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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)



2010/2011 Unaudited Interim Results Announcement
(For the six months ended 30 September 2010)

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 2010.

HIGHLIGHTS

- Consolidated turnover increased by 59% to HK\$889 million
- Turnover including GP Batteries increased by 21% to HK\$3,506 million
- Profit for the period attributable to owners of the Company increased by 2% to HK\$ 72 million
- Earnings per share: 9.2 Hong Kong cents (2009/10: 11.5 Hong Kong cents)
- Interim dividend per share: 2.5 Hong Kong cents (2009/10: 3.0 Hong Kong cents)

SUMMARY OF RESULTS

For the six months ended 30 September 2010, the Group’s turnover amounted to HK\$889 million, an increase of 59% as compared with HK\$560 million for the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK\$72 million, an increase of 2% compared to the corresponding period in the previous year. The 2009 interim results included an exceptional profit of HK\$18 million on disposal of a property in Hong Kong and an exceptional exchange gain of HK\$20 million upon deregistration of a PRC company. The earnings per share for the period amounted to 9.2 cents as compared with 11.5 cents for the same period last year.

BUSINESS REVIEW

GP INDUSTRIES (79.8% owned by Gold Peak as at 30 September 2010)

Revenue of GP Industries increased by 49% as the financial results of Shanghai Jintong Automobile Harness Limited (“Jintong”) have been accounted for by the proportionate consolidation method since November 2009. Gross profit margin decreased from 28.1% to 25.9% as the gross profit margin of automotive wire harness business is lower. However, contribution from Jintong resulted in an increase in the operating profit. Associated companies also contributed more profit in aggregate despite lower contribution from GP Batteries.

Electronics and Acoustics

- Sales from the electronics business increased mainly due to an increase in sales of professional audio products.
- Associated companies of the components business continued to register revenue growth and their aggregate contribution to profit before taxation increased.
- Sales from the acoustics business decreased. Sales to China and America increased while sales to Europe dropped.
- Total profit contribution from the electronics and acoustics business increased.

Automotive wire harness

- Jintong continued to perform well as the automotive industry in China continued its growth. Profit contribution from the automotive wire harness business increased significantly.

Other investments

- The 37.7%-owned cable associate, Linkz Industries Limited, contributed higher pre-tax profit.
- The 20%-owned Meiloon Industrial Co., Ltd. returned to profit.

GP Batteries (49.8%-owned by GP Industries as at 30 September 2010)

- GP Batteries’ turnover increased with sales of rechargeable batteries rose while sales of primary batteries remained steady.
- The operating profit decreased mainly due to a lower gross profit margin. Higher operating costs in China due to wage increases and appreciation of Renminbi as well as higher material prices resulted in lower margins.
- Share of results from associates decreased. The slowdown in demand for notebook computer battery packs resulted in lower contributions from associates.
- GP Batteries has revitalized the market for Vectrix motorbikes and with its marketing efforts, purchase orders are coming in from the US, Europe and Japan.

FINANCIAL REVIEW

During the period, the Group's net bank borrowings decreased by HK\$19 million to HK\$933 million. As at 30 September 2010, the aggregate of the Group's equity attributable to owners and non-controlling interests was HK\$2,008 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to equity attributable to owners and non-controlling interests) was 0.46 (31 March 2010: 0.49). The gearing ratios of the Company, GP Industries and GP Batteries were 0.37 (31 March 2010: 0.40), 0.24 (31 March 2010: 0.24) and 0.37 (31 March 2010: 0.35) respectively.

At 30 September 2010, 57% (31 March 2010: 83%) of the Group's bank borrowings were revolving or repayable within one year whereas 43% (31 March 2010: 17%) 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

Demand for most of the Group's products is expected to remain steady. Growth in Asia is expected to support the demand for the Group's automotive wire harness and acoustics products. GP Batteries is seeing signs of market uncertainties, particularly the demand from the electronic manufacturing sector.

Wage increases in China, the strengthening Renminbi, and volatilities in exchange rates and raw material prices may affect the Group's profitability. The Group will continue to automate and streamline its manufacturing process in order to mitigate the effect of rising labour costs. In order to remain competitive, the Group is also embarking on measures to improve cost effectiveness and price revision to reflect cost increases.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
Turnover	3	888,553	560,246
Cost of sales		(658,563)	(402,730)
Gross profit		229,990	157,516
Other income		15,504	77,603
Selling and distribution expenses		(87,038)	(72,614)
Administrative expenses		(122,492)	(113,459)
Other expenses		(5,735)	-
Finance costs		(20,396)	(24,741)
Share of results of associates		98,855	81,070
Loss on disposal / deemed partial disposal of associates		(332)	(489)
Profit before taxation	4	108,356	104,886
Taxation	5	(12,651)	(2,271)
Profit for the period		95,705	102,615
Profit for the period attributable to:			
Owners of the Company		72,424	70,853
Non-controlling interests		23,281	31,762
		95,705	102,615
Interim dividend		19,617	16,479
Earnings per share	6		(restated)
Basic		9.23 cents	11.54 cents
Diluted		9.22 cents	11.54 cents

**UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME**

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	<u>95,705</u>	<u>102,615</u>
Other comprehensive income (expense):		
Share of other comprehensive income (expense) of associates	10,161	(4,101)
Exchange differences arising from translation of foreign operations	6,020	115,945
Exchange differences released upon deregistration of a subsidiary	(221)	(20,696)
Other comprehensive income released upon disposal of associates	<u>548</u>	<u>1,591</u>
Other comprehensive income for the period	<u>16,508</u>	<u>92,739</u>
Total comprehensive income for the period	<u>112,213</u>	<u>195,354</u>
Total comprehensive income attributable to:		
Owners of the Company	85,754	127,269
Non-controlling interests	<u>26,459</u>	<u>68,085</u>
	<u>112,213</u>	<u>195,354</u>

**UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

		30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
	Notes		
Non-current assets			
Investment properties		-	240
Property, plant and equipment	7	260,106	262,371
Interests in associates		1,778,578	1,747,147
Available-for-sale investments		203,231	187,868
Long term receivables		61,567	62,151
Technical know-how		-	674
Trademarks		29,279	31,370
Goodwill		62,417	60,981
		<u>2,395,178</u>	<u>2,352,802</u>
Current assets			
Inventories		361,279	288,299
Trade and other receivables and prepayments	8	707,021	702,954
Dividend receivable		11,267	2,978
Taxation recoverable		296	53
Bank balances, deposits and cash		370,303	404,537
Derivative financial instruments		341	-
		<u>1,450,507</u>	<u>1,398,821</u>
Current liabilities			
Creditors and accrued charges	9	456,031	385,968
Taxation payable		64,731	55,060
Obligations under finance leases			
- amount due within one year		2,197	1,662
Bank loans and import loans		736,360	1,130,620
		<u>1,259,319</u>	<u>1,573,310</u>
Net current assets (liabilities)		<u>191,188</u>	<u>(174,489)</u>
Total assets less current liabilities		<u>2,586,366</u>	<u>2,178,313</u>
Non-current liabilities			
Obligations under finance leases			
- amount due after one year		1,544	1,107
Borrowings		563,367	222,942
Deferred taxation liabilities		13,644	15,785
		<u>578,555</u>	<u>239,834</u>
Net assets		<u>2,007,811</u>	<u>1,938,479</u>

Capital and reserves

Share capital	392,346	392,346
Reserves	1,141,844	1,081,694
Equity attributable to owners of the Company	1,534,190	1,474,040
Share option reserve	15,480	9,745
Non-controlling interests	458,141	454,694
Total equity	2,007,811	1,938,479

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 and revised standards, amendments and interpretations, which are effective for accounting periods commencing on or after 1 April 2010. 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 2010.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss. The adoption of HKAS 27 (Revised) is applied prospectively.

In respect of the partial acquisition of additional interest in GP Industries, the impact of the change in policy has been that the difference of HK\$1.7 million between the consideration paid and the decrease in the carrying amount of the non-controlling interests has been recognised directly in equity. Had the previous accounting policy been applied, this amount would have been recognised in profit or loss. Therefore, the change in accounting policy has resulted in a decrease in the profit and earnings per share for the period of HK\$1.7 million and HK cents 0.2 respectively.

Derivative financial instruments

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair values of such derivatives are recognised

directly in profit or loss. The adoption of the standard did not have material effect on the 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 2010

	Electronics HK\$'000	Batteries HK\$'000	Other investments HK\$'000	Total HK\$'000
Turnover				
External sales	<u>888,553</u>	-	-	<u>888,553</u>
Results				
Segment results	90,276	43,988	122	134,386
Interest income and dividend income				5,155
Rental income				210
Finance costs				(20,396)
Loss on disposal/deemed partial disposal of associates				(332)
Unallocated expenses				(20,883)
Unallocated income				<u>10,216</u>
Profit before taxation				<u>108,356</u>
Taxation				<u>(12,651)</u>
Profit for the period				<u>95,705</u>

For the six months ended 30 September 2009

	Electronics HK\$'000	Batteries HK\$'000	Other investments HK\$'000	Total HK\$'000
Turnover				
External sales	<u>560,246</u>	-	-	<u>560,246</u>
Results				
Segment results	52,084	53,745	(1,534)	104,295
Interest income and dividend income				17,053
Rental income				3,198
Finance costs				(24,741)
Loss on disposal of associates				(489)
Unallocated expenses				(18,586)
Unallocated income				<u>24,156</u>
Profit before taxation				<u>104,886</u>
Taxation				<u>(2,271)</u>
Profit for the period				<u>102,615</u>

4. Profit before taxation

	For the six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Amortisation of technical know-how	-	1,940
Amortisation of prepaid lease payments	-	222
Amortisation of trademarks	2,091	2,091
Depreciation of property, plant and equipment	<u>19,426</u>	<u>16,899</u>

5. Taxation

	For the six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Hong Kong Profits Tax	2,450	-
Taxation in jurisdictions other than Hong Kong	9,222	2,271
Deferred taxation	979	-
	<u>12,651</u>	<u>2,271</u>

Hong Kong Profits Tax is calculated at 16.5% (2009: 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	
	2010	2009
	HK\$'000	HK\$'000
Earnings		
Net profit for the period and earnings for the purpose of basic earnings per share	72,424	70,853
Effect of dilutive potential shares on share of results of subsidiaries and associates based on the dilution of their earnings per share	<u>(87)</u>	<u>-</u>
Earnings for the purpose of diluted earnings per share	<u>72,337</u>	<u>70,853</u>
	'000	'000
Number of shares		(restated)
Weighted average number of shares for the purpose of basic and diluted earnings per share	<u>784,693</u>	<u>613,716</u>

The weighted average number of shares in the prior period for the purpose of calculating the basic and diluted earnings per share has been adjusted for the bonus element of the rights shares issued by the Company on 17 March 2010.

7. Property, plant and equipment

During the period, the Group spent approximately HK\$13,985,000 (six months ended 30 September 2009: HK\$10,922,000) on property, plant and equipment to expand its business.

8. 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 2010 HK\$'000	31 March 2010 HK\$'000
Trade and bills receivables		
0-60 days	224,771	175,546
61-90 days	10,478	11,845
Over 90 days	22,767	30,270
	258,016	217,661
Other receivables, deposits and prepayments	211,513	180,691
Consideration receivable for the disposal of the Group's electrical business in Australia	37,380	40,664
Consideration receivable for the disposal of partial interest of investment in Gerard Corporation	200,112	263,938
	707,021	702,954

9. Creditors and accrued charges

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

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
Trade payables		
0-60 days	181,815	161,560
61-90 days	60,482	37,161
Over 90 days	25,696	19,689
	267,993	218,410
Other payables and accrued charges	188,038	167,558
	456,031	385,968

10. Contingencies and commitments

(a) Contingent liabilities

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
Guarantees given to banks in respect of banking facilities utilised by associates	<u>29,570</u>	<u>181,636</u>

(b) Capital commitment

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed interim financial statements	<u>959</u>	<u>4,081</u>

11. Related party transactions

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

	For the six months ended 30 September 2010 HK\$'000	2009 HK\$'000
Sales to associates	8,855	4,276
Purchases from associates	12,259	8,102
Management fee income received from associates	6,629	5,053
Rental income received from associates	<u>-</u>	<u>3,198</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 2010 HK\$'000	31 March 2010 HK\$'000
Trade receivables due from associates	4,672	2,288
Other receivables due from associates	3,859	3,707
Trade payables due to associates	7,419	3,123
Other payables due to associates	<u>271</u>	<u>14,842</u>

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2.5 cents (2009: 3.0 cents) per share. This amounts to a total dividend payment of approximately HK\$19,617,000 (2009: HK\$16,479,000) based on the total number of shares in issue as at 25 November 2010, being the latest practicable date prior to the announcement of the interim results. Dividend will be paid on 18 January 2011 to registered shareholders of the Company as at 7 January 2011.

CLOSURE OF REGISTER

The Register of Shareholders of the Company will be closed from 4 to 7 January 2011, 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 3 January 2011.

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 2010 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, 26 November 2010
www.goldpeak.com