

Gold Peak Industries (Holdings) Limited

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金山工業(集團)有限公司



Interim Report 2004/05



## Corporate Information

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### BOARD OF DIRECTORS

#### Executive

Victor LO Chung Wing, *Chairman & Chief Executive*

Andrew NG Sung On, *Vice Chairman*

Kevin LO Chung Ping

Paul LO Chung Wai

LEUNG Pak Chuen

Richard KU Yuk Hing

Andrew CHUANG Siu Leung

CHAU Kwok Wai

Raymond WONG Wai Kan

#### Non-Executive

Vincent CHEUNG Ting Kau

LUI Ming Wah\*

John LO Siew Kiong\*

Frank CHAN Chi Chung\*

\* *Independent Non-Executive Director*

### AUDIT COMMITTEE

John LO Siew Kiong, *Chairman*

Vincent CHEUNG Ting Kau

LUI Ming Wah

Frank CHAN Chi Chung

### AUDITORS

Deloitte Touche Tohmatsu

### SECRETARY AND REGISTERED OFFICE

WONG Man Kit

Gold Peak Building, 8th Floor, 30 Kwai Wing Road

Kwai Chung, New Territories, Hong Kong

Tel: (852) 2427 1133

Fax: (852) 2489 1879

E-mail: gp@goldpeak.com

Website: www.goldpeak.com

### SHARE REGISTRARS AND TRANSFER OFFICE

Abacus Share Registrars Limited

G/F, Bank of East Asia Harbour View Centre,

56 Gloucester Road, Wanchai, Hong Kong

### ADR DEPOSITARY

The Bank of New York

101 Barclay Street, 22nd Floor

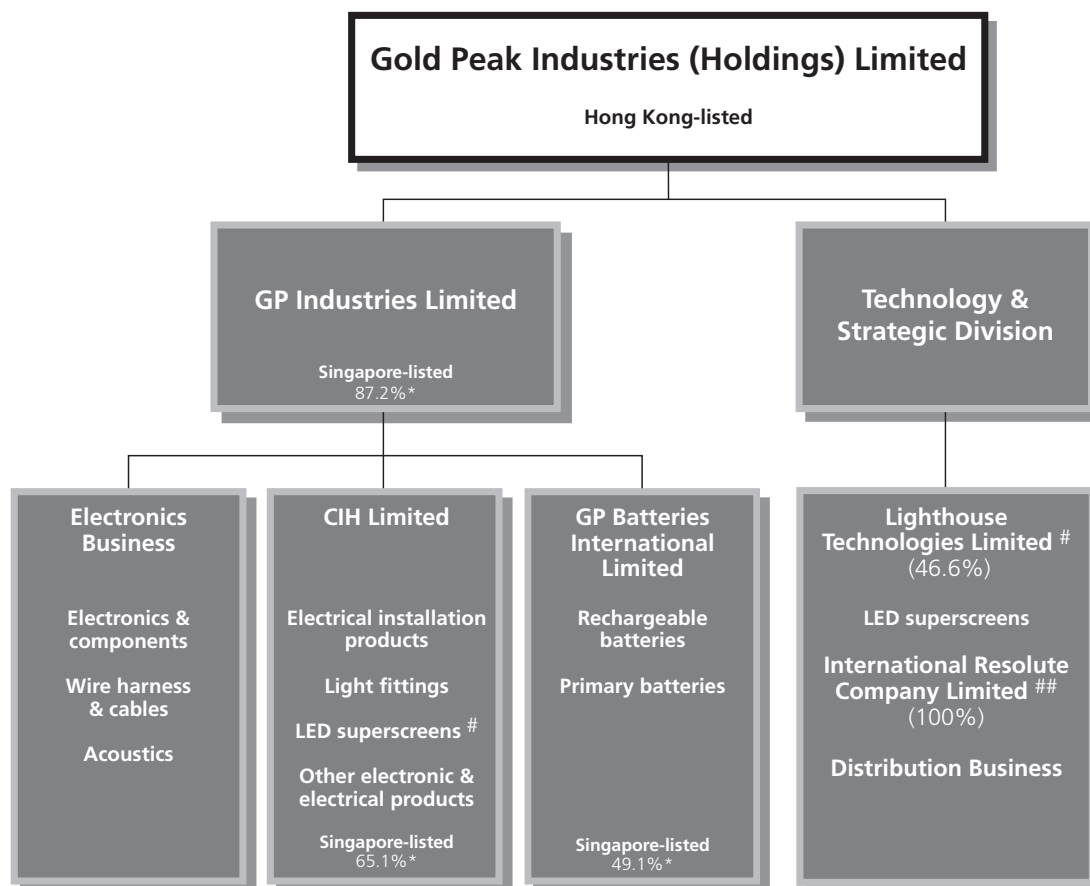
New York, NY10286, USA

#### KEY DATES

Closure of Register: December 7 to December 10, 2004

Interim Dividend: Payable on December 17, 2004

## Group Structure



\* Percentages stated denotes respective shareholding held by Gold Peak or GP Industries as at November 12, 2004

# CIH Limited also holds a 29.6% interest in Lighthouse

## Holding an industrial building for own use

## Group Profile

Gold Peak Group is an Asian multinational group which owns a diversified portfolio of high-quality industrial investments via its major industrial investment vehicle, GP Industries Limited. Its Technology and Strategic Division is engaged in the development of new product technologies and strategic investments. In the industrial sector, the Group has established a leadership position in Asia for most of its product categories including **GP Batteries** and **CLIPSAL** electrical installation products.

The parent company, Gold Peak Industries (Holdings) Limited [SEHK Stock Code: 40], was established in 1964 and has been listed on the Stock Exchange of Hong Kong since 1984.

Currently, Gold Peak holds an 87.2%\* interest in GP Industries while GP Industries holds a 65.1%\* interest in CIH Limited and a 49.1%\* interest in GP Batteries International Limited. GP Industries, CIH and GP Batteries are publicly listed in Singapore.

In addition to its investments in CIH and GP Batteries, GP Industries is also engaged in the development, manufacture and distribution of electronics and components, wire harness and cables as well as loudspeakers.

Gold Peak Group has manufacturing, research and development, marketing and distribution operations in more than ten countries around the world. Including all business divisions, the Group currently employs over 18,000 people worldwide.

\* As at November 12, 2004

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 September 30, 2004. These results have been reviewed by the Company’s audit committee.

## Highlights

- Consolidated turnover grew by 32.8% to HK\$1,080 million, mainly due to the good performance of the electronics business. Consolidation of sales of Lighthouse and CIHL, both of which became subsidiaries in April 2004, also contributed to the sales growth.
- Profit attributable to shareholders was HK\$55.6 million, up 5.7%
- Earnings per share increased from 9.8 Hong Kong cents to 10.2 Hong Kong cents, up 4%
- Interim dividend per share: 4.0 Hong Kong cents (2003/04: 4.0 Hong Kong cents)

## Business Review

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### GP Industries – 87.2% owned by Gold Peak

#### 1. *Electronics Business*

- The electronics business continued to perform well with sales growth of 12.9% over the corresponding period last year due to the increase in sales of both the professional and commercial electronic products. Profit contribution from components associated companies also continued to grow strongly due to the robust economy in China. As a result, profit from the electronics and components business increased by more than 60% in the period.
- Sales of automotive wire harness rose by about 14% and profit contribution remained steady. Exports to Japan were stable while demand from customers in the US registered strong growth. However, the financial austerity program recently introduced by the Chinese government has suppressed demand for passenger vehicles, resulting in decreased profit contribution from wire harness associated companies in China.
- The cable business continued to perform well with profit contribution improved despite rising material costs.
- The loudspeaker business performed steadily of which sales of branded loudspeakers increased by about 6%.

## **2. CIH Limited – 65.1% owned by GP Industries**

- During the period, GP Industries increased its stake in CIHL from 49.3% as at March 31, 2004 to 65.1% through purchases of additional shares in the open market, making it a subsidiary of the Group.
- Although competition remained intense, performance in most markets improved. Despite rising costs of raw materials, gross profit margin was maintained.
- In the quarter ended September 30, 2004, turnover of the 50:50 joint-venture with Schneider Electric SA for the electrical wiring devices and installation systems business achieved significant sales growth due to favorable business sentiments resulted from increased building activities in most of its markets in Asia and the Middle East. In China, the business sentiment was relatively stable but market conditions remained highly competitive.
- The light fittings business continued to grow. Efforts have been concentrated in promoting the Pierlite and GP brands, and in strengthening the sales and product development teams.

## **3. GP Batteries – 49.1% owned by GP Industries**

- GP Batteries' sales grew by 9.1%, but consolidated net profit after taxation and minority interests decreased by 16.6%.
- Sales increased mainly due to the continued increase in sales of Nickel Metal Hydride and Alkaline primary cylindrical batteries. Although total sales of Lithium Ion batteries rose, market has become increasingly competitive since the middle of the year due to over supply situation.
- Net profit decreased mainly due to rising material costs, especially Nickel and Cobalt, and exceptional expenses incurred in relation to the Cadmium issue in the two plants in Huizhou, China. To cope with rising material prices, the division exercised tighter cost control on overheads and expenses, resulted in a lower drop in profits.
- The 75% owned Zhongyin Ningbo Battery, making Alkaline primary cylindrical batteries in China, continued to perform strongly.

## **Technology & Strategic Division**

Lighthouse Technologies Limited whose main business is the development and selling of LED display screens became a subsidiary of the Group in April 2004 as a result of GP Industries' acquisition of CIHL shares to above 50% in April 2004. Lighthouse is 46.6% and 29.6% owned by the Company and CIHL respectively. Lighthouse continued to experience severe competition particularly in the U.S. market and incurred more expenses on streamlining its operations and developing new products to improve competitiveness.

## **Financial Review**

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During the period, the Group's net bank borrowings increased by HK\$308 million to HK\$2,148 million mainly due to GP Industries' acquisitions of additional shares in CIHL and consolidation of Lighthouse's bank borrowings. As at September 30, 2004, the aggregate of the Group's shareholders' fund and minority interests was HK\$2,142 million. The Group's gearing ratio (the ratio of consolidated net bank borrowings to shareholders' fund and minority interests) was 1, as compared with 1.19 as at March 31, 2004. The gearing ratios of the Company, GP Industries and GP Batteries were 0.86 (March 31, 2004: 0.89), 0.45 (March 31, 2004: 0.48) and 0.91 (March 31, 2004: 0.75) respectively. CIHL maintained a net cash position as at September 30, 2004 and December 31, 2003 respectively.

The Group continued to manage foreign exchange and interest rate risks prudently. Forward contracts, borrowings in local currencies and local sourcing have been arranged to match monetary assets with monetary liabilities in order to minimize foreign exchange risk. At September 30, 2004, 37% (March 31, 2004: 45%) of the Group's bank borrowings was revolving or repayable within one year whereas 63% (March 31, 2004: 55%) was mostly repayable between one to five years. Most of these bank borrowings were based on floating interest rates. Approximately 15%, 34% and 45% of the Group's bank borrowings were in US dollars, Singapore dollars and Hong Kong dollars respectively.

## **Employees and Remuneration Policies**

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As at September 30, 2004, the Group's major business divisions employed over 18,000 people worldwide (March 31, 2004: 18,000). Remuneration policies are reviewed regularly and maintained at a competitive level with the market in the respective countries. In addition to basic salary, bonuses and share options may also be granted to eligible employees which are at the discretion of the boards and based on the performance of the individual employees as well as the Group.

## **Prospects**

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The Group's major business divisions are expected to face volatile market conditions and keen competition due to fluctuating commodity prices, rising interest rates as well as the austerity measures implemented in China.

Sales of GP Batteries are expected to remain steady but operating conditions will be difficult as material prices are expected to stay high. It will continue to exercise tight cost control to maintain competitiveness.

The business environment in most of CIHL's markets will continue to improve. CIHL will continue to invest and grow its light fittings business. Barring unforeseen circumstances, outlook for the Group's electronics business remains positive for the rest of the financial year.

## Condensed Consolidated Income Statement

For the six months ended September 30

		2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
	<i>Notes</i>		
<b>Turnover</b>	2	<b>1,079,670</b>	812,903
Cost of sales		<u>(864,719)</u>	<u>(655,270)</u>
<b>Gross profit</b>		<b>214,951</b>	157,633
Other income		<b>61,338</b>	25,429
Distribution costs		<b>(93,775)</b>	(60,332)
Administrative expenses		<b>(148,488)</b>	(91,310)
Other operating expenses	3	<u>(1,112)</u>	<u>(8,126)</u>
<b>Profit from operations</b>	4	<b>32,914</b>	23,294
Net investment gain	5	<b>873</b>	185
Finance costs		<b>(37,075)</b>	(35,712)
Share of results of associates and a jointly controlled entity		<b>107,577</b>	121,741
Amortization of goodwill on acquisition of associates		<b>(2,114)</b>	(3,570)
Amortization of negative goodwill on acquisition of an associate		<b>518</b>	768
Loss on disposal/deemed partial disposal of subsidiaries		<b>(3,290)</b>	(4,266)
Loss on deemed partial disposal of associates		<u>–</u>	<u>(207)</u>
<b>Profit before taxation</b>		<b>99,403</b>	102,233
<b>Taxation</b>	6	<u>(31,804)</u>	<u>(33,044)</u>
<b>Profit before minority interests</b>		<b>67,599</b>	69,189
<b>Minority interests</b>		<u>(12,023)</u>	<u>(16,628)</u>
<b>Net profit for the period</b>		<u><b>55,576</b></u>	<u>52,561</u>
<b>Interim dividend</b>		<u><b>21,785</b></u>	<u>21,644</u>
<b>Earnings per share</b>	7		
Basic		<b>10.2 cents</b>	9.8 cents
Diluted		<u><b>9.0 cents</b></u>	<u>8.7 cents</u>

## Condensed Consolidated Balance Sheet

		September 30, 2004 (Unaudited) HK\$'000	March 31, 2004 (Audited) HK\$'000
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		96,549	138,980
Property, plant and equipment	8	405,845	318,433
Interests in associates and a jointly controlled entity		1,735,853	2,194,249
Trademarks		54,376	56,466
Investments in securities		707,391	143,808
Long-term receivable		339,451	–
Advances to trade associates		97,000	97,000
Deferred tax assets		33,974	–
Deferred expenditure		15,855	–
Goodwill		52,167	7,425
		<u>3,538,461</u>	<u>2,956,361</u>
<b>Current assets</b>			
Inventories		445,726	280,923
Debtors, bills receivable and prepayments	9	1,157,114	562,332
Investments in securities		148,632	149,786
Dividends receivable		19,668	22,583
Taxation recoverable		2,162	960
Bank balances, deposits and cash		535,301	259,319
		<u>2,308,603</u>	<u>1,275,903</u>
<b>Current liabilities</b>			
Creditors and accrued charges	10	887,332	472,505
Obligations under finance leases		3,809	2,742
Taxation payable		22,986	11,290
Bank loans, overdrafts and import loans		978,518	949,378
		<u>1,892,645</u>	<u>1,435,915</u>
<b>Net current assets (liabilities)</b>		<u>415,958</u>	<u>(160,012)</u>
<b>Total assets less current liabilities</b>		<u>3,954,419</u>	<u>2,796,349</u>
<b>Minority interests</b>		<u>868,804</u>	<u>272,836</u>
<b>Non-current liabilities</b>			
Borrowings		1,701,102	1,147,243
Convertible note		89,818	88,507
Deferred taxation		21,432	9,376
		<u>1,812,352</u>	<u>1,245,126</u>
<b>Net assets</b>		<u>1,273,263</u>	<u>1,278,387</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		272,308	271,095
Reserves		1,000,955	1,007,292
<b>Shareholders' funds</b>		<u>1,273,263</u>	<u>1,278,387</u>



## Condensed Consolidated Cash Flow Statement

For the six months ended September 30

	2004 (Unaudited) <i>HK\$'000</i>	2003 (Unaudited) <i>HK\$'000</i>
Net cash inflow (outflow) from operating activities	<b>78,527</b>	(20,425)
Net cash inflow from investing activities	<b>526,691</b>	12,024
Net cash (outflow) inflow from financing activities	<b>(332,953)</b>	161,055
Increase in cash and cash equivalents	<b>272,265</b>	152,654
Cash and cash equivalents at beginning of the period	<b>252,618</b>	156,168
Effect of foreign exchange rate changes	<b>(3,073)</b>	3,030
Cash and cash equivalents at end of the period	<b>521,810</b>	311,852

## Condensed Consolidated Statement of Changes in Equity

For the six months ended September 30, 2004

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Legal Reserve <i>HK\$'000</i>	Properties Revaluation Reserve <i>HK\$'000</i>	Translation Reserve <i>HK\$'000</i>
At April 1, 2004	271,095	456,971	11,303	100,603	(143,886)
Issue of shares, net of expenses	1,213	2,759	–	–	–
Share of reserves of associates and a jointly controlled entity	–	–	–	–	(6,475)
Net profit for the period	–	–	–	–	–
Dividend paid					
– 2004 final dividend	–	–	–	–	–
– 2004 special dividend	–	–	–	–	–
Dividend proposed					
– 2005 interim dividend	–	–	–	–	–
Currency realignment	–	–	–	–	(3,758)
At September 30, 2004	<u>272,308</u>	<u>459,730</u>	<u>11,303</u>	<u>100,603</u>	<u>(154,119)</u>

For the six months ended September 30, 2003

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Legal Reserve <i>HK\$'000</i>	Properties Revaluation Reserve <i>HK\$'000</i>	Translation Reserve <i>HK\$'000</i>
At April 1, 2003	265,953	449,243	10,167	100,603	(211,355)
Issue of shares, net of expenses	4,295	6,200	–	–	–
Disposal of a subsidiary	–	–	–	–	–
Share of reserves of associates	–	–	–	–	53,413
Net profit for the period	–	–	–	–	–
Dividend paid					
– 2003 final dividend	–	–	–	–	–
Dividend proposed					
– 2004 interim dividend	–	–	–	–	–
Currency realignment	–	–	–	–	(905)
At September 30, 2003	<u>270,248</u>	<u>455,443</u>	<u>10,167</u>	<u>100,603</u>	<u>(158,847)</u>

<b>Goodwill Reserve</b> <i>HK\$'000</i>	<b>Capital Reserve</b> <i>HK\$'000</i>	<b>Capital Redemption Reserve</b> <i>HK\$'000</i>	<b>Dividend Reserve</b> <i>HK\$'000</i>	<b>Accumulated Profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
(538,633)	582	35,358	54,298	1,030,696	1,278,387
-	-	-	-	-	3,972
-	3	-	-	-	(6,472)
-	-	-	-	55,576	55,576
-	-	-	(27,149)	(72)	(27,221)
-	-	-	(27,149)	(72)	(27,221)
-	-	-	21,785	(21,785)	0
-	-	-	-	-	(3,758)
<u>(538,633)</u>	<u>585</u>	<u>35,358</u>	<u>21,785</u>	<u>1,064,343</u>	<u>1,273,263</u>

<b>Goodwill Reserve</b> <i>HK\$'000</i>	<b>Capital Reserve</b> <i>HK\$'000</i>	<b>Capital Redemption Reserve</b> <i>HK\$'000</i>	<b>Dividend Reserve</b> <i>HK\$'000</i>	<b>Accumulated Profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
(640,790)	36,879	35,358	18,617	934,244	998,919
-	-	-	-	-	10,495
2,363	-	-	-	-	2,363
(909)	482	-	-	-	52,986
-	-	-	-	52,561	52,561
-	-	-	(18,617)	(283)	(18,900)
-	-	-	21,644	(21,644)	0
-	-	-	-	-	(905)
<u>(639,336)</u>	<u>37,361</u>	<u>35,358</u>	<u>21,644</u>	<u>964,878</u>	<u>1,097,519</u>

## Notes to the Unaudited Interim Financial Statements

### 1. Basis of preparation

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted are consistent with those followed in the Company's annual financial statements for the year ended March 31, 2004.

### 2. Segment information

The analysis of the Group's segment information is as follows:

#### (a) Business segments

The following is an analysis of the turnover and profit before taxation by principal activity:

#### For the six months ended September 30, 2004

	Technology & Strategic HK\$'000	Electronics HK\$'000	Batteries HK\$'000	Electrical HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Turnover</b>						
External sales	122,674	946,204	–	10,792	–	1,079,670
Inter-segment sales	–	3,550	–	–	(3,550)	0
	<u>122,674</u>	<u>949,754</u>	<u>–</u>	<u>10,792</u>	<u>(3,550)</u>	<u>1,079,670</u>

Inter-segment sales are charged at prevailing market rates.

<b>Results</b>						
Segmental results	(2,449)	46,993	–	8,852	–	53,396
Unallocated corporate expenses						(28,652)
Other corporate income						8,170
Profit from operations						32,914
Net investment gain						873
Finance costs						
– Segment	(1,778)	(15,380)	–	(6,150)	–	(23,308)
– Corporate						(13,767)
Share of results of associates and a jointly controlled entity	(5,584)	66,930	54,646	(8,415)	–	107,577
Amortization of goodwill on acquisition of associates						(2,114)
Amortization of negative goodwill on acquisition of an associate						518
Loss on disposal/deemed partial disposal of subsidiaries						(3,290)
Profit before taxation						99,403
Taxation						(31,804)
Profit before minority interests						67,599
Minority interests						(12,023)
Net profit for the period						<u>55,576</u>

## Notes to the Unaudited Interim Financial Statements (Continued)

For the six months ended September 30, 2003

	Technology & Strategic HK\$'000	Electronics HK\$'000	Batteries HK\$'000	Electrical HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Turnover</b>						
External sales	252	812,651	–	–	–	812,903
Inter-segment sales	8	–	–	–	(8)	0
	<u>260</u>	<u>812,651</u>	<u>–</u>	<u>–</u>	<u>(8)</u>	<u>812,903</u>

Inter-segment sales are charged at prevailing market rates.

### Results

Segmental results	3,575	28,823	–	–	–	32,398
Unallocated corporate expenses						(20,073)
Other corporate income						10,969
Profit from operations						23,294
Net investment gain						185
Finance costs						
– Segment	(197)	(16,074)	–	–	–	(16,271)
– Corporate						(19,441)
Share of results of associates	(616)	51,320	62,282	8,755	–	121,741
Amortization of goodwill on acquisition of associates						(3,570)
Amortization of negative goodwill on acquisition of an associate						768
Loss on deemed partial disposal of subsidiaries						(4,266)
Loss on deemed partial disposal of associates						(207)
Profit before taxation						102,233
Taxation						(33,044)
Profit before minority interests						69,189
Minority interests						(16,628)
Net profit for the period						<u>52,561</u>

### (b) Geographical segments

The following is an analysis of the turnover and profit before taxation by geographical market:

	For the six months ended September 30,			
	Turnover		Profit before taxation	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
The People's Republic of China				
Hong Kong	52,509	38,089	23,348	11,949
Mainland China	103,924	65,541	12,467	10,265
Other Asian countries	361,436	311,426	18,258	17,346
Europe	264,278	177,530	10,344	15,166
North and South America	234,859	184,592	26,129	14,787
Australia and New Zealand	49,904	32,915	1,424	22,333
Others	12,760	2,810	7,433	10,387
	<u>1,079,670</u>	<u>812,903</u>	<u>99,403</u>	<u>102,233</u>

## Notes to the Unaudited Interim Financial Statements (Continued)

### 3. Other operating expenses

	For the six months ended September 30,	
	2004 HK\$'000	2003 HK\$'000
Amortization of goodwill of subsidiaries/business	1,112	554
Expenses incurred for closure of factories in the U.K. and China	–	7,572
	<u>1,112</u>	<u>8,126</u>

### 4. Profit from operations

	For the six months ended September 30,	
	2004 HK\$'000	2003 HK\$'000
Profit from operations has been arrived at after charging:		
Amortization of deferred expenditure	3,242	–
Amortization of trademarks	2,091	2,091
Depreciation and amortisation of property, plant and equipment		
Owned assets	30,994	20,552
Assets held under finance leases	595	500

### 5. Net investment gain

	For the six months ended September 30,	
	2004 HK\$'000	2003 HK\$'000
Realized gain on disposal of an investment	879	–
Net unrealized holding (loss) gain on other investments	(6)	185
	<u>873</u>	<u>185</u>

### 6. Taxation

	For the six months ended September 30,	
	2004 HK\$'000	2003 HK\$'000
<b>The Company and its subsidiaries:</b>		
Hong Kong Profits Tax	6,022	5,686
Taxation in jurisdictions other than Hong Kong	6,963	5,739
Deferred taxation	(226)	223
	<u>12,759</u>	<u>11,648</u>
<b>Share of taxation of associates and a jointly controlled entity:</b>		
Hong Kong Profits Tax	3,741	1,509
Taxation in jurisdictions other than Hong Kong	15,304	19,887
	<u>19,045</u>	<u>21,396</u>
	<u>31,804</u>	<u>33,044</u>

## Notes to the Unaudited Interim Financial Statements (Continued)

Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profit for the period.

Taxation in jurisdictions other than Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

### 7. Earnings per share

The calculation of the basic and diluted earnings per share is computed based on the following data:

	For the six months ended September 30,	
	2004 HK\$'000	2003 HK\$'000
Earnings		
Net profit for the period and earnings for the purpose of basic earnings per share	55,576	52,561
Effect of dilutive potential shares on share of results of subsidiaries and associates based on the dilution of their earnings per share	(1,705)	(1,841)
Adjustment resulting from the assumed conversion of the convertible note	(4,529)	(3,759)
Earnings for the purpose of diluted earnings per share	<u>49,342</u>	<u>46,961</u>
	'000	'000
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	543,414	534,491
Effect of dilutive potential shares on share options	7,462	5,476
Weighted average number of shares for the purpose of diluted earnings per share	<u>550,876</u>	<u>539,967</u>

The computation of diluted earnings per share assumes the conversion of the convertible note into the shares of GP Industries Limited.

### 8. Property, plant and equipment

During the period, the Group spent approximately HK\$52,695,000 (six months ended September 30, 2003: HK\$59,757,000) on property, plant and equipment to expand its business.

### 9. Debtors, bills receivable and prepayments

The Group allows its trade customers with credit period normally ranging from 30 days to 120 days. The following is an aging analysis of debtors, bills receivable and prepayments at the reporting date:

	September 30, 2004 HK\$'000	March 31, 2004 HK\$'000
0 - 60 days	515,454	268,109
61 - 90 days	56,660	27,983
> 90 days	585,000	266,240
	<u>1,157,114</u>	<u>562,332</u>

## Notes to the Unaudited Interim Financial Statements (Continued)

### 10. Creditors and accrued charges

The following is an aging analysis of creditors and accrued charges at the reporting date:

	September 30, 2004 HK\$'000	March 31, 2004 HK\$'000
0 - 60 days	482,539	389,841
61 - 90 days	68,224	39,852
> 90 days	336,569	42,812
	<u>887,332</u>	<u>472,505</u>

### 11. Contingencies and commitments

	September 30, 2004 HK\$'000	March 31, 2004 HK\$'000
<b>Contingent liabilities:</b>		
Guarantees given to banks in respect of banking facilities granted to associates and a jointly controlled entity	<u>135,466</u>	<u>85,659</u>
<b>Capital commitments:</b>		
In respect of property, plant and equipment:		
Capital expenditure contracted for but not provided in the financial statements	10,753	16,281
Capital expenditure authorised but not contracted for	–	–
	<u>10,753</u>	<u>16,281</u>

At September 30, 2004, the Group was also committed to invest in unlisted investment securities amounting to HK\$3,900,000 (March 31, 2004: HK\$3,900,000).

### 12. Related party transactions

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

	For the six months ended September 30,	
	2004 HK\$'000	2003 HK\$'000
Sales to associates and a jointly controlled entity	44,685	73,788
Purchases from associates	83,883	59,344
Interest income received from associates	62	377
Management fee income received from associates	5,605	5,449
Rental income from associates	<u>4,050</u>	<u>3,859</u>

As at the balance sheet date, the Group has the following balances with its associates and a jointly controlled entity under debtors, bills receivable and prepayments and creditors and accrued charges:

	September 30, 2004 HK\$'000	March 31, 2004 HK\$'000
Trade receivables from associates and a jointly controlled entity	79,701	70,034
Trade payables due to associates and a jointly controlled entity	41,216	14,948
Other payable to an associate	<u>18,243</u>	<u>18,243</u>

All of the above trade receivables and trade payables are unsecured, interest free and repayable on demand.



## **Notes to the Unaudited Interim Financial Statements** *(Continued)*

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### **13. Post balance sheet event**

In October 2004, the holder of the Company's convertible note exercised the exchange right to exchange all the outstanding principal amount of the convertible note with carrying value of HK\$90.0 million for 23.9 million shares of GP Industries held by the Group. Immediately after the exchange, the Company re-purchased the 23.9 million shares of GP Industries at a consideration of HK\$119.6 million.

## **Summary of Results**

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For the six months ended September 30, 2004, the Group's turnover amounted to HK\$1,079.7 million, an increase of 32.8 per cent as compared with HK\$812.9 million for the same period of last year. The unaudited consolidated profit attributable to shareholders amounted to HK\$55.6 million, an increase of 5.7 per cent compared to corresponding period in the previous year. The basic earnings per share for the period amounted to 10.2 cents as compared with 9.8 cents for the same period last year.

## **Interim Dividend**

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The Directors have declared an interim dividend of 4.0 cents (2003: 4.0 cents) per share. This amounts to a total dividend payment of approximately HK\$21,785,000 (2003: HK\$21,644,000) based on the total number of shares in issue as at November 12, 2004, being the latest practicable date prior to the announcement of the interim results. Dividend warrants will be despatched on December 17, 2004 to registered shareholders of the Company on December 10, 2004.

## **Closure of Register**

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The Register of Shareholders of the Company will be closed from December 7, 2004 to December 10, 2004, both days inclusive, during which period no transfer will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Abacus Share Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on December 6, 2004.

## Disclosure of Interest

### (1) Directors' and Chief Executive's Interests in Securities of the Company and its Associated Corporations

As at September 30, 2004, 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 are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to 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 are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

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

As at September 30, 2004, 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	Family Interests	Total Interests	
Victor LO Chung Wing	73,701,811	–	73,701,811	13.53
Andrew NG Sung On	68,771,957	417,000	69,188,957	12.70
Kevin LO Chung Ping	–	3,239,066	3,239,066	0.59
Paul LO Chung Wai	21,986,518	–	21,986,518	4.04
LEUNG Pak Chuen	3,202,581	–	3,202,581	0.59
Richard KU Yuk Hing	1,606,780	–	1,606,780	0.30
Andrew CHUANG Siu Leung	474,500	–	474,500	0.09
CHAU Kwok Wai	275,000	–	275,000	0.05
Raymond WONG Wai Kan	1,790,081	–	1,790,081	0.33
Vincent CHEUNG Ting Kau	1,947,549	–	1,947,549	0.36
LUI Ming Wah	–	–	–	–
John LO Siew Kiong	411,081	–	411,081	0.08
Frank CHAN Chi Chung	–	–	–	–

## Disclosure of Interest *(Continued)*

### (1) Directors' and Chief Executive's Interests in Securities of the Company and its Associated Corporations *(Continued)*

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

As at September 30, 2004 the direct and indirect beneficial interests of the directors and the chief executive in the shares of GP Batteries International Limited ("GPBI"), a 49.16% owned associate of GP Industries Limited ("GP Ind"), CIH Limited ("CIHL"), a 65.15% owned subsidiary of GP Ind, and Gold Peak Industries (Taiwan) Limited ("GPIT"), a 79.6% owned subsidiary of GPBI, and GP Ind, a 87.24% 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		CIHL		GP Ind	
	Number	%	Number	%	Number	%	Number	%
Victor LO Chung Wing	200,000	0.18	-	-	-	-	-	-
Andrew NG Sung On	833,332	0.76	500,000	0.25	100,000	0.08	-	-
Kevin LO Chung Ping	-	-	-	-	-	-	-	-
Paul LO Chung Wai	80,000	0.07	-	-	-	-	-	-
LEUNG Pak Chuen	-	-	-	-	-	-	1,608,000	0.35
Richard KU Yuk Hing	141,000	0.13	200,000	0.10	-	-	70,000	0.02
Andrew CHUANG Siu Leung	-	-	-	-	-	-	45,000	0.01
CHAU Kwok Wai	-	-	-	-	152,000	0.12	-	-
Raymond WONG Wai Kan	374,000	0.34	100,000	0.05	229,568	0.18	390,000	0.09
Vincent CHEUNG Ting Kau	20,000	0.02	-	-	-	-	-	-
LUI Ming Wah	-	-	-	-	-	-	-	-
John LO Siew Kiong	-	-	-	-	40,000	0.03	-	-
Frank CHAN Chi Chung	-	-	-	-	-	-	-	-

Save as disclosed above, as at September 30, 2004, none of the directors, the chief executive or their associates had any interest in the securities of the Company or any of its associated corporations as defined in SFO.

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

- (a) The Company has an executives' share option scheme (the "Old ESOS"), which was adopted pursuant to an ordinary resolution passed on September 28, 1999 to enable the directors of the Company to offer to eligible employees, including executive directors, of the Company or any of its subsidiaries options to subscribe for the Company's shares. The Old ESOS was initially valid and effective for a period of five years from the date of adoption until it was discontinued and replaced by the new share option scheme (the "New Option Scheme") on September 12, 2002 pursuant to an ordinary resolution passed on the same date. The purpose of the Old ESOS was to enable the Company to grant options to eligible employees and directors as incentives and rewards for their contributions to the Company. Options granted are exercisable at the date of grant of such options and will expire at the close of business on the fifth anniversary thereof. However, options granted under the Old ESOS prior to its termination which have not been fully exercised remain valid until such time that such options are fully exercised or have lapsed and will continue to be administered under the rules of the Old ESOS.

## Disclosure of Interest *(Continued)*

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

The movements in the number of options, which had been granted to directors of the Company and employees of the Group under the Old ESOS, during the period were as follows:

Name of Director	Date of Grant	Exercisable period	Exercise Price HK\$	Number of option shares		
				Outstanding at 4.1.2004	Exercise during the period	Outstanding at 9.30.2004
Victor LO Chung Wing	5.8.2000	5.8.2000-5.7.2005	1.41	1,250,000	–	1,250,000
	3.30.2001	3.30.2001-3.29.2006	1.45	1,250,000	–	1,250,000
Andrew NG Sung On	5.8.2000	5.8.2000-5.7.2005	1.41	1,000,000	–	1,000,000
	3.30.2001	3.30.2001-3.29.2006	1.45	1,000,000	–	1,000,000
Kevin LO Chung Ping	5.8.2000	5.8.2000-5.7.2005	1.41	625,000	–	625,000
	3.30.2001	3.30.2001-3.29.2006	1.45	625,000	–	625,000
Paul LO Chung Wai	5.8.2000	5.8.2000-5.7.2005	1.41	625,000	–	625,000
	3.30.2001	3.30.2001-3.29.2006	1.45	625,000	–	625,000
Richard KU Yuk Hing	3.30.2001	3.30.2001-3.29.2006	1.45	625,000	–	625,000
Andrew CHUANG Siu Leung	5.8.2000	5.8.2000-5.7.2005	1.41	625,000	(625,000)	–
	3.30.2001	3.30.2001-3.29.2006	1.45	625,000	–	625,000
CHAU Kwok Wai	3.30.2001	3.30.2001-3.29.2006	1.45	625,000	–	625,000
Raymond WONG Wai Kan	3.30.2001	3.30.2001-3.29.2006	1.45	625,000	–	625,000
				<u>10,125,000</u>	<u>(625,000)</u>	<u>9,500,000</u>
Employees	5.8.2000	5.8.2000-5.7.2005	1.41	375,000	–	375,000
	3.30.2001	3.30.2001-3.29.2006	1.45	1,780,000	(305,000)	1,475,000
				<u>2,155,000</u>	<u>(305,000)</u>	<u>1,850,000</u>
				<u>12,280,000</u>	<u>(930,000)</u>	<u>11,350,000</u>

*Note:* The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$2.16.

## **Disclosure of Interest** *(Continued)*

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

According to the New Option Scheme, the directors of the Company are authorised, at any time within five years after the adoption of New Option Scheme, to grant options to any directors or employees of the Company or any of its subsidiaries to subscribe for the Company's shares at a price not less than the average of the closing prices of the Company's shares on the five trading days immediately preceding the offer date of the options, the closing price of the Company's shares on the offer date or the nominal value of the Company's shares, whichever is higher. Unless otherwise cancelled or amended, the New Option Scheme will be valid and effective for a period of five years from the date of adoption. The maximum number of shares in respect of which options may be granted under the New Option Scheme cannot exceed 10% of the issued share capital of the Company. The number of shares in respect of which options may be granted to any individual in any twelve-month period up to the offer date is not permitted to exceed 1% of the number of shares in issue.

The number of shares in respect of which options had been granted and outstanding on September 30, 2004 under the New Option Scheme was 15,105,000 representing 2.77% of the shares of the Company on September 30, 2004. Option granted must be taken up within the period as specified in the offer of options, and upon payment of HK\$1 as the consideration for the options granted. Options granted are exercisable within the period as specified in the offer of options.

## Disclosure of Interest *(Continued)*

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

The movements in the number of options, which had been granted to the directors of the Company and employees of the Group under the New Option Scheme, during the period were as follows:

Name of Director	Date of Grant	Exercisable period	Exercise Price HK\$	Number of option shares		
				Outstanding at 4.1.2004	Exercised during the period	Outstanding at 9.30.2004
Victor LO Chung Wing	10.2.2003	10.2.2003-10.1.2008	1.84	1,600,000	–	1,600,000
Andrew NG Sung On	10.2.2003	10.2.2003-10.1.2008	1.84	1,600,000	–	1,600,000
Kevin LO Chung Ping	10.18.2002	4.18.2003-10.17.2007	1.17	650,000	–	650,000
	10.2.2003	10.2.2003-10.1.2008	1.84	1,000,000	–	1,000,000
Paul LO Chung Wai	10.18.2002	4.18.2003-10.17.2007	1.17	650,000	–	650,000
	10.2.2003	10.2.2003-10.1.2008	1.84	1,000,000	–	1,000,000
LEUNG Pak Chuen	10.2.2003	10.2.2003-10.1.2008	1.84	500,000	(500,000)	–
Richard KU Yuk Hing	10.2.2003	10.2.2003-10.1.2008	1.84	500,000	–	500,000
Andrew CHUANG Siu Leung	10.2.2003	10.2.2003-10.1.2008	1.84	500,000	–	500,000
CHAU Kwok Wai	10.18.2002	4.18.2003-10.17.2007	1.17	500,000	–	500,000
	10.2.2003	10.2.2003-10.1.2008	1.84	600,000	–	600,000
Raymond WONG Wai Kan	10.2.2003	10.2.2003-10.1.2008	1.84	1,000,000	–	1,000,000
Vincent CHEUNG Ting Kau	10.18.2002	4.18.2003-10.17.2007	1.17	300,000	–	300,000
	10.2.2003	10.2.2003-10.1.2008	1.84	400,000	–	400,000
LUI Ming Wah	10.18.2002	4.18.2003-10.17.2007	1.17	250,000	–	250,000
	10.2.2003	10.2.2003-10.1.2008	1.84	300,000	–	300,000
John LO Siew Kiong	10.18.2002	4.18.2003-10.17.2007	1.17	250,000	–	250,000
	10.2.2003	10.2.2003-10.1.2008	1.84	200,000	–	200,000
				11,800,000	(500,000)	11,300,000
Employees	10.18.2002	4.18.2003-10.17.2007	1.17	1,270,000	(150,000)	1,120,000
	10.2.2003	10.2.2003-10.1.2008	1.84	3,530,000	(845,000)	2,685,000
				4,800,000	(995,000)	3,805,000
				16,600,000	(1,495,000)	15,105,000

Note: The weight average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$2.23.

## Disclosure of Interest *(Continued)*

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

The financial impact of the share options granted under the New Option Scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the income statement or balance sheet for their costs. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded in the share premium account.

- (b) GP Ind has an executives' share option scheme (the "Old GP Ind ESOS"), which was adopted pursuant to a resolution passed on September 19, 1996 to enable the directors of GP Ind to offer to eligible employees, including executive directors, of GP Ind or any of its subsidiaries options to subscribe for GP Ind's shares. The Old GP Ind ESOS was initially valid and effective for a period of ten years from the date of adoption until it was discontinued and replaced by the new GP Ind share option scheme 1999 (the "GP Ind 1999 Option Scheme") on November 19, 1999 pursuant to a resolution passed at an extraordinary general meeting on the same date. The purpose of the Old GP Ind ESOS is to enable GP Ind to grant options to eligible employees and directors as incentives and rewards for their contributions to GP Ind. Options granted are exercisable after the first anniversary of the date of grant of such options and will expire at the close of business on the fifth anniversary thereof. However, options granted under the Old GP Ind ESOS prior to its termination which have not been fully exercised remain valid until such time that such options are fully exercised or have lapsed and will continue to be administered under the rules of the Old GP Ind ESOS. The movements in the number of options outstanding, which have been granted to directors of the Company and employees of the Group under the Old GP Ind ESOS, during the period were as follows:

Name of Director	Date of grant	Exercisable period	Exercise price US\$	Number of option shares			
				Outstanding at 4.1.2004	Exercised during the period	Expired/Cancelled during the period	Outstanding at 9.30.2004
Andrew CHUANG Siu Leung	8.2.1999	8.2.2000-8.1.2004	0.41	130,000	(130,000)	-	-
Raymond WONG Wai Kan	8.2.1999	8.2.2000-8.1.2004	0.41	130,000	(130,000)	-	-
				260,000	(260,000)	-	-
Employees	8.2.1999	8.2.2000-8.1.2004	0.41	840,000	(715,000)	(125,000)	-
				840,000	(715,000)	(125,000)	-
				1,100,000	(975,000)	(125,000)	-

*Note:* The weighted average closing price of GP Ind's shares immediately before the dates on which the options were exercised was S\$1.05.

## Disclosure of Interest *(Continued)*

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

According to the GP Ind 1999 Option Scheme, the directors of GP Ind is authorised, at any time within ten years after the adoption of GP Ind 1999 Option Scheme, to grant options to any directors or employees of GP Ind or any of its subsidiaries to subscribe for GP Ind's shares at a price not more than 20% discount of the average of the closing prices of GP Ind's shares on the three trading days immediately preceding the offer date of the options or the nominal value of the GP Ind's shares, whichever is higher. Unless otherwise cancelled or amended, GP Ind 1999 Option Scheme will be valid and effective for a period of ten years from the date of adoption. The maximum number of shares in respect of which options may be granted under the GP Ind 1999 Option Scheme cannot exceed 15% of the nominal amount of the issued share capital of GP Ind on the day preceding the offer date. The number of shares in respect of which options may be granted to any individual at any time is not permitted to exceed 20% of the aggregate number of shares for the time being issued and issuable under the GP Ind 1999 Option Scheme.

The number of shares in respect of which options had been granted and outstanding on September 30, 2004 under the GP Ind 1999 Option Scheme was 15,052,000, representing 3.29% of the shares of GP Ind on September 30, 2004. Option granted must be taken up within the period as specified in the offer of options, and upon payment of S\$1 as the consideration for the options granted. Options granted are exercisable after the first anniversary or the second anniversary of the date of grant of such options and will expire at the close of business on the fifth anniversary or the tenth anniversary thereof respectively.

The movements in the number of options, which have been granted to the directors of the Company and employees of the Group under the GP Ind 1999 Option Scheme, during the period were as follows:

Name of Director	Date of grant	Exercisable period	Exercise Price S\$	Number of option shares				
				Outstanding at 4.1.2004	Granted during the period	Exercised during the period	Cancelled during the period	Outstanding at 9.30.2004
Victor LO Chung Wing	4.14.2000	4.14.2002-4.13.2010	0.456	300,000	-	-	-	300,000
	4.4.2001	4.4.2003-4.3.2011	0.620	600,000	-	-	-	600,000
	8.14.2002	8.14.2003-8.13.2012	0.550	384,000	-	-	-	384,000
	9.15.2003	9.15.2004-9.14.2013	0.880	384,000	-	-	-	384,000
	7.5.2004	7.5.2005-7.4.2014	1.030	-	400,000	-	-	400,000
LEUNG Pak Chuen	9.15.2003	9.15.2004-9.14.2013	0.880	350,000	-	-	-	350,000
	7.5.2004	7.5.2005-7.4.2014	1.030	-	380,000	-	-	380,000
Andrew CHUANG Siu Leung	4.14.2000	4.14.2002-4.13.2010	0.456	110,000	-	-	-	110,000
	4.4.2001	4.4.2003-4.3.2011	0.620	200,000	-	-	-	200,000
	8.14.2002	8.14.2003-8.13.2012	0.550	130,000	-	-	-	130,000
	9.15.2003	9.15.2004-9.14.2013	0.880	130,000	-	-	-	130,000
	7.5.2004	7.5.2005-7.4.2014	1.030	-	150,000	-	-	150,000



## Disclosure of Interest (Continued)

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

Name of Director	Date of grant	Exercisable period	Exercise Price S\$	Number of option shares				
				Outstanding at 4.1.2004	Granted during the period	Exercised during the period	Cancelled during the period	Outstanding at 9.30.2004
CHAU Kwok Wai	7.5.2004	7.5.2005-7.4.2014	1.030	-	180,000	-	-	180,000
Raymond WONG Wai Kan	4.14.2000	4.14.2002-4.13.2010	0.456	110,000	-	-	-	110,000
	4.4.2001	4.4.2003-4.3.2011	0.620	220,000	-	-	-	220,000
	8.14.2002	8.14.2003-8.13.2012	0.550	140,000	-	-	-	140,000
	9.15.2003	9.15.2004-9.14.2013	0.880	140,000	-	-	-	140,000
	7.5.2004	7.5.2005-7.4.2014	1.030	-	180,000	-	-	180,000
				3,198,000	1,290,000	-	-	4,488,000
Directors of GP Ind	4.4.2001	4.4.2003-4.3.2011	0.620	400,000	-	(400,000)	-	-
	9.15.2003	9.15.2004-9.14.2013	0.880	300,000	-	-	-	300,000
	7.5.2004	7.5.2005-7.4.2014	1.030	-	350,000	-	-	350,000
Non-executive directors of GP Ind	4.14.2000	4.14.2002-4.13.2005	0.456	120,000	-	-	-	120,000
	4.4.2001	4.4.2003-4.3.2006	0.620	240,000	-	-	-	240,000
	8.14.2002	8.14.2003-8.13.2007	0.550	154,000	-	-	-	154,000
	9.15.2003	9.15.2004-9.14.2008	0.880	240,000	-	-	-	240,000
	7.5.2004	7.5.2005-7.4.2014	1.030	-	270,000	-	-	270,000
Employees of the Group	4.14.2000	4.14.2002-4.13.2010	0.456	673,000	-	(204,000)	-	469,000
	4.4.2001	4.4.2003-4.3.2011	0.620	2,020,000	-	(426,000)	-	1,594,000
	8.14.2002	8.14.2003-8.13.2012	0.550	1,280,000	-	(479,000)	-	801,000
	9.15.2003	9.15.2004-9.14.2013	0.880	2,869,000	-	(26,000)	(121,000)	2,722,000
	7.5.2004	7.5.2005-7.4.2014	1.030	-	3,364,000	-	(60,000)	3,304,000
				8,296,000	3,984,000	(1,535,000)	(181,000)	10,564,000
				11,494,000	5,274,000	(1,535,000)	(181,000)	15,052,000

Note: The closing price of GP Ind's shares immediately before July 5, 2004, the date immediately before the options granted during the period, was S\$1.03. The weighted average closing price of GP Ind's shares immediately before the dates on which the options were exercised was S\$1.03.

## Disclosure of Interest *(Continued)*

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

During the period, a total of 5,274,000 options were granted on July 5, 2004 at an exercise price of S\$1.03 per GP Ind's share. The directors of the Company considered that it is not appropriate to value share options granted under the GP Ind 1999 Option Scheme during the period as a number of critical factors for the valuation of the share options granted cannot be determined accurately. In the absence of a readily available market value of the options under the GP Ind 1999 Option Scheme, any valuation of the share options granted based on various speculative assumptions would be meaningless and could be misleading to the shareholders.

The financial impact of the share options granted under the GP Ind 1999 Option Scheme is not recorded in the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the income statement or balance sheet for their costs.

- (c) GPBI has an executives' share option scheme (the "Old GPBI ESOS") to enable the directors of GPBI to offer to eligible employees, including executive directors, of GPBI or any of its subsidiaries options to subscribe for shares of GPBI. The purpose of the Old GPBI ESOS was to enable GPBI to grant options to eligible employees and directors as incentives and rewards for their contributions to GPBI. Options granted are exercisable after the first anniversary of the date of grant of such options and will expire at the close of business on the fifth anniversary thereof. The Old GPBI ESOS was discontinued and replaced by the new GPBI share option scheme 1999 (the "GPBI 1999 Option Scheme") in December 1999. However, options granted under the Old GPBI ESOS prior to its termination which have not been fully exercised remain valid until such time that such options are fully exercised or have lapsed and will continue to be administered under the rules of the Old GPBI ESOS. A summary of options, which have been granted to the directors of the Company under the Old GPBI ESOS, during the period were as follows:

Name of Director	Date of grant	Exercisable Period	Exercise price S\$	Number of option shares			
				Outstanding at 4.1.2004	Exercised during the period	Expired during the period	Outstanding at 9.30.2004
Andrew NG Sung On	8.6.1999	8.6.2000-8.5.2004	3.080	220,000	(220,000)	-	-
Richard KU Yuk Hing	8.6.1999	8.6.2000-8.5.2004	3.080	200,000	(110,000)	(90,000)	-
Raymond WONG Wai Kan	8.6.1999	8.6.2000-8.5.2004	3.080	120,000	(120,000)	-	-
				540,000	(450,000)	(90,000)	-

## Disclosure of Interest *(Continued)*

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

The GPBI 1999 Option Scheme also enables the directors of GPBI to offer to eligible employees, including executive directors and non-executive directors, of GPBI or any of its subsidiaries options to subscribe for GPBI's shares. Options granted to the eligible employees and non-executive directors are exercisable after the first anniversary or the second anniversary of the date of grant of such options and will expire at the close of business on the fifth anniversary or the tenth anniversary thereof respectively. The movements in the number of options, which have been granted to the directors of the Company under the GPBI 1999 Option Scheme, during the period were as follows:

Name of Director	Date of Grant	Exercisable period	Exercise Price S\$	Number of option shares		
				Outstanding at 4.1.2004	Exercised during the period	Outstanding at 9.30.2004
Andrew NG Sung On	3.17.2000	3.17.2002-3.16.2010	1.410	200,000	-	200,000
	10.11.2000	10.11.2002-10.10.2010	1.600	200,000	-	200,000
	8.5.2002	8.5.2004-8.4.2012	1.250	190,000	-	190,000
	6.25.2003	6.25.2005-6.24.2013	2.500	190,000	-	190,000
Richard KU Yuk Hing	8.5.2002	8.5.2004-8.4.2012	1.250	170,000	(170,000)	-
	6.25.2003	6.25.2005-6.24.2013	2.500	170,000	-	170,000
Raymond WONG Wai Kan	8.5.2002	8.5.2004-8.4.2012	1.250	120,000	-	120,000
	6.25.2003	6.25.2005-6.24.2013	2.500	120,000	-	120,000
				<u>1,360,000</u>	<u>(170,000)</u>	<u>1,190,000</u>

## Disclosure of Interest *(Continued)*

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

- (d) CIHL has an executives' share option scheme adopted in June 1999 (The "CIHL 1999 Option Scheme"). The CIHL 1999 Option Scheme enables the directors of CIHL to offer to eligible employees, including executive directors and non-executive directors, of CIHL or any of its subsidiaries options to subscribe for CIHL's shares. Options granted to the eligible employees and non-executive directors are exercisable on the first anniversary or the second anniversary of the date of grant of such options and will expire at the close of business after the fifth anniversary or the tenth anniversary thereof respectively. The movements in the number of options, which have been granted to the directors of the Company under the CIHL 1999 Option Scheme, during the period were as follows:

<u>Name of Director</u>	<u>Date of grant</u>	<u>Exercisable period</u>	<u>Exercise price</u> S\$	<u>Number of option shares outstanding at 4.1.2004 and 9.30.2004</u>
Victor LO Chung Wing	5.25.2000	5.25.2002-5.24.2010	2.025	200,000
CHAU Kwok Wai	5.25.2000	5.25.2002-5.24.2010	2.025	160,000
John LO Siew Kiong	5.25.2000	5.25.2002-5.24.2010	2.025	110,000
				<u>470,000</u>

Saved as disclosed above, as at September 30, 2004, 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 are required to be notified to the Company and the Stock Exchange pursuant to 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 are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

## **Substantial Shareholder**

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As at September 30, 2004, the following person (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 was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

<u>Name of shareholder</u>	<u>Capacity</u>	<u>Number of ordinary shares held</u>	<u>Approximate percentage of issued shares</u>
Schneider Electric Industries, S.A.	Beneficial owner	54,579,000	10.02%

Saved as disclosed above, as at September 30, 2004, 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 nominal value of any class of 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 period.

## **Code of Best Practice**

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The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period.

## **Board of Directors**

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As at the date of this report, the Board of Directors of the Company consists of Mr. Victor Lo Chung Wing (Chairman & Chief Executive), Mr. Andrew Ng Sung On (Vice Chairman), Mr. Kevin Lo Chung Ping, Mr. Paul Lo Chung Wai, Mr. Leung Pak Chuen, Mr. Richard Ku Yuk Hing, Mr. Andrew Chuang Siu Leung, Mr. Chau Kwok Wai and Mr. Raymond Wong Wai Kan as Executive Directors, Mr. Vincent Cheung Ting Kau as Non-Executive Director and Mr. John Lo Siew Kiong, Mr. Lui Ming Wah and Mr. Frank Chan Chi Chung as Independent Non-Executive Directors.

By Order of the Board  
**WONG Man Kit**  
Company Secretary

Hong Kong, November 15, 2004