

Gold Peak Industries (Holdings) Limited

金山工業(集團)有限公司



Interim Report 2014/2015

Corporate Information

BOARD OF DIRECTORS

Executive

Victor LO Chung Wing, *Chairman & Chief Executive*
LEUNG Pak Chuen
Richard KU Yuk Hing
Andrew CHUANG Siu Leung

Independent Non-executive

LUI Ming Wah
Frank CHAN Chi Chung
CHAN Kei Bui

AUDIT COMMITTEE

LUI Ming Wah, *Chairman*
Frank CHAN Chi Chung
CHAN Kei Bui

REMUNERATION COMMITTEE

Frank CHAN Chi Chung, *Chairman*
LUI Ming Wah
CHAN Kei Bui
Victor LO Chung Wing
LEUNG Pak Chuen

NOMINATION COMMITTEE

Victor LO Chung Wing, *Chairman*
LUI Ming Wah
Frank CHAN Chi Chung
CHAN Kei Bui
LEUNG Pak Chuen

AUDITOR

Deloitte Touche Tohmatsu

SECRETARY AND REGISTERED OFFICE

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Kwai Chung, New Territories, Hong Kong
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E-mail: gp@goldpeak.com
Website: www.goldpeak.com

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

ADR DEPOSITARY

The Bank of New York
101 Barclay Street, 22nd Floor
New York, NY10286, USA

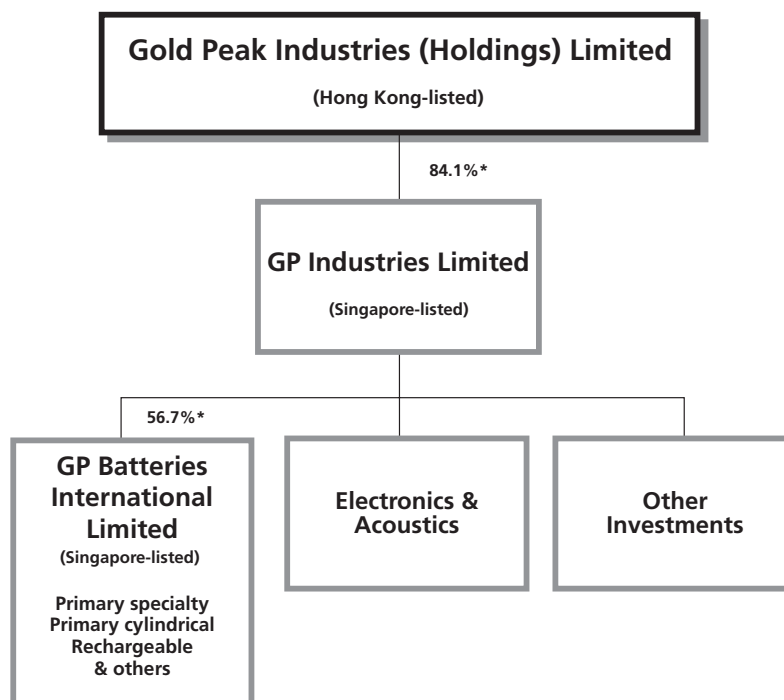
STOCK CODES

Hong Kong Stock Exchange	40
ADR	GPINY US
Bloomberg	40 HK
Reuters	0040 HK

KEY DATES

Closure of Register:	19 to 24 December 2014
Interim Dividend:	Payable on 7 January 2015

Group Structure



Group Profile

Gold Peak Group is an Asian multinational group which owns high-quality industrial investments via GP Industries Limited, its major industrial investment vehicle. The Group has built renowned brand names for its major product categories, such as **GP** batteries, **KEF** premium consumer speakers and **CELESTION** professional speaker drivers.

The parent company, Gold Peak Industries (Holdings) Limited, was established in 1964 and has been listed on the Stock Exchange of Hong Kong since 1984. Currently, Gold Peak holds an approximately 84.1%* interest in GP Industries while GP Industries holds an approximately 56.7%* interest in GP Batteries International Limited. GP Industries and GP Batteries are publicly listed in Singapore.

GP Industries is engaged in the development, manufacture and distribution of a wide range of products including electronics and acoustics products, and automotive wire harness. GP Batteries is engaged in the development, manufacture and marketing of batteries and battery-related products.

* As at 26 November 2014

The Board of Directors of Gold Peak Industries (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014.

Highlights

- Turnover increased by 2% to HK\$2,987 million
- Profit for the period attributable to owners of the Company increased by 1% to HK\$45.2 million
- Earnings per share: 5.76 Hong Kong cents (2013/14: 5.71 Hong Kong cents)
- Interim dividend per share: 2.5 Hong Kong cents (2013/14: 2.0 Hong Kong cents)

Summary of Results

For the six months ended 30 September 2014, the Group’s turnover amounted to HK\$2,987 million, an increase of 2% as compared with HK\$2,933 million for the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK\$45.2 million, an increase of 1% compared to the corresponding period in the previous year. The earnings per share for the period amounted to 5.76 HK cents as compared with 5.71 HK cents for the same period last year.

Business Review

GP INDUSTRIES (83.8% owned by Gold Peak as at 30 September 2014)

GP Industries’ revenue increased by 2% and profit before finance costs, exceptional items and share of results of associates was S\$23.3 million, a 7% increase over the S\$21.8 million reported for the same period last year.

During the six-month period ended 30 September 2014, GP Industries reported a net exceptional gain of S\$8.4 million, attributable mainly to property disposal gains. The associates contributed S\$7.9 million profit before taxation in aggregate, S\$3.0 million more than last year. As a result, profit before taxation increased by 66% to S\$35.1 million this year over the S\$21.1 million reported last year.

Profit attributable to equity holders of GP Industries amounted to S\$15.0 million, compared to S\$15.6 million last year.

Electronics and Acoustics Business

- Revenue from the electronics and acoustics business decreased by 3%.
- While sales of electronics products increased by 2%, sales of acoustics products decreased by 10%. By region, sales of acoustics products to the Americas remained stable, sales to Asia declined by 19% and sales to Europe declined by 9%.
- The business segment reported a net exceptional gain of S\$0.3 million, comprised mainly a property disposal gain of S\$1.3 million, provision for restructuring a subsidiary engaged in the manufacturing of components of S\$0.4 million and a provision for restructuring the acoustics business of S\$0.6 million.
- Profit contribution from the electronics and acoustics business decreased by 12%.

Automotive Wire Harness Business

- The export oriented automotive wire harness business reported a growth of over 60% in revenue, albeit from a relatively low base. The growth was due to increased demand for wire harnesses for automotive video equipment mandated by new safety regulations in the US.
- Profit contribution from the automotive wire harness business increased by over 110%.

Battery Business (55.3% owned by GP Industries as at 30 September 2014)

- Revenue of GP Batteries International Limited (“GP Batteries”) was S\$360 million, an increase of 2%.
- While sales of primary batteries increased by 7%, sales of rechargeable batteries decreased by 18%.
- Gross profit margin was 23.0%, compared with 22.7% last year due to reduced overhead.
- GP Batteries recorded a S\$9.2 million exceptional gain from the disposal of a factory building in Singapore.
- The associated companies of GP Batteries recorded a loss before taxation of S\$0.3 million, a decrease of S\$3.4 million from a loss of S\$3.7 million last year.
- Profit attributable to equity holders of GP Batteries was S\$11.5 million, compared with S\$0.3 million last year.

Other Industrial Investments

- The segment reported an exceptional provision for impairment loss of approximately S\$1.1 million recognised on assets classified as held for sale.
- It recorded a loss of approximately S\$1.0 million this year, compared to a negligible loss last year.

Financial Review

During the period, the Group's net bank borrowings decreased by HK\$64 million to HK\$867 million. As at 30 September 2014, the aggregate of the Group's equity attributable to owners and non-controlling interests was HK\$2,886 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to equity attributable to owners and non-controlling interests) was 0.30 (31 March 2014: 0.33). The gearing ratios of the Company, GP Industries and GP Batteries were 0.36 (31 March 2014: 0.35), 0.15 (31 March 2014: 0.18) and 0.15 (31 March 2014: 0.19) respectively.

At 30 September 2014, 77% (31 March 2014: 74%) of the Group's bank borrowings were revolving or repayable within one year whereas 23% (31 March 2014: 26%) were mostly repayable between one to five years. Most of these bank borrowings are in US dollars, Singapore dollars and Hong Kong dollars.

The Group's exposure to foreign currency arises mainly from the net cash flow and the translation of net monetary assets or liabilities of its overseas subsidiaries. The Group and its major associates continued to manage foreign exchange risks prudently. Forward contracts, borrowings in local currencies and local sourcing have been arranged to minimise the impact of currency fluctuation.

Employees and Remuneration Policies

As at 30 September 2014, the Group's major business divisions employed about 8,560 (31 March 2014: 8,550) people worldwide. Remuneration policies are reviewed regularly to ensure that compensation and benefit packages are in line with the market in the respective countries where the Group has operations.

Prospects

Weak consumer demand in Europe and uncertainties in some emerging markets, including Russia and Ukraine, may affect some of the Group's businesses. Its businesses in the US and Asia, however, are expected to remain more stable.

The Group will continue to invest in product innovation and further develop its brands and global distribution network. It is also expanding the production capacity for its electronics and acoustics business as well as some segments of the battery business. The Group will continue to automate its factories to improve productivity and streamline its business processes to counter the steadily increasing manufacturing costs in China.

Unaudited Condensed Consolidated Statement of Profit or Loss

	Notes	For the six months ended 30 September	
		2014 HK\$'000	2013 HK\$'000
Turnover	3	2,987,266	2,933,078
Cost of sales		<u>(2,232,264)</u>	<u>(2,200,403)</u>
Gross profit		755,002	732,675
Other income	4	85,830	39,676
Selling and distribution expenses		(281,323)	(249,304)
Administrative expenses		(368,594)	(387,262)
Other expenses	5	(13,119)	–
Finance costs		(41,666)	(43,491)
Share of result of a joint venture		–	16,559
Share of results of associates		40,217	18,193
		<u>176,347</u>	<u>127,046</u>
Profit before taxation	6	176,347	127,046
Taxation	7	<u>(42,903)</u>	<u>(41,273)</u>
Profit for the period		<u>133,444</u>	<u>85,773</u>
Attributable to:			
Owners of the Company		45,225	44,841
Non-controlling interests		<u>88,219</u>	<u>40,932</u>
		<u>133,444</u>	<u>85,773</u>
Interim dividend		<u>19,617</u>	<u>15,694</u>
Earnings per share – Basic and diluted	8	<u>5.76 HK cents</u>	<u>5.71 HK cents</u>

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended	
	30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	<u>133,444</u>	<u>85,773</u>
Other comprehensive income (expense):		
Exchange differences released upon disposal of a joint venture	–	(7,077)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Share of other comprehensive income of a joint venture	–	1,845
Share of other comprehensive (expense) income of associates	(2,672)	15,933
Exchange differences arising from translation of foreign operations	9,552	17,366
Fair value loss on available-for-sale investments	(3,275)	–
Other comprehensive income for the period	<u>3,605</u>	<u>28,067</u>
Total comprehensive income for the period	<u>137,049</u>	<u>113,840</u>
Total comprehensive income attributable to:		
Owners of the Company	42,448	54,642
Non-controlling interests	94,601	59,198
	<u>137,049</u>	<u>113,840</u>

Unaudited Condensed Consolidated Statement of Financial Position

		30 September 2014 <i>HK\$'000</i>	31 March 2014 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Investment properties		29,961	41,059
Property, plant and equipment	9	1,433,486	1,495,524
Interests in associates		1,329,274	1,346,140
Available-for-sale investments		58,906	75,837
Intangible assets		12,795	14,946
Goodwill		118,448	127,174
Deferred tax assets		36,058	35,125
Deposits and prepayments		2,088	960
		3,021,016	3,136,765
Current assets			
Inventories		874,810	828,716
Trade and other receivables and prepayments	10	1,179,925	1,048,529
Taxation recoverable		5,219	7,617
Bank balances, deposits and cash		886,543	993,752
		2,946,497	2,878,614
Assets classified as held for sale		57,237	22,676
		3,003,734	2,901,290
Current liabilities			
Creditors and accrued charges	11	1,326,091	1,217,115
Derivative financial instruments		2,094	4,173
Taxation payable		28,347	26,036
Obligations under finance leases			
– amount due within one year		1,505	1,812
Bank loans and import loans		1,335,333	1,418,804
Bank overdrafts		7,189	–
		2,700,559	2,667,940
Net current assets		303,175	233,350
Total assets less current liabilities		3,324,191	3,370,115

Unaudited Condensed Consolidated Statement of Financial Position

(Continued)

		30 September 2014 HK\$'000	31 March 2014 HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Obligations under finance leases			
– amount due after one year		93	685
Borrowings		409,007	503,703
Deferred taxation liabilities		29,318	39,001
		<u>438,418</u>	<u>543,389</u>
Net assets		<u>2,885,773</u>	<u>2,826,726</u>
Capital and reserves			
Share capital	12	921,014	921,014
Reserves		506,181	459,952
		<u>1,427,195</u>	<u>1,380,966</u>
Equity attributable to owners of the Company		1,427,195	1,380,966
Non-controlling interests		1,458,578	1,445,760
		<u>2,885,773</u>	<u>2,826,726</u>
Total equity		<u>2,885,773</u>	<u>2,826,726</u>

Unaudited Condensed Consolidated Cash Flow Statement

	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Net cash generated from operating activities	76,210	57,869
Net cash from investing activities	103,714	404,130
Net cash used in financing activities	(293,447)	(245,031)
(Decrease) increase in cash and cash equivalents	(113,523)	216,968
Cash and cash equivalents at beginning of the period	993,752	813,678
Effect of foreign exchange rate changes	(875)	(10,991)
Cash and cash equivalents at the end of the period	879,354	1,019,655
Cash and cash equivalents at the end of the period comprise:		
Bank balances, deposits and cash	886,543	1,030,684
Bank overdrafts	(7,189)	(11,029)
	879,354	1,019,655

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Legal Reserve <i>HK\$'000</i>	Properties Revaluation Reserve <i>HK\$'000</i>	Translation Reserve <i>HK\$'000</i>	Capital Redemption Reserve <i>HK\$'000</i>
For the six months ended 30 September 2014						
At 1 April 2014	921,014	-	14,830	34,802	(129,381)	-
Transfer of reserve	-	-	-	-	-	-
Transfer upon cancellation of share options	-	-	-	-	-	-
Deemed acquisition of a subsidiary	-	-	-	-	-	-
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-
Capital contribution by non-controlling shareholders	-	-	-	-	-	-
Dividend paid - 2014 final dividend	-	-	-	-	-	-
Dividend declared - 2015 interim dividend	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1,322)	-
At 30 September 2014	<u>921,014</u>	<u>-</u>	<u>14,830</u>	<u>34,802</u>	<u>(130,703)</u>	<u>-</u>
For the six months ended 30 September 2013						
At 1 April 2013, as originally stated	392,346	493,310	14,830	34,802	(123,382)	35,358
Application of HKFRS 10 (restated)	-	-	-	-	(3,825)	-
At 1 April 2013, as restated	392,346	493,310	14,830	34,802	(127,207)	35,358
Transfer of reserve	-	-	-	-	-	-
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-
Transfer upon cancellation of share options	-	-	-	-	-	-
Dividend paid - 2013 final dividend	-	-	-	-	-	-
Dividend declared - 2014 interim dividend	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	9,801	-
At 30 September 2013 (restated)	<u>392,346</u>	<u>493,310</u>	<u>14,830</u>	<u>34,802</u>	<u>(117,406)</u>	<u>35,358</u>

Available-for-sale Investments Reserve HK\$'000	Capital Reserve HK\$'000	Dividend Reserve HK\$'000	Share Option Reserve HK\$'000	Retained Profits HK\$'000	Attributable to Owners of the Company HK\$'000	Non- controlling Interests HK\$'000	Total HK\$'000
3,620	122,493	15,694	4,625	393,269	1,380,966	1,445,760	2,826,726
-	631	-	-	(631)	-	-	-
-	-	-	(172)	1,065	893	(893)	-
-	3,522	-	-	-	3,522	(19,357)	(15,835)
-	15,060	-	-	-	15,060	(30,516)	(15,456)
-	-	-	-	-	-	(1,048)	(1,048)
-	-	-	-	-	-	2,186	2,186
-	-	(15,694)	-	-	(15,694)	-	(15,694)
-	-	19,617	-	(19,617)	-	-	-
-	-	-	-	-	-	(32,155)	(32,155)
(1,455)	-	-	-	45,225	42,448	94,601	137,049
<u>2,165</u>	<u>141,706</u>	<u>19,617</u>	<u>4,453</u>	<u>419,311</u>	<u>1,427,195</u>	<u>1,458,578</u>	<u>2,885,773</u>
-	24,854	23,541	4,712	628,891	1,529,262	418,035	1,947,297
-	59,940	-	-	(79,918)	(23,803)	1,177,501	1,153,698
-	84,794	23,541	4,712	548,973	1,505,459	1,595,536	3,100,995
-	(4,185)	-	-	4,185	-	-	-
-	7,742	-	-	-	7,742	(33,268)	(25,526)
-	-	-	(29)	58	29	(29)	-
-	-	(23,541)	-	-	(23,541)	-	(23,541)
-	-	15,694	-	(15,694)	-	-	-
-	-	-	-	-	-	(32,112)	(32,112)
-	385	-	-	44,456	54,642	59,198	113,840
<u>-</u>	<u>88,736</u>	<u>15,694</u>	<u>4,683</u>	<u>581,978</u>	<u>1,544,331</u>	<u>1,589,325</u>	<u>3,133,656</u>

Notes to the Unaudited Condensed Consolidated Financial Statements

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. Principal accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate. The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. Segment information

The following is an analysis of the turnover and results by operating segments for the period under review:

For the six months ended 30 September 2014

	Electronics HK\$’000	Batteries HK\$’000	Other investments HK\$’000	Eliminations HK\$’000	Total HK\$’000
Turnover					
External sales	770,078	2,217,188	–	–	2,987,266
Inter-segment sales	247	–	–	(247)	–
Segment revenue	<u>770,325</u>	<u>2,217,188</u>	<u>–</u>	<u>(247)</u>	<u>2,987,266</u>
Results					
Segment results	73,958	158,546	40	–	232,544
Interest income					7,766
Rental income					3,254
Finance costs					(41,666)
Unallocated expenses					<u>(25,551)</u>
Profit before taxation					176,347
Taxation					<u>(42,903)</u>
Profit for the period					<u>133,444</u>

Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

3. Segment information (Continued)

For the six months ended 30 September 2013

	Electronics HK\$'000	Batteries HK\$'000	Other investments HK\$'000	Eliminations HK\$'000	Total HK\$'000
Turnover					
External sales	743,136	2,189,942	–	–	2,933,078
Inter-segment sales	1,449	33	–	(1,482)	–
Segment revenue	<u>744,585</u>	<u>2,189,975</u>	<u>–</u>	<u>(1,482)</u>	<u>2,933,078</u>
Results					
Segment results	115,526	71,355	233	–	187,114
Interest income					6,677
Rental income					3,830
Finance costs					(43,491)
Unallocated expenses					<u>(27,084)</u>
Profit before taxation					127,046
Taxation					<u>(41,273)</u>
Profit for the period					<u>85,773</u>

4. Other income

For the six months ended
30 September

2014 2013
HK\$'000 HK\$'000

Other income includes:

Gain on disposal of properties	65,040	–
Gain on disposal of a joint venture	–	25,453
	<u>65,040</u>	<u>25,453</u>

5. Other expenses

For the six months ended
30 September

2014 2013
HK\$'000 HK\$'000

Restructuring costs	6,154	–
Provision for impairment loss recognised on assets classified as held for sale	6,965	–
	<u>13,119</u>	<u>–</u>

Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

6. Profit before taxation

	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Amortisation of trademarks	2,091	2,091
Depreciation of property, plant and equipment	79,299	91,117

7. Taxation

	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong Profits Tax	5,119	6,721
Taxation in jurisdictions other than Hong Kong	48,288	36,901
Deferred taxation	(10,504)	(2,349)
	42,903	41,273

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2013: 16.5%) of the estimated assessable profit for the period.

Taxation in jurisdictions other than Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

8. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
<i>Earnings</i>		
Profit for the period attributable to owners of the Company	45,225	44,841
	'000	'000
<i>Number of shares</i>		
Number of shares in issue during the period, for the purpose of basic and diluted earnings per share	784,693	784,693

The computation of diluted earnings per share for the period ended 30 September 2014 did not assume the exercise of the outstanding share options of the Company and GP Industries, a subsidiary of the Group, because the exercise prices of the Company's and GP Industries' share options were higher than the average market prices for the respective shares for the period ended 30 September 2014.

The computation of diluted earnings per share for the period ended 30 September 2013 did not assume the exercise of the outstanding share options of the Company, as well as the share options of GP Industries and GP Batteries, the subsidiaries of the Group, because the exercise prices of the Company's, GP Industries' and GP Batteries' share options were higher than the average market prices for the respective shares for the period ended 30 September 2013.

Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

9. Property, plant and equipment

During the period, the Group spent approximately HK\$60,574,000 (six months ended 30 September 2013: HK\$71,561,000) on property, plant and equipment to expand its business.

10. Trade and other receivables and prepayments

The Group allows its trade customers with credit periods normally ranging from 30 days to 120 days. The following is an aging analysis of trade and bills receivables at the end of the reporting period:

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Trade and bills receivables		
0-60 days	703,607	602,813
61-90 days	63,394	48,046
Over 90 days	149,023	171,660
	916,024	822,519
Other receivables, deposits and prepayments	265,989	226,970
	1,182,013	1,049,489
Less: Non-current portion of deposits and prepayments	(2,088)	(960)
	1,179,925	1,048,529

11. Creditors and accrued charges

The following is an aging analysis of creditors at the end of the reporting period:

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Trade payables		
0-60 days	788,489	686,702
61-90 days	122,450	108,772
Over 90 days	136,389	157,621
	1,047,328	953,095
Other payables and accrued charges	278,763	264,020
	1,326,091	1,217,115

Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

12. Share Capital

	Number of shares '000	HK\$'000
Authorised:		
Balance at 1 April 2013 and 30 September 2013 – ordinary shares of HK\$0.50 each	1,200,000	600,000
At 31 March 2014 and 30 September 2014 (<i>Note</i>)	N/A	N/A
Issued and fully paid:		
Balance at 1 April 2013 and 30 September 2013 – ordinary shares of HK\$0.50 each	784,693	392,346
Transfer from share premium and capital redemption reserve upon abolition of par value	–	528,668
At 31 March 2014 and 30 September 2014 – ordinary shares with no par value (<i>Note</i>)	784,693	921,014

Note: Under the Hong Kong Companies Ordinance (Cap. 622) with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this change.

Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

13. Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at 30 September 2014 HK\$'000	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
Financial assets			
1. Equity securities classified as available-for-sale investments	14,211	Level 2	The fair value of the equity securities is estimated by the price quotation available on the Emerging Market Board in Taiwan, which does not trade actively.
Financial liabilities			
1. Forward foreign exchange contracts classified as derivative financial instruments	2,094	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There is no transfer between different levels of the fair value hierarchy during the six months ended 30 September 2014.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated financial statements approximate their fair values.

Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

14. Contingencies and commitments

(a) *Contingent liabilities*

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Guarantees given to banks in respect of banking facilities to associates	<u>16,327</u>	<u>16,327</u>

(b) *Capital commitments*

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed consolidated financial statements	<u>95,423</u>	<u>7,747</u>
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	<u>62,011</u>	<u>25,281</u>

15. Related party transactions

During the period, the Group entered into the following transactions with its associates:

	For the six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
Sales to associates	88,803	116,112
Purchases from associates	260,825	260,418
Management fee income received from associates	<u>1,690</u>	<u>2,667</u>

As at the end of the reporting period, the Group has the following balances with its associates under trade and other receivables and prepayments and creditors and accrued charges:

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Trade receivables due from associates	89,591	97,070
Other receivables due from associates	28,500	27,813
Trade payables due to associates	145,490	117,512
Other payables due to associates	<u>17,129</u>	<u>16,306</u>

Interim Dividend

The Directors have declared an interim dividend of 2.5 cents (2013/14: 2.0 cents) per share. This amounts to a total dividend payment of approximately HK\$19,617,000 (2013/14: HK\$15,694,000) based on the total number of shares in issue as at 25 November 2014, being the latest practicable date prior to the announcement of the interim results. Dividend will be paid on 7 January 2015 to registered shareholders of the Company as at 24 December 2014.

Closure of Register

The Register of Shareholders of the Company will be closed from 19 to 24 December 2014, both days inclusive, during which period no transfer will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 18 December 2014.

Disclosure of Interest

As at 30 September 2014, 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 (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (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" set out in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Disclosure of Interest (Continued)

(1) Directors' and Chief Executive's Interests in Securities of the Company and its Associated Corporations

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

As at 30 September 2014, 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			Percentage of issued share capital of the Company
	Personal Interests	Corporate Interests	Total Interests	%
Victor LO Chung Wing	107,082,008	125,807,760*	232,889,768	29.68
LEUNG Pak Chuen	4,575,114	–	4,575,114	0.58
Richard KU Yuk Hing	2,629,684	–	2,629,684	0.34
Andrew CHUANG Siu Leung	677,855	–	677,855	0.09
LUI Ming Wah	–	–	–	–
Frank CHAN Chi Chung	–	–	–	–
CHAN Kei Bui	–	–	–	–

* 125,807,760 ordinary shares were beneficially owned by Well Glory International Limited, a company in which Mr. Victor LO Chung Wing and the estate of Mr. Andrew NG Sung On (deceased) have beneficial interests. Mr. Andrew NG Sung On, a former director of the Company, passed away on 17 April 2014.

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

As at 30 September 2014, the direct and indirect beneficial interests of the directors and the chief executive in the shares of GP Batteries International Limited ("GPBI"), a 55.3% owned subsidiary of GP Industries Limited ("GP Ind"), Gold Peak Industries (Taiwan) Limited ("GPIT"), a 79.6% owned subsidiary of GPBI, and GP Ind, a 83.8% owned subsidiary of the Company, were as follows:

Name of Director	Number of ordinary shares and percentage of their issued share capital held					
	GPBI		GPIT		GP Ind	
	Number	%	Number	%	Number	%
Victor LO Chung Wing	300,000	0.18	–	–	300,000	0.06
LEUNG Pak Chuen	–	–	–	–	1,608,000	0.33
Richard KU Yuk Hing	151,500	0.09	200,000	0.10	340,000	0.07
Andrew CHUANG Siu Leung	–	–	–	–	155,000	0.03
LUI Ming Wah	–	–	–	–	–	–
Frank CHAN Chi Chung	–	–	–	–	–	–
CHAN Kei Bui	–	–	–	–	–	–

Save as disclosed above, as at 30 September 2014, 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.

Disclosure of Interest *(Continued)*

(2) Directors' and Chief Executive's Rights to Acquire Shares or Debentures

The following tables disclose the movements in the number of share options of the Company and GP Ind during the six months ended 30 September 2014.

(a) *The Company's share option scheme:*

Name of Director	Date of grant	Exercisable period	Exercise price HK\$	Number of option shares		
				Outstanding at 1.4.2014	Cancelled during the period	Outstanding at 30.9.2014
Victor LO Chung Wing	27.04.2010	27.04.2010-26.04.2015	1.27	750,000	–	750,000
LEUNG Pak Chuen	27.04.2010	27.04.2010-26.04.2015	1.27	700,000	–	700,000
Richard KU Yuk Hing	27.04.2010	27.04.2010-26.04.2015	1.27	700,000	–	700,000
Andrew CHUANG Siu Leung	27.04.2010	27.04.2010-26.04.2015	1.27	700,000	–	700,000
LUI Ming Wah	27.04.2010	27.04.2010-26.04.2015	1.27	300,000	–	300,000
Frank CHAN Chi Chung	27.04.2010	27.04.2010-26.04.2015	1.27	300,000	–	300,000
CHAN Kei Bui	27.04.2010	27.04.2010-26.04.2015	1.27	300,000	–	300,000
				3,750,000	–	3,750,000
Employees of the Group and other participants	27.04.2010	27.04.2010-26.04.2015	1.27	12,085,000	(590,000)	11,495,000
				15,835,000	(590,000)	15,245,000

Disclosure of Interest (Continued)

(2) Directors' and Chief Executive's Rights to Acquire Shares or Debentures (Continued)

(b) GP Ind's share option scheme:

Name of Director	Date of grant	Exercisable period	Exercise price S\$	Number of share options		
				Outstanding at 1.4.2014	Expired/ Cancelled during the period	Outstanding at 30.9.2014
Victor LO Chung Wing	5.7.2004	5.7.2005-4.7.2014	1.03	400,000	(400,000)	–
LEUNG Pak Chuen	5.7.2004	5.7.2005-4.7.2014	1.03	380,000	(380,000)	–
Andrew CHUANG Siu Leung	5.7.2004	5.7.2005-4.7.2014	1.03	150,000	(150,000)	–
				<u>930,000</u>	<u>(930,000)</u>	<u>–</u>
Directors of GP Ind	5.7.2004	5.7.2005-4.7.2014	1.03	520,000	(520,000)	–
Employees of the Group	5.7.2004	5.7.2005-4.7.2014	1.03	1,371,000	(1,371,000)	–
				<u>1,891,000</u>	<u>(1,891,000)</u>	<u>–</u>
				<u>2,821,000</u>	<u>(2,821,000)</u>	<u>–</u>

Saved as disclosed above, as at 30 September 2014, 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 Appendix 10 "Model Code for Securities Transactions by Directors of Listed Issuers" set out in the Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders

As at 30 September 2014, 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 section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

<u>Name of shareholder</u>	<u>Capacity</u>	<u>Number of ordinary shares held</u>	<u>Percentage of issued share capital of the Company</u>
Well Glory International Limited	Beneficial owner	125,807,760	16.03%
The estate of Mr. Andrew NG Sung On (deceased)	Beneficial owner	96,969,362 (note 1)	12.36%
Ring Lotus Investment Limited ("Ring Lotus")	Interests of controlled corporation	62,787,143 (note 2)	8.00%
HSBC International Trustee Limited ("HSBC Trustee")	Trustee	62,787,143 (note 2)	8.00%

Notes:

1. These 96,969,362 shares were originally and beneficially held by the late Mr. Andrew NG Sung On, a former director of the Company, who passed away intestate on 17 April 2014, and do not include the late Mr. Ng's deemed interests in 3,308,570 shares beneficially held by his surviving spouse, Madam TO May Yee. Application is being made for the Letter of Administration in respect of the estate of the late Mr. Ng.
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 62,787,143 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.

Saved as disclosed above, as at 30 September 2014, 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 Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2014.

Compliance with the Corporate Governance Code of the Listing Rules

The Company has complied with the code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2014, except for the following deviations:

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Victor LO Chung Wing is the Chairman & Chief Executive of the Company. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Group’s principal businesses are separately listed and each business is run by a different board of directors.

Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company’s non-executive directors are not appointed for a specific term and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the articles of association of the Company. Since their appointments will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those set out in the Code.

Directors’ Securities Transactions

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules (the “Model Code”) as its code of conduct regarding the directors’ securities transactions. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standards set out in the Model Code during the six months ended 30 September 2014.

Audit Committee

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company. The unaudited condensed consolidated financial statements for the six months ended 30 September 2014 have been reviewed by the Company’s audit committee.

Board of Directors

As at the date of this report, the Board of Directors of the Company consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), LEUNG Pak Chuen, Richard KU Yuk Hing and Andrew CHUANG Siu Leung as Executive Directors, and Messrs. LUI Ming Wah, Frank CHAN Chi Chung and CHAN Kei Biu as Independent Non-Executive Directors.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, 26 November 2014
www.goldpeak.com