



eNewsletter

CHF Spotlight

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PEAK
POSITIONING

Peak Positioning has Created New Opportunities for Chinese Businesses Transitioning into the Internet Age

Disruptive technologies continue to change our lives and the way we communicate so rapidly now that phone conversations are becoming a thing of the past. Twitter, We Chat, What's App, texting and the like are daily activities that we use in business and in our personal lives and it is all passing over the internet in real time. Last year we cancelled our home phone and fax machine since we weren't using either.

Life is simpler and so much faster when purchases and bill payments can be made on-line. And the transaction history is what permits us to get loans, advances, lines-of-credit, credit card increases and so on. This applies to both businesses and individuals.

In China, however, credit is harder to come by especially for small to medium-sized businesses (SME's) simply because they have no easily verifiable credit history. Contributing to a solution to this problem is Peak Positioning, our feature story.

Peak Positioning Technologies (PKK.CSE) is an IT portfolio management company with a focus on China because China is in the process of transforming their businesses to the internet age. Peak has positioned itself with trusted partners in China, in particular a sizeable conglomerate called Zhonghai Wanyue Group, and through its 100%-owned subsidiary called Asia Synergies Technologies (AST), developed a software platform (Gold River) to do commodity-

based transactions on-line. The commodity that is ordered the most is plastic. Their customers are either manufacturing business that buy directly from AST or distributors who have many customers to service. The old and most common method of purchasing these commodities is by phone, fax or face-to-face sales. The Gold River Platform is providing a quicker and easier way of doing business and also valuable tracking of both transactions and payment history to build a credit profile of the customer. A good profile will result in the ability to get loans and order financing.

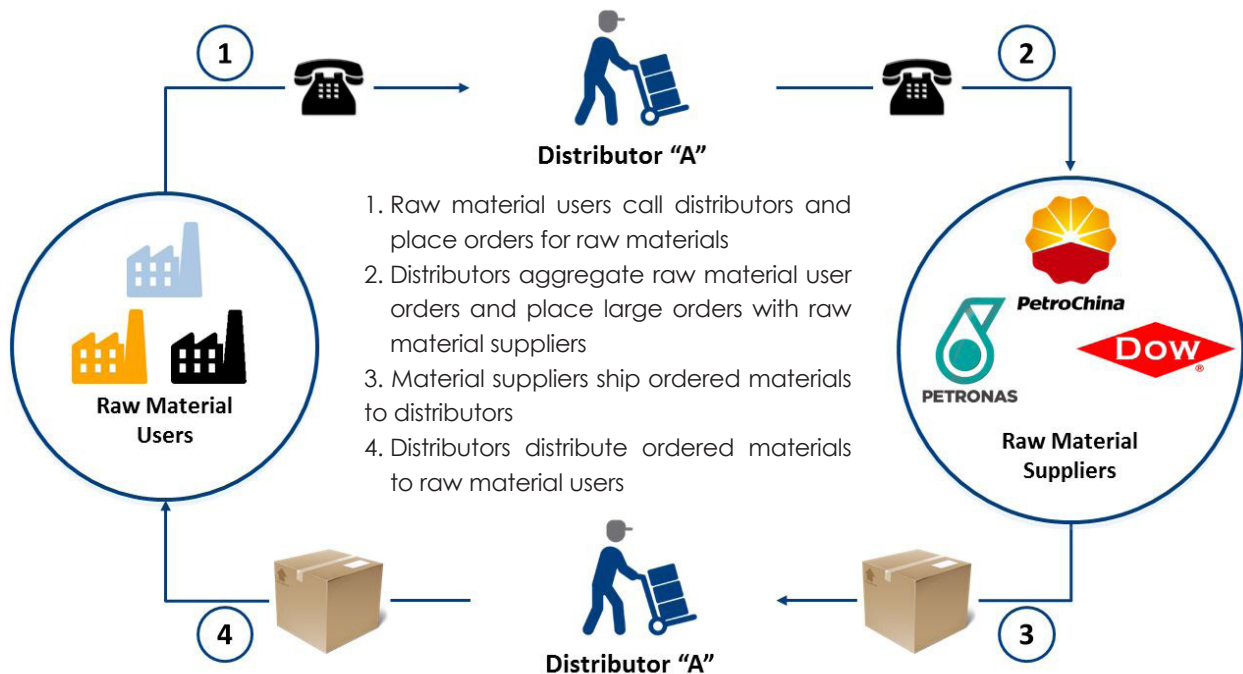
into Peak by their Chinese partner and associates, who now own nearly 50% of Peak shares. That gave Peak the capital to develop and pay for the Gold River Platform mentioned earlier. It has specific capabilities to do large transactions between a longstanding manufacturing clientele and large multinational raw material suppliers such as **PetroChina** and **ExxonMobil**. The spread or margin goes into AST. The manufacturing clientele can qualify for other services like loans through their partner and AST receives a referral fee.

Revenue in 2016 through this platform is estimated around \$100 million. Not bad for their first year in business. This year they are anticipating revenues in the \$500 million area but the profit margins are slim until they can add additional services like PO financing, factoring, warehousing and so on. These services require more working capital so at the moment are handled by their partner.

It has not been easy for Montreal-based Peak to navigate commerce in China. Were it not for Liang "Golden" Qui, a long-time personal friend of CEO Johnson Joseph, it may not have survived. Having feet on the ground in China and frequent visits to China by Peak management has made all the difference. The passion and dedication of management evidenced by a strong group of loyal shareholders resulted in regular capital infusions into the public company. Yet I can remember some nail-biting moments.

2016 was a transformational year for Peak because they were allowed, thanks in part to the Canadian Securities Exchange's lenience, to complete a \$4 million injection

Chinese Raw Materials Distribution Flow-Chart



So what's in store for 2017 and beyond? Strong revenue growth and profitability at AST fueled by their major shareholder and partnership with Zhonghai Wanyue. We can expect Peak to purchase a license to bring a new Fintech solution to China.

Information Technology from HEC-Montreal and a Bachelor's degree in Finance from Texas Tech University.

Investment Thesis

As the public sees more evidence of Peak's successful and innovative business model unfolding in China, the shares will perform commensurate with published financial results. Analysts will start to put share price targets based on quarterly revenues and earnings. And some of the country risk will diminish over time as well.

We see the several key catalysts to a higher share price:

- Improved growth in revenue and profitability year-over-year in AST from the Gold River Platform transactions
- The introduction of a fintech solution that could have far-reaching implications and drive new revenues into Peak

Meet President & CEO Johnson Joseph

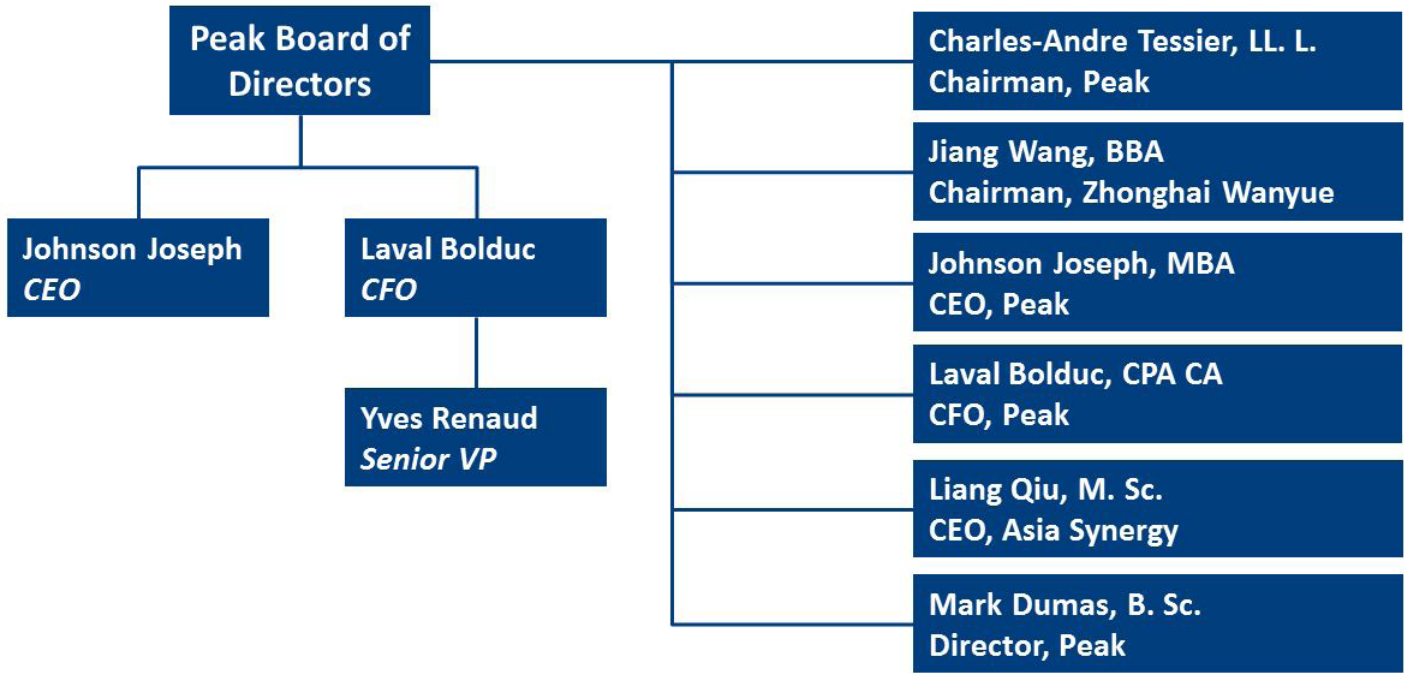
Mr. Joseph has been the President and CEO of Peak Positioning since 2011. During that time he helped successfully guide the company through a number of challenging periods by being able to adapt and adjust the company's business model to changing and difficult market conditions. He led the company's transition from being a software development company to becoming a management company of IT assets with a focus on the Chinese technology space. His vision of giving Canadian investors a well-managed and trustworthy vehicle to participate in some of China's most promising tech sector opportunities is now the driving force behind Peak's operations. Prior to becoming Peak's CEO, Mr. Joseph spent 8 years in the financial services industry as an advisor with Investors Group, one of Canada's largest mutual fund and asset management companies. Mr. Joseph holds an MBA in

**“Working with loyal, trustworthy professionals in China and Canada accounts for our successes”
- Johnson Joseph, CEO.**

Peak Positioning - Operational Highlights & Key Milestones

- DEC. 2015** Peak signs strategic investment partnership with ZHWY
- JAN. 2016** Peak established Hong Kong subsidiary holding
- MAY 2016** Peak and ZHWY close \$4 M investment transaction
- JUNE 2016** Peak established Chinese operating subsidiary (AST)
- JULY 2016** AST signs first agreements for purchase order commitments totalling \$575M through 2017
- SEPT. 2016** AST launches Gold River platform and processes first online transactions
- NOV. 2016** Q3 posts \$25.9M in revenue

Peak Positioning Management Structure and Board Composition



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Compensation for this article came from our monthly fees. Cathy Hume, CEO of CHF Capital Markets, owns shares in Peak Positioning Technologies.

CHF Toronto

80 Richmond Street W, Suite 303, Toronto, M5H 2A4 | T: 416.868.1079

CHF Calgary

#3, 4015 - 1st Street SE, Calgary, AB, T2G 4X7 | T: 403-669-5157