursuant to which Gemalto or its affiliates agreed to supply and the Group agreed to purchase certain IC chips exclusively from Gemalto. The 2011 Module Supply Agreement expired upon listing of the Company on 4 December 2013 (the "**Listing Date**"). On 15 November 2013, a module supply agreement was entered into between Gemalto and the Goldpac Entities (the "**2013 Module Supply Agreement**"), pursuant to which Gemalto agreed to supply and the Group agreed to purchase IC chips from Gemalto or its affiliates on substantially similar terms as those in the 2011 Module Supply Agreement for a term commencing from the Listing Date and ended on 31 December 2015. The Mutual Supply Agreement is proposed to be entered into amongst the parties to the 2013 Module Supply Agreement to extend the Goldpac Entities' procurement of Gemalto IC Chips from Gemalto and to also set out new terms regarding the supply of the Goldpac Products by the Goldpac Entities to Gemalto, for the three years ending 31 December 2016, 2017 and 2018.

As far as the Gemalto IC Chips Continuing Connected Transaction is concerned, based on our review, the Mutual Supply Agreement carries substantially similar and/or better terms as those in the 2013 Module Supply Agreement with added terms governing the supply of the Goldpac Products by the Goldpac Entities to Gemalto (i.e. the Goldpac Products Continuing Connected Transaction).

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(b) Principal terms of the Mutual Supply Agreement

The Mutual Supply Agreement will be for a term of three years taking effect from 1 January 2016 and ending on 31 December 2018, which may be terminated by any party by serving a 90-day written notice on other parties from 1 January 2017.

As discussed with management of the Group, the current arrangement for the parties to the Mutual Supply Agreement is to formally execute the Mutual Supply Agreement soonest after the approval from the Independent Shareholders in respect of the Gemalto IC Chips Continuing Connected Transaction to be obtained at the EGM.

The Mutual Supply Agreement also contains the terms of the Goldpac Products Continuing Connected Transaction, details of which are set out in the letter from the Board in the Circular.

(c) Principal terms governing the Gemalto IC Chips Continuing Connected Transaction

Pursuant to the Mutual Supply Agreement, Gemalto will supply to the Goldpac Entities with Gemalto IC Chips. As advised by the management of the Group, Gemalto IC Chips are certain microprocessors composed of an electronic component embedding a card operating system. Smart payment cards are embedded with IC chips such as Gemalto IC Chips to enable them with data storage capacity and security features to authenticate transactions at smart card compatible automatic teller machines (ATM) and point-of-sale (POS) terminals.

Pursuant to the Mutual Supply Agreement, the Goldpac Entities shall procure Gemalto IC Chips from Gemalto on a purchase-by-purchase basis. During the term of the Mutual Supply Agreement, the Goldpac Entities shall submit to Gemalto, on a quarterly basis, a rolling forecast covering the anticipated purchases of Gemalto IC Chips (with the highest and lowest and expected volume) during the following six-month period, to help direct and plan efficiently the production of Gemalto IC Chips by Gemalto. For the avoidance of doubt, the rolling forecast is for indicative purpose only. The Goldpac Entities are not obliged to purchase the quantity according to the rolling forecast.

Pursuant to the Mutual Supply Agreement, Gemalto IC Chips to be purchased by the Goldpac Entities shall be specified in a purchase order, which will set out, among others, the names of Gemalto IC Chips ordered, reference to a valid quotation from Gemalto, purchase quantity, unit price, delivery and payment terms, to be issued by the Goldpac Entities. Under the Mutual Supply Agreement, Gemalto should offer Gemalto IC Chips to the Goldpac Entities at the most favourable terms and conditions as compared with the terms and conditions offered by Gemalto to other customers of Gemalto in Asia, considering that the business operation of the Company is mainly in Asia (the “**Most Favourable Terms Arrangements**”). Gemalto undertakes in good faith to notify the Goldpac Entities in writing immediately after it has entered into an agreement with any customer in Asia with terms and conditions more favourable than those offered to the Goldpac Entities and to offer to the Goldpac Entities such more favourable terms and conditions. The Goldpac Entities must pay Gemalto in relation to the purchase of Gemalto IC Chips within 120 days upon receipt of invoice or such other time as the parties may agree.

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In accordance with the Group's pricing policy in respect of the Gemalto IC Chips Continuing Connected Transaction, (i) in the course of the procurement of Gemalto IC Chips and prior to the issue of purchase order for Gemalto IC Chips, the procurement department of the Company will obtain quotations (the "**Third Party Price Quotations**") from at least two independent third party suppliers from the Group's approved list of suppliers; (ii) the Group will develop internal IC chips procurement plans on a monthly basis to be submitted to the respective head of the marketing department, sales department, technical department and planning department; and (iii) the procurement officer will prepare purchase orders in accordance with IC chips procurement plans, and submit the purchase orders to the procurement supervisor and procurement manager for final review and approval. The procurement supervisor and procurement manager will then compare the purchase orders to the Third Party Price Quotations and with reference to the prevailing market price of comparable products to ensure the price and other terms are no less favourable to the Group than terms available in the Third Party Price Quotations.

The final price and other terms of the purchase order for Gemalto IC Chips are subject to mutual agreement by the management of Gemalto and the Goldpac Entities after arm's length negotiation and based on normal commercial terms.

Further details of the Group's pricing policy in respect of the Gemalto IC Chips Continuing Connected Transaction are set out in the paragraph headed "Price Determination" in the section headed "The Mutual Supply Agreement" in the letter from the Board in the Circular.

We have reviewed the Mutual Supply Agreement and note that the pricing and other terms of Gemalto IC Chips are determined based on the basis as mentioned above. We have also reviewed four procurement agreements (the "**Independent Third Party Procurement Agreements**") signed between the Goldpac Entities and independent third party suppliers in 2015 in relation to the procurement of products similar to Gemalto IC Chips, together with purchase orders issued in accordance with these procurement agreements, and note that the pricing and other terms set out therein are no more favourable to the Goldpac Entities than those of the Mutual Supply Agreement. The procurement quantity purchased by the parties to the Independent Third Party Procurement Agreements represented approximately 72% of the total IC chips procured (other than those procured from Gemalto under the 2013 Module Supply Agreement) by the Group in 2015. As such, we are of the view that the Independent Third Party Procurement Agreements are of a fair and representative sample to form our above conclusion on the pricing and other terms of the Mutual Supply Agreement. Having considered that: (i) Gemalto agrees to offer Gemalto IC Chips to the Gemalto Entities at the Most Favourable Terms Arrangements; (ii) the purchase price of Gemalto IC Chips under the Mutual Supply Agreement shall be on normal commercial terms, the Goldpac Entities will compare the Third Party Price Quotations and the final price will be agreed upon after arm's length negotiation; and (iii) the Group's internal pricing policy as mentioned above, we consider the terms of the Gemalto IC Chips Continuing Connected Transaction to be on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned.

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5. The Annual Caps

Set out below are the Annual Caps for the three years ending 31 December 2016, 2017 and 2018 (the “Cap Period”):

	For the year ending 31 December		
	2016	2017	2018
	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>
The Annual Caps	750	750	750

As stated in the letter from the Board, the Annual Caps were determined based on (i) the historical amount of purchases made by the Goldpac Entities from Gemalto for Gemalto IC Chips for the three years ended 31 December 2013, 2014 and 2015, respectively; (ii) the expected increase in the amount of purchases to be made by the Goldpac Entities from Gemalto for Gemalto IC Chips for each of the three years ending 31 December 2016, 2017 and 2018, respectively, due to the continuous growth of the sales of smart cards of the Company because of the expected increase in the overall market demand for smart cards and thus the demand for Gemalto IC Chips of the Company; and (iii) the estimated decrease in the market price of Gemalto IC Chips for each of the three years ending 31 December 2016, 2017 and 2018, respectively, due to the decrease in material costs and the price competition among suppliers of IC chips.

In order to assess the fairness and reasonableness of the Annual Caps, we have reviewed by way of the followings:

(i) *The historical and projected purchase quantity of Gemalto IC Chips*

The total quantity of Gemalto IC Chips purchased by the Goldpac Entities increased year-on-year by approximately 58.1% and 43.8% for the years ended 31 December 2014 and 2015 respectively. For the purpose of estimating the Annual Caps, the projected quantity of Gemalto IC Chips to be purchased under the Mutual Supply Agreement by the Goldpac Entities represents an annual growth rate of approximately 34.7%, 7.5% and 5.3% for the three years ending 31 December 2016, 2017 and 2018 respectively.

As set out in the 2015 Interim Report, all of the Group’s three primary business segments achieved steady growth. In particular, the turnover for the embedded software and secure payment products, which accounted for approximately 82.9% of the Group’s total turnover for the six months ended 30 June 2015, was approximately RMB724.0 million, representing a growth of approximately 3.1% year-on-year and an uplift of approximately 28.8% compared with the second half of 2014. Also, according to the statistics from China UnionPay, the only domestic bank card organisation in China, the Group maintained its number one position in the China market for the first half of 2015. Meanwhile, the Group has diversified its client base by extending to the majority of Chinese banks, overseas financial institutions, governments, transportation groups and even to multinational corporations. During 2015, the Group reinforced securing orders from the overseas market. The management of the Group believed that by exploring new markets and generating additional revenue, the Group will be able to continue its growing momentum in 2016.

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The Chinese Government adopted policies to accelerate the conversion rate of financial cards from magnetic strip cards to smart cards. For example, “The People’s Bank of China on Promoting the Work of Financial IC Card Applications” (《中國人民銀行關於推進金融IC卡應用工作意見》) issued in 2011 required the termination of issuance of magnetic strip cards from 1 January 2015, promoting the conversion to and the use of financial smart cards. Due to the above policy and other factors, according to the 2014 annual report of Gemalto, there has been a migration of banking cards from magnetic strip to IC chip since 2013 in China (the “**Migration**”) and such Migration was continuing in 2014 when more regional financial institutions changed their cards from magnetic strip to IC chip. As the Migration in China has already commenced for three years, the growth in demand for financial smart cards and accordingly Gemalto IC Chips required by the Goldpac Entities are expected to slow down in 2017 and 2018.

According to the 2015 Yearly Global Smart Card Forecaster (the “**Forecaster**”) published by the Frost & Sullivan in September 2015, a global consulting firm which provides market research and analysis, growth strategy consulting, and corporate training services across multiple industries, the forecasted annual growth rate in unit shipment of China banking and payment cards in China in 2016, 2017 and 2018 are approximately 11.0%, 9.0% and 6.0% respectively. The Forecaster stated that the Migration in China was a major reason for the high growth rates for China in 2014 and 2015. The Forecaster expected that China’s high growth in shipment of banking and payment cards in China would be temporary and would be likely to decelerate in the next few years. Based on the above, we consider the annual growth rate of Gemalto IC Chips assigned by the management of the Group, which is in line with the forecasted annual growth rate from the Forecaster for 2017 and 2018, to be reasonable. Having considered the above, we consider the estimation of the overall increase in the projected quantity of Gemalto IC Chips to be purchased by the Goldpac Entities during the Cap Period reasonable.

(ii) *The estimated market price of Gemalto IC Chips during the Cap Period*

The projected average prices of Gemalto IC Chips to be purchased by the Goldpac Entities during the Cap Period were determined based on the historical and expected future market prices of Gemalto IC Chips provided by the Company.

The average prices of Gemalto IC Chips purchased by the Group decreased by approximately 24.2% from 2013 to 2014 and further decreased by approximately 27.0% from 2014 to 2015. For the purpose of estimating the Annual Caps, the projected average price of Gemalto IC Chips to be purchased under the Mutual Supply Agreement by the Goldpac Entities represents an annual declining rate of approximately 9.9%, 7.1% and 5.0% for the three years ending 31 December 2016, 2017 and 2018 respectively.

As advised by the management of the Group, the Group had not purchased significant number Gemalto IC Chips before 2013 and Gemalto IC Chips purchased by the Group then were newly introduced for satisfying demand for smart payment cards resulting from the Migration in China started in the same year. Being new products at the time, Gemalto IC Chips were sold at a relatively high price in 2013. The pricing of Gemalto IC Chips decreased rapidly in 2014 and 2015 due to the benefit of economies of scale in increased shipment of Gemalto IC Chips resulting

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from the Migration in both China and certain other countries. Having considered the Migration in China having already commenced for three years, it is considered reasonable that the drop in the pricing of Gemalto IC Chips may slow down during the Cap Period.

Moreover, given the quantity of Gemalto IC Chips purchased by the Group increased significantly in the past three years (i.e. increased year-on-year by approximately 58.1% and 43.8% for the years ended 31 December 2014 and 2015 respectively), the Group was able to obtain favourable pricings of Gemalto IC Chips from Gemalto. As mentioned in the paragraph (i) headed "The historical and projected purchase quantity of Gemalto IC Chips" above, the Migration in China has already commenced for three years, the growth in demands for Gemalto IC Chips by the Goldpac Entities is also expected to reduce in next few years. Given the expected deceleration in the growth of the purchase of Gemalto IC Chips, it is reasonable that the drop in the pricing of Gemalto IC Chips may also slow down.

Last but not least, the projected average price of Gemalto IC Chips comprises an average price of a mixed models of Gemalto IC Chips with different specifications, features and technologies. The relatively proportion of purchase of the existing models are expected to decline when newer and more advanced models are introduced in the Cap Period. Therefore, the relative proportion of the more advanced models, which generally command higher pricing than the existing models, are expected to be sold in the following three years. As a result, the average pricing of Gemalto IC Chips are not expected to decrease as drastic as the last three years.

Having considered the bases on which the Annual Caps were determined as described above, we are of the view that the Annual Caps is fair and reasonable as far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Having taking into account the above principal factors and reasons, we consider that (i) the entering into the Gemalto IC Chips Continuing Connected Transaction is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Gemalto IC Chips Continuing Connected Transaction (including the Annual Caps) are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM in relation to the Gemalto IC Chips Continuing Connected Transactions (including the Annual Caps).

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Danny Cheng
Director

1. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity/Nature of Interests	Number of shares held ⁽²⁾	Approximate percentage of shareholding in the issued share capital of the Company as at the Latest Practicable Date
Mr. LU Run Ting (Chairman)	Interest in controlled corporation	355,019,422 (L)	42.58%
	Beneficial owner ⁽¹⁾	3,700,000 (L)	0.44%
Mr. HOU Ping	Beneficial owner ⁽¹⁾	1,500,000 (L)	0.18%
Mr. LU Runyi	Beneficial owner ⁽³⁾	4,120,000 (L)	0.49%
Mr. LU Xiaozhong	Beneficial owner ⁽¹⁾	1,000,000 (L)	0.12%

Notes:

- (1) Shares which are subject to options under the pre-IPO share option scheme of the Company.
- (2) The letter "L" denotes the Directors' long position in the shares of the Company or the relevant associated corporation.
- (3) Mr. LU Runyi's interests are consisted of: (i) 2,000,000 Shares subject to options granted under the pre-IPO share option scheme of the Company; and (ii) 2,120,000 Shares transferred from Goldpac International (Holding) Limited (being a controlling shareholder of the Company and wholly-owned by Mr. LU Run Ting) on 20 March 2015.

- (b) Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.
- (c) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.
- (e) Save as disclosed above, none of the Directors was a director or an employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

2. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than Directors and chief executive of the Company) had interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity/ Nature of Interests	Number of shares held ⁽¹⁾	Approximate percentage of the Company's issued ordinary share capital
Mr. LU Run Ting	Interest of Controlled Corporation ⁽²⁾⁽ⁱ⁾	355,019,422 (L)	42.58%
	Beneficial owner ⁽²⁾⁽ⁱⁱ⁾	3,700,000 (L)	0.44%
Ms. ZHANG Jian ⁽³⁾	Family	358,719,422 (L)	43.03%
Gemalto ⁽⁴⁾	Interest of Controlled Corporation	152,931,181 (L)	18.34%

Notes:

- (1) The letter "L" denotes a person's long position in the shares of the relevant Group member.
- (2) The disclosed interest represents (i) the interest in the Company held by Goldpac International (Holding) Limited ("GIHL"), which is wholly-owned by Mr. LU Run Ting, accordingly, Mr. LU Run Ting is deemed to be interested in GIHL's interest in the Company by virtue of the SFO; and (ii) shares which are subject to options under the pre-IPO share option scheme.
- (3) Ms. Zhang Jian, the spouse of Mr. LU Run Ting, is deemed to be interested in Mr. LU Run Ting's interest in the Company by virtue of the SFO.
- (4) The disclosed interest represents the interest in the Company held by Gemplus International S.A. ("GISA"), which is wholly-owned by Gemalto N.V. ("Gemalto"), whose shares are listed and traded on the NYSE Euronext Amsterdam and NYSE Euronext Paris. Therefore, Gemalto is deemed to be interested in GISA's interest in the Company by virtue of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered or proposed to enter into any service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published financial statements of the Group were made up.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

6. MATERIAL CONTRACTS

No material contract (not being a contract entered into in the ordinary course of business) has been entered into by the Group within two years preceding the date of this Circular.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was or is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was or is known to the Directors to be pending or threatened by or against any members of the Group.

8. QUALIFICATION AND CONSENT OF EXPERT

Somerley is a corporation licensed to carry out type 1 (dealing with securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Somerley has given and has not withdrawn its written consent to the issue of this Circular with the reference to its name and its letter in the form and context in which they respectively appear.

As at the Latest Practicable Date, Somerley did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Somerley did not have any interest, direct or indirect, in any assets which since 31 December 2014, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. GENERAL

- (a) The registered office of the Company is located at Room 2211, 22nd Floor, ACE Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong.
- (b) The head office, headquarters and principal place of business of the Company in the PRC is located at Goldpac Tech Park, Fuxi, Qianshan Xiangzhou District, Zhuhai, Guangdong Province, the PRC.
- (c) The company secretary of the Company is Ms. LI Yijin, who is also the chief financial officer of the Group. Ms. LI has been a member of CPA Australia since October 2004 and the Hong Kong Institute of Certified Public Accountants since May 2013.
- (d) The Company's share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this Circular prevails over its Chinese translation in the case of discrepancy.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 2211, 22nd Floor, ACE Tower, Windsor House, 311 Gloucester Road, Causeway Bay, during normal business hours on any weekday (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (a) the Mutual Supply Agreement;
- (b) the letter of advice from Somerley, the text of which is set out on pages 18 to 26 of this Circular;
- (c) the written consent from Somerley referred in paragraph 8 of this appendix; and
- (d) this Circular.



Goldpac Group Limited

金邦達寶嘉控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 3315)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at 10:00 a.m. on 25 February 2016 at Room 2211, 22nd Floor, ACE Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong for the purpose of considering and, if thought fit, with or without amendments, passing the following resolutions which will be proposed as an ordinary resolution:

ORDINARY RESOLUTIONS

1. **“THAT:**
 - (a) the Mutual Supply Agreement and the transactions contemplated thereunder be and are hereby approved;
 - (b) any one Director of the Company be and is hereby authorised to execute for and on behalf of the Company the Mutual Supply Agreement and to do all such acts incidental thereto; and
 - (c) the annual caps for three years ending 31 December 2018 for the supply of Gemalto IC Chips from Gemalto to the Goldpac Entities as contemplated under the Mutual Supply Agreement be and are hereby approved.”

By Order of the Board
Goldpac Group Limited
Mr. LU Run Ting
Chairman and Executive Director

Hong Kong, 5 February 2016

NOTICE OF EGM

Notes:

1. The register of members of the Company will be closed from Wednesday, 24 February 2016 to Thursday, 25 February 2016, both days inclusive, during which period no transfer of shares will be registered. In order to attend the EGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 February 2016.
2. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the articles of the Company, vote in his stead. A proxy need not be a member of the Company.
3. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time of the above meeting or any adjourned meeting.
4. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the executive Directors are Mr. Lu Run Ting, Mr. Hou Ping, Mr. Lu Runyi and Mr. Lu Xiaozhong; the non-executive Directors are Mr. Christophe Jacques Pagezy and Mr. Ting Tao I; and the independent non-executive Directors are Mr. Mak Wing Sum Alvin, Mr. Zhu Lijun and Mr. Liu John Jianhua.