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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)



**(1) MAJOR TRANSACTION – DISPOSAL OF PROPERTIES; AND
(2) DISCLOSEABLE TRANSACTION – COMPENSATION RELATING TO
PROPERTIES**

MAJOR TRANSACTION - DISPOSAL OF PROPERTIES

The Board wishes to announce that on 15 May 2018 (after trading hours), ZYNB, a 70%-owned subsidiary of GP Batteries, and the Purchaser entered into the Contract pursuant to which ZYNB agreed to sell and the Purchaser agreed to purchase the Properties at a cash consideration of RMB144.2 million (or approximately HK\$178.8 million).

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

As the Consideration in respect of the Disposal exceeds 25% but less than 75% of the applicable percentage ratios, the Disposal contemplated under the Contract constitutes a major transaction for the Company under Chapter 14 of the Listing Rule and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Disposal, the notice of the General Meeting and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 6 June 2018.

DISCLOSEABLE TRANSACTION - COMPENSATION RELATING TO PROPERTIES

The Board also wishes to announce that on 15 May 2018 (after trading hours), ZYNB, a 70%-owned subsidiary of GP Batteries, JSWT and Yue Fung entered into the Compensation Agreement pursuant to which Yue Fung agreed to compensate ZYNB a sum of RMB39.52 million (or approximately HK\$49.0 million) as a result of causing damages to certain production facilities and road structures located within the Properties in the course of the development and construction of a nearby residential property project and JSWT agreed to provide guarantee in respect of Yue Fung's payment obligations under the Compensation Agreement. JSWT and Yue Fung are Independent Third Parties and not connected to the Purchaser.

As the Compensation payable to the Group exceeds 5% but less than 25% of the applicable percentage ratios, the transaction contemplated under the Compensation Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rule and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

MAJOR TRANSACTION - DISPOSAL OF PROPERTIES

The Board wishes to announce that on 15 May 2018 (after trading hours), ZYNB, a 70%-owned subsidiary of GP Batteries, and the Purchaser entered into the Contract pursuant to which ZYNB agreed to sell and the Purchaser agreed to purchase the Properties at a cash consideration of RMB144.2 million (or approximately HK\$178.8 million).

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

The Contract

The particulars of the Contract are as follows:

Date

15 May 2018 (after trading hours)

Parties

Vendor: 中銀(寧波)電池有限公司 (Zhongyin (Ningbo) Battery Co., Ltd.), an enterprise established in the PRC and a 70%-owned subsidiary of GP Batteries

Purchaser: 寧波國家高新區(新材料科技城)土地整理中心 (Ningbo National Hi-tech Industrial Development Zone (New Material Science and Technology City) Land Management Center), a public institution established by a state authority in the PRC and an Independent Third Party

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Properties to be disposed of

The properties (the "**Properties**") to be disposed of under the Contract comprise the following properties located in 寧波國家高新區星光路 128 號 (128 Xing Guang Road, Ningbo National Hi-tech Industrial Development Zone, Ningbo, Zhejiang Province, the PRC):

- (i) the right to use a plot of land with a total site area of 28,088.92 sq. m. and a term of use for a period of 50 years commencing from 2005 to 2055; and
- (ii) the buildings and ancillary facilities located thereon with a total gross floor area of 13,689.42 sq. m., comprising:
 - a factory building with a total gross floor area of 9,633.17 sq. m.;
 - a factory building with a total gross floor area of 2,390.71 sq. m.;
 - a warehouse with a total gross floor area of 150.74 sq. m.;
 - a warehouse with a total gross floor area of 834.88 sq. m.; and
 - a warehouse with a total gross floor area of 679.92 sq. m..

The Properties are parts of ZYNB's entire industrial complex and are currently used by the Group as production facilities and warehouses for the manufacturing of batteries.

Consideration

The Consideration payable by Purchaser to ZYNB under the Contract is RMB144.2 million (or approximately HK\$178.8 million) in cash, the payment method of which is as follows:

- (i) as to RMB43.3 million (or approximately HK\$53.7 million), representing 30% of the Consideration, will be paid by the Purchaser to ZYNB within 12 business days after the delivery of the land use right certificate and building ownership certificate in respect of the Properties to the Purchaser after the Contract Effective Date;
- (ii) as to RMB28.8 million (or approximately HK\$35.7 million), representing 20% of the Consideration, will be paid by the Purchaser to ZYNB within 12 business days after the removal by ZYNB the dangerous goods storage within the Properties within 2 months from the Contract Effective Date; and
- (iii) as to the remaining RMB72.1 million (or approximately HK\$89.4 million), representing 50% of the Consideration, will be paid by the Purchaser to ZYNB within 12 business days after ZYNB completely vacates from the Properties and the final inspection of the Properties by the Purchaser has been completed.

Pursuant to the terms of the Contract, ZYNB shall: (i) within 30 business days from the Contract Effective Date assist the Purchaser to process with the change of ownership registration of the Properties with the relevant government authorities; (ii) within 2 months from the Contract Effective Date remove the dangerous goods storage within the Properties; and (iii) within 24 months from the Contract Effective Date completely vacates from the Properties for handover to the Purchaser.

The Consideration was arrived at on a willing buyer willing seller basis after taking into account, among other things, the rationale for the Disposal, the Valuation Report, recently transacted prices of the properties around the vicinity of Properties and offers received by the Group in respect of the Properties.

Based on the Valuation Report, the market values of Properties were approximately RMB55.6 million (or approximately HK\$68.9 million) as at 30 April 2018.

Condition Precedent

Completion of the Disposal is subject to and conditional upon the approval of the shareholders and the board of directors of the Company (being GP Batteries' ultimate holding company) for the Disposal in accordance with the Listing Rules and other applicable laws and regulations.

Defaults

Pursuant to the terms of the Contract:

- (i) if the Purchaser fails to pay the consideration under the Contract by the stipulated deadline for payment, the Purchaser shall pay liquidated damages to ZYNB calculated at a daily rate of 0.03% of the relevant total overdue amount starting from the stipulated deadline for payment; and
- (ii) if ZYNB fails to process with the change of ownership registration of the Properties with the relevant government authorities or complete the removal from the Properties for delivery to the Purchaser within the relevant stipulated time period, ZYNB shall pay liquidated damages to the Purchaser calculated at a daily rate of 0.03% of the Consideration starting from the relevant stipulated time period which may be deducted from the Consideration. The Purchaser shall have the right to deal with the Properties without the intervention of ZYNB and ZYNB shall be responsible for paying all the expenses and damages to the Purchaser if the relevant stipulated time period has been due over one month

DISCLOSEABLE TRANSACTION - COMPENSATION RELATING TO PROPERTIES

The Board also wishes to announce that on 15 May 2018 (after trading hours), ZYNB, a 70%-owned subsidiary of GP Batteries, JSWT and Yue Fung entered into the Compensation Agreement pursuant to which Yue Fung agreed to compensate ZYNB a sum of RMB39.52 million (or approximately HK\$49.0 million) as a result of causing damages to certain production facilities and road structures located within the Properties in the course of the development and construction of a nearby residential property project and JSWT agreed to provide guarantee in respect of Yue Fung's payment obligations under the Compensation Agreement. JSWT and Yue Fung are Independent Third Parties and not connected to the Purchaser.

The Compensation Agreement

The particulars of the Compensation Agreement are as follows:

Date

15 May 2018 (after trading hours)

Parties

Party A: 寧波均勝萬投置業有限公司 (Ningbo Jun Sheng Wan Tou Real Estate Co., Ltd.), an enterprise established in the PRC and an Independent Third Party

Party B: 越烽建設集團有限公司 (Yue Fung Construction Group Co., Ltd.), an enterprise established in the PRC and an Independent Third Party

Party C: 中銀(寧波)電池有限公司 (Zhongyin (Ningbo) Battery Co., Ltd.), an enterprise established in the PRC and a 70%-owned subsidiary of GP Batteries

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of JSWT, Yue Fung and their respective ultimate beneficial owners are Independent Third Parties and not connected to the Purchaser.

Subject matter

Pursuant to the terms of the Compensation Agreement, Yue Fung agreed to compensate ZYNB a sum of RMB39.52 million (or approximately HK\$49.0 million) as a result of causing damages to certain production facilities and road structures located within the Properties in the course of the development and construction of a nearby residential property project.

The Compensation shall be paid by Yue Fung to ZYNB in the following manners:

- (i) as to RMB19.76 million (or approximately HK\$24.5 million), representing 50% of the Compensation, within 15 business days from the date of Compensation Agreement; and

- (ii) as to the remaining RMB19.76 million (or approximately HK\$24.5 million), representing 50% of the Compensation, within 15 business days after ZYNB has removed the dangerous goods storage from the Properties and demolished the warehouse.

Defaults

Pursuant to the terms of the Compensation Agreement:

- (i) if Yue Fung fails to pay any part of the Compensation under the Compensation Agreement by the stipulated deadline for payment, Yue Fung shall pay liquidated damages to ZYNB calculated at a daily rate of 0.05% of the relevant total overdue amount starting from the stipulated deadline for payment; and
- (ii) if ZYNB fails to remove the dangerous goods storage from the Properties and demolished the warehouse within the stipulated time period, ZYNB shall pay liquidated damages to Yue Fung calculated at a daily rate of 0.05% of the Compensation starting from the stipulated time period.

Guarantee by JSWT

Pursuant to the terms of the Compensation Agreement, JSWT has agreed to guarantee Yue Fung's payment obligations under the Compensation Agreement such that in the event Yue Fung fails to pay any part of the Compensation within 15 business days after the stipulated deadline for payment under the Compensation Agreement, together with the liquidated damages.

INFORMATION ON THE COMPANY, GP BATTERIES AND ZYNB

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

As at the date of this announcement, GP Batteries is a wholly-owned subsidiary of GP Industries which is in turn an approximately 85.5%-owned subsidiary of the Company. GP Industries is a company listed on the Singapore Exchange Securities Trading Limited and GP Batteries is engaged in the development, manufacture and marketing of batteries and battery-related products.

ZYNB is principally engaged in the manufacturing of batteries.

INFORMATION ON THE PURCHASER, JSWT AND YUE FUNG

As advised by the Purchaser, the Purchaser is a public institution established by a state authority in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties and not connected to JSWT and Yue Fung.

As advised by JSWT, JSWT is a property development company established in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, JSWT and its ultimate beneficial owners are Independent Third Parties and not connected to the Purchaser.

As advised by Yue Fung, Yue Fung is a construction company established in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yue Fung and its ultimate beneficial owners are Independent Third Parties and not connected to the Purchaser.

REASONS FOR ENTERING INTO THE CONTRACT AND THE COMPENSATION AGREEMENT

Major Transaction – Disposal of Properties

Owing to rezoning of various pieces of lands in the close proximity of the Properties to residential use, the local government made a formal request to ZYNB to remove the dangerous goods storage located in the Properties and to relocate its warehouses and part of its factories. After taking into account the bases for determining the Consideration, the Group entered into the Contract with the Purchaser to dispose of the Properties.

The Directors believe that the terms of the Contract and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Discloseable Transaction – Compensation relating to the Properties

The Compensation represents the aggregate amount of damage and indemnity in respect of damage to certain production facilities and road structures located within the Properties in the course of the development and construction of a nearby residential property project.

The Directors believe that the terms of the Compensation Agreement and the amount of Compensation are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL, THE COMPENSATION AND INTENDED USE OF PROCEEDS

Based on the unaudited consolidated financial statements of GP Batteries and its subsidiaries for the year ended 31 March 2018, the aggregate net asset value of the Properties was approximately RMB45.5 million (or approximately HK\$56.4 million). Based on the Consideration, the excess of the proceeds from the Disposal over aggregate of the net asset value of the Properties is approximately RMB98.7 million (or approximately HK\$122.4 million).

The Properties are parts of ZYNB's entire industrial complex and are mainly used by the Group as production facilities and warehouses for the manufacturing of batteries, except part of the Properties is leased out for rental income. The annual rental income and net profits attributable to the Properties for each of the year ended 31 March 2017 and 31 March 2018 are set out below:

	For the year ended 31 March	
	2017 HK\$	2018 HK\$
(a) Annual rental income	124,000	126,000
(b) Net profits before tax	124,000	126,000
(c) Net profits after tax	105,000	107,000

Other than the rental income, there are no net profits attributable to the Properties. The Group is expected to record an unaudited profit before any associated taxes on Disposal of approximately HK\$122.4 million and an unaudited profit after tax on Disposal of approximately HK\$104.0 million before deduction of all necessary charges and non-controlling interests for the year ending 31 March 2019.

ZYNB will account for the Compensation as an income and record an unaudited profit before any associated taxes of approximately HK\$49.0 million and an unaudited profit after tax of approximately HK\$41.7 million before deduction of all necessary charges and non-controlling interests for the year ending 31 March 2019.

GP Batteries intends to use the net proceeds from the Disposal and the Compensation for investment in new manufacturing facilities and payment of the costs and expenses to be incurred in relocating the activities of ZYNB, as well as for general working capital purposes, including the repayment of bank loans.

LISTING RULES IMPLICATIONS

Major Transaction – Disposal of Properties

As the Consideration in respect of the Disposal exceeds 25% but less than 75% of the applicable percentage ratios, the transactions contemplated under the Contract constitutes a major transaction for the Company under Chapter 14 of the Listing Rule and are therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Disposal, the notice of the General Meeting and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 6 June 2018.

Discloseable Transaction – Compensation relating to the Properties

As the Compensation payable to the Group exceeds 5% but less than 25% of the applicable percentage ratios, the transaction contemplated under the Compensation Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rule and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“business day(s)”	a day(s) (other than Saturday or Sunday) on which banks are generally open for banking business
“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
“Compensation”	the amount of compensation of RMB39.52 million (or approximately HK\$49.0 million) payable by Yue Fung to ZYNB pursuant to the terms of the Compensation Agreement
“Compensation Agreement”	a compensation agreement dated 15 May 2018 entered into between Yue Fung, JSWT and ZYNB in respect of compensation payable to ZYNB as a result of causing damages to certain production facilities and road structures located within the Properties
“Consideration”	the aggregate consideration amounts to RMB144.2 million (or approximately HK\$178.8 million) payable by Purchaser to ZYNB in respect of the Disposal
“Contract”	a land use right transfer agreement dated 15 May 2018 entered into between ZYNB and the Purchaser in respect of the disposal of Properties
“Contract Effective Date”	the date on which the last applicable condition precedent relevant to the Contract is satisfied
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Properties by ZYNB to the Purchaser pursuant to the terms of the Contract

“General Meeting”	a general meeting to be convened by the Company to consider and, if thought fit, approve the Contract and the transactions contemplated thereunder
“GP Batteries”	GP Batteries International Limited, a company incorporated in the Republic of Singapore with limited liability, which is a wholly-owned subsidiary of GP Industries as at the date of this announcement
“GP Industries”	GP Industries Limited, a company incorporated in the Republic of Singapore with limited liability, the shares of which are listed on the Singapore Exchange Securities Trading Limited and is owned as to 85.5% by the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“JSWT”	寧波均勝萬投置業有限公司(Ningbo Jun Sheng Wan Tou Real Estate Co., Ltd.), an enterprise established in the PRC and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the same meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Properties”	has the same meaning as defined in the section headed “The Contract – Properties to be disposed of” in this announcement
“Purchaser”	寧波國家高新區(新材料科技城)土地整理中心 (Ningbo National Hi-tech Industrial Development Zone (New Material Science and Technology City) Land Management Center), a public institution established by a state authority in the PRC and an Independent Third Party, being the purchaser of the Contract
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	a report prepared by RHL Appraisal Limited, an independent valuer in respect of the valuation on the Properties
“Yue Fung”	越烽建設集團有限公司 (Yue Fung Construction Group Co., Ltd.), an enterprise established in the PRC and an Independent Third Party
“ZYNB”	中銀(寧波)電池有限公司 (Zhongyin (Ningbo) Battery Co., Ltd.), an enterprise established in the PRC and a 70%-owned subsidiary of GP Batteries, being the vendor of the Contract
“ZYNB Group”	ZYNB and its subsidiaries
"% "	per cent.

For reference purposes only and unless otherwise specified, RMB amounts in this announcement have been translated into HK\$ using the rate of RMB1.00 to HK\$1.24.

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

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, 15 May 2018
www.goldpeak.com

As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), LEUNG Pak Chuen, Richard KU Yuk Hing, Andrew CHUANG Siu Leung and Brian LI Yiu Cheung as Executive Directors, Messrs. LUI Ming Wah, Frank CHAN Chi Chung and CHAN Kei Biu as Independent Non-Executive Directors and Ms. Karen NG Ka Fai as Non-Executive Director.