

Gold Peak Industries (Holdings) Limited

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金山工業(集團)有限公司



**GOLD  
PEAK**

**Interim Report 2016/2017**

## Corporate Information

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### BOARD OF DIRECTORS

#### Executive

Victor LO Chung Wing, *Chairman & Chief Executive*  
LEUNG Pak Chuen  
Richard KU Yuk Hing  
Andrew CHUANG Siu Leung  
Brian LI Yiu Cheung

#### Non-executive

LUI Ming Wah\*  
Frank CHAN Chi Chung\*  
CHAN Kei Bui\*  
Karen NG Ka Fai  
\* Independent Non-Executive Director

### AUDIT COMMITTEE

LUI Ming Wah, *Chairman*  
Frank CHAN Chi Chung  
CHAN Kei Bui

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### AUDITOR

Deloitte Touche Tohmatsu

### SECRETARY AND REGISTERED OFFICE

WONG Man Kit  
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 22, Hopewell Centre  
183 Queen's Road East, Hong Kong

### ADR DEPOSITARY

The Bank of New York  
101 Barclay Street, 22nd Floor  
New York, NY10286, USA

### STOCK CODES

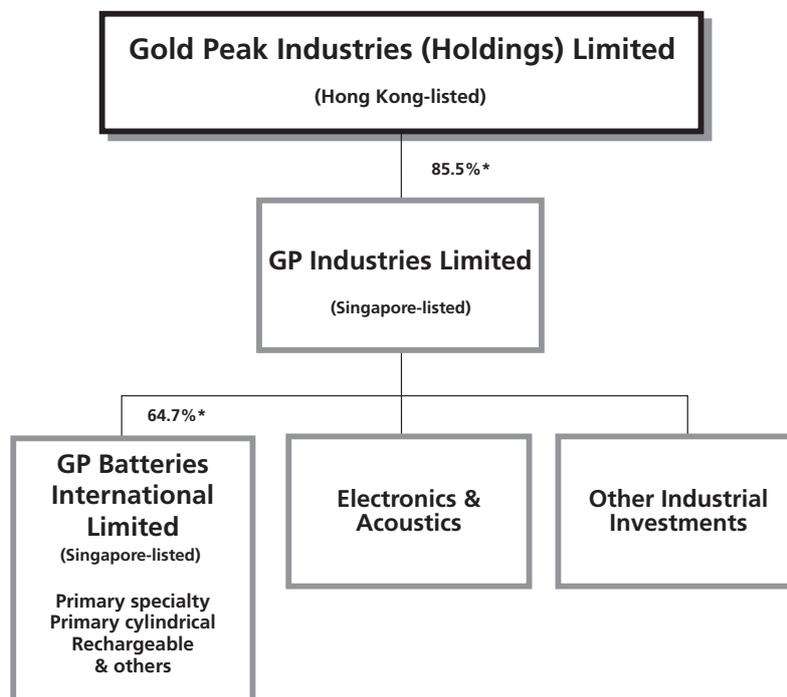
Hong Kong Stock Exchange	40
ADR	GPINY US
Bloomberg	40 HK
Reuters	0040 HK

#### KEY DATES

Closure of Register:	20 to 23 December 2016
Interim Dividend:	Payable on 12 January 2017

## Group Structure

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## Group Profile

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Gold Peak Group is an Asian multinational group which owns high-quality industrial investments via GP Industries Limited, 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 while GP Industries holds an approximately 64.7%\* interest in GP Batteries International Limited. GP Industries and GP Batteries are 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 24 November 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

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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

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### 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

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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.

## Employees and Remuneration Policies

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As at 30 September 2016, the Group's major business divisions employed about 7,700 (31 March 2016: 8,250) 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

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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

		For the six months ended 30 September	
		2016	2015
	Notes	HK\$'000	HK\$'000
Turnover	3	2,879,900	3,012,690
Cost of sales		<u>(2,168,020)</u>	<u>(2,260,691)</u>
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		<u>67,978</u>	<u>61,437</u>
Profit before taxation	5	118,872	158,485
Taxation	6	<u>(53,389)</u>	<u>(34,736)</u>
Profit for the period		<u>65,483</u>	<u>123,749</u>
Attributable to:			
Owners of the Company		13,136	46,378
Non-controlling interests		<u>52,347</u>	<u>77,371</u>
		<u>65,483</u>	<u>123,749</u>
Interim dividend		<u>9,416</u>	<u>19,617</u>
Earnings per share – Basic and diluted	7	<u>1.67 HK cents</u>	<u>5.91 HK cents</u>

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

	For the six months ended	
	30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	<u>65,483</u>	<u>123,749</u>
Other comprehensive (expense) income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
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	<u>170</u>	<u>(5,419)</u>
Other comprehensive expense for the period	<u>(75,449)</u>	<u>(113,466)</u>
Total comprehensive (expense) income for the period	<u>(9,966)</u>	<u>10,283</u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(24,461)	(11,895)
Non-controlling interests	<u>14,495</u>	<u>22,178</u>
	<u>(9,966)</u>	<u>10,283</u>

## Unaudited Condensed Consolidated Statement of Financial Position

		30 September 2016 <i>HK\$'000</i>	31 March 2016 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
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
<b>Current assets</b>			
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
<b>Current liabilities</b>			
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
<b>Net current assets</b>		214,354	458,080
<b>Total assets less current liabilities</b>		3,171,779	3,411,524

## Unaudited Condensed Consolidated Statement of Financial Position

(Continued)

	Notes	30 September 2016 HK\$'000	31 March 2016 HK\$'000
<b>Non-current liabilities</b>			
Obligations under finance leases			
– amount due after one year		300	452
Borrowings		662,122	832,629
Deferred taxation liabilities		18,523	18,689
		<u>680,945</u>	<u>851,770</u>
<b>Net assets</b>		<u>2,490,834</u>	<u>2,559,754</u>
<b>Capital and reserves</b>			
Share capital	12	921,014	921,014
Reserves		370,276	402,496
		<u>1,291,290</u>	<u>1,323,510</u>
Equity attributable to owners of the Company		1,291,290	1,323,510
Non-controlling interests		1,199,544	1,236,244
		<u>1,199,544</u>	<u>1,236,244</u>
<b>Total equity</b>		<u>2,490,834</u>	<u>2,559,754</u>

## Unaudited Condensed Consolidated Cash Flow Statement

	For the six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Net cash generated from operating activities	65,525	94,900
Net cash from (used in) investing activities	1,295	(49,532)
Net cash (used in) from financing activities	(168,723)	55,134
(Decrease) increase in cash and cash equivalents	(101,903)	100,502
Cash and cash equivalents at beginning of the period	977,879	846,155
Effect of foreign exchange rate changes	(743)	(1,134)
Cash and cash equivalents at the end of the period	875,233	945,523
Cash and cash equivalents at the end of the period comprise:		
Bank balances, deposits and cash	875,233	953,100
Bank overdrafts	–	(7,577)
	875,233	945,523

## 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 2016				
At 1 April 2016	921,014	14,830	37,804	(260,103)
Transfer of reserve	-	-	-	-
Capitalisation of profits by a subsidiary	-	-	-	-
Deemed acquisition of a subsidiary	-	-	-	-
Acquisition of additional interests in a subsidiary	-	-	-	-
Capital reduction to non-controlling interests	-	-	-	-
Dividend paid – 2016 final dividend	-	-	-	-
Dividend declared – 2017 interim dividend	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-
Total comprehensive income for the period	-	-	-	(37,691)
At 30 September 2016	<u>921,014</u>	<u>14,830</u>	<u>37,804</u>	<u>(297,794)</u>
For the six months ended 30 September 2015				
At 1 April 2015	921,014	14,830	37,804	(181,464)
Transfer of reserve	-	-	-	-
Transfer upon cancellation of share options	-	-	-	-
Deemed acquisition of a subsidiary	-	-	-	-
Acquisition of additional interests in a subsidiary	-	-	-	-
Dividend paid – 2015 final dividend	-	-	-	-
Dividend declared – 2016 interim dividend	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-
Total comprehensive income for the period	-	-	-	(55,380)
At 30 September 2015	<u>921,014</u>	<u>14,830</u>	<u>37,804</u>	<u>(236,844)</u>

Available-for-sale Investments Reserve HK\$'000	Capital Reserve HK\$'000	Dividend Reserve HK\$'000	Share Option Reserve HK\$'000	Retained Profits HK\$'000	Attributable to Owners of the Company HK\$'000	Non-controlling Interests HK\$'000	Total HK\$'000
1,886	203,472	7,847	-	396,760	1,323,510	1,236,244	2,559,754
-	2,342	-	-	(2,342)	-	-	-
-	861	-	-	(861)	-	-	-
-	43	-	-	-	43	(452)	(409)
-	45	-	-	-	45	322	367
-	-	-	-	-	-	(5,058)	(5,058)
-	-	(7,847)	-	-	(7,847)	-	(7,847)
-	-	9,416	-	(9,416)	-	-	-
-	-	-	-	-	-	(46,007)	(46,007)
94	-	-	-	13,136	(24,461)	14,495	(9,966)
<b>1,980</b>	<b>206,763</b>	<b>9,416</b>	<b>-</b>	<b>397,277</b>	<b>1,291,290</b>	<b>1,199,544</b>	<b>2,490,834</b>
3,299	180,991	19,617	4,429	405,530	1,406,050	1,331,790	2,737,840
-	2,978	-	-	(2,978)	-	-	-
-	-	-	(4,429)	4,429	-	-	-
-	336	-	-	-	336	(8,911)	(8,575)
-	13,278	-	-	-	13,278	(43,168)	(29,890)
-	-	(19,617)	-	-	(19,617)	-	(19,617)
-	-	19,617	-	(19,617)	-	-	-
-	-	-	-	-	-	(52,938)	(52,938)
(2,893)	-	-	-	46,378	(11,895)	22,178	10,283
<b>406</b>	<b>197,583</b>	<b>19,617</b>	<b>-</b>	<b>433,742</b>	<b>1,388,152</b>	<b>1,248,951</b>	<b>2,637,103</b>

# Notes to the Unaudited Condensed Consolidated Financial Statements

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## 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.

## Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

### 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
<b>Turnover</b>					
External sales	757,236	2,122,664	–	–	2,879,900
Inter-segment sales	13	281	–	(294)	–
Segment revenue	<u>757,249</u>	<u>2,122,945</u>	<u>–</u>	<u>(294)</u>	<u>2,879,900</u>
<b>Results</b>					
Segment results	86,469	113,824	(1,273)	–	199,020
Interest income					2,251
Finance costs					(45,772)
Unallocated expenses					<u>(36,627)</u>
Profit before taxation					118,872
Taxation					<u>(53,389)</u>
Profit for the period					<u>65,483</u>

#### For the six months ended 30 September 2015

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

## Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

### 4. Other income

	For the six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Other income includes:		
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.

## Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

### 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 HK\$'000	2015 HK\$'000
<i>Earnings</i>		
Profit for the period attributable to owners of the Company	<u>13,136</u>	<u>46,378</u>
	<u>'000</u>	<u>'000</u>
<i>Number of shares</i>		
Number of shares in issue during the period for the purpose of basic and diluted earnings per share	<u>784,693</u>	<u>784,693</u>

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	<u>58,806</u>	<u>85,105</u>
	906,246	797,083
Other receivables, deposits and prepayments	<u>284,033</u>	<u>230,626</u>
	1,190,279	1,027,709
Less: Non-current portion of other receivables, deposits and prepayments	<u>(26,155)</u>	<u>(24,704)</u>
	<u>1,164,124</u>	<u>1,003,005</u>

# Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

## 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 payables		
0-60 days	772,455	596,423
61-90 days	89,918	106,423
Over 90 days	82,515	99,086
	<b>944,888</b>	801,932
Other payables and accrued charges	<b>342,423</b>	348,298
	<b>1,287,311</b>	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.

## Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

### 12. Share Capital

	Number of shares '000	HK\$'000
Issued and fully paid:		
At 1 April 2015, 30 September 2015, 31 March 2016 and 30 September 2016		
– ordinary shares with no par value	784,693	921,014

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

### 13. 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

## Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

### 14. 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
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**

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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 the announcement of the interim results. Dividend will be paid on 12 January 2017 to registered shareholders of the Company as at 23 December 2016.

## **Closure of Register**

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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.

## **Disclosure of Interest**

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As at 30 September 2016, 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:

## Disclosure of Interest *(Continued)*

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### (1) 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 2016, the interests of the directors and the chief executive in the ordinary shares of the Company were as follows:

Name of Director	Number of ordinary shares held		Percentage of issued share capital of the Company
	Personal Interests	Total Interests	%
Victor LO Chung Wing	169,985,888	169,985,888	21.66
LEUNG Pak Chuen	4,575,114	4,575,114	0.58
Richard KU Yuk Hing	2,629,684	2,629,684	0.34
Andrew CHUANG Siu Leung	677,855	677,855	0.09
Brian LI Yiu Cheung	300,000	300,000	0.04
LUI Ming Wah	–	–	–
Frank CHAN Chi Chung	–	–	–
CHAN Kei Biu	–	–	–
Karen NG Ka Fai	40,646,524	40,646,524	5.18

## Disclosure of Interest *(Continued)*

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

As at 30 September 2016, the direct and indirect beneficial interests of the directors and the chief executive in the shares of GP Batteries International Limited ("GPBI"), a 64.7% owned subsidiary of GP Industries Limited ("GP Ind"), Gold Peak Industries (Taiwan) Limited ("GPIT"), a 79.6% owned subsidiary of GPBI, and GP Ind, a 85.5% owned subsidiary of the Company, were as follows:

Name of Director	Number of ordinary shares and percentage of their issued share capital held					
	GPBI		GPIT		GP Ind	
	Number	%	Number	%	Number	%
Victor LO Chung Wing	300,000	0.19	–	–	300,000	0.06
LEUNG Pak Chuen	–	–	–	–	1,608,000	0.33
Richard KU Yuk Hing	151,500	0.10	200,000	0.10	340,000	0.07
Andrew CHUANG Siu Leung	–	–	–	–	155,000	0.03
Brian LI Yiu Cheung	–	–	–	–	1,465,000	0.30
LUI Ming Wah	–	–	–	–	–	–
Frank CHAN Chi Chung	–	–	–	–	–	–
CHAN Kei Bui	–	–	–	–	–	–
Karen NG Ka Fai	–	–	–	–	–	–

Saved as disclosed above, as at 30 September 2016, 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.

### **(2) Directors' and Chief Executive's Rights to Acquire Shares or Debentures**

On 7 September 2007, an ordinary resolution was passed to adopt a share option scheme (the "Option Scheme"). The purpose of the Option Scheme is to enable the Company to grant options to eligible employees and directors as incentives and rewards for their contributions to the Company.

During the six months ended 30 September 2016, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Option Scheme.

## Substantial Shareholders

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As at 30 September 2016, 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:

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Percentage of issued share capital of the Company</b>
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:*

- 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.*
- 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 2016, 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**

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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**

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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.

## **Directors' Dealing in Securities of the Company**

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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.

## **Audit Committee**

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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.

## **Board of Directors**

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As at the date of this report, the Board of Directors of the Company 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 Bui 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*