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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**

**IN RELATION TO THE LEASE AGREEMENT**

**THE LEASE AGREEMENT**

The Board wishes to announce that on 5 January 2021, Dongguan Chao Ba, an indirect wholly-owned subsidiary of GP Industries, entered into the Lease Agreement with the Lessor in relation to the leasing of the Leased Premises for an initial term of 10 years commencing from the date on which the approval for environmental impact assessment having been obtained, with an option to renew for a further term of 5 years at the discretion of Dongguan Chao Ba.

As at the date of this announcement, GP Industries is an 85.5%-owned subsidiary of the Company and a company listed on the Singapore Exchange Securities Trading Limited.

**LISTING RULES IMPLICATION**

Upon implementation of HKFRS 16 effective from 1 January 2019, the Group should, if entering into a lease transaction as a lessee, recognize the right-of-use assets on its consolidated statement of financial position of the Group according to HKFRS 16. Under the Listing Rules, the entering of the lease transaction by the Group as a lessee effective from 1 January 2019 will be regarded as a one-off acquisition of asset under the definition of transaction in Rule 14.04(1)(a) of the Listing Rules.

As one or more of the applicable percentage ratios calculated based on the value of the right-of-use of the Leased Premises under the Lease Agreement to be recognized by the Company according to HKFRS 16 exceed 5% but less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

The Board wishes to announce that on 5 January 2021, Dongguan Chao Ba, an indirect wholly-owned subsidiary of GP Industries, entered into the Lease Agreement with the Lessor in relation to the leasing of the Leased Premises for a term of 10 years commencing from the date on which the approval for environmental impact assessment having been obtained, with an option to renew for a further term of 5 years at the discretion of Dongguan Chao Ba.

As at the date of this announcement, GP Industries is an 85.5%-owned subsidiary of the Company and a company listed on the Singapore Exchange Securities Trading Limited.

## THE LEASE AGREEMENT

The principal terms of the Lease Agreement are as follows:

<b>Date:</b>	5 January 2021
<b>Lessor:</b>	東莞市謝崗資產管理有限公司 (Dongguan City Xiegang Asset Management Limited)  To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owner are Independent Third Parties.
<b>Lessee:</b>	Dongguan Chao Ba, an enterprise established in the PRC and an indirect wholly-owned subsidiary of GP Industries.
<b>Leased Premises:</b>	The factory premises, dormitories and other ancillary facilities located at (i) 東莞市謝崗鎮銀湖工業區銀興路 16 號 (「A 區」) (No. 16, Yinxing Road, Yinhu Industrial Zone, Xiegang Town, Dongguan City, Guangdong Province, the PRC ("Zone A")) and (ii) 東莞市謝崗鎮銀湖工業區銀泰路 2 號 (「B 區」) (No. 2, Yintai Road, Yinhu Industrial Zone, Xiegang Town, Dongguan City, Guangdong Province, the PRC ("Zone B")).
<b>Total gross area:</b>	The total gross area of the Leased Premises is 46,434 sq. m. comprising (i) the factory premises, dormitories and ancillary facilities in Zone A of approximately 16,606 sq. m.; and (ii) the factory premises, dormitories and ancillary facilities in Zone B of approximately 29,828 sq. m..
<b>Intended Use:</b>	For the manufacturing and sales of alkaline batteries, carbon zinc batteries, nickel-metal hydride rechargeable batteries, nickel-metal electrode and lithium batteries.

<b>Term:</b>	An initial term of 10 years commencing from the date on which the approval for environmental impact assessment having been obtained, with an option to renew for a further term of 5 years at the discretion of Dongguan Chao Ba.
<b>Rent:</b>	The monthly rent payable under the Lease Agreement for the initial term of 10 years is as follows:  For the 1st to 5th year: RMB557,208 (equivalent to approximately HK\$ 668,650) per month, representing RMB12 per sq. m.; and  For the 6th to 10th year: RMB603,642 (equivalent to approximately HK\$ 724,370) per month, representing RMB13 per sq. m..
<b>Adjustment to rent:</b>	Dongguan Chao Ba estimated that the annual production value of the Lease Premises would be RMB600,000,000. If the annual production value is less than RMB510,000,000, the monthly rent for the initial term of 10 years will be adjusted upward as follows:  For the 1st to 5th year: RMB603,642 (equivalent to approximately HK\$ 724,370) per month, representing RMB13 per sq. m.; and  For the 6th to 10th year: RMB650,076 (equivalent to approximately HK\$ 780,091) per month, representing RMB14 per sq. m..
<b>Rent free period:</b>	A period of 3 months from the commencement date of the initial term of 10 years under the Lease Agreement.
<b>Rental Deposit:</b>	RMB1,671,624 (equivalent to approximately HK\$ 2,005,950), which is non-refundable if the Lease Agreement is terminated within the initial term of 10 years under the Lease Agreement but will be refunded to Dongguan Chao Ba without interest for any early termination after the expiration of the initial term of 10 years under the Lease Agreement, subject to no outstanding rental payments and no antecedent breach of the Lease Agreement.
<b>Option to Renew:</b>	Dongguan Chao Ba has the discretion to exercise the option to renew for a further term of 5 years by notifying the Lessor at the commencement of the 9th year of the Lease Agreement. Pursuant to the terms of the Lease Agreement, the rent payable by Dongguan Chao Ba for the 11th to 15th year (if the option to renew is exercised) would be RMB742,944 (equivalent to approximately HK\$ 891,533) per month, representing RMB16 per sq.m.. If the annual production value of the Leased Premises is less than RMB510,000,000, the monthly rent will be adjusted upward to RMB789,378 (equivalent to approximately HK\$ 947,254) per month, representing RMB17 per sq.m..

<b>Additional terms:</b>	<p>Pursuant to the terms of the Lease Agreement, Dongguan Chao Ba shall obtain the approval for environmental impact assessment within 6 months from the date of the Lease Agreement, failing which the Lessor shall have the right to terminate the Lease Agreement and return the rental deposit to Dongguan Chao Ba, without interest, within one month after such termination.</p> <p>Upon obtaining the approval for environmental impact assessment, the Lessor and Dongguan Chao Ba shall enter into a supplemental lease agreement to confirm the commencement date of the initial term of 10 years under the Lease Agreement and the rent free period.</p> <p>The Lessor shall handover the Leased Premises to Dongguan Chao Ba within 5 days after the approval for environmental impact assessment having been obtained.</p> <p>The Lessee shall be responsible for the repair and maintenance works including rain and sewage diversion system of the Leased Premises, electricity network, external walls, environmental and road systems within the factory area in Zone B and all related costs to be incurred will be set off by 8 months rental payable by the Lessee. Accordingly, the Lessee shall only be required to pay rent to the Lessor 11 months after the approval for environmental impact assessment having been obtained.</p>
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The Company will issue a further announcement after the supplemental lease agreement has been entered into and the commencement date of the initial term of 10 years under the Lease Agreement is ascertained.

The terms of the Lease Agreement have been arrived at after arm's length negotiations between the parties and having taken into account of the market rent for similar properties in the nearby area.

Based on the estimation of the Company, the value of the right-of-use asset to be recognized by the Company under the Lease Agreement amounts to approximately RMB73,791,000 (equivalent to approximately HK\$ 88,549,200), which is the present value of the aggregate rent payable during the term of the Lease Agreement in accordance with HKFRS 16.

## **INFORMATION ON THE PARTIES**

### *The Company and Dongguan Chao Ba*

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

Dongguan Chao Ba is principally engaged in manufacturing of rechargeable batteries. As at the date of this announcement, Dongguan Chao Ba is indirectly wholly owned by GP Industries, which is in turn an approximately 85.5%-owned subsidiary of the Company.

### *The Lessor*

To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, (i) the Lessor is a company established in the PRC whose scope of business is asset management; and (ii) the Lessor and its ultimate owners are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT**

Recently, the Group has dedicated to rebalancing its manufacturing capacity among factories in China and Southeast Asia. The Board is considering plans to consolidate and relocate the battery manufacturing facilities in Guangdong Province to the Leased Premises in order to achieve economies of scale and improve efficiency. Following completion of the relocation, it is expected that the land and buildings in Guangdong Province on which the Group's existing manufacturing facilities are currently located will become available for disposal and the proceeds generated will be applied to strengthen the Group's cash flow. Taking into account of the location, site area and the infrastructure in the proximity of the Leased Premises, the Board considers the entering of the Lease Agreement represents a good opportunity for the Group to obtain a conveniently-located site in Dongguan at a reasonable cost to continue its production and operation activities in China after relocation.

The Board considers that the terms of the Lease Agreement (including the rent payable) are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

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As one or more of the applicable percentage ratios calculated based on the value of the right-of-use of the Leased Premises under the Lease Agreement to be recognized by the Company according to HKFRS 16 exceed 5% but less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company and is subject to reporting 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:

“Board”	the board of Directors
“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
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dongguan Chao Ba”	東莞超霸電池有限公司 (Dongguan Chao Ba Batteries Co., Ltd.), an enterprise established in the PRC and an indirect wholly-owned subsidiary of GP Industries
“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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“km”	kilometres
“Lease Agreement”	the lease agreement dated 5 January 2021 entered into by the Lessor as lessor and Dongguan Chao Ba as lessee in respect of the Leased Premises

“Leased Premises”	the factory premises, dormitories and other ancillary facilities located at (i) 東莞市謝崗鎮銀湖工業區銀興路 16 號 (「A 區」) (No. 16, Yinxing Road, Yinhu Industrial Zone, Xiegang Town, Dongguan City, Guangdong Province, the PRC (“Zone A”)) and (ii) 東莞市謝崗鎮銀湖工業區銀泰路 2 號 (「B 區」) (No. 2, Yintai Road, Yinhu Industrial Zone, Xiegang Town, Dongguan City, Guangdong Province, the PRC (“Zone B”))
“Lessor”	東莞市謝崗資產管理有限公司 (Dongguan City Xiegang Asset Management Limited)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the same meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) issued by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq. m.”	square metres
“%”	per cent.

For reference purposes only and unless otherwise specified, RMB amount has been translated into HK\$ using the rate of RMB1.00 to HK\$1.20.

For reference purposes only, the Chinese names of the PRC entities have been translated into English in this announcement. In the event of any discrepancies between the Chinese names of these PRC entities and their respective English translations, the Chinese version shall prevail.

By Order of the Board  
**Louis WONG Man Kon**  
*Company Secretary*

Hong Kong, 5 January 2021  
[www.goldpeak.com](http://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 (Executive Vice President), Michael LAM Hin Lap and Brian WONG Tze Hang as Executive Directors, Ms. Karen NG Ka Fai as Non-Executive Director and Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Bui and Timothy TONG Wai Cheung as Independent Non-Executive Directors.*