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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Gold Peak Industries (Holdings) Limited (the “Company”), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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 AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND NOTICE OF GENERAL MEETING

Independent Financial Adviser to the  
Independent Board Committee and Independent Shareholders



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Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined under the section of “Definitions” of this circular.

A letter from the Board is set out on pages 6 to 17 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 18 to 19 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 30 of this circular.

A notice convening a general meeting of the Company to be held at Silverbox Ballrooms 1–3, 1/F, Hotel ICON, 17 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong at 10:30 a.m. on Wednesday, 21 July 2021 (the “General Meeting”) is set out on pages N-1 to N-2 of this circular. Whether or not you are able to attend the General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the registered office of the Company at 9/F, Building 12W, 12 Science Park West Avenue, Phase 3, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, should you so wish.

#### PRECAUTIONARY MEASURES AT THE GENERAL MEETING

Please see page ii of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus Pneumonia (COVID-19) at the General Meeting, including:

- compulsory body temperature checks and health declarations
- mandatory wearing of a face mask for each attendee
- no provision of refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution at the meeting as an alternative to attending the meeting in person.

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## PRECAUTIONARY MEASURES AT THE GENERAL MEETING

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Due to the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following precautionary measures at the General Meeting against the epidemic to protect the Shareholders from the risk of infection:

- (i) Seating at the venue of the General Meeting (“**GM Venue**”) will be arranged so as to allow for appropriate social distancing. As a result, there will be limited capacity for Shareholders to attend the General Meeting. The Company may limit the number of attendees at the General Meeting as may be necessary to avoid over-crowding;
- (ii) At the entrance of the GM Venue, a compulsory body temperature check will be conducted on every person attending the General Meeting. Any person with a body temperature of over 37.0 degrees Celsius, or any individual who has any flu-like symptoms or is otherwise unwell will not be admitted to the GM Venue;
- (iii) Every Shareholder or proxy is required to wear face mask at the GM Venue;
- (iv) Any attendee who declines any of the abovementioned measures will be refused admission to the GM Venue; and
- (v) No food or beverages will be provided at the GM Venue.

Shareholders are reminded that physical attendance at the General Meeting is not necessary for the purpose of exercising Shareholder’s voting rights. Shareholders, particularly any Shareholders who are themselves or have close contact with persons subject to quarantine in relation to COVID-19, are strongly encouraged to appoint any person or the chairman of the General Meeting as his/her proxy to vote on the respective resolution at the General Meeting, instead of attending the General Meeting in person.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“associate(s)”	has the same meaning ascribed to it under Chapter 14A of the Listing Rules
“Audited NAV”	the audited net assets value of the Target Group as at 31 March 2021 based on the audited financial statements of the Target Group for the year ended 31 March 2021
“Board”	the board of Directors
“business day(s)”	any day(s) except Saturday, Sunday or public holiday on which banks are open in Hong Kong and Singapore to the general public for business
“BVI”	the British Virgin Islands
“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
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of Completion, which shall take place on the tenth (10th) business days (or any other day mutually agreed by the Vendor and the Purchaser in writing) following the issue of the notice by the Purchaser to the vendor informing the satisfaction of the conditions precedent under the Sale and Purchase Agreement
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the selling price of the entire issued share capital of the Target Company initially determined at HK\$69,000,000 payable to the Vendor by the Purchaser for the Disposal, subject to Consideration Adjustment

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## DEFINITIONS

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“Consideration Adjustment”	the adjustment to the Consideration in proportion to the percentage change of the Audited NAV against the Unaudited NAV as stipulated under the Sale and Purchase Agreement
“Controlling Shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the entire issued capital of the Target Company as contemplated under the Sale and Purchase Agreement
“General Meeting”	a general meeting of the Company to be held at 10:30 a.m. on Wednesday, 21 July 2021 to consider and, if thought fit, approve the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder, the notice of which is set out on pages N-1 to N-2 of this circular, or any adjournment thereof
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huizhou GP Wiring”	Huizhou GP Wiring Technology Limited (惠州金山線束科技有限公司), a company established in the PRC with limited liability and has a registered and paid-up capital of US\$4,093,000
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder

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## DEFINITIONS

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“Independent Financial Adviser”	VBG Capital Limited (建泉融資有限公司), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders who are entitled to attend and vote at the General Meeting, other than: (i) Mr. Victor Lo, Mr. Paul Lo and their respective associates; and (ii) all other Shareholders (if any) who are involved or interested in the Disposal
“Latest Practicable Date”	18 June 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Linkz Individual Shareholders”	consists of six individuals, namely Mr. Cua Tin Yin Simon, Mr. Sy Yuk Tsan, Mr. Li Ping Kuen, Mr. Chan Ting Hei, Ms. Lo Ching Yee and Mr. Wong Wai Hung, holding 1.09%, 0.72%, 0.09%, 0.09%, 0.04% and 0.02% (together representing 2.05%) of the issued ordinary share capital of Linkz Industries, respectively
“Linkz Industries”	Linkz Industries Limited, a company incorporated in Hong Kong with limited liability and a Controlling Shareholder of Time Interconnect
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the long stop date as stated in the Sale and Purchase Agreement, being 30 September 2021
“Mr. Paul Lo”	Mr. Paul Lo Chung Wai, a non-executive director, the chairman and a Controlling Shareholder of Time Interconnect and a brother of Mr. Victor Lo
“Mr. Victor Lo”	Mr. Victor Lo Chung Wing, the Chairman of the Board and the Chief Executive of the Company

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## DEFINITIONS

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“Nickson Holdings”	Nickson Holdings Limited, a company incorporated under the laws of the BVI with limited liability and is wholly owned by Mr. Paul Lo
“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 circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Time Interconnect Investment Limited, a wholly-owned subsidiary of Time Interconnect
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 31 May 2021 entered into between the Vendor and the Purchaser in relation to the Disposal
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Singapore Exchange”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	GP Industries Marketing Limited(金山工業貿易有限公司), a company incorporated in Hong Kong with limited liability and its issued and paid-up share capital of HK\$21,000,000 comprises 1,300,000 ordinary shares and 800,000 non-voting deferred shares
“Target Group”	the Target Company and its subsidiaries after the implementation of the reorganisation of the Target Group prior to Completion, namely Huizhou GP Wiring
“Time Holdings”	Time Interconnect Holdings Limited, a company incorporated in the BVI with limited liability, a Controlling Shareholder of Time Interconnect and is wholly-owned by Linkz Industries

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## DEFINITIONS

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“Time Interconnect”	Time Interconnect Technology Limited (匯聚科技有限公 司) (stock code: 1729), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Unaudited NAV”	the net asset value of the Target Group as at 31 March 2021 based on the unaudited management accounts of the Target Group for the year ended 31 March 2021
“US\$	United States dollars, the lawful currency of the United States of America
“Vendor”	GP Industries Limited, a public company incorporated in Singapore whose shares are listed on the Singapore Exchange (stock code: G20) and a 85.59%-owned subsidiary of the Company
“%”	per cent.



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)**



**Board of Directors**

*Executive Directors:*

Mr. Victor LO Chung Wing (*Chairman & Chief Executive*)  
Mr. Richard KU Yuk Hing  
Mr. Brian LI Yiu Cheung (*Executive Vice President*)  
Mr. Michael LAM Hin Lap  
Mr. Brian WONG Tze Hang

*Registered Office:*

9/F, Building 12W  
12 Science Park West Avenue  
Phase 3, Hong Kong Science Park  
Pak Shek Kok  
New Territories  
Hong Kong

*Non-executive Director:*

Ms. Karen NG Ka Fai

*Independent Non-executive Directors:*

Mr. LUI Ming Wah  
Mr. Frank CHAN Chi Chung  
Mr. CHAN Kei Bui  
Prof. Timothy TONG Wai Cheung

22 June 2021

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL  
OF THE TARGET COMPANY  
AND  
NOTICE OF GENERAL MEETING**

**INTRODUCTION**

The Board wishes to announce that on 31 May 2021 (after the trading hours), the Vendor, a non wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire issued share capital of the Target Company at the initial consideration of HK\$69,000,000 (subject to Consideration Adjustment).

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with among other matters, (i) further details of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Disposal; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal; and (iv) the notice of the General Meeting.

### **SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out as follows:

#### **Date**

31 May 2021

#### **Parties**

Vendor: GP Industries

Purchaser: Time Interconnect Investment Limited

As at the Latest Practicable Date, each of (i) the Company through the Vendor, (ii) Mr. Paul Lo who is a brother of Mr. Victor Lo, the Chairman of the Board and the Chief Executive of the Company, (iii) Nickson Holdings, which is wholly owned by Mr. Paul Lo, and (iv) the Linkz Individual Shareholders is interested in approximately 38.13%, 39.68%, 20.14% and 2.05%, respectively, of Linkz Industries which in turn is indirectly interested in approximately 63.85% of the Purchaser through Time Holdings. As Mr. Paul Lo has an effective indirect interest of approximately 38.20% of the share capital of the Purchaser and is an associate of a connected person of the Company, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules and the Disposal is therefore subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **Assets to the disposed**

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire issued share capital of the Target Company at the initial consideration of HK\$69,000,000 (subject to Consideration Adjustment).

Upon Completion, the Target Company will cease to be an indirect non wholly-owned subsidiary of the Company and the financial results of the Target Group will cease to be consolidated into the consolidated financial statements of the Company.

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## LETTER FROM THE BOARD

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### **Consideration**

The Consideration is initially determined at approximately HK\$69,000,000 after arm's length negotiation between the Vendor and the Purchaser having taken into consideration (i) the net assets value of the Target Group as at 31 March 2021; and (ii) the factors set out in the paragraph headed "Reasons for and the benefits of the proposed Disposal" below.

The Consideration (subject to Consideration Adjustment, if any) shall be payable by the Purchaser to the Vendor in cash upon Completion.

### **Adjustment to Consideration**

Pursuant to the Sale and Purchase Agreement, the initial Consideration is subject to Consideration Adjustment. Prior to Completion, auditors (or other qualified public accountants firm acceptable to or agreed by the Purchaser and the Vendor) shall be appointed to prepare the audited financial statements of the Target Group for the year ended 31 March 2021 as soon as practicable. In the event that the difference between the Unaudited NAV and the Audited NAV is more than 5%, the final Consideration shall be adjusted proportionately in accordance with the percentage change of the Audited NAV against the Unaudited NAV, provided that following the Consideration Adjustment, shall be capped at HK\$80,000,000.

As at the Latest Practicable Date, the auditors agreed by the Purchaser and the Vendor have been appointed and expect to complete the preparation of the audited financial statements of the Target Group by end of July 2021. The Company shall announce the Audited NAV and the amount of Consideration Adjustment upon Completion.

### **Conditions precedent**

Unless otherwise agreed by the Vendor and the Purchaser in writing, Completion is conditional upon the following conditions precedent being satisfied on or before the Long Stop Date:

- (i) the Purchaser having obtained all necessary corporate authorisations including board resolutions and shareholder's resolutions approving the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement;
- (ii) the Vendor having obtained all necessary corporate authorisations including board resolutions, regulatory approvals, consent and certificates required under the listing rules of the Singapore Exchange and the Singapore

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## LETTER FROM THE BOARD

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Exchange's approval and clearance in connection with the Agreement for Sale and Purchase and the transactions contemplated under the Sale and Purchase Agreement;

- (iii) the Company having obtained the approval of its shareholders at its general meeting, all necessary regulatory approvals, consent and certificates required under the Listing Rules and the Stock Exchange's approval and clearance in connection with the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement;
- (iv) Time Interconnect having obtained the approval of its shareholders at its general meeting, all necessary regulatory approvals, consent and certificates required under the Listing Rules and the Stock Exchange's approval and clearance in connection with the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement;
- (v) Time Interconnect having obtained a term loan facility from a bank in Hong Kong in connection with the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement;
- (vi) the reorganisation of the Target Group by transferring the entire issued share capital of Huizhou GP Wiring to the Target Company having been completed;
- (vii) the audited financial statements of the Target Group for the year ended 31 March 2021 having been prepared by auditors (or other qualified public accountants firm acceptable or agreed by the Purchaser and the Vendor);
- (viii) each of the warranties made by the Vendor in the Sale and Purchase Agreement remaining true and accurate in all material respects at the Completion Date;
- (ix) the legal and financial due diligence on the business and operations of the Target Group by or on behalf of the Purchaser having completed to the satisfaction of the Purchaser; and
- (x) each of the Vendor and the Purchaser having obtained all necessary regulatory approvals, consent and certificates required pursuant to all applicable law, statute, regulation or ordinance and all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from third parties, governmental or regulatory authorities in the PRC, Singapore, Hong Kong, the BVI and the Cayman Islands in connection with the transactions required to be obtained having been granted and in effect.

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## LETTER FROM THE BOARD

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If any of the conditions precedent shall not have been satisfied at or before 5:00 p.m. on the Long Stop Date, then unless otherwise agreed in writing between the parties, the Sale and Purchase Agreement and the terms and conditions thereof will immediately and automatically terminate, in which case, no party to the Sale and Purchase Agreement shall have any further obligations or liabilities under or arising from the Sale and Purchase Agreement.

As at the Latest Practicable Date, none of the conditions precedent has been fulfilled.

### **Completion**

Completion shall take place on the tenth (10th) business day (or on any other day as the Vendor and the Company may agree in writing) following the notice issued by the Purchaser to the Vendor informing the satisfaction of all the conditions precedent in the Sale and Purchase Agreement.

On Completion, the Purchaser shall, among other things, deliver to the Vendor a written undertaking to, within sixty (60) days after the Completion Date, complete the filing of change of company names of each of the Target Company and Huizhou GP Wiring without “金山 (GP);” “金山工業 (GP Industries)” or any combination thereof and provide the relevant documentary evidence in respect thereof.

### **Restrictive Covenants**

Pursuant to the terms of the Sale and Purchase Agreement, during a period commencing from the date of the Sale and Purchase Agreement and ending on the third (3rd) anniversary of the Completion Date, the Vendor will not, and will ensure that any of its affiliates will not, without the prior written consent of the Purchaser:

- (i) directly or indirectly, under any circumstances whatsoever, own, manage, operate, engage in, control or participate in the ownership, management, operation or control of, or be connected in any manner with, whether as an individual, partner, stockholder, director, officer, principal, agent, employee or consultant, or in any other capacity whatsoever, any person that is engaged in, about to engage in, or intending to engage in a service or business whether in existence or under development, which competes with, is about to compete with, intends to compete with, or is an alternative to any present or planned services or products or venture of the Target Group as determined as at the Completion Date; or
- (ii) directly or indirectly take any of the following actions: (a) persuade or attempt to persuade any customer or supplier of, or independent contractor doing business with, the Target Group to cease doing business with the Target Group, or to reduce the amount of business the said customer, or

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## LETTER FROM THE BOARD

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supplier, or independent contractor does with the Target Group; or (b) solicit any person employed at the time by the Target Group, or any sale agent of the Target Group, to apply for or accept employment with the Company or otherwise encourage or entice such person to leave his position or the business relationship with the Target Group.

(collectively, the “**Restrictive Covenants**”)

For the purpose of the Sale and Purchase Agreement, “affiliates” means with respect to any person which, at the time of determination, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Company. The term “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through not less than 50% of ownership of securities, by contract or otherwise.

The management of the Group, having taken into account that (i) a non-competition undertaking is common and the period of Restrictive Covenants covering the period from the date of the Sale and Purchase Agreement to the third anniversary of the Completion Date when the Group has no intention to continue on with the business of the Target Group is a reasonable term and condition in the Sale and Purchase Agreement involving transfer of business; and (ii) the Restrictive Covenants in the Sale and Purchase Agreement relate mainly to the business of the Target Group, which would not affect or impose any restrictions on the Group from carrying on its other existing business segments and the Group does not intend to engage in any businesses similar to those of the Target Group following the Completion, considered that the Restrictive Covenants are fair and reasonable and in the interests of the Company and the Shareholders as a whole so far as the Disposal is concerned.

### **Termination of the Sale and Purchase Agreement**

The Sale and Purchase Agreement may be terminated in the following cases:

- (i) if any of the conditions precedent under the Sale and Purchase Agreement shall not have been satisfied at or before 5:00 p.m. on the Long Stop Date; or
- (ii) if the respective obligations of the Purchaser and the Vendor to be performed on or before the day stipulated for Completion are not complied with on the Completion Date, the Purchaser may by notice to the Vendor (in the event that the Vendor is unable or unwilling to comply with its obligations to complete the sale under the Sale and Purchase Agreement) or the Vendor may by notice to the Purchaser (in the event that the Purchaser is unable or

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## LETTER FROM THE BOARD

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unwilling to comply with its obligations to complete the purchase under the Sale and Purchase Agreement), amongst other things, terminate the Sale and Purchase Agreement.

### **INFORMATION ON THE PARTIES**

#### **Information on the Company and the Vendor**

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

The Vendor is a public company incorporated in Singapore whose shares are listed on the Singapore Exchange (stock code: G20). The Vendor and its subsidiaries are engaged in the development, manufacture and distribution of a wide range of products including electronics and acoustic products, batteries and battery-related products, and automotive wire harness. As at the Latest Practicable Date, the Vendor is owned as to 85.59% by the Company.

#### **Information on the Purchaser**

The Purchaser is an investment holding company established in the BVI with limited liabilities and is a wholly-owned subsidiary of Time Interconnect, a company incorporated in the Cayman Islands with limited liabilities with its shares listed on the Main Board of Stock Exchange (stock code: 1729). Time Interconnect and its subsidiaries are principally engaged in the manufacture and sales of cable assembly products and networking cable.

#### **Information on the Target Group**

The Vendor carries on its manufacturing and sales of automotive wire harness business through directly holding the entire interests in each of the Target Company and Huizhou GP Wiring for more than twelve months before the date of the Sale and Purchase Agreement. The Target Company was incorporated in Hong Kong with limited liability on 14 January 1992 and is principally engaged in the marketing and trading of automotive wire harness products. The Vendor acquired all of the equity interest of the Target Company by December 1996 at a total costs of approximately HK\$27,294,000. Established on 14 January 2000 in the PRC, Huizhou GP Wiring is mainly responsible for producing the automotive wire harness products. Huizhou GP Wiring has a production facility located in Huizhou with a total gross floor area of approximately 12,125 square meters. The products manufactured by Huizhou GP Wiring were generally sold to customers in the PRC directly by Huizhou GP Wiring or to the Target Company for further distribution to overseas customers. The Vendor shall undertake and complete the reorganisation for the Target Group by transferring the entire registered capital of Huizhou GP Wiring to the Target Company prior to Completion pursuant to the Sale and Purchase Agreement.

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## LETTER FROM THE BOARD

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### FINANCIAL INFORMATION OF THE TARGET GROUP

Based on the unaudited management accounts of the Target Group for the years ended 31 March 2020 and 2021, the consolidated turnover, the consolidated net profit (before and after taxation) and the consolidated net assets of the Target Group are as follows:

	For the year ended 31 March	
	2020	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	203,801	190,575
Profit before tax	12,499	10,014
Profit after tax	9,858	8,141

According to the unaudited management accounts of the Target Group, the Target Group recorded net assets of approximately HK\$72,171,000 as at 31 March 2021. As at 31 March 2021, (i) the major assets of the Target Group comprised plant and equipment of approximately HK\$12.3 million, inventories of approximately HK\$31.6 million and debtors and prepayments of approximately HK\$88.3 million and (ii) the major liabilities of the Target Group comprised creditors and accruals of approximately HK\$59.8 million.

The Disposal does not involve disposal of property interests or a company whose assets consist solely or mainly of property, nor asset whose primary significance is its capital value.

As a result of the Disposal, the Group would have to forfeit the wire harness business as operated through the Target Group and would record disposal losses.

### FINANCIAL EFFECTS ON THE DISPOSAL AND INTENDED USE OF PROCEEDS

Based on the initial consideration of HK\$69,000,000, the shortfall of the proceeds from the Disposal below the unaudited net asset value of the Target Group of HK\$72,171,000 as at 31 March 2021 is HK\$3,171,000.

The Group is expected to record an unaudited loss before tax on Disposal of HK\$16,671,000 (after deduction of (i) the net asset value of the Target Group of HK\$72,171,000 as at 31 March 2021 and (ii) the aggregate of goodwill and translation deficit attributable to the Target Group as at 31 March 2021 of approximately HK\$13,500,000) and an unaudited loss after tax on Disposal of approximately HK\$18,271,000 upon completion of the Disposal.



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## LETTER FROM THE BOARD

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The breakdown of calculation of disposal loss before and after tax is as follows:

	<i>HK\$'000</i>
Consideration	69,000
NAV as at 31 March 2021	<u>(72,171)</u>
Shortfall below NAV	(3,171)
Goodwill	(1,580)
Translation deficit attributable to harness business ( <i>Note</i> )	<u>(11,920)</u>
Disposal loss before tax	(16,671)
Capital gain tax of Huizhou GP Wiring	<u>(1,600)</u>
Loss on disposal after tax	<u><u>(18,271)</u></u>

*Note:* The translation deficit attributable to harness business is mainly due to the translation losses of Renminbi and Singaporean dollars against HK\$.

The Group intends to use the net proceeds from the Disposal to strengthen the Group's cashflow, including funding the working capital requirement of the core businesses.

### REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

As disclosed in the section headed "Information on the Target Group" above, the Target Group is principally engaged in the manufacturing and sales of automotive wire harness, which is a non-core business of the Group. In recent years, there has not been much progress in the harness business of the Group and its contribution to the Group's performance is limited.

The market segment currently served by the Target Group is highly competitive. Throughout the years, there has not been much opportunity and progress for the Target Group to move downstream in the supply chain to supply directly to the automotive manufacturers. In addition, such transformation is expected to require substantial commitment in both financial and management resources. On the other hand, the Group's branded businesses reported revenue growth in recent years, including during the challenging year ended 31 March 2021. The Group considers the Disposal represents a good opportunity to exit a non-core business and preserve resources for growth-driving core businesses.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under the Listing Rules) is greater than 5% but less than 25%, the proposed Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as at the Latest Practicable Date, each of (i) the Company through the Vendor, (ii) Mr. Paul Lo who is a brother of Mr. Victor Lo, the Chairman of the Board and the Chief Executive of the Company, (iii) Nickson Holdings, which is wholly owned by Mr. Paul Lo, and (iv) the Linkz Individual Shareholders is interested in approximately 38.13%, 39.68%, 20.14% and 2.05%, respectively, of Linkz Industries which in turn is indirectly interested in approximately 63.85% of the Purchaser through Time Holdings. As Mr. Paul Lo has an effective indirect interest of approximately 38.20% of the share capital of the Purchaser and is an associate of a connected person of the Company, the Purchaser is regarded as a connected person of the Company under Chapter 14A of the Listing Rules and the Disposal is therefore subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### GENERAL MEETING

A notice convening the General Meeting to be held at Silverbox Ballrooms 1–3, 1/F, Hotel ICON, 17 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong at 10:30 a.m. on Wednesday, 21 July 2021 is set out on pages N-1 to N-2 of this circular for the purpose of considering and, if thought fit, passing with or without amendments the resolution set out therein.

You will find enclosed a form of proxy for use at the General Meeting. Whether or not you are able to attend the General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the registered office of the Company at 9/F, Building 12W, 12 Science Park West Avenue, Phase 3, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, should you so wish.

To determine the entitlement of the members of the Company to attend and vote at the General Meeting to be held on Wednesday, 21 July 2021, the register of members of the Company will be closed on Friday, 16 July 2021 to Wednesday, 21 July 2021, both days inclusive. In order to qualify for attending and voting at the General Meeting, all transfer documents should be lodged for registration with the share registrar and transfer office of the Company in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 15 July 2021.

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## LETTER FROM THE BOARD

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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. An announcement on the poll results will be published by the Company after the General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As at the date of Latest Practicable Date, Mr. Victor Lo and his associates held in aggregate 210,816,046 Shares, representing approximately 26.9% of the issued share capital of the Company and are required to abstain from voting on the resolution to approve the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder at the General Meeting. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, save for Mr. Victor Lo and his associates, no other Shareholders are required to abstain from voting on the resolution approving the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder at the General Meeting.

### **RECOMMENDATION**

Your attention is drawn to the letter of the Independent Board Committee set out on pages 18 to 19 of this circular, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 20 to 30 of this circular in respect of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the view that the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder, which have been reached after arm's length negotiations among the parties thereto, are on normal commercial terms, fair and reasonable, and the transactions contemplated above are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed for approving the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder at the General Meeting.

The Board (including independent non-executive Directors) considers that the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder, which have been reached after arm's length negotiations among the parties thereto, are on normal commercial terms, fair and reasonable, and the transactions contemplated above are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including independent non-executive Directors) recommends the Independent Shareholders to vote in favour of the resolution approving the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder at the General Meeting.

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## LETTER FROM THE BOARD

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By virtue of his relationship with Mr. Paul Lo, Mr. Victor Lo, the Chairman of the Board and the Chief Executive of the Company, is considered to have a material interest in the Disposal and the entering of the Sale and Purchase Agreement and has abstained from voting on the resolution of the Board in relation to the Disposal and the entering of the Sale and Purchase Agreement.

### **GENERAL**

**Completion of the Disposal is subject to fulfillment of the conditions precedent set out in the Sale and Purchase Agreement, and the Disposal may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

### **ADDITIONAL INFORMATION**

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

Yours faithfully,  
For and on behalf of  
**Gold Peak Industries (Holdings) Limited**  
**Victor LO Chung Wing**  
*Chairman and Chief Executive*

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)**



22 June 2021

*To the Independent Shareholders*

Dear Sir or Madam

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL  
OF THE TARGET COMPANY**

We refer to the circular of the Company dated 22 June 2021 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular shall have the same meanings herein.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, whether the transactions contemplated above are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. VBG Capital Limited (建泉融資有限公司) has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the letter from the Board set out on pages 6 to 17 of the Circular; (ii) the letter from the Independent Financial Adviser as set out on pages 20 to 30 of the Circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder as well as the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation; and (iii) the additional information as set out in the appendices to the Circular.

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that the terms of the Disposal, the Sale and Purchase Agreement and the transactions

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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contemplated thereunder are fair and reasonable as far as the Independent Shareholders are concerned, and the Sale and Purchase Agreement and transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the General Meeting to approve the transactions contemplated above.

Yours faithfully  
For and on behalf of the  
**Independent Board Committee of  
Gold Peak Industries (Holdings) Limited**

**Frank CHAN Chi Chung   LUI Ming Wah   CHAN Kei Bui   Timothy TONG Wai Cheung**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement for the purpose of inclusion in this circular.*



建泉融資有限公司  
VBG Capital Limited

18/F., Prosperity Tower  
39 Queen's Road Central  
Hong Kong

22 June 2021

*To: The independent board committee and the independent shareholders  
of Gold Peak Industries (Holdings) Limited*

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 22 June 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

On 31 May 2021, the Vendor, a non-wholly owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire issued share capital of the Target Company at the initial cash Consideration of HK\$69,000,000 (subject to the Consideration Adjustment). Upon Completion, the Target Company will cease to be an indirect non-wholly owned subsidiary of the Company.

According to the Letter from the Board, the Disposal constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders’ approval requirements.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee comprising Messrs. Lui Ming Wah, Frank Chan Chi Chung, Chan Kei Biu and Timothy Tong Wai Cheung (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Disposal is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the General Meeting. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in this regard.

### **BASIS OF OUR OPINION**

In formulating our opinion with regard to the Sale and Purchase Agreement, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the General Meeting. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Group, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, the Purchaser, the Target Group or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update, revise or reaffirm this opinion to take into account events occurring after the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any independent investigation into the accuracy and completeness of such information.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries (as defined in the Listing Rules) or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the Sale and Purchase Agreement.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Sale and Purchase Agreement, we have taken into consideration the following principal factors and reasons:

#### **1. Background of and reasons for the Disposal**

##### ***Business overview of the Group***

Established in 1964, the Company is an investment holding company. Along with its subsidiaries, the Company mainly operates two business segments, namely the batteries and electronics segments. The batteries segment is involved in the development, manufacturing and distribution of batteries and battery-related products. The electronics segment is involved in the development, manufacturing and distribution of electronics and acoustic products, and automotive wire harness. As an Asian multinational enterprise, the Group owns high-quality industrial investments via GP Industries Limited, a Singapore-listed company. After years of business development, the Group has built renowned brand names for its major product categories, such as GP Batteries, KEF premier consumer speakers and CELESTION professional speaker drivers.

As referred to in the published audited annuals results of the Company for the past few financial years, the Group's annual revenue has exceeded HK\$6,000

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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million since the financial year ended 31 March 2018 and it enjoyed net profits of not less than HK\$100 million on average during the recent financial years. Among the aforesaid two business segments, the batteries segment generated around 75% of the Group's revenue on a yearly basis, followed by the electronics and acoustic products within the electronics segment which contributed around 20% of the Group's revenue. Leveraging on its extensive industry experience and expertise, the Group on a constant basis assesses and formulates plans for its future business growth amid the rapidly changing market environment. For example, for the batteries segment, the Group is conducting a production capacity rebalancing project to enable it to operate under a more competitive structure, with large modern factories instead of a number of medium size plants spread out in multiple locations. The Group is also relocating some of its factories in the PRC to Southeast Asia to provide a more diverse supply base for the Group's products and free up some of its land and buildings in the PRC for disposal.

### ***Information on the Target Group***

As extracted from the Letter from the Board, the Vendor carries on its manufacturing and sales of automotive wire harness business through directly holding the entire equity interests in each of the Target Company and Huizhou GP Wiring. The Target Company was incorporated in Hong Kong and is principally engaged in the marketing and trading of automotive wire harness products; whereas Huizhou GP Wiring was established in the PRC and is mainly responsible for producing the automotive wire harness products. Huizhou GP Wiring has a production facility located in Huizhou, the PRC with a total gross floor area of approximately 12,125 square meters. Products manufactured by Huizhou GP Wiring were generally sold to customers in the PRC directly by Huizhou GP Wiring or to the Target Company for further distribution to overseas customers. The Vendor shall undertake and complete the reorganisation for the Target Group by transferring the entire registered capital of Huizhou GP Wiring to the Target Company prior to Completion pursuant to the Sale and Purchase Agreement.

Set out below is the Group's revenue attributable to the automotive wire harness products during the past five financial years with reference to the published audited annual results of the Company:

	<b>For the financial year ended 31 March</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	190,575	203,801	235,155	257,480	270,486
% of total revenue of the Group	2.84%	3.37%	3.47%	4.08%	4.65%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As depicted in the above table, the revenue size of the automotive wire harness products has been shrinking persistently over the past five financial years. For the financial year ended 31 March 2021, approximately HK\$190.6 million was recorded, plunging substantially by approximately 29.5% on a cumulative basis as compared to that of approximately HK\$270.5 million for the financial year ended 31 March 2017. Moreover, revenue from the harness business represented only a small portion of the Group's total revenue, not to mention that such portion has in fact been declining over the past few financial years.

Based on the unaudited management accounts of the Target Group that we have requested from the Company, we further noted that owing to the decrease in sales to the US market given the trade war between the PRC and the United States of America together with increase in costs of goods sold such as direct labour cost and manufacturing overhead, the Target Group's net profit had dropped considerably by approximately 50.9% from approximately HK\$16.6 million for the financial year ended 31 March 2019 to approximately HK\$8.1 million for the financial year ended 31 March 2021.

### ***Reasons for the Disposal***

As advised by the Directors, the Target Group is principally engaged in the manufacturing and sales of automotive wire harness, which is a non-core business of the Group. In recent years, there has not been much progress in the harness business of the Group and its contribution to the Group's performance is limited. In addition, the market segment currently served by the Target Group is highly competitive. Throughout the years, there has not been much opportunity and progress for the Target Group to move downstream in the supply chain to supply directly to the automotive manufacturers. Such transformation is expected to require substantial commitment in both financial and management resources. On the other hand, the Group's branded businesses reported revenue growth in recent years, including during the challenging financial year ended 31 March 2021. The Group considers the Disposal represents a good opportunity to exit a non-core business and preserve resources for growth-driving core businesses.

In view of that (i) as represented by the Directors, there has not been much opportunity and progress for the Target Group's development, which we consider can be substantiated by its decreasing revenue as well as net profits over the past few financial years; (ii) regardless of the relevant market development, the Target Group in itself fails to move downstream in the supply chain to supply directly to the automotive manufacturers; (iii) as further demonstrated in the section headed "Information on the Target Group" of this letter of advice, revenue from the harness business represented only a small portion of the Group's total revenue and thus it is a non-core business of the Group; (iv) it is commercially justifiable for the Group as a multinational enterprise to assess and streamline its

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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business portfolio on a constant basis for enhancing future growth. In doing so, businesses with relatively stagnant performance (in this case the harness business) will normally be downsized or even sold entirely so as to focus resources on the core businesses with development potentials (in this case the batteries and electronics and acoustic products); and (v) as confirmed by the Directors, notwithstanding the estimated loss after tax on Disposal of approximately HK\$18.3 million to be recorded by the Group (for details, please refer to the section headed “Possible financial effects of the Disposal” of this letter of advice), the Disposal would not create material impact on the operation and financial position of the Group, we concur with the Directors that the Disposal is conducted in the ordinary and usual course of business of the Group, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **2. Principal terms of the Sale and Purchase Agreement**

On 31 May 2021, the Vendor, a non-wholly owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire issued share capital of the Target Company at the initial cash Consideration of HK\$69,000,000 (subject to the Consideration Adjustment).

#### ***The initial Consideration***

According to the Directors, the initial Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser having taken into consideration (i) the net asset value of the Target Group; and (ii) the factors as set out in the section headed “Reasons for and benefits of the proposed Disposal” in the Letter from the Board.

In relation to the above, we noted from the unaudited management accounts of the Target Group that its net asset value was approximately HK\$72,171,000 as at 31 March 2021. As such, the Consideration represents a slight discount of approximately 4.4% to the latest net asset value of the Target Group.

We have endeavoured to apply the trading multiples analysis to assess the fairness and reasonableness of the Consideration:

The trading multiples analysis, comprising the price to earnings ratio (“**PER**”) and the price to book ratio (“**PBR**”), is a commonly used analysis for pricing. To perform such analysis, we have searched for companies listed on the Stock Exchange which are engaged in similar line of business as the Target Group, i.e. the manufacturing and sales of wires and related products, and derive a majority (i.e. over 80%) of their revenue from such principal business (the “**Criteria**”).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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To the best of our knowledge and endeavour, we found five companies which meet the Criteria (the “**Comparable Companies**”) and we consider the list to be fair and representative and exhaustive. It should be noted that the business operations and prospects of the Target Group are not exactly the same as the Comparable Companies and we have not conducted any in-depth investigation into the business operations and prospects of the Comparable Companies. Set out below are our relevant findings:

<b>Company name (Stock code)</b>	<b>Principal business</b>	<b>PER (times) (Note 1)</b>	<b>PBR (times) (Note 2)</b>
Chengdu PUTIAN Telecommunications Cable Company Limited (1202)	Manufacturing and sales of copper cable and related products, optical cable and related products, cable joint and related products.	N/A (Note 3)	0.14
Trigiant Group Limited (1300)	Manufacturing and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and other accessories.	N/A (Note 3)	0.32
Putian Communication Group Limited (1720)	A communication cable manufacturer and structured cabling system product provider.	13.57	0.88
Time Interconnect Technology Limited (1729)	Manufacturing and sales of custom cable assemblies.	5.89	1.04
Glory Mark Hi-Tech (Holdings) Limited (8159)	Design, manufacturing and sales of connectivity products for use in computers, computer peripheral products, multi-media consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment.	N/A (Note 3)	0.64
	<b>Maximum</b>	<b>13.57</b>	<b>1.04</b>
	<b>Minimum</b>	<b>5.89</b>	<b>0.14</b>
	<b>Average</b>	<b>9.73</b>	<b>0.60</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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<b>Company name (Stock code)</b>	<b>Principal business</b>	<b>PER (times) (Note 1)</b>	<b>PBR (times) (Note 2)</b>
<b>The Target Group</b>	<b>Manufacturing and sales of automotive wire harness.</b>	<b>8.48 (Note 4)</b>	<b>0.96 (Note 5)</b>

*Source: the web-site of the Stock Exchange (www.hkex.com.hk)*

*Notes:*

- (1) The PER is calculated based on the respective closing price of the shares of the Comparable Companies on the Stock Exchange as at 31 May 2021 (being the date of the Sale and Purchase Agreement) and their respective net profit for the latest financial year as extracted from their published financial information.
- (2) The PBR is calculated based on the respective closing price of the shares of the Comparable Companies on the Stock Exchange as at 31 May 2021 (being the date of the Sale and Purchase Agreement) and their respective net asset value as at 31 December 2020 (for Time Interconnect Technology Limited, 30 September 2020) as extracted from their latest published financial information.
- (3) These Comparable Companies were loss making during their latest financial year.
- (4) The implied PER for the Disposal is calculated based on the Consideration and the net profit of the Target Group for the financial year ended 31 March 2021.
- (5) The implied PBR for the Disposal is calculated based on the Consideration and the net asset value of the Target Group as at 31 March 2021.

As depicted in the above table, out of the five Comparable Companies, three of them were loss making during their latest financial year. The implied PER for the Disposal of approximately 8.48 times is in between the PERs of the remaining two Comparable Companies. Although there are only two Comparable Companies with the latest PER available, as the list of the Comparable Companies is fair and reasonable and exhaustive, we consider that the PERs of those two Comparable Companies are sufficient for comparison. With regard to PBR, there are five Comparable Companies which form a reasonable population size. Given that the PBR range of the Comparable Companies is approximately 0.14 times to 1.04 times, the implied PBR for the Disposal of approximately 0.96 times is within and lies towards the high end of the market PBR range.

Taking into account that (i) both of the implied PER and the implied PBR for the Disposal are within their respective market ranges; and (ii) as concluded in the section headed "Reasons for the Disposal" of this letter of advice, the Disposal is in the interests of the Company and the Shareholders as a whole and would allow the Group to preserve resources for growth-driving core businesses thereby boosting future profitability, the slight discount of the Consideration of approximately 4.4% to the latest net asset value of the Target Group is therefore

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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acceptable, we are of the opinion that the Consideration is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

### ***The Consideration Adjustment***

Pursuant to the Sale and Purchase Agreement, the initial Consideration is subject to the Consideration Adjustment. Prior to Completion, auditors (or other qualified public accountants firm acceptable to or agreed by the Purchaser and the Vendor) shall be appointed to prepare the audited financial statements of the Target Group for the financial year ended 31 March 2021 as soon as practicable. In the event that the difference between the Unaudited NAV and the Audited NAV is more than 5%, the final Consideration shall be adjusted proportionately in accordance with the percentage change of the Audited NAV against the Unaudited NAV, provided that following the Consideration Adjustment, the final Consideration shall be capped at HK\$80,000,000.

Upon our enquiry with the Directors, we understand that as at the date of the Sale and Purchase Agreement, the Audited NAV had been substantially determined. Due to this reason, the inclusion of the aforesaid adjustment clause is just a form of good gesture of the Purchaser for the purpose of providing additional protection to the Group in the event that the Audited NAV is above the Unaudited NAV, and the cap of HK\$80,000,000 shall be sufficient to protect the Group's interest. With this being the case, we consider that the Consideration Adjustment is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

### ***The Restrictive Covenants***

Pursuant to the Sale and Purchase Agreement, the Vendor and its affiliates are subject to certain restrictive covenants (the "**Restrictive Covenants**") during a period commencing from the date of the Sale and Purchase Agreement and ending on the third anniversary of the Completion Date.

Judging from the fact that (i) a non-competition undertaking is common under the situation of transfer of business and the term of the Restrictive Covenants which covers the period from the date of the Sale and Purchase Agreement to the third anniversary of the Completion Date when the Group has no intention to continue with the business of the Target Group is a reasonable term; and (ii) the Restrictive Covenants relate mainly to the business of the Target Group, which as confirmed by the Directors would not affect or impose any restrictions on the Group from carrying on its other existing businesses and the Group does not intend to engage in any businesses similar to that of the Target Group after the Completion, we concur with the Directors that the Restrictive Covenants are fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Possible financial effects of the Disposal

As confirmed by the Directors, upon Completion, the Target Company will cease to be an indirect non-wholly owned subsidiary of the Company, and the financial results of the Target Group will cease to be consolidated into the consolidated financial statements of the Company.

#### ***Effect on net asset value and gearing***

As advised by the Directors, it is expected that the Disposal would not have material effect on the net asset value and gearing position of the Group.

#### ***Effect on earnings***

As stated in the section headed “Financial effects on the Disposal and intended use of proceeds” in the Letter from the Board, the Group is expected to record an unaudited loss before tax on Disposal of HK\$16,671,000 (after deduction of (i) the net asset value of the Target Group of HK\$72,171,000 as at 31 March 2021 and (ii) the aggregate of goodwill and translation deficit attributable to the Target Group as at 31 March 2021 of approximately HK\$13,500,000) and an unaudited loss after tax on Disposal of approximately HK\$18,271,000 upon Completion. The actual loss on Disposal to be recorded is subject to final audit and may or may not be different from such estimates.

In light of the possible long-term benefits of the Disposal as illustrated in the section headed “Reasons for the Disposal” of this letter of advice and that the aforesaid loss on Disposal is one-off only, we concur with the Directors that the loss on Disposal is acceptable.

#### ***Effect on working capital***

As advised by the Directors, the Group intends to use the net proceeds from the Disposal to strengthen the Group’s cash flow, including funding the working capital requirement of core businesses.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon Completion.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Disposal is conducted in the ordinary and usual course of business



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the General Meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**VBG Capital Limited**  
**Doris Sing**  
*Managing Director*

*Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 16 years of experience in corporate finance industry.*

## 1. 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.

## 2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (“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 which they were taken or deemed 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 referred to therein, or which were required, pursuant to Appendix 10 “Model Code for Securities Transactions by Directors of Listed Issuers” (“Model Code”) contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

### (a) Interests in shares of the Company (long positions)

As at the Latest Practicable Date, the interests of the directors and the chief executive in the ordinary shares of the Company were as follows:

Name of Director	Number of ordinary shares held Personal interests	Percentage of issued share capital of the Company %
Victor LO Chung Wing	199,415,289	25.41
Richard KU Yuk Hing	2,629,684	0.34
Brian LI Yiu Cheung	300,000	0.04
Karen NG Ka Fai	40,646,524	5.18

**(b) Interests in shares of the Company's associated corporations (long positions)**

Name of Director	Number of ordinary shares and percentage of their issued share capital held	
	GP Industries	
	Number	%
Victor LO Chung Wing	300,000	0.06
Richard KU Yuk Hing	340,000	0.07
Brian LI Yiu Cheung	1,465,000	0.30
Karen NG Ka Fai	94,603	0.02

Save as disclosed above, as at the Latest Practicable Date, none of the directors, the chief executive or their associates had any interest in the securities of the Company or any of its associated corporations as defined in SFO.

As at the Latest Practicable Date, none of the directors, chief executive, their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of 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 which they were taken or deemed 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 referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was a party to any arrangement to enable the directors or the chief executive of the Company or their respective associates to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following persons (not being a director or chief executive of the Company) had an interest or short position in the 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, or who was, directly or indirectly, interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding %
To May Mee	Beneficial owner	81,888,764 (Note 1)	10.44
Jessica NG Sheen Fai	Beneficial owner	40,646,524 (Note 1)	5.18
Ring Lotus Investment Limited (“ <b>Ring Lotus</b> ”)	Interest of controlled corporation	60,288,143 (Note 2)	7.68
HSBC International Trustee Limited (“ <b>HSBC Trustee</b> ”)	Trustee	60,288,143 (Note 2)	7.68

Notes:

1. Madam TO May Mee and Ms. Jessica NG Sheen Fai are the mother and sister, respectively, of Ms. Karen NG Ka Fai, a non-executive director of the Company.
2. According to the two corporate substantial shareholder notices filed by Ring Lotus and HSBC Trustee respectively, HSBC Trustee was deemed to be interested in 60,288,143 shares in its capacity as the trustee of these shares, which were in turn owned by Ring Lotus, a company wholly-owned by HSBC Trustee, as interests of controlled corporation.

Save as disclosed above, as at the Latest Practicable Date, the directors and the chief executive of the Company are not aware of any person (other than a director or chief executive of the Company) who had any interest or short position in the 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, or who was, directly or indirectly, interested in 5% or more of any class of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

#### 4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

No contract or arrangement in which any of the Directors is materially interested and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors (or proposed Directors) had any direct or indirect interests in any assets which had been, since 31 March 2020 (being the date to which the latest published audited accounts of the Group were made up), 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.

#### 5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

#### 6. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

#### 7. EXPERT'S CONSENT AND QUALIFICATION

The following is the name and qualification of the expert who has given opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
VBG Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

VBG Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters and reports and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, VBG Capital Limited did not have any shareholding in any member of the Group nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect

interests in any assets which had been, since 31 March 2020 (being the date to which the latest published audited accounts of the Group were made up), 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.

## **8. 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 March 2020, being the date to which the latest published audited financial statements of the Group were made up.

## **9. GENERAL**

The English texts of this circular shall prevail over their Chinese texts.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the Company's registered office at 9/F, Building 12W, 12 Science Park West Avenue, Phase 3, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong, from the date of this circular up to and including 21 July 2021, being the date of the General Meeting:

- (a) the letter of recommendation from the Independent Board Committee dated 22 June 2021, the text of which is set out on pages 18 to 19 of this circular;
- (b) the letter of advice from VBG Capital Limited dated 22 June 2021, the text of which is set out on pages 20 to 30 of this circular;
- (c) the written consent of VBG Capital Limited, which was referred to in the section headed "7. Qualification of Expert and Consent" in this appendix;
- (d) the Sale and Purchase Agreement; and
- (e) this circular.

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## NOTICE OF GENERAL MEETING

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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)**



**NOTICE IS HEREBY GIVEN** that a general meeting (the “**General Meeting**”) of Gold Peak Industries (Holdings) Limited (the “**Company**”) will be held at Silverbox Ballrooms 1–3, 1/F, Hotel ICON, 17 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong at 10:30 a.m. on Wednesday, 21 July 2021 to consider and, if thought fit, to pass with or without amendments the following resolution as an ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

“**THAT** the Sale and Purchase Agreement (as defined in the circular of the Company dated 22 June 2021, a copy of which marked “A” is produced to the meeting and signed by the chairman of the meeting for the purpose of identification) contemplated thereunder be and is hereby approved, confirmed and ratified; and that the directors of the Company be and are hereby authorized to take all steps necessary or expedient in their opinion to implement and/or to give effect of the Sale and Purchase Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 22 June 2021

*Registered Office:*  
9/F, Building 12W  
12 Science Park West Avenue  
Phase 3, Hong Kong Science Park  
Pak Shek Kok  
New Territories  
Hong Kong

*Notes:*

1. A form of proxy for use at the General Meeting is enclosed.
2. Any member entitled to attend and vote at the General Meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

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## NOTICE OF GENERAL MEETING

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3. Where there are joint registered holders of any share, any one of such persons may vote at the General Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the General Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
4. The form of proxy and the power of attorney, if any, under which it is signed or a notarially certified copy of such power of attorney must be deposited at the registered office of the Company at 9/F, Building 12W, 12 Science Park West Avenue, Phase 3, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for the holding of the General Meeting or any adjourned meeting (as the case may be) and in default, the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the General Meeting or any adjourned meeting should they so wish.
5. The register of members of the Company will be closed from Friday, 16 July 2021 to Wednesday, 21 July 2021, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the General Meeting. In order to be eligible to attend and vote at the General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 15 July 2021.
6. As at the date of this notice, 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.