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)

GOLD PEAK

2009/2010 Unaudited Interim Results Announcement (For the six months ended 30 September 2009)

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 2009.

HIGHLIGHTS

- Consolidated turnover decreased by 17% to HK$560 million
- Turnover for all divisions decreased by 19% to HK$2,897 million
- Profit for the period attributable to owners of the Company increased by 133% to HK$70.9 million
- Earnings per share increased from 5.5 Hong Kong cents to 12.9 Hong Kong cents
- Interim dividend per share: 3.0 Hong Kong cents (2008/09: 1.0 Hong Kong cent)

SUMMARY OF RESULTS

For the six months ended 30 September 2009, the Group's turnover amounted to HK$560 million, a decrease of 17% as compared with HK$677 million for the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK$70.9 million, an increase of 133% compared to the corresponding period in the previous year. The basic earnings per share for the period amounted to 12.9 cents as compared with 5.5 cents for the same period last year.

BUSINESS REVIEW

GP Industries (69.3% owned by Gold Peak as at 30 September 2009)

In response to the economic crisis, GP Industries implemented severe cost reduction programme. As a result, gross profit margin improved despite a decrease in sales. Distribution costs and administrative expenses also reduced. Share of profit from associates increased due mainly to higher contribution from GP Batteries International Limited.

1. *Electronics Division*

- *Electronics & components* – Sales of this business unit increased but profit contribution declined. Sales and profit contribution from the electronics business increased mainly due to an increase in sales of professional audio equipment. Sales from the components business maintained while the associated companies in the components business reported lower sales and lower profit contribution.

- *Acoustics* – Sales of this business unit decreased. Sales to America and Europe dropped while sales to Asia maintained steady. Despite lower revenue, profitability improved due to cost control measures. As a result, the branded acoustics business reported a profit, compared to a small loss in the same period last year. Sales of the 20%-owned Meiloon Industrial Co., Ltd. declined and contributed a loss while it reported a profit in the same period last year.

- *Cables & wire harness* – Profit contribution from the 47%-owned cable associate Linkz Industries Limited more than doubled the level in the same period last year. Contributions from the wire harness associates serving automobile makers in China continued to deliver stellar performance from the buoyant China automotive market. As a result, profit contribution from this business unit improved significantly.

2. *GP Batteries (49.2% owned by GP Industries as at 30 September 2009)*

- GP Batteries' gross profit increased despite a decrease in turnover.
- Sales of rechargeable batteries and 9-volt Carbon Zinc batteries decreased whereas sales of 9-volt alkaline and alkaline primary cylindrical batteries increased. Sales across regions generally decreased but the drop has been cushioned by the rise in sales to North and South America.
- Excluding the effect of commodity hedging contracts, gross profit margin improved mainly due to a sales mix with better profit margin. The effects of cost control measures implemented were also apparent as evidenced by the decrease in administrative expenses.
- To exploit the potential market for plug-in hybrid vehicles conversion, GP Batteries acquired 40% of the total common stock of Plug-In Conversions Corporation in the US. This allows GP Batteries to develop the after-sales replacement market.

FINANCIAL REVIEW

During the period, the Group’s net bank borrowings decreased by HK$293 million to HK$1,376 million. As at 30 September 2009, the aggregate of the Group's shareholders' funds and minority interests was HK$1,995 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to shareholders' fund and minority interests) was 0.69 (31 March 2009: 0.92). The gearing ratios of the Company, GP Industries and GP Batteries were 0.66 (31 March 2009: 0.84), 0.33 (31 March 2009: 0.40) and 0.54 (31 March 2009: 0.60) respectively.

At 30 September 2009, 83% (31 March 2009: 57%) of the Group's bank borrowings was revolving or repayable within one year whereas 17% (31 March 2009: 43%) was 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.

PROSPECTS

Economists believe that the worst impact of the economic crisis is behind us and business sentiment is becoming more positive. Demand for most of the Group’s products in Europe and the US is expected to recover gradually while key Asian markets are expected to grow more rapidly. The Group will continue to control cost, invest into developing new products and further improve its financial position.

GP Batteries expects its business outlook to improve but volatility of foreign currencies and commodity prices may affect its margin. It will continue to enhance its “GP” brand’s management in developing markets and promote its new generation rechargeable batteries in developed markets. It will also capitalize on opportunities in rechargeable batteries for electric transportation and other applications with the global trend towards carbon footprint reduction.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Turnover	3	**560,246**	676,705
Cost of sales		**(402,730)**	(499,390)
Gross profit		**157,516**	177,315
Other income		**77,603**	79,582
Selling and distribution expenses		**(72,614)**	(93,000)
Administrative expenses		**(113,459)**	(131,886)
Finance costs		**(24,741)**	(36,867)
Share of results of associates		**81,070**	50,681
(Loss) gain on disposal / deemed partial disposal of associates		**(489)**	3,184
Profit before taxation	4	**104,886**	49,009
Taxation	5	**(2,271)**	(6,986)
Profit for the period		**102,615**	42,023
Profit for the period attributable to:			
Owners of the Company		**70,853**	30,460
Minority interests		**31,762**	11,563
		102,615	42,023
Interim dividend		**16,479**	5,493
Earnings per share	6		
Basic		**12.9 cents**	5.5 cents
Diluted		**12.9 cents**	5.5 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**102,615**	42,023
Other comprehensive income (expense)		
Currency realignment	**115,945**	(91,643)
Translation reserve recognised as income upon de-registration of a subsidiary	**(20,696)**	-
Translation reserve and capital reserve recognised in income statement upon disposal of associates	**1,591**	-
Share of reserves of associates	**(4,101)**	(5,069)
Other comprehensive income (expense) for the period	**92,739**	(96,712)
Total comprehensive income (expense) for the period	**195,354**	(54,689)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**127,269**	(36,367)
Minority interests	**68,085**	(18,322)
	195,354	(54,689)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2009 (Unaudited) HK$'000**	31 March 2009 (Audited) HK$'000
Non-current assets			
Investment properties		**240**	103,240
Property, plant and equipment	7	**225,641**	236,531
Prepaid lease payments		**-**	24,641
Interests in associates		**1,810,430**	1,814,803
Available-for-sale investments		**318,729**	281,133
Long term receivables		**57,240**	46,843
Technical know-how		**1,570**	3,502
Trademarks		**33,462**	35,553
Goodwill		**60,777**	59,143
		2,508,089	2,605,389
Current assets			
Inventories		**276,313**	254,644
Debtors, bill receivables and prepayments	8	**958,249**	904,413
Prepaid lease payments		**-**	666
Dividends receivable		**1,206**	295
Taxation recoverable		**265**	244
Bank balances, deposits and cash		**279,485**	268,445
		1,515,518	1,428,707
Current liabilities			
Creditors and accrued charges	9	**309,310**	232,346
Taxation payable		**46,403**	37,839
Obligations under finance leases			
- amount due within one year		**1,498**	1,479
Bank loans and import loans		**1,368,308**	1,085,861
Bank overdrafts		**7,674**	11,474
		1,733,193	1,368,999
Net current (liabilities) assets		**(217,675)**	59,708
Total assets less current liabilities		**2,290,414**	2,665,097
Non-current liabilities			
Obligations under finance leases			
- amount due after one year		**1,441**	2,220
Borrowings		**276,475**	836,625
Deferred taxation liabilities		**17,638**	17,324
		295,554	856,169
Net assets		**1,994,860**	1,808,928

Capital and reserves		
Share capital	**274,643**	274,643
Reserves	**1,018,237**	890,968
Equity attributable to owners of the Company	**1,292,880**	1,165,611
Share option reserve of a listed subsidiary	**10,076**	10,076
Minority interests	**691,904**	633,241
Total equity	**1,994,860**	1,808,928

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed interim 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 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. During this period, the Group has applied, for the first time, a number of new or revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and interpretations issued by the HKICPA, which are effective for accounting periods commencing on or after 1 January 2009. Except for as described below, the accounting policies adopted in the preparation of the unaudited condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009.

<u>HKAS 1 (revised 2007) Presentation of Financial Statements</u>
(effective for annual periods beginning on or after 1 January 2009)
HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

The adoption of these new and revised standards had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[5]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 January 2010
[6] Effective for annual periods beginning on or after 1 January 2013

3. Segment information

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 requires that operating segments be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments.

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 2009

	Electronics HK$'000	Batteries HK$'000	Technology and Strategic HK$'000	Total HK$'000
Turnover				
External sales	**560,246**	**-**	**-**	**560,246**
Results				
Segmental results	**23,331**	**-**	**(106)**	**23,225**
Interest income and dividend income	**17,053**	**-**	**-**	**17,053**
Unallocated corporate expenses				**(18,586)**
Other corporate income				**24,156**
Rental income	**-**	**-**	**3,198**	**3,198**
Finance costs				
Segment	**(16,352)**	**-**	**-**	**(16,352)**
Corporate				**(8,389)**
Share of results of associates	**28,753**	**53,745**	**(1,428)**	**81,070**
Loss on disposal of associates				**(489)**
Profit before taxation				**104,886**
Taxation				**(2,271)**
Profit for the period				**102,615**
Attributable to:				
Owners of the Company				**70,853**
Minority interests				**31,762**
				102,615

For the six months ended 30 September 2008

	Electronics HK$'000	Batteries HK$'000	Technology and Strategic HK$'000	Total HK$'000
Turnover				
External sales	**676,705**	**-**	**-**	**676,705**
Results				
Segmental results	**(11,937)**	**-**	**(571)**	**(12,508)**
Interest income and dividend income				
Segment	**33,836**	**-**	**3,000**	**36,836**
Corporate				**3,117**
Unallocated corporate expenses				**(19,315)**
Other corporate income				**18,334**
Rental income	**-**	**-**	**6,224**	**6,224**
Change in fair value of investment properties	**-**	**-**	**(677)**	**(677)**
Finance costs				
Segment	**(20,543)**	**-**	**-**	**(20,543)**
Corporate				**(16,324)**
Share of results of associates	**33,729**	**8,378**	**8,574**	**50,681**
Gain on disposal/deemed partial disposal of associates				**3,184**
Profit before taxation				**49,009**
Taxation				**(6,986)**
Profit for the period				**42,023**
Attributable to:				
Owners of the Company				**30,460**
Minority interests				**11,563**
				42,023

4. Profit before taxation

	For the six months ended 30 September	
	2009	2008
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of technical know-how	**1,940**	1,940
Amortisation of prepaid lease payments	**222**	443
Amortisation of trademarks	**2,091**	2,091
Depreciation of property, plant and equipment	**16,899**	22,721

5. Taxation

	For the six months ended 30 September	
	2009	2008
	HK$'000	HK$'000
Hong Kong Profits Tax	**-**	12
Taxation in jurisdictions other than Hong Kong	**2,271**	6,300
Deferred taxation	**-**	674
	2,271	6,986

Hong Kong Profits Tax is calculated at 16.5% (2008: 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.

6. Earnings per share

The calculation of the basic and diluted earnings per share is computed based on the following data:

	For the six months ended 30 September	
	2009	2008
	HK$'000	HK$'000
Earnings		
Net profit for the period and earnings for the purpose of basic and diluted earnings per share	**70,853**	30,460
	'000	'000
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings per share	**549,285**	549,285

7. Property, plant and equipment

During the period, the Group spent approximately HK$10,922,000 (six months ended 30 September 2008: HK$16,697,000) on property, plant and equipment to expand its business.

8. Debtors, bill 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 debtors and bill receivables at the reporting date:

	30 September 2009 HK$'000	31 March 2009 HK$'000
Trade and bill receivables		
0-60 days	**153,330**	172,422
61-90 days	**12,298**	18,351
Over 90 days	**47,885**	49,254
	213,513	240,027
Other receivables, deposits and prepayments	**333,199**	309,139
Consideration receivable for the disposal of the Group's electrical business in Australia	**36,452**	33,304
Consideration receivable for the disposal of partial interest of investment in Gerard Corporation	**375,085**	321,943
	958,249	904,413

9. Creditors and accrued charges

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

	30 September 2009 HK$'000	31 March 2009 HK$'000
Trade payables		
0-60 days	**139,830**	60,935
61-90 days	**27,579**	8,995
Over 90 days	**17,229**	15,923
	184,638	85,853
Other payables and accrued charges	**124,672**	146,493
	309,310	232,346

10. Contingencies and commitments

(a) Contingent liabilities

	30 September 2009 HK$'000	31 March 2009 HK$'000
Guarantees given to banks in respect of banking facilities utilised by associates	**170,574**	181,373

(b) Capital commitment

	30 September 2009 HK$'000	31 March 2009 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements	**1,211**	1,649

11. Related party transactions

During the period, the Group entered into the following transactions with related parties:

	For the six months ended 30 September	
	2009	2008
	HK$'000	HK$'000
Sales to associates	**4,276**	6,454
Purchases from associates	**8,102**	7,320
Management fee income received from associates	**5,053**	5,212
Rental income received from associates	**3,198**	4,611

As at the reporting date, the Group has the following balances with its associates under debtors, bill receivables and prepayments and creditors and accrued charges:

	30 September 2009 HK$'000	31 March 2009 HK$'000
Trade receivables due from associates	**1,807**	40,784
Other receivables due from associates	**1,627**	5,892
Trade payables due to associates	**4,814**	2,113
Other payables due to associates	**17,445**	44,564

INTERIM DIVIDEND

The Directors have declared an interim dividend of 3.0 cents (2008: 1.0 cent) per share. This amounts to a total dividend payment of approximately HK$16,479,000 (2008: HK$5,493,000) based on the total number of shares in issue as at 26 November 2009, being the latest practicable date prior to the announcement of the interim results. Dividend will be paid on 22 January 2010 to registered shareholders of the Company as at 8 January 2010.

CLOSURE OF REGISTER

The Register of Shareholders of the Company will be closed from 5 to 8 January 2010, 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 Registrars, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong not later than 4:00 p.m. on 4 January 2010.

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 period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

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.

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 article 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.

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 unaudited interim financial statements for the six months ended 30 September 2009 have been reviewed by the Company's audit committee.

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 standard set out in the Model Code throughout the period.

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.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, 27 November 2009
www.goldpeak.com