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金山科技工業有限公司

**Gold Peak Technology Group Limited**

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

**(Stock Code: 40)**



## **DISCLOSEABLE TRANSACTION**

### **ISSUANCE OF SIMPLE AGREEMENTS FOR FUTURE EQUITY**

#### **SAFES ISSUANCE**

On 26 January 2023, KEF GP, a wholly-owned subsidiary of GP Industries, entered into the SAFEs with each of the Investors to issue to the Investors the right to certain of the Capital Shares, in exchange for an aggregate amount of US\$13,700,000 (equivalent to approximately HK\$107,300,000).

As at the date of this announcement, GP Industries is a non-wholly owned subsidiary of the Company, the shares of which are listed on the Singapore Exchange Securities Trading Limited and is owned as to 85.59% by the Company.

#### **IMPLICATION UNDER THE LISTING RULES**

The possible issue and allotment of the SAFE Preferred Shares by KEF GP to the Investors will result in a reduction of the Company's percentage of equity interests in KEF GP for approximately 7.61%, and therefore constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules.

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Deemed Disposal is more than 5% but less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## INTRODCUTION

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## PRINCIPAL TERMS OF THE SAFE

<b>Date:</b>	26 January 2023
<b>Parties:</b>	KEF GP (as issuer)  The Investors (as investors)
<b>Nature of SAFE:</b>	The SAFE is an equity instrument but not a debt instrument and does not accrue interest or have a maturity date.
<b>Purchase Amount:</b>	An aggregate amount of US\$13,700,000 (equivalent to approximately HK\$107,300,000)
<b>Post-Money Valuation:</b>	US\$180,000,000 (equivalent to approximately HK\$1,409,400,000)
<b>Equity Financing:</b>	If there is an Equity Financing before the termination of the SAFE, on the initial closing of such Equity Financing, the SAFE will automatically convert into the number of SAFE Preferred Shares, which is equal to the Purchase Amount divided by the Conversion Price, rounded down to the nearest whole share.
<b>Liquidity Event:</b>	If there is a Liquidity Event before the termination of the SAFE, the SAFE will automatically be entitled (subject to the Liquidation Priority as set out below) to receive a portion of cash and other assets that are proceeds from such event and legally available for distribution (the “ <b>Proceeds</b> ”), due and payable to the Investor prior to, or concurrent with, the consummation of such Liquidity Event, equal to the greater of (i) the Purchase Amount (the “ <b>Cash-Out Amount</b> ”) or (ii) the price payable on the number of KEF Ordinary Shares equal to the Purchase Amount divided by the Liquidity Price (the “ <b>Conversion Amount</b> ”).

If any of KEF GP's securityholders are given a choice as to the form and amount of Proceeds to be received in a Liquidity Event, the Investor will be given the same choice provided that the Investor may not choose to receive a form of consideration that the Investor would be ineligible to receive as a result of the Investor's failure to satisfy any requirement or limitation generally applicable to KEF GP's securityholders, or under any applicable laws.

Notwithstanding the foregoing, in connection with a Change of Control intended to qualify as a tax-free reorganisation, KEF GP may reduce the cash portion of Proceeds payable to the Investor by the amount determined by its board of directors in good faith for such Change of Control to qualify as a tax-free reorganisation, provided that such reduction (i) does not reduce the total Proceeds payable to such Investor and (ii) is applied in the same manner and on a pro rata basis to all securityholders who have equal priority to the Investor under the Liquidation Priority (as set out below).

**Dissolution Event:**

If there is a Dissolution Event before the termination of the SAFE, the Investor will automatically be entitled (subject to the Liquidation Priority set out below) to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the Investor immediately prior to the consummation of the Dissolution Event.

**Liquidation Priority:**

In a Liquidity Event or Dissolution Event, the SAFE is intended to operate like standard non-participating KEF Preferred Shares. The Investor's right to receive the Cash-Out Amount is:

- (i) junior to payment of outstanding indebtedness and creditor claims, including contractual claims for payment and convertible promissory notes (to the extent such convertible promissory notes are not actually or notionally converted into Capital Shares);
- (ii) on par with payments for other SAFEs and/or KEF Preferred Shares, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other SAFEs and/or KEF Preferred Shares, the applicable Proceeds will be distributed pro rata to the Investor and such other SAFEs and/or KEF Preferred Shares in proportion to the full payments that would otherwise be due; and
- (iii) senior to payments for KEF Ordinary Shares.

The Investor's right to receive its Conversion Amount is (a) on par with payments for KEF Ordinary Shares and other SAFEs and/or KEF Preferred Shares who are also receiving Conversion Amounts or Proceeds on a similar as-converted to KEF Ordinary Shares basis; and (b) junior to payments described in paragraphs (i) and (ii) above (in the latter case, to the extent such payments are Cash-Out Amounts or similar liquidation preferences).

**Termination:**

The SAFE will automatically terminate (without relieving KEF GP of any obligations arising from a prior breach or non-compliance with the SAFE) immediately following the earliest to occur of (i) the issuance of Capital Shares to the Investor pursuant to the automatic conversion of the SAFE in the event of an Equity Financing or (ii) the payment, or setting aside for payment, of amounts due to the Investor pursuant to a Liquidity Event or Dissolution Event.

**Governing Law:**

The SAFE shall be governed by, and construed and enforced in accordance with, the laws of Hong Kong.

**REASONS AND BENEFITS OF ISSUE OF THE SAFES**

The ability to source large volumes of consistently high-quality raw materials and components under stable, long-term arrangements, is critical to success of the KEF GP Group in meeting its customers' cost objectives and environmental policies. The KEF GP Group has maintained a long-term relationship with its major suppliers and would not have managed the many sourcing challenges, including the shortage in some critical components, in the past two financial years without the trust and support from the Group's major suppliers.

The KEF GP Group operates a global sales network with different channels, including e-commerce and local distributors, to obtain direct market information and provide better services to customers. With the joint efforts of KEF GP Group's own sales force, local distributors, other trade partners and supporters of KEF brand products, the revenue from the sales of KEF audio systems reported significant growth in the past two financial years. For FY2021 and FY2022, sales of KEF audio systems grew 26.2% and 37.1%, respectively on a year-on-year basis.

The Investors, being the long-term trade partners and business associates of the KEF GP Group and supporters of KEF and Celestion brand products, have been identified as they have a clear and deep understanding of the mission, vision and strategies of the KEF GP Group. There have been strong investor interests in the KEF GP Group from these stakeholders given the KEF GP Group's current growth trajectory.

The Group is undergoing an internal group restructuring as a result of which a separate and distinct group of companies, namely the KEF GP Group, will be created which will focus on the design, manufacturing and sales of electronics and branded acoustics products. The

Company expects to attract interest from other investors such as the Company's business associates and other stakeholders, upon completion of the Group's restructuring.

## **INFORMATION ON THE PARTIES**

### **The Company**

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.

### **KEF GP**

KEF GP is an investment holding company whose subsidiaries are principally engaged in design, manufacturing and sales of electronics and branded acoustics products.

KEF GP's pro forma net profits (before and after taxation) for the financial years ended 31 March 2022 and 2021 based on the latest audited accounts are as follows:

	<b>For the financial year ended 31 March 2021 HK\$ million</b>	<b>For the financial year ended 31 March 2022 HK\$ million (note)</b>
Net (loss) profit before tax	(17.8)	101.4
Net (loss) profit after tax	(17.1)	94.5

Note: Included a write-back of excess provision of HK\$75.4 million for cost of relocation of the operations of GP Electronics (Huizhou) Co., Ltd. to Dongjiang, Huizhou, People's Republic of China.

The total assets and the net asset value of KEF GP as at 30 September 2022 are HK\$1,447.8 million and HK\$417.8 million respectively.

### **Investors**

The Investors are (i) KGGL 1, (ii) Mr. Wu Chieh An, (iii) Ms. Wu Pei Fang, (iv) Ms. Wu Pei Erh, (v) JPT Consultants, (vi) Mr. Jiri Lupac and (vii) other independent investors.

The Company confirms that, to the best of its Directors' knowledge, information and belief having made all reasonable enquiry, the Investors and their ultimate beneficial owners (where applicable) are third parties independent of the Company and connected persons of the Company.

## EFFECT OF THE SAFES ON THE SHAREHOLDING STRUCTURE OF KEF GP

The table below sets out the shareholding structure of KEF GP before and after the issue and allotment of the SAFE Preferred Shares (assuming no change in the share capital of KEF GP other than the issue and allotment of the SAFE Preferred Shares):

Shareholders	Before the allotment and issue of SAFE Preferred Shares		After the allotment and issue of all SAFE Preferred Shares	
	No. of Capital Shares	Approximate (%)	No. of Capital Shares	Approximate (%)
The Company	1	100.00	166,300	92.39
Investors	<u>-</u>	<u>-</u>	<u>13,700</u>	<u>7.61</u>
<b>Total</b>	<u><u>1</u></u>	<u><u>100.00</u></u>	<u><u>180,000</u></u>	<u><u>100.00</u></u>

## FINANCIAL EFFECT OF THE DEEMED DISPOSAL AND THE USE OF PROCEEDS

KEF GP will remain as a subsidiary of the Company upon the issuance of the SAFEs and the issue and allotment of the SAFE Preferred Shares. The financial results of KEF GP will continue to be consolidated into the financial statements of the Group. The Group does not expect to record any gain or loss in relation to Deemed Disposal.

KEF GP intends to apply the proceeds from the SAFEs issued by KEF GP towards funding future expansion and working capital requirements of the KEF GP Group.

## IMPLICATION UNDER THE LISTING RULES

The possible issue and allotment of the SAFE Preferred Shares by KEF GP to the Investors will result in a reduction of the Company's percentage of equity interests in KEF GP by approximately 7.61%, and therefore constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules.

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Deemed Disposal is more than 5% but less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Capital Shares”	the KEF Ordinary Shares and the KEF Preferred Shares
“Change of Control”	(a) a transfer (whether by merger, consolidation, exchange or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of KEF GP’s securities), of KEF GP securities or Capital Shares if, after such closing, such person or group of affiliated persons would hold at least a majority of the total voting power represented by the outstanding voting securities of KEF GP or such other surviving or resulting entity; (b) any reorganisation, scheme of arrangement, merger, amalgamation or other consolidation of KEF GP, other than a transaction or series of related transactions in which the holders of the voting securities of KEF GP outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of KEF GP or such other surviving or resulting entity or (c) a sale, lease or other disposition of all or substantially all of the assets of the KEF GP Group
“Company”	Gold Peak Technology Group 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 meaning ascribed thereto under the Listing Rules
“Conversion Price”	the price per share equal to the <b>Post-Money Valuation</b> divided by the Company Capitalisation. “ <b>Company Capitalisation</b> ” is 180,000 KEF Ordinary Shares
“Deemed Disposal”	the reduction of the Company’s percentage of equity interests in KEF GP for approximately 7.61% as a result of the issue and allotment of the SAFE Preferred Shares pursuant to the SAFE(s)

“Director(s)”	the director(s) of the Company
“Dissolution Event”	(a) a voluntary termination of operations; (b) a general assignment for the benefit of KEF GP’s creditors or (c) any other liquidation, dissolution or winding up of KEF GP (excluding a Liquidity Event), whether voluntary or involuntary
“Equity Financing”	a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which KEF GP issues and sells KEF Preferred Shares at a fixed valuation, including but not limited to, a pre-money or post-money valuation
“Group”	the Company and its subsidiaries
“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 85.59% by the Company as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any individual or company not being the connected persons (as defined under the Listing Rules) of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates
“Investor(s)”	various investors, with which KEF GP entered into the SAFEs
“JPT Consultants”	JPT Consultants Limited, a company incorporated in Hong Kong, which is ultimately owned by Mr. Jean-Pascal Louis Tricoire and Ms. Alexandra Tricoire
“KEF GP”	KEF GP Group Limited, a wholly-owned subsidiary of GP Industries
“KEF GP Group”	KEF GP and its subsidiaries
“KEF Ordinary Shares”	the ordinary shares of KEF GP



“KEF Preferred Shares”	the shares of the series of non-redeemable KEF Preferred Shares to be issued to the investors investing new money in KEF GP in connection with the initial closing of the Equity Financing
“KGGL 1”	KGGL 1 Limited is a company incorporated in the British Virgin Islands on 21 October 2022. KGGL 1 is not listed on any exchange and is a special purpose vehicle incorporated for the purposes of holding an interest in the capital of KEF GP. As at the date of this Announcement, the shareholders of KGGL 1 are Mr. Giuseppe de Vito, Mr. Erling Neby and Advance Audio Australia Pty Ltd which is ultimately owned by Ms. Maggie Leow
“Liquidity Event”	Change of Control
“Liquidity Price”	<p>the price per share equal to the Post-Money Valuation divided by the liquidity capitalisation which is calculated as of immediately prior to the Liquidity Event, and includes (without double-counting, in each case calculated on an as-converted to KEF Ordinary Shares basis):</p> <ul style="list-style-type: none"> <li>(a) all Capital Shares issued and outstanding;</li> <li>(b) all (i) issued and outstanding options, restricted share awards or purchases, restricted share units, share appreciation right, warrants or similar securities, vested or unvested (“Options”) and (ii) to the extent receiving Proceeds, promised but ungranted Options (“Promised Options”); and</li> <li>(c) the SAFE and other convertible securities issued by KEF GP, other than any SAFEs and other convertible securities (including without limitation KEF Preferred Shares) where the holders of such securities are receiving Cash-Out Amounts or similar liquidation preference payments in lieu of Conversion Amounts or similar “as-converted” payments but excludes all Capital Shares that are reserved, available for future grant and not subject to any outstanding Options or Promised Options under any equity incentive or similar plan.</li> </ul>
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“Purchase Amount”	an aggregate amount of US\$13,700,000 (equivalent to approximately HK\$107,300,000)
“SAFE Preferred Shares”	shares of the series of KEF Preferred Shares to be issued to the Investor in an Equity Financing, having the identical rights, privileges, preferences and restrictions as the shares of the series of KEF Preferred Shares to be issued to the investors investing new money in KEF GP in connection with the initial closing of the Equity Financing, other than as set out in the SAFE
“SAFE(s)”	simple agreement(s) for future equity entered into by KEF GP with the Investors dated 26 January 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**Gold Peak Technology Group Limited**  
**Louis WONG Man Kon**  
*Company Secretary*

Hong Kong, 26 January 2023  
[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), Brian LI Yiu Cheung (Vice Chairman & Executive Vice President), Michael LAM Hin Lap, Brian WONG Tze Hang, Victor CHONG Toong Ying and Waltery LAW Wang Chak as Executive Directors, Ms. Karen NG Ka Fai as Non-Executive Director and Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Biu and Timothy TONG Wai Cheung as Independent Non-Executive Directors.*