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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)



CLARIFICATION ANNOUNCEMENT

Reference is made to the Announcement. The Board would like to clarify and reproduce notes 4 and 27(b) to the consolidated financial statements of the Company for the year ended 31 March 2009.

Reference is made to the announcement of Gold Peak Industries (Holdings) Limited (the "Company") dated 31 July 2009 (the "Announcement") in relation to the annual results of the Company for the year ended 31 March 2009. The board of directors (the "Board") of the Company would like to draw the attention of the shareholders and potential investors of the Company to the section headed "Extract from the independent auditor's report" of the Announcement and would like to clarify and reproduce notes 4 and 27(b) to the consolidated financial statements of the Company for the year ended 31 March 2009 as follows:

Note 4:

"4. KEY SOURCES OF ESTIMATION UNCERTAINTY

Recoverability of the Tarway Loan (as defined in note 27(b))

In respect of recoverability of the Tarway Loan of HK\$321,943,000 as set out in note 27(b), the Group and the family members (hereinafter referred to as "Gerard Family") of the major shareholders of Gerard Corporation Pty. Limited ("Gerard Corporation") have reached an agreement in principle on the repayment due to and providing a second charge in favour of the Group. Management considered that the following factors will have an effect on the Repayment Plan (as defined in note 27(b)):

- (i) Completion of the selective capital reduction of GP Industries Limited ("GP Ind"), a subsidiary of the Company, as set out in note 46(d) ("SCR") is conditional, inter alia, upon (i) approval by the shareholders of GP Ind at its shareholders' meeting to be convened; (ii) sanction of the SCR by the High Court of the Republic of Singapore;

and (iii) the release of the 55,681,443 shares of GP Ind involved in the SCR which have been assigned by the Gerard Family to Schneider Electric Australia Holdings Pty Ltd.

- (ii) The release by Schneider of the HK\$26.8 million retention money of which Gerard Family has agreed to be assigned to the Group and the completion of the assignment agreement.
- (iii) According to the Repayment Plan, assets of Gerard Corporation will be realised in an orderly manner and the proceeds therefrom will be used to repay loans due to the Gerard Family which, in turn, will fund the repayment by the Gerard Family to the Group. While management of Gerard Corporation advised that the forecast proceeds from disposal is expected to exceed the Tarway Loan due, prevailing market condition and the timing of the realisation will affect the final amount realised and the repayment schedule.
- (iv) Repayment of loan depends on the proceeds from the asset realisation plan being paid to the Gerard Family to settle their shareholder's loan and for the Gerard Family to apply the funds fully and in priority to any other debts to repay the Group. Management has made due enquiry with Gerard Corporation and the Gerard Family. They have committed to use the proceeds for repayment of the Tarway Loan as a priority. In addition, the Gerard Family had agreed to provide a first charge on these proceeds for repayment. A formal agreement in respect of this is yet to be signed.
- (v) As the shareholder's loan of Gerard Corporation due to the Gerard Family is less than the amount due to the Group, repayment of the loan depends on other Gerard Family's trusts who are shareholders of Gerard Corporation agreeing to the proceeds being used for repayment of their shareholder's loan as settlement for the remaining Gerard Family loan. However, 34.33% of shares in Gerard Corporation held by the Gerard Family have been pledged to the Group as security."

Note 27(b):

"27. DEBTORS, BILLS RECEIVABLE AND PREPAYMENTS

- (b) The amount receivable (the "Tarway Loan") arose from the disposal of partial interest in Gerard Corporation to the Gerard Family in 2003 and 2005. As at 31 March 2009, outstanding principal of HK\$242,041,000 and related interest of HK\$79,902,000 of the Tarway Loan, which is included in other receivable, amounted to HK\$321,943,000 in aggregate. The Tarway Loan had a scheduled final repayment date of 30 June 2009. Full repayment of the outstanding amount did not take place on 30 June 2009. However, as at the date of this report, a repayment plan (the "Repayment Plan") has been agreed in principle with the first instalment payable on or before 30 June 2009 and other instalments thereafter. As at the date of this report, the agreement on the Repayment Plan has not been finalised or signed. The 34.33% of shares in Gerard Corporation held by the Gerard Family previously pledged to GP Ind will continue serving as a security. The Group considers the Repayment Plan together with the Selective Capital Reduction of GP Ind as disclosed in note 46(d) will enable the Gerard Family to orderly realise assets to repay the Tarway Loan due to the Group. They are detailed below:

(i) **The First Instalment**

The first instalment of HK\$26.8 million had been paid before 30 June 2009 as agreed under the Repayment Plan.

(ii) **The SCR**

On 9 July 2009, GP Ind entered into a share cancellation agreement as disclosed in note 46(d) for the SCR with, inter alia, the Gerard Family pursuant to which approximately HK\$84.2 million due by the Gerard Family under the Tarway Loan will be settled by setting-off against the amount payable by GP Ind pursuant to the SCR. The SCR is subject to certain conditions set out in note 46(d).

(iii) **Retention Money**

In accordance with the sale and purchase agreement relating to the disposal of the EWDIS business in Australia by the Group and the Gerard Family to Schneider in 2003, part of the cash consideration payable to the Gerard Family was retained by Schneider and will only be released by Schneider upon satisfactory settlement of the warranty claim. As at 31 March 2009, an amount of approximately HK\$26.8 million due to the Gerard Family was still retained by Schneider (the "Gerard Retention Money"). The Group and the Gerard Family have agreed in principle and subject to the finalisation of a formal agreement, that the Gerard Family will assign its rights to the Gerard Retention Money to the Group such that upon release of the Gerard Retention Money, the net proceeds, after deduction of any warranty claim and associated costs, will be used to repay part of the Tarway Loan due by the Gerard Family.

(iv) **Balance payment**

Upon settlement of the above payments, a balance of approximately HK\$184.1 million of the Tarway Loan will remain outstanding.

In accordance with the Repayment Plan between the Gerard Family and the Group, certain assets and business operations of Gerard Corporation will be realised in an orderly manner from 1 July 2009 onwards and the proceeds therefrom will be used to repay loans due to the Gerard Family which, in turn, utilised to fund the repayment by the Gerard Family to the Group. Management of Gerard Corporation estimates that the proceeds from its asset realisation programme will amount to approximately HK\$399 million (having a carrying value as at 30 June 2008 of HK\$477.9 million) in which HK\$292 million (at a carrying value as at 30 June 2008 of HK\$362.0 million) relate to properties. Gerard Corporation and the Gerard Family have agreed to provide a second charge on the assets of Gerard Corporation to secure settlement of the Tarway Loan in addition to the charge over 34.33% of the issued shares in Gerard Corporation as security for the Tarway Loan."

Shareholders and potential investors of the Company are advised to read the Announcement in conjunction with the annual report of the Company for the year ended 31 March 2009 which will be despatched in due course.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, 11 August 2009

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As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), Andrew NG Sung On (Vice Chairman), Kevin LO Chung Ping, Paul LO Chung Wai, LEUNG Pak Chuen, Richard KU Yuk Hing and Andrew CHUANG Siu Leung as Executive Directors, Messrs. CHAU Kwok Wai, Raymond WONG Wai Kan and Vincent CHEUNG Ting Kau as Non-Executive Directors, and Messrs. LUI Ming Wah, Frank CHAN Chi Chung and CHAN Kei Bui as Independent Non-Executive Directors.