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)

2016/2017 Unaudited Interim Results Announcement (For the six months ended 30 September 2016)

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 2016.

HIGHLIGHTS

- Turnover decreased by 4.4% to HK$2,880 million
- Profit for the period attributable to owners of the Company decreased by 71.7% to HK$13.1 million
- Earnings per share: 1.67 Hong Kong cents (2015/16: 5.91 Hong Kong cents)
- Interim dividend per share: 1.2 Hong Kong cents (2015/16: 2.5 Hong Kong cents)

SUMMARY OF RESULTS

For the six months ended 30 September 2016, the Group's turnover amounted to HK$2,880 million, a decrease of 4.4% as compared with HK$3,013 million for the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK$13.1 million, a decrease of 71.7% compared to the corresponding period in the previous year. The earnings per share for the period amounted to 1.67 HK cents as compared with 5.91 HK cents for the same period last year.

BUSINESS REVIEW

GP Industries (85.5% owned by Gold Peak as at 30 September 2016)

GP Industries' revenue was S$503.8 million, a decrease of 5.5% over last year. During the six-month period ended 30 September 2016, GP Industries recorded exceptional gains of S$3.0 million from the disposal of assets and write-back of excess restructuring costs, compared to gains of S$5.4 million for the same period last year from disposal of assets and write-back of unclaimed warranty cost provision.

Profit after taxation attributable to equity holders of GP Industries decreased by 37.0% to S$11.9 million, compared to S$19.0 million reported last year.

Electronics and Acoustics Business

- Revenue from the electronics and acoustics business remained stable.
- Sales of electronics products increased by 3.5% while sales of acoustics products decreased by 2.0%.
- Sales of acoustics products to the US increased by 2.0% while sales to Europe and Asia declined by 1.1% and 3.9% respectively.
- Profit contribution from the associates decreased due to soft market demand.
- Profit contribution before exceptional items and taxation from this business segment decreased by 7.2%.

Automotive Wire Harness Business

- Overall sales of the automotive wire harness business grew by 8.4%.
- Sales to the US increased by 2.9% and sales to China increased by 24.9%.
- Profit contribution before exceptional items and taxation from the automotive wire harness business increased by 1.8%.

Battery Business (64.7% owned by GP Industries as at 30 September 2016)

- Revenue of GP Batteries was S$371.4 million, a decrease of 7.7%.
- Sales of primary and rechargeable batteries decreased by 5.4% and 17.5%. The decrease in sales of rechargeable batteries was due mainly to the discontinuation of a contract with a major customer of the Taiwan plant.
- Sales in the Americas and Asia decreased by 38.0% and 8.5% while sales in Europe increased by 31.6%. The decrease in sales in the Americas and increase in sales in Europe were largely due to the relocation of the procurement office of a major customer from the US to Europe.
- GP Batteries reported foreign exchange gains of S$3.9 million during the six-month period ended 30 September 2016, compared to the S$8.8 million reported in the same period last year.
- Profit contribution from GP Batteries' associates increased from S$2.4 million to S$2.9 million.
- Profit attributable to equity holders of GP Batteries was S$3.8 million, compared to S$12.6 million last year.

Other Industrial Investments

Both Meiloon Industrial Co., Ltd. and Linkz Industries Limited contributed more profit. Profit contribution from this business segment increased by 44.1%.

FINANCIAL REVIEW

During the period, the Group's net bank borrowings increased by HK$28 million to HK$1,174 million. As at 30 September 2016, the aggregate of the Group's equity attributable to owners and non-controlling interests was HK$2,491 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to equity attributable to owners and non-controlling interests) was 0.47 (31 March 2016: 0.45). The gearing ratios of the Company, GP Industries and GP Batteries were 0.48 (31 March 2016: 0.44), 0.25 (31 March 2016: 0.25) and 0.16 (31 March 2016: 0.16) respectively.

At 30 September 2016, 68% (31 March 2016: 61%) of the Group's bank borrowings were revolving or repayable within one year whereas 32% (31 March 2016: 39%) 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 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

Consumer demand in Europe is expected to remain weak and this challenging market environment is further aggravated by the weak Euro and Pound Sterling. Markets in Asia are also slowing down although some of the Group's businesses in the US are expected to remain stable. The market for primary batteries and rechargeable Nickel Metal Hydride batteries is expected to continue with slow growth, and price competition is expected to remain very keen.

Development of GP Batteries' additional new factories in Malaysia and Vietnam is on schedule and is expected to bring in additional revenue during the coming six to twelve months. At the same time, GP Batteries is downsizing some of the smaller plants, such as the ones in Taiwan and Shanghai, consolidating those production facilities with the bigger plants in Ningbo, Guangdong and Malaysia. Some of the more labour intensive manufacturing may be moved to Vietnam. GP Batteries is incurring closure cost during the current financial year but overall cost competitiveness is expected to improve when the consolidation is completed.

The Group will continue to enhance the competitiveness of its businesses by investing in technology and new product development, further automating its factories and building the Group's brands and distribution networks.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 September 2016 HK$'000	2015 HK$'000
Turnover	3	**2,879,900**	3,012,690
Cost of sales		**(2,168,020)**	(2,260,691)
Gross profit		**711,880**	751,999
Other income	4	**66,031**	94,660
Selling and distribution expenses		**(292,524)**	(321,092)
Administrative expenses		**(388,721)**	(385,538)
Finance costs		**(45,772)**	(42,981)
Share of results of associates		**67,978**	61,437
Profit before taxation	5	**118,872**	158,485
Taxation	6	**(53,389)**	(34,736)
Profit for the period		**65,483**	123,749
Attributable to:			
Owners of the Company		**13,136**	46,378
Non-controlling interests		**52,347**	77,371
		65,483	123,749
Interim dividend		**9,416**	19,617
Earnings per share - Basic and diluted	7	**1.67 HK cents**	5.91 HK cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2016	2015
	HK$'000	HK$'000
Profit for the period	**65,483**	123,749
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss :		
Share of other comprehensive expense of associates	**(10,110)**	(39,705)
Exchange differences arising from translation of foreign operations	**(65,509)**	(68,342)
Fair value gain (loss) on available-for-sale investments	**170**	(5,419)
Other comprehensive expense for the period	**(75,449)**	(113,466)
Total comprehensive (expense) income for the period	**(9,966)**	10,283
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(24,461)**	(11,895)
Non-controlling interests	**14,495**	22,178
	(9,966)	10,283

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2016 HK$'000	As at 31 March 2016 HK$'000
Non-current assets			
Investment properties		**9,480**	9,635
Property, plant and equipment	8	**1,358,744**	1,393,409
Interests in associates		**1,371,601**	1,333,509
Available-for-sale investments		**62,456**	62,286
Intangible assets		**5,726**	6,352
Goodwill		**102,066**	102,066
Deferred tax assets		**21,197**	21,483
Receivables, deposits & prepayments		**26,155**	24,704
		2,957,425	2,953,444
Current assets			
Inventories		**871,506**	904,126
Trade and other receivables and prepayments	9	**1,164,124**	1,003,005
Dividend receivable		**12,000**	39,300
Taxation recoverable		**7,313**	5,027
Bank balances, deposits and cash		**875,233**	977,879
		2,930,176	2,929,337
Current liabilities			
Creditors and accrued charges	10	**1,287,311**	1,150,230
Derivative financial instruments	11	**1,137**	2,866
Taxation payable		**40,239**	27,804
Obligations under finance leases – amount due within one year		**687**	653
Bank overdrafts, bank loans and import loans		**1,386,448**	1,289,704
		2,715,822	2,471,257
Net current assets		**214,354**	458,080
Total assets less current liabilities		**3,171,779**	3,411,524
Non-current liabilities			
Obligations under finance leases – amount due after one year		**300**	452
Borrowings		**662,122**	832,629
Deferred taxation liabilities		**18,523**	18,689
		680,945	851,770
Net assets		**2,490,834**	2,559,754
Capital and reserves			
Share capital		**921,014**	921,014
Reserves		**370,276**	402,496
Equity attributable to owners of the Company		**1,291,290**	1,323,510
Non-controlling interests		**1,199,544**	1,236,244
Total equity		**2,490,834**	2,559,754

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").

The financial information relating to the year ended 31 March 2016 that is included in the half-year interim report 2016/2017 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on the financial statements for the year ended 31 March 2016. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

In the current interim period, the Group has applied, for the first time, the following 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 HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 - 2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations

The application of the above 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 2016

	Electronics HK$'000	**Batteries HK$'000**	**Other investments HK$'000**	**Eliminations HK$'000**	**Total HK$'000**
Turnover					
External sales	**757,236**	**2,122,664**	**-**	**-**	**2,879,900**
Inter-segment sales	**13**	**281**	**-**	**(294)**	**-**
Segment revenue	**757,249**	**2,122,945**	**-**	**(294)**	**2,879,900**
Results					
Segment results	**86,469**	**113,824**	**(1,273)**	**-**	**199,020**
Interest income					**2,251**
Finance costs					**(45,772)**
Unallocated expenses					**(36,627)**
Profit before taxation					**118,872**
Taxation					**(53,389)**
Profit for the period					**65,483**

For the six months ended 30 September 2015

	Electronics HK$'000	Batteries HK$'000	Other investments HK$'000	Eliminations HK$'000	Total HK$'000
Turnover					
External sales	737,768	2,274,922	-	-	3,012,690
Inter-segment sales	24	325	-	(349)	-
Segment revenue	737,792	2,275,247	-	(349)	3,012,690
Results					
Segment results	88,058	146,592	(664)	-	233,986
Interest income					4,402
Finance costs					(42,981)
Unallocated expenses					(36,922)
Profit before taxation					158,485
Taxation					(34,736)
Profit for the period					123,749

4. Other income

	For the six months ended 30 September	
	2016	2015
	HK$'000	HK$'000
Amounts included in other income:		
Gain on disposal of properties	**14,492**	22,976
Gain from disposal of intangible assets	**1,631**	-
Write-back of excess restructuring costs	**1,244**	-
Write-back of unutilised warranty provision relating to the disposal of a joint venture in 2013	**-**	7,327
Exchange gain	**30,039**	53,307

5. Profit before taxation

	For the six months ended 30 September	
	2016	2015
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**2,175**	2,146
Depreciation of property, plant and equipment	**63,964**	74,450

6. Taxation

	For the six months ended 30 September	
	2016	2015
	HK$'000	HK$'000
Hong Kong Profits Tax	**2,930**	2,484
Taxation in jurisdictions other than Hong Kong	**50,344**	40,748
Deferred taxation	**115**	(8,496)
	53,389	34,736

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2015: 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.

7. 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	
	2016	2015
	HK$'000	HK$'000
Earnings		
Profit for the period attributable to owners of the Company	**13,136**	46,378
	'000	'000
Number of shares		
Number of shares in issue during the period for the purpose of basic and diluted earnings per share	**784,693**	784,693

No computation of diluted earnings per share for the period ended 30 September 2016 is disclosed as there are no outstanding share options at 30 September 2016 or at anytime during the period.

The computation of diluted earnings per share for the period ended 30 September 2015 did not assume the exercise of the outstanding share options of the Company because the exercise price of the Company's share options was higher than the average market prices for the Company's shares for the period ended 30 September 2015.

8. Property, plant and equipment

During the period, the Group spent approximately HK$78,629,000 (six months ended 30 September 2015: HK$112,355,000) on property, plant and equipment to expand its business.

9. 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 2016 HK$'000	31 March 2016 HK$'000
Trade and bills receivables		
0 - 60 days	**764,739**	579,039
61 - 90 days	**82,701**	132,939
Over 90 days	**58,806**	85,105
	906,246	797,083
Other receivables, deposits and prepayments	**284,033**	230,626
	1,190,279	1,027,709
Less: Non current portion of other receivables, deposits and prepayments	**(26,155)**	(24,704)
	1,164,124	1,003,005

10. Creditors and accrued charges

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

	30 September 2016 HK$'000	31 March 2016 HK$'000
Trade creditors		
0 - 60 days	**772,455**	596,423
61 - 90 days	**89,918**	106,423
Over 90 days	**82,515**	99,086
	944,888	801,932
Other payables and accrued charges	**342,423**	348,298
	1,287,311	1,150,230

11. 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).

	Financial assets/ financial liabilities	Fair value assets (liabilities) as at		Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
		30 September 2016 HK$'000	31 March 2016 HK$'000				
1.	Equity securities classified as available-for-sale investments	**13,886**	13,716	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.	N/A	N/A
2.	Commodity forward contracts classified as derivative financial instruments	**(1,137)**	(2,866)	Level 2	Discounted cash flow. Future cash flows are estimated based on closing forward price (from observable forward price of related metals at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

There is no transfer between different levels of the fair value hierarchy during the six months ended 30 September 2016 and the year ended 31 March 2016.

The fair value of other financial assets and financial liabilities are determined in accordance with general accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of these financial assets and financial liabilities recorded at amortised cost approximate their fair values.

12. Contingencies and commitments

(a) Contingent liabilities

	30 September 2016 HK$'000	31 March 2016 HK$'000
Guarantees given to banks in respect of banking facilities to associates	**16,327**	16,327

(b) Capital commitments

	30 September 2016 HK$'000	31 March 2016 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed consolidated financial statements	**117,627**	25,935

13. Related party transactions

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

	For the six months ended 30 September	
	2016 HK$'000	2015 HK$'000
Sales to associates	**83,550**	63,733
Purchases from associates	**270,703**	255,106
Management fee income received from associates	**762**	1,657

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 2016 HK$'000	31 March 2016 HK$'000
Trade receivables due from associates	**61,165**	36,535
Other receivables due from associates	**27,066**	23,842
Trade payables due to associates	**142,479**	120,273
Other payables due to associates	**18,957**	18,866

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.2 HK cents (2015/16: 2.5 HK cents) per share. This amounts to a total dividend payment of approximately HK$9,416,000 (2015/16: HK$19,617,000) based on the total number of shares in issue as at 23 November 2016, being the latest practicable date prior to the publication of this announcement. Dividend will be paid on 12 January 2017 to registered shareholders of the Company as at 23 December 2016.

CLOSURE OF REGISTER

The Register of Shareholders of the Company will be closed from 20 to 23 December 2016, 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 19 December 2016.

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 2016.

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 during the six months ended 30 September 2016, except for the deviation from Code Provision A.2.1 which 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.

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 2016 have been reviewed by the Company's audit committee.

DIRECTORS' DEALING IN SECURITIES OF THE COMPANY

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 of the Company, 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 2016.

BOARD OF DIRECTORS

As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), LEUNG Pak Chuen, Richard KU Yuk Hing, Andrew CHUANG Siu Leung and Brian LI Yiu Cheung as Executive Directors, Messrs. LUI Ming Wah, Frank CHAN Chi Chung and CHAN Kei Biu as Independent Non-Executive Directors, and Ms. Karen NG Ka Fai as a Non-Executive Director.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, 24 November 2016
www.goldpeak.com