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)

2017/2018 Unaudited Interim Results Announcement
(For the six months ended 30 September 2017)

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 2017.

HIGHLIGHTS

- Turnover increased by 11.8% to HK$3,220 million
- Profit for the period attributable to owners of the Company increased by 1.1% to HK$13.3 million
- Earnings per share: 1.69 Hong Kong cents (2016/17: 1.67 Hong Kong cents)
- Interim dividend per share: 1.2 Hong Kong cents (2016/17: 1.2 Hong Kong cents)

SUMMARY OF RESULTS

For the six months ended 30 September 2017, the Group's turnover amounted to HK$3,220 million, an increase of 11.8% as compared with HK$2,880 million for the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK$13.3 million, an increase of 1.1% compared to the corresponding period in the previous year. The earnings per share for the period amounted to 1.69 HK cents as compared with 1.67 HK cents for the same period last year.

BUSINESS REVIEW

GP Industries (85.47% owned by Gold Peak as at 30 September 2017)

GP Industries' revenue for the six months ended 30 September 2017 was S$569.4 million, an increase of 13.0% over last year. The increase was mainly attributable to a 16.6% revenue growth of GP Batteries International Limited ("GP Batteries") and a 4.9% revenue increase reported by the *Electronics and Acoustics Business.*

Gross profit increased by 11.3% to S$138.6 million despite a 13.0% increase in revenue due mainly to appreciation of the Renminbi and increases in metal and component prices. Distribution costs increased by 11.4% mainly from GP Industries' increased investments in brand building activities. GP Industries reported a net exchange loss of S$4.5 million, compared to a net exchange gain of S$5.3 million for last year. GP Industries also reported a higher other operating income of S$11.2 million, compared to the S$6.9 million reported last year, mainly from a higher gain from disposal of property, plant and equipment and a government grant received by GP Batteries.

Profit before taxation increased by 5.8% to S$32.9 million, compared to the S$31.1 million reported last year. Profit after taxation attributable to equity holders of GP Industries increased by 5.0% to S$12.5 million, compared to S$11.9 million reported last year.

Electronics and Acoustics Business

- Revenue from the electronics and acoustics business grew by 4.9%.
- Sales of electronics products decreased by 4.3% caused by the phasing out of some old products and soft sales in Europe.
- Sales of acoustics products continued to grow and reported an increase of 22.6%, with sales to the US market increased by 22.1%, to the Asian markets by 39.4% and to the European market by 4.1%.
- Appreciation of the Renminbi, rapid increase in the price of certain components and GP Industries' active investments in brand building activities affected margins and costs.

Automotive Wire Harness Business

- Sales of the automotive wire harness business decreased by 6.5%.
- Sales to China increased by 46.5% while sales to the US decreased by 27.0% as some wire harnesses being supplied to a key US customer approached the end of their production cycle.
- The appreciating Renminbi also affected the margins.

Battery Business (64.88% owned by GP Industries as at 30 September 2017)

- Revenue of GP Batteries was S$433.2 million, an increase of 16.6%.
- Sales of both primary batteries and rechargeable batteries increased by 17.1%.
- Gross profit margin maintained at 22.0%.
- Sales increased across all regions. Sales in the Americas, Asia and Europe increased by 41.0%, 8.1% and 23.5% respectively.
- GP Batteries reported a net exchange loss of S$4.4 million, compared to a net exchange gain of S$3.9 million last year.
- Profit after taxation attributable to equity holders of GP Batteries was S$9.1 million, compared to S$3.8 million last year.

Other Industrial Investments

Both Meiloon Industrial Co., Ltd. and Linkz Industries Limited reported revenue growth and contributed more profit before taxation to GP Industries.

FINANCIAL REVIEW

During the period, the Group's net bank borrowings increased by HK$325 million to HK$1,604 million. As at 30 September 2017, the aggregate of the Group's equity attributable to owners and non-controlling interests was HK$2,559 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to equity attributable to owners and non-controlling interests) was 0.63 (31 March 2017: 0.52). The gearing ratios of the Company, GP Industries and GP Batteries were 0.49 (31 March 2017: 0.47), 0.39 (31 March 2017: 0.30) and 0.33 (31 March 2017: 0.20) respectively.

At 30 September 2017, 72% (31 March 2017: 62%) of the Group's bank borrowings were revolving or repayable within one year whereas 28% (31 March 2017: 38%) 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 for the Group's products is expected to gradually strengthen in the US and demand in China is expected to remain stable. Consumer demand in Europe is expected to gradually regain some growth from the current lower level. However, appreciation of Renminbi and increases in the prices of certain metals and components are expected to affect the profit margin for some of the Group's businesses.

GP Batteries' new production capacity in Malaysia is contributing to its business growth.

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

On 10 August 2017, GP Industries announced that, subject to and contingent upon the fulfilment of certain pre-condition (the "Pre-Condition"), GP Industries intended to make a voluntary conditional cash offer (the "Offer") for all the issued ordinary shares of GP Batteries ("GP Batteries Shares"), other than the GP Batteries Shares already owned or agreed to be acquired by GP Industries as at the date of the Offer. On 22 September 2017, the Pre-Condition to the Offer was fulfilled and GP Industries' firm intention to make the Offer was announced. The formal offer document dated 6 October 2017 containing the terms and conditions of the Offer (the "Offer Document") was despatched to the shareholders of GP Batteries on the same date. The Offer was conditional upon the 90 per cent. Acceptance Condition (as defined in the Offer Document) being satisfied.

On 31 October 2017, the 90 per cent. Acceptance Condition was satisfied and the Offer was declared unconditional in all respects on the same date. On 6 November 2017, it was further announced that GP Industries was entitled to, and would in due course, exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, Chapter 50 of Singapore to compulsorily acquire all the GP Batteries Shares held by GP Batteries shareholders who had not accepted the Offer.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 September	
		2017	2016
	Notes	**HK$'000**	HK$'000
Turnover	3	**3,220,100**	2,879,900
Cost of sales		**(2,436,207)**	(2,168,020)
Gross profit		**783,893**	711,880
Other income	4	**60,879**	66,031
Selling and distribution expenses		**(327,911)**	(292,524)
Administrative expenses		**(383,638)**	(388,721)
Other expenses	5	**(33,260)**	-
Finance costs		**(55,995)**	(45,772)
Share of results of associates		**74,073**	67,978
Profit before taxation	6	**118,041**	118,872
Taxation	7	**(42,898)**	(53,389)
Profit for the period		**75,143**	65,483
Attributable to:			
Owners of the Company		**13,278**	13,136
Non-controlling interests		**61,865**	52,347
		75,143	65,483
Interim dividend		**9,416**	9,416
Earnings per share - Basic and diluted	8	**1.69 HK cents**	1.67 HK cents

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

	For the six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
Profit for the period	**75,143**	65,483
Other comprehensive income (expense):		
Items that may be subsequently reclassified to profit or loss :		
Share of other comprehensive income (expense) of associates	**14,477**	(10,110)
Exchange differences arising from translation of foreign operations	**62,623**	(65,509)
Fair value gain on available-for-sale investments	**48**	170
Other comprehensive income (expense) for the period	**77,148**	(75,449)
Total comprehensive income (expense) for the period	**152,291**	(9,966)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**49,187**	(24,461)
Non-controlling interests	**103,104**	14,495
	152,291	(9,966)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2017 HK$'000	As at 31 March 2017 HK$'000
Non-current assets			
Investment properties		-	9,955
Property, plant and equipment	9	**1,664,314**	1,400,864
Interests in associates		**1,419,394**	1,403,784
Available-for-sale investments		**64,014**	63,966
Intangible assets		**1,440**	3,570
Goodwill		**102,066**	102,066
Deferred tax assets		**17,279**	19,729
Receivables, deposits & prepayments		**13,896**	37,384
		3,282,403	3,041,318
Current assets			
Inventories		**1,036,872**	848,425
Trade and other receivables and prepayments	10	**1,334,277**	1,170,825
Dividend receivable		-	6,975
Taxation recoverable		**17,485**	13,105
Bank balances, deposits and cash		**1,050,253**	1,058,541
		3,438,887	3,097,871
Assets classified as held for sale		**56,081**	5,872
		3,494,968	3,103,743
Current liabilities			
Creditors and accrued charges	11	**1,504,107**	1,299,170
Taxation payable		**33,935**	31,775
Obligations under finance leases – amount due within one year		**540**	737
Bank overdrafts, bank loans and import loans		**1,911,451**	1,453,127
		3,450,033	2,784,809
Net current assets		**44,935**	318,934
Total assets less current liabilities		**3,327,338**	3,360,252
Non-current liabilities			
Obligations under finance leases – amount due after one year		**788**	1,025
Borrowings		**741,863**	882,236
Deferred taxation liabilities		**25,656**	23,175
		768,307	906,436
Net assets		**2,559,031**	2,453,816
Capital and reserves			
Share capital		**921,014**	921,014
Reserves		**387,089**	347,318
Equity attributable to owners of the Company		**1,308,103**	1,268,332
Non-controlling interests		**1,250,928**	1,185,484
Total equity		**2,559,031**	2,453,816

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 2017 that is included in the half-year interim report 2017/2018 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 2017 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 2017. 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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

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 HKFRS 12	As part of annual improvements to HKFRSs 2014-2016 cycle
Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised loss

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. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cashflows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 March 2018.

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 2017

	Electronics	Batteries	Other investments	Eliminations	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Turnover					
External sales	**770,151**	**2,449,949**	**-**	**-**	**3,220,100**
Inter-segment sales	**64**	**-**	**-**	**(64)**	**-**
Segment revenue	**770,215**	**2,449,949**	**-**	**(64)**	**3,220,100**
Results					
Segment results	**71,122**	**172,084**	**(1,257)**	**-**	**241,949**
Interest income					**3,526**
Other expenses					**(33,260)**
Finance costs					**(55,995)**
Unallocated expenses					**(38,179)**
Profit before taxation					**118,041**
Taxation					**(42,898)**
Profit for the period					**75,143**

For the six months ended 30 September 2016

	Electronics	Batteries	Other investments	Eliminations	Total
	HK$'000	HK$'000	HK$'000	HK$'000	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

4. Other income

	For the six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
Amounts included in other income:		
Gain on disposal of property, plant and equipment	**31,292**	16,050
Gain from disposal of intangible assets	**-**	1,631
Write-back of excess restructuring costs	**-**	1,244
Exchange gain	**-**	30,039

5. Other expenses

	For the six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
Amounts included in other expenses:		
Allowance for impairment loss on property, plant and equipment	**8,000**	-
Exchange loss	**25,260**	-

6. Profit before taxation

	For the six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**2,130**	2,175
Depreciation of property, plant and equipment	**72,637**	63,964

7. Taxation

	For the six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
Hong Kong Profits Tax	**3,954**	2,930
Taxation in jurisdictions other than Hong Kong	**34,641**	50,344
Deferred taxation	**4,303**	115
	42,898	53,389

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2016: 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.

8. 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	
	2017	2016
	HK$'000	HK$'000
Earnings		
Profit for the period attributable to owners of the Company	**13,278**	13,136
	'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 is disclosed as there are no outstanding share options as at the end of or at any time during both periods.

9. Property, plant and equipment

During the period, the Group spent approximately HK$352,250,000 (six months ended 30 September 2016: HK$78,629,000) on property, plant and equipment to expand its business.

10. 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 2017 HK$'000	31 March 2017 HK$'000
Trade and bills receivables		
0 - 60 days	**873,719**	747,553
61 - 90 days	**84,240**	90,729
Over 90 days	**63,170**	76,602
	1,021,129	914,884
Other receivables, deposits and prepayments	**327,044**	293,325
	1,348,173	1,208,209
Less: Non current portion of other receivables, deposits and prepayments	**(13,896)**	(37,384)
	1,334,277	1,170,825

11. Creditors and accrued charges

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

	30 September 2017 HK$'000	31 March 2017 HK$'000
Trade creditors		
0 - 60 days	**919,030**	740,446
61 - 90 days	**86,192**	71,070
Over 90 days	**88,229**	87,612
	1,093,451	899,128
Other payables and accrued charges	**410,656**	400,042
	1,504,107	1,299,170

12. Fair value measurement of financial instruments

Some of the Group's financial assets 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 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	**Fair value assets 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 Sept 2017 HK$'000	31 March 2017 HK$'000				
Equity securities classified as available-for-sale investments	**15,444**	15,396	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

There is no transfer between different levels of the fair value hierarchy during the six months ended 30 September 2017 and the year ended 31 March 2017.

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.

13. Contingencies and commitments

(a) Contingent liabilities

	30 September 2017 HK$'000	31 March 2017 HK$'000
Guarantees given to banks in respect of banking facilities to associates	**16,327**	16,327
Others	**7,750**	7,750

(b) Capital commitments

	30 September 2017 HK$'000	31 March 2017 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed consolidated financial statements	**34,456**	83,360

14. Related party transactions

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

	For the six months ended 30 September	
	2017 HK$'000	2016 HK$'000
Sales to associates	**74,560**	83,550
Purchases from associates	**265,432**	270,703
Management fee income received from associates	**766**	762

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 2017 HK$'000	31 March 2017 HK$'000
Trade receivables due from associates	**58,437**	46,404
Other receivables due from associates	**2,302**	2,266
Trade payables due to associates	**124,677**	123,350
Other payables due to associates	**789**	417

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.2 HK cents (2016/17: 1.2 HK cents) per share. This amounts to a total dividend payment of approximately HK$9,416,000 (2016/17: HK$9,416,000) based on the total number of shares in issue as at 22 November 2017, being the latest practicable date prior to the publication of this announcement. Dividend will be paid on 12 January 2018 to registered shareholders of the Company as at 22 December 2017.

CLOSURE OF REGISTER

The Register of Shareholders of the Company will be closed from 19 to 22 December 2017, 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 18 December 2017.

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 2017.

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 2017, 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 2017 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 2017.

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 Non-Executive Director.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, 23 November 2017
www.goldpeak.com