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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)



2008/2009 Final Results Announcement

FINANCIAL HIGHLIGHTS

- Consolidated turnover: HK\$1,314 million, down 11%
- Turnover for all divisions: HK\$6,493 million, down 9%
- Loss attributable to shareholders: HK\$65.3 million (2008 Profit attributable to shareholders: HK\$70.4 million)
The loss for the year ended 31 March 2009 was attributed to impairments on some of the Group's investments, which amounted to HK\$101.5 million, compared to an investment gain of HK\$88.6 million for the previous year
- Loss per share: 11.89 Hong Kong cents (2008 Earnings per share: 12.82 Hong Kong cents)
- Proposed final dividend per share: 1.5 Hong Kong cents (2008: 2.0 Hong Kong cents)

The Board of Directors of Gold Peak Industries (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009.

SUMMARY OF RESULTS

The Group's turnover for the year ended 31 March 2009 amounted to HK\$1,314 million, decreased by 11% over the previous year. The consolidated net loss attributable to shareholders was HK\$65.3 million. The consolidated net profit attributable to shareholders was HK\$70.4 million for the year ended 31 March 2008. Basic loss per share for the year amounted to 11.89 HK cents. Basic earnings per share was 12.82 HK cents for the year ended 31 March 2008.

The loss for the year ended 31 March 2009 was attributed to impairments on some of the Group's investments, which amounted to HK\$101.5 million. It reported an investment gain of HK\$88.6 million for the previous year.

BUSINESS REVIEW

GP Industries (69.3% owned by Gold Peak as at 31 March 2009)

The global economic turmoil has led to a decrease in sales for some of GP Industries Group's products. During the year, sales decreased by 13% and profit from operations declined by 43%. In response, GP Industries Group has implemented rigorous cost control.

1. Electronics Division

- *Electronics & components* – Sales decreased mainly due to slower demand for professional electronic products. The associates in the components business also reported lower sales and lower profit contribution. Overall, operating profit before interest and taxation (“PBIT”) excluding exceptional items from the electronics and components business decreased.
- *Acoustics* – Sales and PBIT excluding exceptional items from the acoustics business decreased. Overall turnover of KEF branded acoustics products decreased with weakened sales to the UK and the US, in spite of a growth in sales to Asia, Germany, Canada and Latin America. Profitability improved due to higher distribution efficiency and stringent cost-saving measures. The 20%-owned Meiloon Industrial Co., Ltd. reported a small loss.
- *Cables & wire harness* – Sales of the 47%-owned cable associate Linkz Industries Limited decreased slightly, but it registered a decline in profit contribution before exceptional items due mainly to higher material and manufacturing costs. Contributions from wire harness associates serving the domestic automobile makers in China improved while contributions from export oriented subsidiaries and associates decreased. As a result, overall PBIT excluding exceptional items from the wire harness and cables business decreased.

2. GP Batteries (49.2% owned by GP Industries as at 31 March 2009)

- GP Batteries operated in a highly competitive environment with global economic slowdown and volatile currencies and material prices, it nevertheless returned to profit amidst a decline in turnover.
- Sales of Nickel Metal Hydride (“NiMH”) rechargeable batteries and micro batteries decreased while sales of 9-volt and Alkaline primary cylindrical batteries increased. The Americas and Europe recorded a dip in turnover while sales in the Mainland China and Hong Kong increased.
- Its subsidiary in Taiwan signed a 5-year agreement with Boston-Power Inc of the US to produce batteries for laptops and electric vehicles (“EV”). This arrangement helps improve the utilization of GP Batteries Group's manufacturing facilities.

- For EV batteries, it worked on several new projects which might become better opportunities in the coming year. Preparation for the joint-venture factory in China is continuing. Sales of batteries for high-end electric bicycles remained strong for the quarter ended 31 March 2009, making GP Batteries Group a significant world supplier in this market.
- Excluding the effects of realized gain and loss arising from commodity contracts which had all matured during the year, gross profit margin for the financial year had improved.

Technology & Strategic Division

Lighthouse Technologies Limited, which is currently 29.8% owned by Gold Peak and 19.3% owned by GP Industries, performed strongly for the first three quarters ended 30 September 2008, especially for sales to customers in screen rental business. Affected by the global financial turmoil, Lighthouse recorded a slight increase of 7% in sales for the year, with a lower profit contribution due mainly to higher operating expenses.

PROSPECTS

The management believes the majority of the Group's markets have bottomed out although recovery is expected to be gradual. GP Industries Group has reduced its bank debts significantly in the last financial year and will continue with its stringent measures to enhance its working capital management and balance sheet as well as reduce costs. GP Industries is favorably poised as the market recovers.

The markets for GP Batteries have stabilized and order intake has been steady in recent months. It will continue to align its cost structure through productivity improvement and plant rationalization, enhance its brand management in key markets and capitalize on selected opportunities in electric transportation.

The Group will continue its strategy to improve the performance of its core business and invest in brands, global distribution and product technology. Also, we will continue with our emphasis on further strengthening our balance sheet. With efforts made in rationalizing operations and improving productivity, the Group will be well positioned to rebound speedily when economies begin to recover.

CONSOLIDATED INCOME STATEMENT

	Notes	For year ended 31 March	
		2009 HK\$'000	2008 HK\$'000
Turnover	2	1,313,641	1,477,464
Cost of sales		(964,143)	(1,072,114)
Gross profit		349,498	405,350
Other income		165,359	207,441
Selling and distribution expenses		(182,372)	(212,406)
Administrative expenses		(262,617)	(293,870)
Other expenses		(23,564)	(39,052)
Gain on disposal of available-for-sale investments	3	-	88,638
Change in fair value of investment properties		(10,508)	4,020
Impairment loss on available-for-sale investments		(101,471)	-
Finance costs		(70,009)	(126,371)
Share of results of associates		56,530	104,106
Gain (loss) on disposal of / deemed partial disposal of a subsidiary		10,632	(135)
Gain (loss) on deemed partial disposal of / disposal of associates		4,237	(4,765)
(Loss) profit before taxation	4	(64,285)	132,956
Taxation	5	(11,829)	(30,804)
(Loss) profit for the year		(76,114)	102,152
Attributable to:			
Equity shareholders of the Company		(65,329)	70,415
Minority interests		(10,785)	31,737
		(76,114)	102,152
Dividends			
Interim		5,493	16,479
Final		8,239	10,986
(Loss) earnings per share (HK cents)	6		
Basic		(11.89)	12.82
Diluted		N/A	12.81

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 March	
		2009 HK\$'000	2008 HK\$'000
Non-current assets			
Investment properties		103,240	117,210
Property, plant and equipment		236,531	270,196
Prepaid lease payments		24,641	36,156
Interests in associates		1,814,803	1,882,167
Available-for-sale investments		281,133	416,164
Long term receivables		46,843	371,658
Technical know-how		3,502	7,737
Trademarks		35,553	39,736
Goodwill		59,143	58,166
		<u>2,605,389</u>	<u>3,199,190</u>
Current assets			
Inventories		254,644	382,572
Debtors, bills receivable and prepayments	7	904,413	1,197,599
Prepaid lease payments		666	951
Dividend receivable		295	2,087
Taxation recoverable		244	213
Bank balances, deposits and cash		268,445	312,191
		<u>1,428,707</u>	<u>1,895,613</u>
Current liabilities			
Creditors and accrued charges	8	232,346	380,774
Taxation payable		37,839	43,405
Obligations under finance leases – amount due within one year		1,479	11
Bank loans and import loans		1,085,861	1,311,109
Bank overdrafts		11,474	6,894
		<u>1,368,999</u>	<u>1,742,193</u>
Net current assets		<u>59,708</u>	<u>153,420</u>
Total assets less current liabilities		<u>2,665,097</u>	<u>3,352,610</u>
Non-current liabilities			
Obligations under finance leases – amount due after one year		2,220	14
Borrowings		836,625	1,217,940
Deferred taxation liabilities		17,324	16,808
		<u>856,169</u>	<u>1,234,762</u>
Net assets		<u>1,808,928</u>	<u>2,117,848</u>
Capital and reserves			
Share capital		274,643	274,643
Reserves		890,968	1,108,585
Equity attributable to shareholders of the Company		<u>1,165,611</u>	<u>1,383,228</u>
Share option reserve of a listed subsidiary		10,076	8,618
Minority interests		633,241	726,002
Total equity		<u>1,808,928</u>	<u>2,117,848</u>

Notes:

1. Significant Accounting Policies

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)* – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of the new HKFRSs has no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of financial statements ³
HKAS 23 (Revised)	Borrowing costs ³
HKAS 27 (Revised)	Consolidated and separate financial statements ⁴
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ³
HKAS 39 (Amendment)	Eligible hedged items ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate ³
HKFRS 2 (Amendment)	Vesting conditions and cancellations ³
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions ⁵
HKFRS 3 (Revised)	Business combinations ⁴
HKFRS 7 (Amendment)	Improving disclosures about financial instruments ³
HKFRS 8	Operating segments ³
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded derivatives ⁶
HK(IFRIC) - INT 13	Customer loyalty programmes ⁷
HK(IFRIC) - INT 15	Agreements for the construction of real estate ³
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation ⁸
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners ⁴
HK(IFRIC) - INT 18	Transfers of assets from customers ⁹

- 1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- 2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
- 3 Effective for annual periods beginning on or after 1 January 2009
- 4 Effective for annual periods beginning on or after 1 July 2009
- 5 Effective for annual periods beginning on or after 1 January 2010
- 6 Effective for annual periods ending on or after 30 June 2009
- 7 Effective for annual periods beginning on or after 1 July 2008
- 8 Effective for annual periods beginning on or after 1 October 2008
- 9 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Segmental information

(i) Primary segment information for the Group based on business segments

For the year ended 31 March 2009	Electronics	Batteries	Technology and strategic	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Turnover</u>				
External sales	1,313,641	-	-	1,313,641
<u>Results</u>				
Segment results	3,403	-	4,049	7,452
Interest income and dividend income				
Operating divisions	57,648	-	9,000	66,648
Corporate				3,245
Other expenses				
Operating divisions	(1,516)	-	-	(1,516)
Corporate				(22,048)
Unallocated corporate expenses				(49,831)
Other income				33,093
Rental income	-	-	9,261	9,261
Change in fair value of investment properties	-	-	(10,508)	(10,508)
Impairment loss on available-for-sale				(101,471)
Finance costs				
Operating divisions	(38,033)	-	-	(38,033)
Corporate				(31,976)
Share of results of associates	45,310	4,629	6,591	56,530
Gain on disposal of / deemed partial disposal of a subsidiary				10,632
Gain on deemed partial disposal of / disposal of associates				4,237
Loss before taxation				(64,285)
Taxation				(11,829)
Loss for the year				(76,114)

For the year ended 31 March 2008

	Electronics	Batteries	Technology and strategic	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Turnover</u>				
External sales	1,477,464	-	-	1,477,464
<u>Results</u>				
Segment results	7,218	-	5,292	12,510
Interest income and dividend income				
Operating divisions	78,480	-	18,000	96,480
Corporate				15,735
Other expenses	(39,052)	-	-	(39,052)
Unallocated corporate expenses				(56,258)
Other income				28,733
Rental income	-	-	9,315	9,315
Change in fair value of investment properties	-	-	4,020	4,020
Gain on disposal of available-for-sale investments				88,638
Finance costs				
Operating divisions	(65,299)	-	-	(65,299)
Corporate				(61,072)
Share of results of associates	107,304	(12,008)	8,810	104,106
Loss on disposal of / deemed partial disposal of a subsidiary				(135)
Loss on deemed partial disposal of / disposal of associates				(4,765)
Profit before taxation				132,956
Taxation				(30,804)
Profit for the year				102,152

(ii) Secondary segment information for the Group based on geographical segments

	Turnover	
	For the year ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
The People's Republic of China		
- Hong Kong	134,397	131,850
- Mainland China	139,432	143,958
Other Asian countries	86,277	71,106
Europe	488,755	554,288
America	389,593	488,202
Australia & New Zealand	56,300	73,827
Others	18,887	14,233
	<u>1,313,641</u>	<u>1,477,464</u>
3. Gain on disposal of available-for-sale investments	For the year ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
The amount comprises:		
Gain on disposal of available-for-sale investments	-	88,638
4. (Loss) profit before taxation	For the year ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
(Loss) profit before taxation has been arrived at after charging:		
Amortisation of technical know-how	3,880	3,880
Amortisation of prepaid lease payments	793	951
Amortisation of trademarks	4,183	4,183
Depreciation of property, plant and equipment	41,764	44,743

5. Taxation	For the year ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
The charge comprises:		
The Company and its subsidiaries:		
Hong Kong Profits Tax	(49)	3,797
Taxation in jurisdictions other than Hong Kong	10,909	14,450
Deferred taxation	969	12,557
	<u>11,829</u>	<u>30,804</u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

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

6. (Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per share attributable to the equity shareholders of the Company is based on the following data:

	For the year ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
<u>(Loss) earnings</u>		
(Loss) profit for the year attributable to equity shareholders of the Company and (loss) earnings for the purpose of basic (loss) earnings per share	(65,329)	70,415
Effect of dilutive potential shares on share of results of subsidiaries and associates based on the dilution of their (loss) earnings per share	-	(12)
	<u>(65,329)</u>	<u>70,403</u>
<u>Number of shares</u>	<u>'000</u>	<u>'000</u>
Weighted average number of shares for the purpose of basic (loss) earnings per share	549,285	549,285
Effect of dilutive potential shares on share options	-	203
	<u>549,285</u>	<u>549,488</u>

The computation of the 2009 diluted loss per share does not assume the exercise of the Company's share options because the exercise price of the Company's share options was higher than the average market price for the shares for the year ended 31 March 2009.

7. Debtors, bills receivable and prepayments

The Group allows its trade customers with credit periods normally ranging from 30 days to 120 days. The following is an aged analysis of debtors and bills receivable at the balance sheet date:

	As at 31 March	
	2009	2008
<u>Trade and bills receivables</u>	HK\$'000	HK\$'000
0 - 60 days	172,422	151,976
61 - 90 days	18,351	15,568
Over 90 days	49,254	61,049
	240,027	228,593
Other receivables, deposits and prepayments	309,139	378,540
Consideration receivable for the disposal of the Group's electrical business in Australia	33,304	463,782
Consideration receivable for the disposal of partial interest of investment in Gerard Corporation	321,943	126,684
	904,413	1,197,599

8. Creditors and accrued charges

The following is an aged analysis of creditors at the balance sheet date:

	As at 31 March	
	2009	2008
<u>Trade creditors</u>	HK\$'000	HK\$'000
0 - 60 days	60,935	115,445
61 - 90 days	8,995	17,384
Over 90 days	15,923	20,191
	85,853	153,020
Other payables and accrued charges	146,493	227,754
	232,346	380,774

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The Company's auditor has modified his report on the Group's consolidated financial statements for the year ended 31 March 2009, an extract of which is as follows:

“ Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 4 to the consolidated financial statements wherein the directors of the Company have set out the uncertainties relating to the recoverability of the outstanding principal and related interest of the Tarway Loan (as defined in note 27(b)) that amounts to HK\$321,943,000 in aggregate as at 31 March 2009. In this regard, the directors of the Company have commenced discussions with the debtors and, at the date of this report, an in principle agreement has been reached with the debtors on a Repayment Plan (as defined in note 27(b)). The full settlement of the balance of the Tarway Loan under the Repayment Plan is subject to the uncertainties set out in note 4 under “*Key sources of estimation uncertainty*” under the caption “*Recoverability of the Tarway Loan*”.

FINANCIAL REVIEW

During the year, the Group's net bank borrowings decreased by HK\$555 million to HK\$1,669 million. As at 31 March 2009, the aggregate of the Group's shareholders' funds and minority interests was HK\$1,809 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to shareholders' funds and minority interests) was 0.92 (31 March 2008: 1.05). The gearing ratios of the Company, GP Industries and GP Batteries were 0.84 (31 March 2008: 0.73), 0.40 (31 March 2008: 0.60) and 0.60 (31 March 2008: 0.75) respectively.

At 31 March 2009, 57% (31 March 2008: 52%) of the Group's bank borrowings was revolving or repayable within one year whereas 43% (31 March 2008: 48%) was mostly repayable between one to five years. Most of these bank borrowings are on floating interest rates. Most of the Group's bank borrowings are in US dollars, Singapore dollars and Hong Kong dollars respectively.

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.

DIVIDENDS

An interim dividend of 1.0 HK cent (2008: 3.0 HK cents) per share was paid in January 2009.

The Board will propose at the forthcoming Annual General Meeting the payment of a final dividend of 1.5 HK cents (2008: 2.0 HK cents) per share to shareholders on the Register of Shareholders of the Company on 25 September 2009, making a total dividend of 2.5 HK cents (2008: 5.0 HK cents) per share for the whole year. If approved at the forthcoming Annual General Meeting, the proposed final dividend will be paid on 9 October 2009.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 25 September 2009. The notice of the Annual General Meeting and the Company's Annual Report will be sent to the shareholders in due course.

CLOSURE OF REGISTER

The Register of Shareholders of the Company will be closed from 22 to 25 September 2009, both days inclusive, during which period no transfer will be effected.

In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 21 September 2009.

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 year.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year, except for the following deviations:

Code Provision A.2.1 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 currently the Chairman and 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 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently, all 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 on Corporate Governance Practices.

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 and one non-executive director of the Company. The final results for the year ended 31 March 2009 have been reviewed by the Company's audit committee.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, 31 July 2009
www.goldpeak.com

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company 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 Biu as Independent Non-Executive Directors.