Gold Peak Industries (Holdings) Limited

金山工業(集團)有限公司

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code : 40)

GOLD PEAK

Interim Report 2019/2020

Corporate Information

BOARD OF DIRECTORS

Executive
Victor LO Chung Wing, *Chairman & Chief Executive*
Richard KU Yuk Hing
Brian LI Yiu Cheung, *Executive Vice President*
Michael LAM Hin Lap
Brian WONG Tze Hang

Non-executive
LEUNG Pak Chuen, *Non-Executive Vice Chairman*
LUI Ming Wah*
Frank CHAN Chi Chung*
CHAN Kei Biu*
Timothy TONG Wai Cheung*
Karen NG Ka Fai

* Independent Non-Executive Director

AUDIT COMMITTEE

LUI Ming Wah, *Chairman*
Frank CHAN Chi Chung
CHAN Kei Biu
LEUNG Pak Chuen

REMUNERATION COMMITTEE

Frank CHAN Chi Chung, *Chairman*
LUI Ming Wah
CHAN Kei Biu
Victor LO Chung Wing
LEUNG Pak Chuen

NOMINATION COMMITTEE

Victor LO Chung Wing, *Chairman*
LUI Ming Wah
Frank CHAN Chi Chung
CHAN Kei Biu
LEUNG Pak Chuen

AUDITOR

Deloitte Touche Tohmatsu

SECRETARY AND REGISTERED OFFICE

Louis WONG Man Kon
9/F, Building 12W, 12 Science Park West Avenue
Phase 3, Hong Kong Science Park
Pak Shek Kok, New Territories, Hong Kong
Tel: (852) 2427 1133
Fax: (852) 2489 1879
E-mail: gp@goldpeak.com
Website: www.goldpeak.com

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

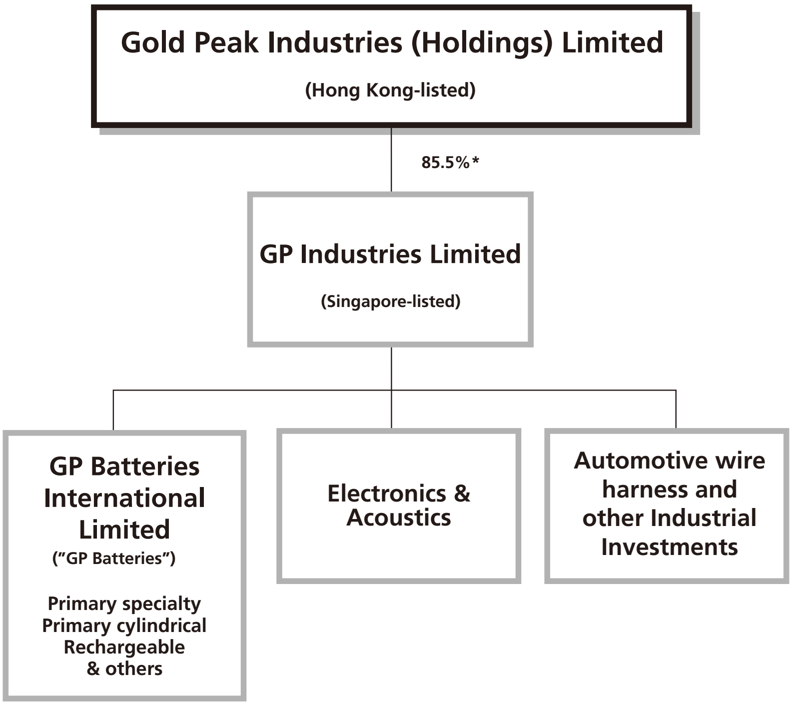
STOCK CODES

Hong Kong Stock Exchange	40
Bloomberg	40 HK
Reuters	0040 HK

KEY DATES

Closure of Register:	18 to 23 December 2019
Interim Dividend:	Payable on 10 January 2020

Group Structure



Group Profile

Gold Peak Group is an Asian multinational group which owns high-quality industrial investments via GP Industries Limited ("GP Industries"), its major industrial investment vehicle. The Group has built renowned brand names for its major product categories, such as **GP** batteries, **KEF** premium consumer speakers and **CELESTION** professional speaker drivers.

The parent company, Gold Peak Industries (Holdings) Limited, was established in 1964 and has been listed on the Stock Exchange of Hong Kong since 1984. Currently, Gold Peak holds an approximately 85.5%* interest in GP Industries which is publicly listed in Singapore.

GP Industries is engaged in the development, manufacture and distribution of a wide range of products including electronics and acoustics products, and automotive wire harness. GP Batteries is engaged in the development, manufacture and marketing of batteries and battery-related products.

* *As at 25 November 2019*

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 2019.

Highlights

- Revenue decreased by 7.3% to HK$3,218 million
- Profit for the period attributable to owners of the Company increased by 680.2% to HK$174.7 million
- Earnings per share: 22.26 Hong Kong cents (2018/19: 2.85 Hong Kong cents)
- Interim dividend per share: 2.0 Hong Kong cents (2018/19: 1.7 Hong Kong cents)

Summary of Results

For the six months ended 30 September 2019, the Group's revenue amounted to HK$ 3,218 million, a decrease of 7.3% as compared with HK$3,470 million for the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK$174.7 million, an increase of 680.2% compared to the corresponding period in the previous year. The earnings per share for the period amounted to 22.26 HK cents as compared with 2.85 HK cents for the same period last year.

Business Review

GP Industries Limited **("GP Industries") (85.5% owned by Gold Peak as at 30 September 2019)**

GP Industries' revenue for the six months ending 30 September 2019 ("H1FY2020") was S$562.3 million, a 5.5% decline compared to the revenue reported for the corresponding period ending 30 September 2018 ("H1FY2019").

Despite a decrease in revenue, gross profit for H1FY2020 increased by 4.3% to S$147.8 million as gross profit margin improved from 23.8% in H1FY2019 to 26.3% in H1FY2020. This increase was mainly due to improved gross profit margin, as a result of a more favorable Chinese Renminbi against US dollar exchange rate, lower price for some raw materials, and the Management's focus on cost efficiency improvements and on better quality businesses.

GP Industries' other operating income increased by S$45.0 million in H1FY2020, mainly attributable to a gain of S$48.4 million from disposal of land and buildings by a wholly-owned subsidiary, GP Electronics (Huizhou) Co., Ltd. ("GPHC"). Other operating expenses increased by S$23.0 million, due mainly to a provision for restructuring costs of S$17.5 million for relocation of the operations of GPHC and a S$4.1 million realised loss on derivative financial instruments due to depreciation of Renminbi.

Profit before taxation increased by S$32.2 million, from S$30.6 million to S$62.8 million. Taxation expenses increased by S$9.7 million to S$18.2 million due mainly to taxation expense on GPHC's property disposal gain.

GP Industries' profit after taxation attributable to equity holders for H1FY2020 was S$38.7 million, an increase of S$24.7 million from S$14.0 million in H1FY2019.

Batteries Business

- Revenue of the Batteries Business declined by 6.9% to S$429.3 million.

- Sales of primary batteries decreased by 9.7% while sales of rechargeable batteries increased by 9.0%.

- Sales in Asia and Americas decreased by 11.9% and 10.7% respectively while sales in Europe increased by 6.5%.

- The associates of the Batteries Business contributed more profit in aggregate.

- GP Industries' interest in STL Technology Co., Ltd ("STL") decreased from 34.27% to 30.08% as a result of new shares issued by STL and the disposal of 100,000 old STL shares in connection with the public listing of STL shares on the mainboard of the Taipei Exchange. The listing contributed to a gain of S$1.6 million for GP Industries.

Electronics and Acoustics Business

- Revenue of the Electronics and Acoustics Business increased by 1.5% to S$113.6 million.

- Sales of electronics products decreased by 0.6% while sales of acoustics products grew by 3.7%.

- Sales of acoustics products to Europe and Asia increased by 4.9% and 12.4% respectively while sales to the Americas declined by 5.1%.

- The associated companies which manufacture parts and components contributed less profit during this period.

- GPHC reported a property disposal gain of S$48.4 million and a provision for restructuring costs of S$17.5 million in connection with the relocation of part of its operations to Thailand and to set up another factory in a new location in China.

Automotive Wire Harness Business

- Revenue of the Automotive Wire Harness Business declined by 11.3% to S$19.4 million.

- Sales to the Americas and China decreased by 3.8% and 25.6% respectively.

Other Industrial Investments

- Linkz Industries Limited recorded declines in revenue and profit contribution.

- Profit contribution from Meiloon Industrial Co., Ltd. rose as revenue increased.

Financial Review

During the period, the Group's net bank borrowings increased by HK$163 million to HK$2,139 million. As at 30 September 2019, the aggregate of the Group's shareholders' funds and non-controlling interests was HK$2,257 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to shareholders' funds and non-controlling interests) was 0.95 (31 March 2019: 0.89). The gearing ratios of the Company and GP Industries were 0.53 (31 March 2019: 0.55) and 0.61 (31 March 2019: 0.55) respectively.

At 30 September 2019, 67% (31 March 2019: 66%) of the Group's bank borrowings was revolving or repayable within one year whereas 33% (31 March 2019: 34%) was repayable from 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 currencies 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.

Employees and Remuneration Policies

As at 30 September 2019, the Group's major business divisions employed about 7,720 (31 March 2019: 7,940) people worldwide. Remuneration policies are reviewed regularly to ensure that compensation and benefit packages are in line with the market in the respective countries where the Group has operations.

Prospects

Amidst the US-China trade dispute and geo-political uncertainties, the Group will continue to enhance the competitiveness of its businesses by investing in technology and new product development, further automating its factories and continuing to build its brands and distribution networks in key markets. The Batteries Business is expanding the capacity for manufacturing miniature rechargeable Lithium batteries to capture market opportunities which arise from increasing popularity of IoT (internet of things) and wearable electronic devices.

As part of the strategy, the Group continues to expand its manufacturing facilities outside China to diversify its manufacturing base and to leverage on the competitive advantages of other Asian countries. The additional manufacturing facilities set up by the Batteries Business in Malaysia and Vietnam are near completion and are expected to start operation in the coming quarters. The formation of a 51%-owned subsidiary in Thailand for manufacturing electronics and acoustics products is progressing as planned and is expected to start operation in the coming quarters.

Both the Group's batteries business and audio business have experienced softened demand in many key markets during recent months. Developments regarding Brexit may also bring some uncertainties. The outcome of the US-China trade negotiations is still uncertain.

Volatility in certain raw material prices and the exchange rates of key trading currencies may also affect the Group's results while a weakened Renminbi against US dollar helps to offset some of the negative impacts of the US-China trade dispute and increases in raw material prices.

Unaudited Condensed Consolidated Statement of Profit or Loss

	Notes	For the six months ended 30 September 2019 HK$'000	2018 HK$'000
Revenue	3 & 4	**3,217,933**	3,469,997
Cost of sales		**(2,372,119)**	(2,643,274)
Gross profit		**845,814**	826,723
Other income	5	**353,328**	113,661
Selling and distribution expenses		**(362,389)**	(403,827)
Administrative expenses		**(363,522)**	(395,628)
Other expenses	6	**(136,438)**	(6,800)
Finance costs		**(91,772)**	(87,272)
Share of results of associates		**86,414**	70,304
Profit before taxation	7	**331,435**	117,161
Taxation	8	**(90,746)**	(35,759)
Profit for the period		**240,689**	81,402
Attributable to:			
Owners of the Company		**174,682**	22,388
Non-controlling interests		**66,007**	59,014
		240,689	81,402
Interim dividend		**15,694**	13,340
Earnings per share – Basic	9	**22.26 HK cents**	2.85 HK cents

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Profit for the period	**240,689**	81,402
Other comprehensive expense:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(113,204)**	(160,077)
Translation deficit reclassified to profit or loss upon deregistration of a subsidiary	**(126)**	–
Net change in fair value of cash flow hedges	**(599)**	(453)
Share of other comprehensive expense of associates	**(39,540)**	(73,367)
	(153,469)	(233,897)
Items that will not be reclassified subsequently to profit or loss:		
Fair value loss on equity instruments at fair value through other comprehensive income	**(1,861)**	(7,322)
Other comprehensive expense for the period	**(155,330)**	(241,219)
Total comprehensive income (expense) for the period	**85,359**	(159,817)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**63,211**	(149,381)
Non-controlling interests	**22,148**	(10,436)
	85,359	(159,817)

Unaudited Condensed Consolidated Statement of Financial Position

	Notes	30 September 2019 HK$'000	31 March 2019 HK$'000
Non-current assets			
Property, plant and equipment	10	**1,607,736**	1,594,734
Right-of-use assets	2 & 11	**173,590**	–
Interests in associates		**1,520,690**	1,484,262
Equity instruments at fair value through other comprehensive income		**72,207**	77,376
Intangible assets		**1,286**	1,324
Goodwill		**79,066**	79,066
Deferred tax assets		**26,082**	22,488
Non-current receivables		**44,050**	–
Non-current deposits		**25,544**	12,980
		3,550,251	3,272,230
Current assets			
Inventories		**1,030,447**	1,056,122
Trade and other receivables and prepayments	12	**1,496,495**	1,288,376
Dividend receivable		**–**	27,364
Taxation recoverable		**16,128**	21,861
Derivative financial instruments		**–**	87
Bank balances, deposits and cash		**1,178,191**	1,448,715
		3,721,261	3,842,525
Assets classified as held for sale		**44,036**	196,493
		3,765,297	4,039,018
Current liabilities			
Creditors and accrued charges	13	**1,405,928**	1,567,864
Contract liabilities		**6,968**	15,835
Lease liabilities		**62,749**	–
Taxation payable		**36,707**	41,785
Derivative financial instruments		**–**	80
Obligations under finance leases – amount due within one year		**–**	1,266
Bank loans and import loans		**2,216,533**	2,257,104
		3,728,885	3,883,934
Net current assets		**36,412**	155,084
Total assets less current assets		**3,586,663**	3,427,314

Unaudited Condensed Consolidated Statement of Financial Position

(Continued)

	Notes	**30 September 2019 HK$'000**	31 March 2019 HK$'000
Non-current liabilities			
Lease liabilities		**85,628**	–
Obligations under finance leases – amount due after one year		**–**	3,269
Bank and other loans		**1,100,879**	1,167,627
Deferred tax liabilities		**41,192**	24,098
Provision for restructuring		**99,810**	–
Derivative financial instruments		**2,617**	2,065
		1,330,126	1,197,059
Net assets		**2,256,537**	2,230,255
Capital and reserves			
Share capital	*15*	**921,014**	921,014
Reserves		**525,354**	491,476
Equity attributable to owners of the Company		**1,446,368**	1,412,490
Non-controlling interests		**810,169**	817,765
Total equity		**2,256,537**	2,230,255

Unaudited Condensed Consolidated Cash Flow Statement

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Net cash used in operating activities	**(1,672)**	(64,529)
Net cash (used in) from investing activities	**(24,861)**	312,989
Net cash (used in) from financing activities	**(201,639)**	1,570
(Decrease) increase in cash and cash equivalents	**(228,172)**	250,030
Cash and cash equivalents at beginning of the period	**1,448,715**	1,059,224
Effect of foreign exchange rate changes	**(42,352)**	(37,872)
Cash and cash equivalents at the end of the period	**1,178,191**	1,271,382
Cash and cash equivalents at the end of the period comprise:		
Bank balances, deposits and cash	**1,178,191**	1,272,887
Bank overdrafts	**–**	(1,505)
	1,178,191	1,271,382

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share Capital *HK$'000*	Legal Reserve *HK$'000*	Properties Revaluation Reserve *HK$'000*	Translation Reserve *HK$'000*
For the six months ended 30 September 2019				
At 31 March 2019, as previously reported	**921,014**	**13,601**	**37,804**	**(302,264)**
Adjustments on the initial application of HKFRS 16 *(Note 2)*	**–**	**–**	**–**	**–**
At 1 April 2019, as restated	**921,014**	**13,601**	**37,804**	**(302,264)**
Transfer of reserves	**–**	**–**	**–**	**–**
Share of change in net assets of associates	**–**	**–**	**–**	**–**
Dividend paid – 2019 final dividend	**–**	**–**	**–**	**–**
Dividend declared – 2020 interim dividend	**–**	**–**	**–**	**–**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**(109,345)**
At 30 September 2019	**921,014**	**13,601**	**37,804**	**(411,609)**
For the six months ended 30 September 2018				
At 31 March 2018	921,014	13,601	37,804	(166,679)
Acquisition of additional interests in a subsidiary	–	–	–	–
Dividend paid – 2018 final dividend	–	–	–	–
Dividend declared – 2019 interim dividend	–	–	–	–
Dividend paid to non-controlling interests	–	–	–	–
Total comprehensive income for the period	–	–	–	(165,129)
At 30 September 2018	921,014	13,601	37,804	(331,808)

Investment Revaluation Reserve HK$'000	Capital Reserve HK$'000	Dividend Reserve HK$'000	Hedging Reserve HK$'000	Retained Profits HK$'000	Attributable to Owners of the Company HK$'000	Non-controlling Interests HK$'000	Total HK$'000
16,172	**277,161**	**19,617**	**(1,767)**	**431,152**	**1,412,490**	**817,765**	**2,230,255**
–	**–**	**–**	**–**	**(9,716)**	**(9,716)**	**(1,170)**	**(10,886)**
16,172	**277,161**	**19,617**	**(1,767)**	**421,436**	**1,402,774**	**816,595**	**2,219,369**
–	**17,294**	**–**	**–**	**(17,294)**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**680**	**680**
–	**–**	**(19,617)**	**–**	**–**	**(19,617)**	**–**	**(19,617)**
–	**–**	**15,694**	**–**	**(15,694)**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**(29,254)**	**(29,254)**
(1,613)	**–**	**–**	**(513)**	**174,682**	**63,211**	**22,148**	**85,359**
14,559	**294,455**	**15,694**	**(2,280)**	**563,130**	**1,446,368**	**810,169**	**2,256,537**
22,929	272,958	9,416	–	408,781	1,519,824	832,933	2,352,757
–	(802)	–	–	–	(802)	261	(541)
–	–	(9,416)	–	–	(9,416)	–	(9,416)
–	–	13,340	–	(13,340)	–	–	–
–	–	–	–	–	–	(52,428)	(52,428)
(6,259)	–	–	(387)	22,394	(149,381)	(10,436)	(159,817)
16,670	272,156	13,340	(387)	417,835	1,360,225	770,330	2,130,555

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 2019 that is included in the half-year interim report 2019/2020 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 2019 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 2019. 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 condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standard ("HKFRS"), the accounting policies and method of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. Principal accounting policies *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and building, furniture and fixtures, plant and machinery and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. Principal accounting policies *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;

2. Principal accounting policies *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

Lease liabilities *(Continued)*

- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Sales and leaseback transactions

In accordance with the transition provisions of HKFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group applies the requirements of HKFRS 15 to assess whether sales and leaseback transaction constitutes a sale. During the period, the Group entered into a sale and leaseback transaction in relation to certain land and buildings. The transactions fulfils HKFRS 15 criteria for the disposal of property, plant and equipment under HKAS 16 and the sales and leaseback period will be accounted according to HKFRS 16.

2. Principal accounting policies *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply these standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ending within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition.

2. Principal accounting policies *(Continued)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

***As a lessee** (Continued)*

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is approximately 4.6%.

	At 1 April 2019 *HK$'000*
Operating lease commitments disclosed as at 31 March 2019	133,031
Lease liabilities discounted at relevant incremental borrowing rates	125,292
Less: Recognition exemption – short-term leases	(6,913)
Recognition exemption – low value assets	(307)
Others	(46)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	118,026
Add: Obligations under finance leases recognised at 31 March 2019 *(note a)*	4,535
Lease liabilities as at 1 April 2019	122,561
Analysed as	
Current	53,313
Non-current	69,248
	122,561

2. Principal accounting policies *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	107,227
Amounts included in property, plant and equipment under HKAS 17	
– Assets previously under finance leases *(note a)*	20,166
Adjustment included in property, plant and equipment under HKAS 17	
– Restoration and reinstatement costs	1,157
Adjustment on rental deposits at 1 April 2019 *(note b)*	676
	129,226
By class:	
Land and buildings	105,200
Machinery & equipment	18,446
Motor vehicles	5,272
Office equipment	308
	129,226

Note:(a) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to HK$ 20,166,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK$1,266,000 and HK$3,269,000 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$676,000 was adjusted to refundable rental deposits paid and right-of-use assets.

The following table summarises the impact of transition to HKFRS 16 on retained profits at 1 April 2019.

	Impact of adopting HKFRS 16 at 1 April 2019 *HK$'000*
Retained profits	
Recognition of the differences between right-of-use assets and lease liabilities	9,716

2. **Principal accounting policies** *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 *HK$'000*	Impacts of adopting HKFRS 16 *HK$'000*	Carrying amounts under HKFRS 16 at 1 April 2019 *HK$'000*
Non-current assets			
Property, plant and equipment	1,594,734	(21,323)	1,573,411
Right-of-use assets	–	129,226	129,226
Interests in associates	1,484,262	(87)	1,484,175
Current assets			
Trade and other receivables and prepayments	1,288,376	(676)	1,287,700
Current liabilities			
Lease liabilities	–	53,313	53,313
Obligations under finance leases – amount due within one year	1,266	(1,266)	–
Non-current liabilities			
Lease liabilities	–	69,248	69,248
Obligations under finance leases – amount due after one year	3,269	(3,269)	–
Capital and reserves			
Retained profits	431,152	(9,716)	421,436
Non-controlling interests	817,765	(1,170)	816,595

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 September 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2019 as disclosed above.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

3. Segment information

The following is an analysis of the Group's revenue and results by operating segments and reporting segments for the period under review:

For the six months ended 30 September 2019

	Electronics *HK$'000*	Batteries *HK$'000*	Other investments *HK$'000*	Total reportable segments *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue						
External sales	**761,402**	**2,456,531**	**–**	**3,217,933**	**–**	**3,217,933**
Inter-segment sales	**11**	**34**	**–**	**45**	**(45)**	**–**
Segment revenue	**761,413**	**2,456,565**	**–**	**3,217,978**	**(45)**	**3,217,933**
Results						
Segment results	**336,930**	**217,608**	**(16)**	**–**	**–**	**554,522**
Interest income						**9,424**
Other expenses						**(136,438)**
Finance costs						**(91,772)**
Unallocated expenses						**(4,301)**
Profit before taxation						**331,435**

For the six months ended 30 September 2018

	Electronics *HK$'000*	Batteries *HK$'000*	Other investments *HK$'000*	Total reportable segments *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue						
External sales	780,589	2,689,408	–	3,469,997	–	3,469,997
Inter-segment sales	6	–	–	6	(6)	–
Segment revenue	780,595	2,689,408	–	3,470,003	(6)	3,469,997
Results						
Segment results	61,487	181,445	(16)	–	–	242,916
Interest income						5,732
Other expenses						(6,800)
Finance costs						(87,272)
Unallocated expenses						(37,415)
Profit before taxation						117,161

4. Revenue

The following is an analysis of the Group's revenue recognised at a point in time from its major products:

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Electronics segment:		
Electronics and acoustics products	**650,299**	652,897
Automotive wire harness products	**111,103**	127,692
	761,402	780,589
Batteries segment:		
Batteries and battery related products	**2,456,531**	2,689,408
Revenue from contracts with customers	**3,217,933**	3,469,997

The following table provides an analysis of the Group's revenue from external customers based on location of customers:

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
The PRC		
– Hong Kong	**198,967**	205,600
– Mainland China	**1,046,990**	1,182,732
Other Asian countries	**210,519**	290,676
Europe	**939,784**	904,199
Americas	**781,407**	835,401
Others	**40,266**	51,389
	3,217,933	3,469,997

5. Other income

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Other income includes:		
Gain on disposal of property, plant and equipment and assets classified as held for sale	**277,257**	3,286
Compensation income	**–**	46,308
Gain from deemed disposal/partial disposal of interest in associates	**9,286**	–
Exchange gain	**24,863**	39,161

6. Other expenses

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Other expenses include:		
Realised loss on derivative financial instruments	**23,428**	–
Restructuring charges	**99,810**	–
Closure and relocation costs	**13,200**	6,800

7. Profit before taxation

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**38**	38
Depreciation of property, plant and equipment	**76,941**	81,376
Depreciation of right-of-use assets	**31,565**	–

8. Taxation

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**5,311**	1,199
Taxation in jurisdictions other than Hong Kong	**72,450**	39,708
Deferred taxation	**12,985**	(5,148)
	90,746	35,759

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2018: 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.

9. Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit for the period attributable to owners of the Company	**174,682**	22,388
	'000	*'000*
Number of shares		
Number of shares in issue during the period for the purpose of basic earnings per share	**784,693**	784,693

No computation of diluted earnings per share for the periods ended 30 September 2019 and 30 September 2018 is disclosed as there are no potential ordinary shares in issue during both periods.

10. Property, plant and equipment

During the period, the Group spent approximately HK$210,172,000 (six months ended 30 September 2018: HK$98,388,000) on property, plant and equipment to expand its business.

11. Right-of-use assets

During the period, a wholly-owned subsidiary of GP Industries, GP Electronics (Huizhou) Co., Ltd. ("GPHC") disposed of certain land and buildings located in Huizhou, China ("the Disposed Property"). The Disposed Property was classified under assets classified as held for sale as at 31 March 2019. The disposal agreement allows GPHC to continue to use the Disposed Property without paying any rent for a period of five years from June 2019 to June 2024. The market value of the expected rent free use of the Disposed Property from June 2019 to June 2022, the intended removal date, is HK$36,592,000. As such, the Group recognised right-of-use assets of HK$36,592,000 for the expected rent free use of the Disposed Property.

During the period, the Group also entered into other new lease agreements for the use of land and buildings, machinery and equipment, motor vehicles and office equipment. The Group is required to make periodic payments. On lease commencement, the Group recognised right-of-use assets of HK$40,831,000 and lease liabilities of HK$40,453,000.

12. 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 2019	31 March 2019
	HK$'000	*HK$'000*
Trade and bills receivables	**1,076,426**	953,353
Less: Allowance for credit losses	**(23,049)**	(24,224)
	1,053,377	929,129
Other receivables, deposits and prepayments	**468,662**	372,227
	1,522,039	1,301,356
Less: Non current portion of deposits	**(25,544)**	(12,980)
	1,496,495	1,288,376

12. Trade and other receivables and prepayments *(Continued)*

	30 September 2019 *HK$'000*	31 March 2019 *HK$'000*
Trade and bills receivables		
0–60 days	**821,151**	681,073
61–90 days	**73,731**	83,477
Over 90 days	**158,495**	164,579
	1,053,377	929,129

13. Creditors and accrued charges

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

	30 September 2019 *HK$'000*	31 March 2019 *HK$'000*
Trade payables		
0–60 days	**775,210**	696,145
61–90 days	**108,641**	109,085
Over 90 days	**55,916**	70,125
	939,767	875,355
Other payables and accrued charges	**466,161**	692,509
	1,405,928	1,567,864

14. 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).

14. Fair value measurement of financial instruments *(Continued)*

Financial assets/ financial liabilities	Fair value as at 30 September 2019 HK$'000	Fair value as at 31 March 2019 HK$'000	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
1. Listed equity securities classified as equity instrument at fair value through other comprehensive income ("FVTOCI")	**10,529**	11,490	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. Foreign currency forward contracts classified as derivative financial instruments	**Assets** **–** **Liabilities** **–**	Assets 87 Liabilities 80	Level 2	Discounted cash flow. Future cash flows are estimated based on closing forward price (from observable forward exchange rate 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
3. Interest rate swap contract classified as derivative financial instruments	**Liabilities (under hedge accounting) 2,617**	Liabilities (under hedge accounting) 2,065	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at an applicable discount rate taking into account the credit risk of the counter-parties and of the Group as appropriate.	N/A	N/A
4. Equity instruments at FVTOCI	**52,687**	56,141	Level 3	Asset-based approach. The fair value of the target company was determined by the asset-based approach using the adjusted net asset value. Net asset value of the target company was adjusted through fair value adjustments held by the target company primarily by the direct comparison approach.	Price per square meter. Using market direct comparable and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc.	The higher the price per square meter, the higher the fair value.

14. Fair value measurement of financial instruments *(Continued)*

Financial assets/ financial liabilities	Fair value as at 30 September 2019 HK$'000	Fair value as at 31 March 2019 HK$'000	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
5. Equity instruments at FVTOCI	**4,738**	5,267	Level 3	Market approach. The market approach was used to determine the valuation by the average estimated values using the following multiples: enterprise value to earnings before interest, taxes, depreciation and amortisation ratio, enterprise value to earnings before interest, taxes ratio and price to earning ratio of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The discount of lack of marketability and applied multiples.	The higher the discount of lack of marketability, the lower the fair value. The higher the applied multiples, the higher the fair value.
6. Equity instruments at FVTOCI	**4,253**	4,478	Level 3	Combination of asset-based approach and market approach. The fair value of the target company was determined by the asset-based approach using the adjusted net asset value with adjustments for the lack of marketability. Net asset value of the target company was adjusted through fair value adjustments of each sub-entity held by the target company primarily by the market approach using enterprise value to sales ratio or enterprise value to earnings before interest, taxes ratio of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The discount of lack of marketability and applied multiples.	The higher the discount of lack of marketability, the lower the fair value. The higher the applied multiples, the higher the fair value.

There is no transfer between different levels of the fair value hierarchy during the six months ended 30 September 2019 and the year ended 31 March 2019.

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.

15. Share Capital

	Number of shares *'000*	*HK$'000*
Issued and fully paid ordinary shares:		
At 1 April 2018, 30 September 2018, 31 March 2019 and 30 September 2019	784,693	921,014

There were no changes in the Company's issued and fully paid share capital in both periods.

16. Contingencies and commitments

(a) Contingent liabilities

	30 September 2019 ***HK$'000***	31 March 2019 *HK$'000*
Guarantees given to banks in respect of banking facilities to associates	**16,517**	16,538
Others	**7,840**	7,850

(b) Capital commitments

	30 September 2019 ***HK$'000***	31 March 2019 *HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed consolidated financial statements	**38,119**	17,550

17. Related party transactions

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

	For the six months ended 30 September	
	2019 ***HK$'000***	2018 *HK$'000*
Sales to associates	**75,526**	90,608
Purchases from associates	**244,210**	250,170
Management fee income received from associates	**1,403**	1,379

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 2019 ***HK$'000***	31 March 2019 *HK$'000*
Trade receivables due from associates	**89,561**	93,901
Other receivables due from associates	**5,890**	4,339
Trade payables due to associates	**93,517**	110,774
Other payables due to associates	**1,577**	1,008

Interim Dividend

The Directors have declared an interim dividend of 2.0 HK cents (2018/19: 1.7 HK cents) per share. This amounts to a total dividend payment of approximately HK$15,694,000 (2018/19: HK$13,340,000) based on the total number of shares in issue as at 25 November 2019, being the latest practicable date prior to the publication of the announcement of the interim results. Dividend will be paid on 10 January 2020 to registered shareholders of the Company as at 23 December 2019.

Closure of Register

The Register of Shareholders of the Company will be closed from 18 to 23 December 2019, both days inclusive, for the purpose of distributing dividends. No transfer of shareholding will be effected during this period.

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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 17 December 2019.

Disclosure of Interest

As at 30 September 2019, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Appendix 10 "Model Code for Securities Transactions by Directors of Listed Issuers" set out in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Directors' and Chief Executive's Interests in Securities of the Company and its Associated Corporations

(a) Interests in shares of the Company (long positions)

As at 30 September 2019, the interests of the directors and the chief executive in the ordinary share of the Company were as follows:

Name of director	Number of ordinary shares held Personal interests	Percentage of issued share capital of the Company %
Victor LO Chung Wing	194,788,054	24.82
Richard KU Yuk Hing	2,629,684	0.34
Brian LI Yiu Cheung	300,000	0.04
Michael LAM Hin Lap	–	–
Brian WONG Tze Hang	–	–
LEUNG Pak Chuen	4,575,114	0.58
LUI Ming Wah	–	–
Frank CHAN Chi Chung	–	–
CHAN Kei Biu	–	–
Timothy TONG Wai Cheung	–	–
Karen NG Ka Fai	40,646,524	5.18

(b) Interests in shares of the Company's associated corporations (long positions)

As at 30 September 2019, the direct beneficial interests of the directors and the chief executive in the shares of Gold Peak Industries (Taiwan) Limited ("GPIT"), a 79.6% owned subsidiary of GP Industries Limited ("GP Ind"), and GP Ind, an 85.5% owned subsidiary of the Company, were as follows:

	Number of ordinary shares and percentage of their issued share capital held			
	GPIT		GP Ind	
Name of director	*Number*	*%*	*Number*	*%*
Victor LO Chung Wing	–	–	300,000	0.06
Richard KU Yuk Hing	200,000	0.10	340,000	0.07
Brian LI Yiu Cheung	–	–	1,465,000	0.30
Michael LAM Hin Lap	–	–	–	–
Brian WONG Tze Hang	–	–	–	–
LEUNG Pak Chuen	–	–	1,608,000	0.33
LUI Ming Wah	–	–	–	–
Frank CHAN Chi Chung	–	–	–	–
CHAN Kei Biu	–	–	–	–
Timothy TONG Wai Cheung	–	–	–	–
Karen NG Ka Fai	276,667	0.14	94,603	0.02

Saved as disclosed above, as at 30 September 2019, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Appendix 10 "Model Code for Securities Transactions by Directors of Listed Issuers" set out in the Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders

As at 30 September 2019, the following persons (not being a director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of shareholder	Capacity	Number of ordinary shares held	Percentage of issued share capital of the Company
TO May Mee	Beneficial owner	81,888,764 *(Note 1)*	10.44%
Jessica NG Sheen Fai	Beneficial owner	40,646,524 *(Note 1)*	5.18%
Ring Lotus Investment Limited (“Ring Lotus”)	Interests of controlled corporation	60,288,143 *(Note 2)*	7.68%
HSBC International Trustee Limited (“HSBC Trustee”)	Trustee	60,288,143 *(Note 2)*	7.68%

Notes:

1. *Madam TO May Mee and Ms. Jessica NG Sheen Fai are the mother and sister, respectively, of Ms. Karen NG Ka Fai, a non-executive director of the Company.*

2. *According to the two corporate substantial shareholder notices filed by Ring Lotus and HSBC Trustee respectively, HSBC Trustee was deemed to be interested in 60,288,143 shares in its capacity as the trustee of these shares, which were in turn owned by Ring Lotus, a company wholly-owned by HSBC Trustee, as interests of controlled corporation.*

Saved as disclosed above, as at 30 September 2019, the directors and the chief executive of the Company are not aware of any person (other than a director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

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 2019.

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 2019, 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 run by a different board of directors.

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 2019.

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 condensed consolidated financial statements for the six months ended 30 September 2019 have been reviewed by the Company's audit committee.

Board of Directors

As at the date of this report, the Board of Directors of the Company consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), Richard KU Yuk Hing, Brian LI Yiu Cheung, Michael LAM Hin Lap and Brian WONG Tze Hang as Executive Directors, Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Biu and Timothy TONG Wai Cheung as Independent Non-Executive Directors, Mr. LEUNG Pak Chuen (Non-Executive Vice Chairman) and Ms. Karen NG Ka Fai as Non-Executive Directors.

By Order of the Board
Louis WONG Man Kon
Company Secretary

Hong Kong, 26 November 2019
www.goldpeak.com