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**金山工業(集團)有限公司**  
**Gold Peak Industries (Holdings) Limited**

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 40)**



**DISCLOSEABLE TRANSACTION**  
**FORMATION OF JOINT VENTURE**

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On 2 December 2019, GP Electronics, a wholly-owned subsidiary of GP Industries, and STH entered into the Shareholders' Agreement, pursuant to which the parties thereto agreed to establish the Joint Venture for the purpose of engaging in the manufacturing and sales of electronics, transducers, acoustic audio products and metal accessories for speakers and speaker systems in Thailand and overseas. The Joint Venture shall be owned as to 51% by GP Electronics and 49% by STH and its designated individual and shall become a subsidiary of the Company.

As at the date of this announcement, GP Electronics is a wholly-owned subsidiary of GP Industries. GP Industries is an 85.5%-owned subsidiary of the Company, the shares of which are listed on the Singapore Exchange Securities Trading Limited.

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios in respect of the transactions contemplated under the Shareholders' Agreement and the Loan Agreement exceeds 5% but less than 25%, the entering into of the Shareholders' Agreement and the Loan Agreement constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

**(I) INTRODUCTION**

Reference is made to the announcement of the Company dated 4 September 2019 in relation to the proposed formation of a joint venture company by GP Industries and P. Audio.

On 2 December 2019, GP Electronics, a wholly-owned subsidiary of GP Industries, and STH entered into the Shareholders' Agreement, pursuant to which the parties thereto agreed to establish the Joint Venture for the purpose of engaging in the manufacturing and sales of electronics, transducers, acoustic audio products and metal accessories for speakers and speaker systems in Thailand and overseas. The Joint Venture shall be owned as to 51% by GP Electronics and 49% by STH and its designated individual and shall become a subsidiary of the Company.

As at the date of this announcement, GP Electronics is a wholly-owned subsidiary of GP Industries. GP Industries is an 85.5%-owned subsidiary of the Company, the shares of which are listed on the Singapore Exchange Securities Trading Limited.

As part of the arrangement on the formation of the Joint Venture, STH and GP Electronics entered into the Loan Agreement on 2 December 2019 pursuant to which GP Electronics as the lender agreed to make available to STH as the borrower a term loan facility in an aggregate amount up to US\$7,500,000.

The principal terms of the above agreements and details of the transactions are set out below.

## **(II) THE SHAREHOLDERS' AGREEMENT**

The principal terms of the Shareholders' Agreement are set out below

- (1) Date: 2 December 2019
- (2) Parties: (i) GP Electronics  
(ii) STH

### **Incorporation and purpose of the Joint Venture**

As soon as practicable after signing of the Shareholders' Agreement, STH and GP Electronics shall take necessary steps to incorporate the Joint Venture. The parties agreed to use the Joint Venture as a vehicle to (i) manufacture and sell the electronics, transducers, acoustic audio products and metal accessories for speakers and speaker systems in Thailand and overseas; and (ii) engage in other businesses and/or activities to be agreed upon by the parties from time to time.

### **Shareholding structure**

Upon incorporation of the Joint Venture, the registered capital of the Joint Venture shall be THB 5,000,000 which shall be divided into 50,000 ordinary shares of THB 100 each. The shares of the Joint Venture shall be divided into Group A shares representing 51% of the total number of shares of the Joint Venture (the "**Group A Shares**") and Group B shares representing 49% of the total number of shares of the Joint Venture (the "**Group B Shares**").

As required by laws in Thailand, a limited company must have and maintain at least three shareholders at all times. GP Electronics and STH agreed that STH shall designate a Thai individual to hold one Group B Share to satisfy such requirement. As such, GP Electronics shall subscribe and hold the Group A Shares and STH and its designated individual shall subscribe and hold the Group B Shares. The shareholding structure will be as follows:

<b>Group</b>	<b>Shareholders</b>	<b>No. of shares held</b>	<b>Shareholding</b>	<b>Value (THB)</b>
A	GP Electronics	25,500	51%	2,550,000
B	STH	24,499	49%	2,450,000
	Thai individual designated by STH	1		
<b>Total</b>		50,000	100%	5,000,000

Within sixty days after the incorporation and initial start-up, the parties shall jointly and unconditionally cause the Joint Venture to increase its registered capital by an additional amount of THB 215,000,000, whereby the new registered capital of the Joint Venture shall be THB 220,000,000 and the parties agree to contribute to the increased capital in proportion to their shareholdings in the Joint Venture as follows:

<b>Group</b>	<b>Shareholders</b>	<b>No. of shares held</b>	<b>Shareholding</b>	<b>Value (THB)</b>
A	GP Electronics	1,122,000	51%	112,200,000
B	STH	1,077,999	49%	107,800,000
	Thai individual designated by STH	1		
<b>Total</b>		2,200,000	100%	220,000,000

### **Contributions to the Joint Venture by GP Electronics and STH**

Pursuant to the Shareholders' Agreement, to support the manufacturing and sales of the electronics, transducers and acoustic audio products in Thailand and overseas, the parties agree to contribute to the Joint Venture as described below:

GP Electronics shall:

- (a) transfer part of the machinery, moulds, equipment and tools from its fellow subsidiaries to the Joint Venture for a total consideration of up to US\$1.5 million which represents the book value of such assets;
- (b) transfer part of its know-how in electronic, acoustics and engineering design to the Joint Venture;
- (c) transfer part of its existing manufacturing businesses to the Joint Venture;
- (d) provide initial working capital to the Joint Venture, which shall be based on its shareholding ratio in the Joint Venture in consideration of the total initial working capital of THB60,000,000; and
- (e) provide a loan to STH of an amount up to US\$7,500,000.

STH shall:

- (a) procure the transfer of the Assets owned by P.Audio to the Joint Venture for a total amount of THB 188,310,000 which represents the book value of the Assets and the value added tax in Thailand ;
- (b) procure the lease of the land and buildings, office equipment, furniture and fixtures owned by P. Audio, where the existing production facilities are located, to the Joint Venture at a discount over the fair market rental for a period not less than 10 years;
- (c) transfer all the know-how in moulding and tooling owned by P. Audio to the Joint Venture;
- (d) transfer all of its manufacturing business and brand distribution of P. Audio to the Joint Venture;
- (e) transfer all the existing employees of P.Audio to the Joint Venture and be solely responsible to all obligations under the labour law of Thailand in relation to the transfer of employees as well as costs associated to such exercise;
- (f) by 31 December 2019, appoint the Joint Venture as the exclusive supplier for STH for manufacturing of all P. Audio's and One Systems' brand products except for those sale orders not taken up by the Joint Venture as approved by the JV Board; and
- (g) provide initial working capital to the Joint Venture, which shall be based on its shareholding ratio in the Joint Venture in consideration of the total initial working capital of THB60,000,000.

The aggregate of the total capital commitment of GP Electronics in relation to the formation of the Joint Venture is expected not to exceed THB 112,200,000. The contributions to the Joint Venture (including the initial working capital) and the total capital commitment to the Joint Venture were determined by the parties after arm's length negotiation with reference to the capital requirements of the Joint Venture and the prevailing market conditions. The total capital commitment and the initial working capital of the Joint Venture will be funded by the Group's internal resources and bank borrowings.

On 2 December 2019, STH and GP Electronics also entered into the Sales Contribution Guarantee Agreement pursuant to which each of the JV Shareholders undertakes to the other JV Shareholder and guarantees that each JV Shareholder shall contribute sales amount not be less than US\$20,000,000 to the Joint Venture for each financial year during the Guarantee Period. In the event of a shortfall, the JV Shareholder who fails to meet the guaranteed amount shall compensate the other JV Shareholder for the shortfall.

### **Restrictions of share transfer and encumbrance over shares**

In the event a party proposes to transfer its interests in the Joint Venture, the other party shall have a right of first refusal to such interests. No party shall transfer the shares held by it other than in accordance with the terms of the Shareholders' Agreement and the articles of association of the Joint Venture, and no party shall sell, pledge, encumber or otherwise dispose of all or any part of its interests in the shares save with the prior written consent of the other party. No shares may at any time be pledged or otherwise encumbered unless approved by the JV Shareholders and the JV Board.

## **Board composition**

The board of directors of the Joint Venture shall consist of seven directors, four of whom will be nominated by GP Electronics, and the remaining three will be nominated by STH. The chairman of the board shall be elected by rotation and shall not have a casting vote.

## **Dividends**

The parties agree to procure the Joint Venture to declare not less than 50% of the profits after taxation of the Joint Venture as dividends in any financial year.

## **Term**

The Shareholders' Agreement shall become effective on the date of its execution by all the parties and shall continue in force and effect unless sooner terminated under the Shareholders' Agreement.

## **(III) THE LOAN AGREEMENT**

The principal terms of the Loan Agreement are set out below:

- (1) Date: 2 December 2019
- (2) Parties: (i) GP Electronics  
(ii) STH

### **The facility**

GP Electronics as the lender agreed to make available to STH as the borrower a term loan facility in an aggregate amount up to US\$7,500,000. The amount borrowed in the first Drawdown by STH must be equal to STH's share of the total investment in the Joint Venture and restricted to use for STH's investment contribution in cash into the Joint Venture.

The Commitment in the aggregate amount of US\$7,500,000 was determined based on the total investment amount to the Joint Venture and the expected sales of the Joint Venture. The Group will finance the Loan with its internal resources and bank borrowings.

### **Conditions of drawdown**

GP Electronics will only be obliged to make the Loan available if:

- (a) the Loan Agreement, duly executed by STH, has been delivered to GP Electronics;
- (b) (A) the Share Pledge duly executed by STH has been delivered to GP Electronics; (B) the name of GP Electronics has been registered in the share register book of the Joint Venture as pledgee of the Pledged Shares; (C) the share certificate evidencing the ownership of the Pledged Shares by STH together with documents required to be delivered or served under the Share Pledge have been delivered to GP Electronics; and (D) all the applicable registration and perfection requirements to the Finance Documents have been fulfilled to the satisfaction of GP Electronics;

- (c) a certified copy of minutes of the shareholders' meeting of the Joint Venture in connection with the consent and approval of all other shareholders given to STH for pledging of the Pledged Shares has been delivered to GP Electronics;
- (d) the original share transfer instrument and the irrevocable power of attorney required to be delivered under the Loan Agreement have been delivered to GP Electronics;
- (e) the currency of any Loan must be US Dollars; and
- (f) unless otherwise agreed in writing between GP Electronics and STH from time to time, a proposed Drawdown Date is a Business Day within the Availability Period and STH has given GP Electronics not less than two Business Days' prior drawdown notice (or such shorter period as GP Electronics may agree) specifying a proposed drawdown date, the amount of the proposed Loan in US Dollars and the account to which the proposed Loan is to be paid.

### **Interest**

The rate of interest on each Loan is the Average Cost of Funding compounded at the end of each one month period starting on its Drawdown Date. GP Electronics shall notify STH of the determination of a rate of interest for each Loan prior to its proposed Drawdown Date. STH shall pay any accrued but unpaid interest on each Loan to GP Electronics on or before each repayment date. Any interests accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days, or in any case where the practice in Hong Kong differs, in accordance with that market practice.

### **Call Option**

STH grants the Call Option in respect of the Pledged Shares to GP Electronics provided that GP Electronics shall exercise the Call Option in accordance with the terms of the Finance Documents and the Shareholders' Agreement. For any event of default, GP Electronics may by notice in writing to STH, subject to compliance with any applicable listing rules in any relevant jurisdiction, including the Listing Rules, exercise the Call Option in respect of such number of Pledged Shares whereby STH shall transfer such number of Pledged Shares to GP Electronics or such person designated by GP Electronics and authorises GP Electronics to apply the total Share Transfer Price of such number of Pledged Shares for the payment or repayment of any outstanding Loan, accrued interests thereon and any other sum payable by STH to GP Electronics under any Finance Document on the date of the exercise of the Call Option, provided that if there is any shortfall upon exercising the Call Option, GP Electronics shall be entitled to recover such shortfall from STH. The Call Option may be exercised more than once and may be exercised in whole or in part.

## Repayment

STH shall pay the relevant repayment instalment to GP Electronics on or before each repayment date, and shall repay all outstanding Loans together with all unpaid interest accrued on the Loans and all other amounts owing by STH to GP Electronics under any Finance Document on 30 June 2023. The Loan outstanding at the expiry of the Availability Period shall be repaid by STH in full in accordance with the repayment schedule below, with each repayment instalment being an amount determined by GP Electronics after the last day of the Availability Period, which shall be equal to the percentage of the Loan outstanding at the expiry of the Availability Period:

Repayment date	Repayment instalment
30 June 2021	20%
30 June 2022	30%
30 June 2023	50%

If the aggregate amount of the Loan outstanding on any repayment date is less than the repayment instalment due on that date, STH shall repay the outstanding Loan in full on that date.

STH may not reborrow any part of the Facility which has been repaid or prepaid.

## Prepayment

Unless otherwise agreed in writing between GP Electronics and STH, STH may, if it gives GP Electronics not less than five Business Days' prior notice (or such shorter period as GP Electronics may agree), prepay all or any part of the Loans (together with all unpaid interest accrued thereon and all other amounts owing by STH to GP Electronics under any Finance Document, if any) from any source of funding available to STH other than the dividends of the Joint Venture and rental payable by the Joint Venture to STH or companies owned by STH's ultimate owners pursuant to any lease agreement for the lease of the land and buildings, office equipment, furniture and fixtures, situate at location of the existing production facilities owned by P.Audio to the Joint Venture.

## (IV) INFORMATION OF THE PARTIES

The Company is an investment holding company. The activities of its principal subsidiaries and associated companies are investment holding as well as manufacturing, marketing and trading of batteries, electronics and acoustics products, wire harness and cables.

GP Electronics is a company incorporated in Hong Kong with limited liability and is principally engaged in marketing and trading of audio products.

As at the date of this announcement, GP Electronics is a wholly-owned subsidiary of GP Industries. GP Industries is an 85.5% owned subsidiary of the Company, the shares of which are listed on the Singapore Exchange Securities Trading Limited.

STH, a company established in Thailand, is principally engaged in investment holding in Thailand. STH is ultimately owned by Mrs. Chen Lin Tsui Huan, Mr. Chen Siu Hao and Mr. Chen Chih Hsun. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, STH and its ultimate beneficial owners are Independent Third Parties.

## **(V) REASONS AND BENEFITS OF FORMATION OF THE JOINT VENTURE**

The formation of the Joint Venture is in line with the Group's strategy of exploring other cooperation opportunities outside China to take up more of the Group's export businesses to the United States. The Loan Agreement and the Sales Contribution Guarantee Agreement were entered into by the parties as part of the arrangement of the formation of the Joint Venture. The Loan Agreement was for the purposes of settlement of outstanding loans of STH and/or P.Audio directly related to the finance leases of machinery and tooling to achieve clean title for the transfer thereof by STH to the Joint Venture, financing the investment contribution in cash in the Joint Venture and financing the general working capital of STH for its brand distribution business or any other purposes as agreed by STH and GP Electronics from time to time. The terms of the Shareholders' Agreement, the Loan Agreement and the Sales Contribution Guarantee Agreement are negotiated by the parties on arm-length basis.

In view of the aforesaid, the Directors consider that the terms of the Shareholders' Agreement, the Loan Agreement, the Sales Contribution Guarantee Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and it is in the interests of the Company and its shareholders as a whole to enter into these agreements and form the Joint Venture.

## **(VI) LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios in respect of the transactions contemplated under the Shareholders' Agreement and the Loan Agreement exceeds 5% but less than 25%, the entering into of the Shareholders' Agreement and the Loan Agreement constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.



## DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Assets”	the existing production facilities, including machinery, moulds, equipment and tools owned by P. Audio as stipulated in the asset transfer agreement to be entered into between P. Audio and the Joint Venture
“Availability Period”	the period from and including the date of the Loan Agreement to and including the date which is 45 Business Days after the date of the Loan Agreement
“Average Cost of Funding”	in relation to each Loan, a rate expressed as a percentage which represents the average cost of funding of GP Electronics for the Loan by reference to (a) the latest annual report of GP Electronics; (b) the rate of the specific loan drawn by GP Electronics to finance its investment in the Joint Venture, whichever is lower
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or Sunday) on which banks are open for general business in Thailand
“Call Option”	the option granted by STH to GP Electronics to purchase all or any part of the Pledged Shares pursuant to the terms of the Loan Agreement, the Shareholders’ Agreement and Finance Documents
“Company”	Gold Peak Industries (Holdings) Limited (stock code: 40), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Commitment”	an amount up to US\$7,500,000
“Directors”	the directors of the Company
“Drawdown”	drawdown of the Facility
“Drawdown Date”	date of a Drawdown, being the date on which the relevant Loan is to be made
“Facility”	the loan facility made available under the Loan Agreement
“Finance Document(s)”	the Loan Agreement, the Share Pledge and any other document designated as such by STH and GP Electronics
“GP Electronics”	GP Electronics (HK) Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of GP Industries as at the date of this announcement
“GP Industries”	GP Industries Limited, a company incorporated in the Republic of Singapore with limited liability, the shares of which are listed on the Singapore Exchange Securities Trading Limited and is owned as to 85.5% by the Company as at the date of this announcement

“Group”	the Company and its subsidiaries
“Guarantee Period”	the three financial year commencing from 1 April 2020 and ending on 31 March 2023
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	parties who are independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Joint Venture”	GP Electronics & Acoustics Co., Ltd, a joint venture company to be established in Thailand pursuant to the Shareholders’ Agreement
“JV Board”	the board of directors of the Joint Venture
“JV Shareholder(s)”	the shareholder(s) of the Joint Venture, being STH or GP Electronics or both
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan(s)”	a loan made or to be made under the Facility or the principal amount outstanding from the time being of that loan
“Loan Agreement”	the loan agreement dated 2 December 2019 entered into between GP Electronics and STH
“P. Audio”	P.Audio System Co., Ltd, a private limited company incorporated and existing under the laws of Thailand
“Pledged Shares”	the shares which are, or are expressed to be, the subject of the Share Pledge from time to time, which include, among others, all the present and future shares of the Joint Venture legally and beneficially owned by STH and its designee(s), including but not limited to 24,500 shares which are issued by the Joint Venture as at the date of the Share Pledge
“Sales Contribution Guarantee Agreement”	The annual sales and sales contribution guarantee agreement dated 2 December 2019 entered into between GP Electronics and STH in relation to certain sales guarantees provided by the JV Shareholders
“Share Pledge”	a share pledge dated on or about the date of the Loan Agreement in respect of the Pledged Shares, executed or to be executed by STH in favour of GP Electronics
“Share Transfer Price”	the price of each Pledged Share subject to the Call Option, which shall be determined on the basis of the Joint Venture as a going concern, calculated based on (a) net asset value of the Joint Venture; or (b) five times of the earnings per share in the Joint Venture by reference to the most recent audited account of the Joint Venture, whichever is the higher

“Shareholders’ Agreement”	the shareholders’ agreement dated 2 December 2019 entered into between GP Electronics and STH in relation to the formation of the Joint Venture
“STH”	STH Holdings Co., Ltd, a private limited company incorporated and existing under the laws of Thailand
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THB”	the lawful currency of Thailand
“US\$”	the lawful currency of the United States of America
“%”	per cent.

By Order of the Board

**Louis WONG Man Kon**

Company Secretary

Hong Kong, 2 December 2019

*www.goldpeak.com*

As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), Richard KU Yuk Hing, Brian LI Yiu Cheung, Michael LAM Hin Lap and Brian WONG Tze Hang as Executive Directors, Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Bui and Timothy TONG Wai Cheung as Independent Non-Executive Directors, Mr. LEUNG Pak Chuen (Non-Executive Vice Chairman) and Ms. Karen NG Ka Fai as Non-Executive Directors.