

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

**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)



**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO  
THE MASTER SUPPLY AGREEMENT**

**CONTINUING CONNECTED TRANSACTION**

The Board wishes to announce that on 20 May 2021, the Company (for itself and on behalf of its subsidiaries from time to time) and Light Engine Technologies (for itself and on behalf of its subsidiaries from time to time) entered into the Master Supply Agreement pursuant to which Gold Peak Group agreed to (i) sell the Category A Products to Light Engine Group and (ii) purchase the Category B Products from Light Engine Group, in the ordinary course of business of Gold Peak Group, for a term from the date of the Master Supply Agreement to 31 March 2024.

**LISTING RULES IMPLICATIONS**

Light Engine Technologies is a company incorporated in Hong Kong with limited liability and, as at the date of this announcement is ultimately wholly-owned by Mr. Paul Lo. As Mr. Paul Lo is a brother of Mr. Victor Lo, the Chairman of the Board and the Chief Executive of the Company, Light Engine Technologies is a connected person of the Company under the Listing Rules and the transactions contemplated under the Master Supply Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Master Supply Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Master Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTION**

The Board wishes to announce that on 20 May 2021, the Company (for itself and on behalf of its subsidiaries from time to time) and Light Engine Technologies (for itself and on behalf of its subsidiaries from time to time) entered into the Master Supply Agreement pursuant to which Gold Peak Group agreed to (i) sell the Category A Products to Light Engine Group and (ii) purchase the Category B Products from Light Engine Group, in the ordinary course of business of Gold Peak Group, for a term from the date of the Master Supply Agreement to 31 March 2024.

## **MASTER SUPPLY AGREEMENT**

The principal terms of the Master Supply Agreement are set out as follows:

### *Date*

20 May 2021

### *Parties*

1. the Company (for itself and on behalf of its subsidiaries); and
2. Light Engine Technologies (for itself and on behalf of its subsidiaries)

### *Term*

From the date of the Master Supply Agreement (i.e. 20 May 2021) to 31 March 2024.

### *Subject matter*

Pursuant to the Master Supply Agreement, Gold Peak Group agreed to (i) sell the Category A Products to Light Engine Group and (ii) purchase the Category B Products from Light Engine Group.

### *Basis*

Any and all of (i) the Category A Products shall be supplied by any member of Gold Peak Group to any member of Light Engine Group; and (ii) the Category B Products shall be supplied by any member of Light Engine Group to any member of Gold Peak Group on normal commercial terms (or on terms no less favourable than those offered by any member of Gold Peak Group or any member of Light Engine Group (as the case may be) to independent third parties).

### *Proposed Annual Caps*

The proposed annual caps of the aggregate amount of transactions between Gold Peak Group and Light Engine Group and/or its associates under the Master Supply Agreement for each of the three years ending 31 March 2024 are as follows:

	<i>For the year ending 31 March</i>		
	<i>2022</i>	<i>2023</i>	<i>2024</i>
HK\$	23,000,000	25,000,000	27,000,000

The proposed annual caps were determined by the Company and Light Engine Technologies with reference to the projected new purchase of Category B Products by Gold Peak Group from Light Engine Group.

The Company and Light Engine Technologies agreed that pursuant to Rule 14A.54 of the Listing Rules, if at any time during the term of the Master Supply Agreement, the total transaction amount may or is expected to exceed the proposed annual caps, Gold Peak Group shall fulfill all applicable and necessary regulatory obligations under the Listing Rules as soon as possible. Before the fulfillment of all relevant regulatory requirements, both parties agreed to use their best efforts to prevent the aggregated transaction amount for such year from exceeding the relevant monetary cap. Otherwise, the execution of relevant transactions under the Master Supply Agreement shall be suspended.

### **HISTORICAL FIGURES**

Since 2008, Gold Peak Group has been supplying harness to Light Engine Group. The approximate historical figures of aggregate consideration received by Gold Peak Group from Light Engine Group and/or its associates for each of the three years ended 31 March 2021 were HK\$847,000, HK\$969,000 and HK\$349,000, respectively.

### **PRICING POLICIES REGARDING PRICE DETERMINATION FOR THE TRANSACTIONS**

Under the pricing policy of Gold Peak Group in relation to continuing connected transactions, Gold Peak Group shall determine, review and evaluate the amounts payable under the respective continuing connected transactions with Light Engine Group with reference to the rates quoted by or to other Independent Third Parties of comparable goods, in order to ensure that the amounts under such transactions are determined and conducted on normal commercial terms. Where it is impracticable to refer to the rates offered by or to Independent Third Parties for comparable goods, Gold Peak Group shall take into consideration the specifications of the goods, cost structure, profit margin, transaction amount, market condition and past performance of historical transactions between Gold Peak Group and Light Engine Group in determining the rate for the amounts payable for the goods contemplated under the respective continuing connected transactions with Light Engine Group. In such circumstance, if Gold Peak Group provides or acquires such goods to or from Independent Third Parties in the future, the abovementioned methods, procedures and considerations for determining the price and transaction terms shall be also applicable to such transactions with Independent Third Parties, so that the continuing connected transactions

will still be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the shareholders as a whole.

Specific pricing mechanism for each of the Transactions under the Master Supply Agreement is as follows:

(1) *Sale of Category A Products by Gold Peak Group to Light Engine Group*

It is Gold Peak Group's established procedure that for every sales transaction which involves either a new product, a new customer or a revision of terms and conditions, a price proposal form is to be jointly prepared by the engineering, material, marketing and finance departments of the relevant company of Gold Peak Group (the "**Sales Committee**"). The price proposal form includes information such as proposed sales price, projected costs and profit margin for the transaction. In determining the transaction price, the Sales Committee will refer to internal and external quotations for comparable products as reference for prevailing market rates or prices. The Sales Committee will take into account various factors including, where applicable, the type and volume of the product to be sold, the credit worthiness of the customers, the duration of the contract, the strategic purposes of the transaction, and the then prevailing business conditions. Where the prevailing market rates or prices are not available due to the nature of the product to be sold (for instance, if there are no other purchasers or customers for similar products, or if the product is proprietary), the terms of supply will (where applicable) be in accordance with Gold Peak Group's usual business practices and pricing policies, consistent with the usual margin of Gold Peak Group for the same or substantially similar type of transaction. The price proposal form is then submitted for review and approval by the financial controller and general manager of the relevant business division of Gold Peak Group (both of whom have no interest, directly or indirectly, in the transaction).

Every sales transaction which does not involve a new product, a new customer or a revision of terms and conditions will be priced based on the approved price proposal form for the same product. However, a revised price proposal form will be prepared if there are known significant changes in market conditions or internal cost structures. The internal cost structures are reviewed regularly or when the raw materials costs change materially. The general manager of the relevant business division of Gold Peak Group (who has no interest, directly or indirectly, in the transaction) will review and approve the sales transaction which does not involve a new product, a new customer or a revision of terms and conditions. During the review and approval process, he will also determine if there is a need for the preparation of a revised price proposal form.

(2) *Purchase of Category B Products by Gold Peak Group from Light Engine Group*

It is Gold Peak Group's established procedure that for each purchase, the purchasing department will obtain at least two quotations from unrelated vendors or suppliers for the same or substantially similar type of product as bases for comparison. A committee comprising the general manager, material manager and engineering manager of the relevant company of Gold Peak Group (all of whom have no interest,

directly or indirectly, in the transaction) (the “**Purchasing Committee**”) will compare these quotations with that provided by the connected persons. In comparing the quotations, the Purchasing Committee will consider, where applicable, factors such as price (including any preferential rates, rebates or discounts accorded for bulk purchases or long-term contracts as well as the credit terms offered), quality of the product and the terms of delivery. Where it is impractical or not possible for unrelated third party quotations to be obtained (for instance, if there are no unrelated third party vendors or suppliers of similar products, or if the product is proprietary), the Purchasing Committee will ensure that the price and terms of purchase are in accordance with industry norms, and/or will take into account, where relevant, factors such as, but are not limited to, track record, skill and specification compliance.

## **INTERNAL CONTROL MEASURES**

The Transactions will be submitted to the independent non-executive Directors for their annual review on the pricing so as to ensure its fairness and reasonableness. The Directors consider such methods and procedures detailed above can ensure that the Transactions will be conducted on normal commercial terms and will not prejudice the interests of the Company and its Shareholders.

In order to ensure the effectiveness of the control procedures and that the Transactions are in fact conducted on normal commercial terms and the transaction amounts do not exceed annual caps, the Company adopts the following mechanism:

- designated officers are designated to collect market rates from transactions between Gold Peak Group and the Independent Third Parties or by conducting online research and/or obtaining quotations from independent third parties from time to time;
- the finance department of the Company is designated to conduct monthly checking on whether the transaction amounts recorded in the accounting system of the Company are consistent with the pricing mechanism;
- in order to ensure that the transaction amounts do not exceed annual caps, the finance department of the Company is designated and responsible to review and check in the second week of each month the aggregate transaction amounts of continuing connected transactions in the preceding months during the financial year. When the aggregate transaction amounts exceeded 80% of the annual caps, the finance department of the Company will liaise with the project managers to consider if revision of annual caps is required and appropriate actions shall be taken accordingly;
- the independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions to confirm that such transactions have been entered into in the ordinary and usual course of business of Gold Peak Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and
- the Company’s external auditors will conduct an annual review on the continuing connected transactions.

Having considered Gold Peak Group's pricing policies and internal control measures regarding price determination for the Transactions, the Directors are of the view that the Transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders.

## **REASONS FOR AND BENEFITS OF ENTERING THE TRANSACTIONS**

Gold Peak Group has been purchasing products similar to the Category B Products from various Independent Third Parties which are part and parcel to its production and sales of batteries business. Prior to the entering of the Master Supply Agreement, Gold Peak Group has obtained and compared quotations from various suppliers as well as Light Engine Technologies for the supply of the chargers and considered the specification and pricing of the products offered by Light Engine Group to be most suitable to the requirements of Gold Peak Group.

Given that the Transactions are expected to be recurrent transactions, in order to allow Gold Peak Group to undertake such transactions in a more expeditious manner and to ensure stable supply of products which meet with Gold Peak Group's quality and pricing requirements, the Company and Light Engine Technologies entered into the Master Supply Agreement to regulate their business relationships.

The Board (including the independent non-executive Directors) considers that the terms of the Master Supply Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of Gold Peak Group and it is in the interests of the Company and the Shareholders as a whole to enter into the Master Supply Agreement for the following reasons:

- (i) the sale of the Category A Products to Light Engine Group is an additional source of revenue for Gold Peak Group, provided that such products are provided on normal commercial terms and are not prejudicial to the interests of the Company and its Shareholders; and
- (ii) the purchase of the Category B Products will enable Gold Peak Group to benefit from having access, where applicable, to competitive quotes from Light Engine Group.

## **INFORMATION ON GOLD PEAK GROUP AND LIGHT ENGINE GROUP**

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.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, Light Engine Technologies is an investment holding company incorporated in Hong Kong and its subsidiaries are principally engaged in manufacturing and trading of LED lighting and other electronic products.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Light Engine Technologies is ultimately wholly-owned by Mr. Paul Lo, who is a brother of Mr. Victor Lo, the Chairman of the Board and the Chief Executive of the Company. Accordingly, Light Engine Technologies is a connected person of the Company under the Listing Rules and the transactions contemplated under the Master Supply Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Master Supply Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Master Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board (including the independent non-executive Directors) is of the view that the Master Supply Agreement was: (i) entered into in the ordinary and usual course of business of the Company; (ii) on normal commercial terms (in accordance with the terms determined after arm's length negotiation or no less favourable than those offered by the Company to independent third parties); and (iii) its terms and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 14A.68(8) of the Listing Rules, Mr. Victor Lo has abstained from voting on the board resolutions in respect of the entering into of the Master Supply Agreement and the transactions contemplated thereunder (including the proposed annual caps) by reason of his relationship with Mr. Paul Lo. The relevant resolutions were voted and approved by Directors who are not connected to the transactions contemplated under the Master Supply Agreement.

## DEFINITIONS

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

"associate(s)"	has the same meaning ascribed to it under Chapter 14A of the Listing Rules
"Board"	the board of Directors
"Category A Products"	include but not limited to harness and other parts for harness and electronic products to be supplied by Gold Peak Group to Light Engine Group under the terms of the Master Supply Agreement
"Category B Products"	include but not limited to battery chargers and other semi-finished products for battery production to be sourced by Gold Peak Group from Light Engine Group under the terms of the Master Supply Agreement
"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
"Gold Peak Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Light Engine Group"	Light Engine Technologies and its subsidiaries from time to time
"Light Engine Technologies"	Light Engine Technologies Limited, a company incorporated in Hong Kong with limited liability and is ultimately wholly-owned by Mr. Paul Lo
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Master Supply Agreement"	a master supply agreement dated 20 May 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Light Engine Technologies (for itself and on behalf of its subsidiaries) in respect of the Transactions

“Mr. Paul Lo”	Mr. Paul Lo Chung Wai, 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
“percentage ratio(s)”	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
"Share(s)"	ordinary shares in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
“Transactions”	collectively, (i) the sale of the Category A Products from Gold Peak Group to Light Engine Group; and (ii) the purchase of the Category B Products by Gold Peak Group from Light Engine Group, as contemplated under Master Supply Agreement
"%"	per cent.

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

Hong Kong, 20 May 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.*