

Gold Peak Industries (Holdings) Limited

金山工業(集團)有限公司



Interim Report 2005/06

Corporate Information

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*

Frank CHAN Chi Chung*

CHAN Kei Bui*

* *Independent Non-Executive Director*

AUDIT COMMITTEE

LUI Ming Wah, *Chairman*

Vincent CHEUNG Ting Kau

Frank CHAN Chi Chung

CHAN Kei Bui

AUDITORS

Deloitte Touche Tohmatsu

SECRETARY AND REGISTERED OFFICE

WONG Man Kit

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Kwai Chung, New Territories, Hong Kong

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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

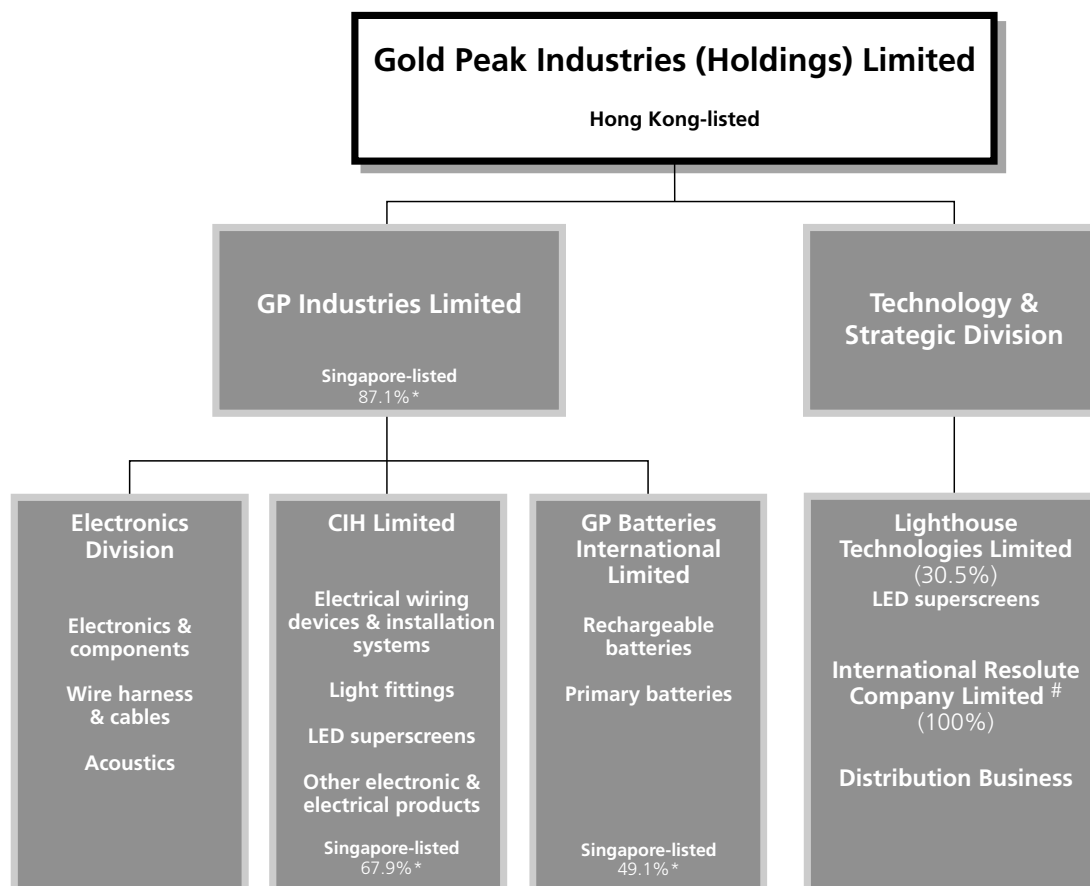
New York, NY10286, USA

KEY DATES

Closure of Register: December 13 to 16, 2005

Interim Dividend: Payable on December 23, 2005

Group Structure



* Percentage stated denotes respective shareholding held by Gold Peak or GP Industries as at November 17, 2005

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 GP Industries Limited, its major industrial investment vehicle publicly listed in Singapore. 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 87.1%* interest in GP Industries while GP Industries holds a 67.9%* interest in CIH Limited ("CIHL") and a 49.1%* interest in GP Batteries International Limited. GP Industries, CIHL and GP Batteries are publicly listed in Singapore.

In addition to its investments in CIHL 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 divisions, the Group currently employs over 19,000 people worldwide.

* As at November 17, 2005

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, 2005. These results have been reviewed by the Company's audit committee.

Highlights

- Turnover for all divisions increased by 2.5% to HK\$3,814 million
- Consolidated turnover dropped marginally by 0.2% to HK\$1,077 million
- Profit attributable to shareholders was HK\$42.8 million, down 21.3%
- Earnings per share decreased from 10.0 Hong Kong cents to 7.8 Hong Kong cents, down 22%
- Interim dividend per share: 3.0 Hong Kong cents (2004/05: 4.0 Hong Kong cents)

Business Review

GP Industries – 87.1% owned by Gold Peak

Sales for the period under review increased marginally over the same period last year. The increase was the net result of a 4% decrease in sales from the Electronics Division and an 18% increase in sales from CIH Limited. CIHL became a subsidiary in May 2004 and only five months of CIHL's sales were consolidated in the first half last year. Profit attributable to shareholders decreased by 62%, as compared to that of last year, mainly due to high material prices and increased interest rates.

1. *Electronics Division*

- The Division reported a 4% and a 37% decrease in sales and operating profit for the first half this year when compared to those of the same period last year.
- Sales from the electronics and components business increased by 2% over the corresponding period last year. Affected by the high component prices and appreciating Renminbi, profit from subsidiaries decreased by 10%. The divestment of the 41.6% owned automotive electronics manufacturing associate in December 2004 as well as the high raw material prices led to lower contributions from associates. As a result, profit contribution from the electronics and components business dropped by 28%.
- Sales from the wire harness subsidiaries decreased by 8% while profit contribution remained steady when compared to the first half of last financial year. Sales of wire harness to the US market increased significantly. However, performance of the wire harness associates in China decreased substantially as a result of keen price competition and inventory adjustments by some Chinese automakers. The cable business reported a 19% sales growth but profit contribution dropped by 16% due to very high raw material prices. Overall, profit contribution from the harness and cable business decreased by 16%.
- Total sales from the loudspeaker business decreased by 4% mainly due to a weaker market in Europe. However, sales to the US and Asian markets increased by more than 20%.

2. CIH Limited (“CIHL”) – 67.9% owned by GP Industries

- CIHL registered a turnover of S\$68.2 million, which was about the same as that of last year while loss attributable to shareholders decreased by 16.5%.
- The 50:50 joint venture with Schneider Electric SA, Clipsal Asia Holdings Limited (“CAHL”) continued to face keen competition in China. In Hong Kong, despite the higher prime lending rate which has slowed down property market, there was a continuing demand for electrical accessories products from the development and renovation of hotels, service apartments and the retrofit market. The Middle East, Indonesian and Thailand markets continued to perform well with sales growth.
- Sales of light fittings in China were volatile due to its project-based nature. CIHL is positioning GP Lighting as the professional lighting solution and manufacturer/provider of environmentally friendly lighting products. New sales offices have been set up in Ningbo, Nanjing and Qingdao to further strengthen its presence in the market.

3. GP Batteries International Ltd – 49.1% owned by GP Industries

- GP Batteries’ turnover grew by 3.1% but consolidated profit before exceptional items decreased by 50.2%. An exceptional loss of S\$5.8 million was recorded during the period under review in relation to the closing down and relocation of production facilities in order to reduce costs. However, profit before exceptional items for the quarter ended September 30, 2005 exceeded that of the quarter ended June 30, 2005 by about 26%.
- Sales increased mainly due to the continued increase in sales of nickel metal hydride (NiMH) rechargeable batteries and alkaline primary cylindrical batteries. Gross profit margin for alkaline primary cylindrical batteries suffered due to high zinc prices and the strengthening of Renminbi while the gross profit margin for NiMH rechargeable batteries improved as the price of nickel stabilised during the quarter ended September 30, 2005.
- Relocation of the Danish alkaline 9-volt plant to Malaysia, and the shifting of the NiMH rechargeable batteries operations in Malaysia to China have been completed. Relocation of part of the Lithium Ion batteries production facilities from Taiwan and Hong Kong to China is progressing slowly due to the required approvals by relevant authorities.

Technology & Strategic Division

- In August 2005, the Group’s non-wholly owned subsidiary, Lighthouse Technologies Limited (“Lighthouse”), issued new shares to acquire 49% interest of a LED screen manufacturer for vertical integration. Subsequently, Lighthouse has become an associate of the Group with the Company’s and CIHL’s shareholdings being diluted to 30.5% and 19.3% respectively. Since then, the Group has deconsolidated Lighthouse and only equity accounted for its results.
- During the period, though competition remained keen, the market for LED superscreens continued to show signs of improvement. Coupled with its continuous efforts in streamlining operations and developing new products, Lighthouse’s performance improved significantly and recorded an over 15% increase in sales during the period. This sales growth enabled Lighthouse to strengthen its leading position in the worldwide audio-visual market.

Financial Review

During the period, the Group's consolidated net bank borrowings decreased by HK\$127 million to HK\$2,131 million. As at September 30, 2005, the aggregate of the Group's shareholders' funds and minority interests was HK\$1,955 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to shareholders' fund and minority interests) was 1.09 (March 31, 2005: 1.07). The gearing ratios of the Company, GP Industries, CIHL and GP Batteries were 0.97 (March 31, 2005: 0.94), 0.50 (March 31, 2005: 0.48), 0.03 (March 31, 2005: 0.02) and 0.95 (March 31, 2005: 0.94) respectively.

At September 30, 2005, 48% (March 31, 2005: 54%) of the Group's bank borrowings was revolving or repayable within one year whereas 52% (March 31, 2005: 46%) was mostly repayable between one to five years. Most of these bank borrowings are on floating interest rates. About 12%, 34% and 52% of the Group's bank borrowings are in US dollars, Singapore dollars and Hong Kong dollars respectively.

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 and its major associates continued to manage foreign exchange risks prudently. Forward contracts and currency swaps, borrowings in local currencies and local sourcing have been arranged to minimise foreign exchange risk.

Employees and Remuneration Policies

As at September 30, 2005, the Group's major business divisions employed over 19,000 people worldwide (March 31, 2005: 20,000). 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. In addition to basic salary, discretionary bonus are also granted to eligible employees based on the Group's and individual's performance.

Prospects

Demand for most of the Group's and its major associates' products remains steady. However, business is expected to continue facing highly competitive market conditions. High material prices, rising interest rates as well as the strong Renminbi will continue to affect most of the manufacturers.

The Group will continue implementing measures to improve the competitiveness of its businesses. It will continue rationalising its manufacturing facilities, investing in product development and looking for acquisition opportunities to expand its product ranges and earnings base as well as studying ways to streamline its corporate structure to improve overall efficiency.

Demand for the Group's electronic products remains solid. The keen price competition and adjustments in the Chinese automotive market will continue to affect profit contribution from the wire harness associates. Recent appreciation of the Renminbi also increases the operating costs in China. CIHL's major markets in the short term remain competitive. CAHL will continue to focus on productivity and efficiency improvements to counter the rising raw material prices. The recent easing of nickel price will have positive impact on the battery business. In view of the current high oil price, there is a renewed interest in electric transportation. GP Batteries is now looking for opportunities to commercialise EV (electric vehicle) battery project.

Condensed Consolidated Income Statement

For the six months ended September 30

		2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) (Restated) <i>HK\$'000</i>
	<i>Notes</i>		
Turnover	4	1,077,293	1,079,670
Cost of sales		<u>(855,221)</u>	<u>(864,719)</u>
Gross profit		222,072	214,951
Other income		101,748	61,249
Distribution costs		(105,068)	(93,775)
Administrative expenses		(147,974)	(149,166)
Other operating expenses	5	<u>–</u>	<u>(1,112)</u>
Profit from operations	6	70,778	32,147
Net investment gain	7	187	873
Finance costs		(55,658)	(37,075)
Share of results of associates		53,855	92,140
Share of results of jointly controlled entities		(17,749)	(4,195)
Gain (loss) on deemed disposal/partial disposal of subsidiaries		6,063	(3,290)
Loss on deemed partial disposal of an associate		(41)	–
Amortisation of goodwill on acquisition of associates		–	(2,114)
Realisation of negative goodwill on acquisition of associates		<u>–</u>	<u>518</u>
Profit before taxation		57,435	79,004
Taxation	8	<u>(14,803)</u>	<u>(12,759)</u>
Profit after taxation		<u>42,632</u>	<u>66,245</u>
Attributable to:			
Equity shareholders of the Company		42,820	54,400
Minority interests		<u>(188)</u>	<u>11,845</u>
		<u>42,632</u>	<u>66,245</u>
Interim dividend		<u>16,479</u>	<u>21,785</u>
Earnings per share	9		
Basic		7.8 cents	10.0 cents
Diluted		<u>7.7 cents</u>	<u>8.8 cents</u>

Condensed Consolidated Balance Sheet

		September 30, 2005 (Unaudited) HK\$'000	March 31, 2005 (Audited) HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		103,830	104,130
Property, plant and equipment	10	399,075	418,598
Interests in associates		1,330,459	1,218,312
Interests in jointly controlled entities		304,839	322,501
Unlisted equity investment		269,377	275,298
Trademarks		50,193	52,284
Investments in securities		–	149,538
Available-for-sale investments		87,228	–
Advances to trade associates		113,998	113,998
Long-term receivables		619,206	647,900
Deferred expenditure		8,157	30,915
Goodwill		39,495	77,038
Deferred taxation assets		15,208	15,889
		<u>3,341,065</u>	<u>3,426,401</u>
Current assets			
Inventories		294,635	387,524
Debtors, bills receivable and prepayments	11	1,024,889	1,105,361
Investments in securities		–	233,901
Available-for-sale investments		154,746	–
Dividends receivable		22,134	17,057
Taxation recoverable		2,501	2,852
Bank balances, deposits and cash		490,243	348,827
		<u>1,989,148</u>	<u>2,095,522</u>
Current liabilities			
Creditors and accrued charges	12	727,350	764,069
Obligations under finance leases		4,032	4,823
Taxation payable		16,024	19,446
Bank loans, overdrafts and import loans		1,248,794	1,392,649
Derivative financial instruments		528	–
		<u>1,996,728</u>	<u>2,180,987</u>
Net current liabilities		<u>(7,580)</u>	<u>(85,465)</u>
Total assets less current liabilities		<u>3,333,485</u>	<u>3,340,936</u>
Non-current liabilities			
Borrowings		1,368,348	1,209,600
Deferred taxation liabilities		8,941	12,348
Derivative financial instruments		939	–
		<u>1,378,228</u>	<u>1,221,948</u>
		<u>1,955,257</u>	<u>2,118,988</u>
CAPITAL AND RESERVES			
Share capital		274,643	272,630
Reserves		907,858	1,001,393
Equity attributable to shareholders of the Company		<u>1,182,501</u>	<u>1,274,023</u>
Minority interests		772,756	844,965
		<u>1,955,257</u>	<u>2,118,988</u>

Condensed Consolidated Cash Flow Statement

For the six months ended September 30

	2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) <i>HK\$'000</i>
Net cash inflow from operating activities	18,610	78,527
Net cash (outflow) inflow from investing activities	(5,717)	526,691
Net cash inflow (outflow) from financing activities	131,575	(332,953)
Increase in cash and cash equivalents	144,468	272,265
Cash and cash equivalents at beginning of the period	340,633	252,618
Effect of foreign exchange rate changes	(4,410)	(3,073)
Cash and cash equivalents at end of the period	480,691	521,810

Condensed Consolidated Statement of Changes in Equity

For the six months ended September 30, 2005

	Share Capital HK\$'000	Share Premium HK\$'000	Share Option Reserve HK\$'000	Legal Reserve HK\$'000	Properties Revaluation Reserve HK\$'000	Translation Reserve HK\$'000
At March 31, 2005						
– As previously reported	272,630	460,336	–	12,291	100,603	(147,739)
– Effect of changes in accounting policies	–	–	6,628	–	–	3,005
– As restated	272,630	460,336	6,628	12,291	100,603	(144,734)
Opening adjustments on adoption of new accounting standards	–	–	–	–	–	–
At April 1, 2005, as restated	272,630	460,336	6,628	12,291	100,603	(144,734)
Issue of shares, net of expenses	2,013	3,599	–	–	–	–
Additional investment in subsidiaries	–	–	–	–	–	–
Deemed disposal /partial disposal of subsidiaries	–	–	–	–	–	–
Share of reserves of associates	–	–	256	–	–	555
Net profit for the period	–	–	–	–	–	–
Share option expenses	–	–	600	–	–	–
Change in fair value of available-for-sale investments	–	–	–	–	–	–
Dividend paid – 2005 final dividend	–	–	–	–	–	–
Dividend declared – 2006 interim dividend	–	–	–	–	–	–
Dividend paid to minority interests	–	–	–	–	–	–
Currency realignment	–	–	–	–	–	(7,784)
At September 30, 2005	274,643	463,935	7,484	12,291	100,603	(151,963)

Goodwill Reserve	Capital Reserve	Capital Redemption Reserve	Dividend Reserve	Available-for-sale Investments Reserve	Accumulated Profits	Total	Minority Interests	Total
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(538,633)	1,127	35,358	16,479	-	1,061,571	1,274,023	844,965	2,118,988
-	-	-	-	-	(9,633)	-	-	-
(538,633)	1,127	35,358	16,479	-	1,051,938	1,274,023	844,965	2,118,988
538,633	-	-	-	-	(535,804)	2,829	417	3,246
-	1,127	35,358	16,479	-	516,134	1,276,852	845,382	2,122,234
-	-	-	-	-	-	5,612	-	5,612
-	-	-	-	-	-	-	(418)	(418)
-	-	-	-	-	-	-	(32,867)	(32,867)
-	3	-	-	(8,253)	-	(7,439)	(1,098)	(8,537)
-	-	-	-	-	42,820	42,820	(188)	42,632
-	-	-	-	-	-	600	87	687
-	-	-	-	(111,681)	-	(111,681)	(20,987)	(132,668)
-	-	-	(16,479)	-	-	(16,479)	-	(16,479)
-	-	-	16,479	-	(16,479)	-	-	-
-	-	-	-	-	-	-	(6,763)	(6,763)
-	-	-	-	-	-	(7,784)	(10,392)	(18,176)
-	1,130	35,358	16,479	(119,934)	542,475	1,182,501	772,756	1,955,257

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended September 30, 2004

	Share Capital HK\$'000	Share Premium HK\$'000	Share Option Reserve HK\$'000	Legal Reserve HK\$'000	Properties Revaluation Reserve HK\$'000	Translation Reserve HK\$'000
At April 1, 2004						
– As previously stated	271,095	456,971	–	11,303	100,603	(143,886)
– Effect of changes in accounting policies	–	–	765	–	–	1,955
– As restated	271,095	456,971	765	11,303	100,603	(141,931)
Issue of shares, net of expenses	1,213	2,759	–	–	–	–
Deemed disposal/partial disposal of subsidiaries	–	–	–	–	–	–
Acquisition of additional interests of subsidiaries	–	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–
Share of reserves of associates and jointly controlled entities	–	–	512	–	–	(6,475)
Net profit for the period	–	–	–	–	–	–
Share option expenses	–	–	591	–	–	–
Dividend paid						
– 2004 final dividend	–	–	–	–	–	–
– 2004 special dividend	–	–	–	–	–	–
Dividend declared						
– 2005 interim dividend	–	–	–	–	–	–
Dividend paid to minority interests of subsidiaries	–	–	–	–	–	–
Currency realignment	–	–	–	–	–	(3,685)
At September 30, 2004	<u>272,308</u>	<u>459,730</u>	<u>1,868</u>	<u>11,303</u>	<u>100,603</u>	<u>(152,091)</u>

Goodwill Reserve HK\$'000	Capital Reserve HK\$'000	Capital Redemption Reserve HK\$'000	Dividend Reserve HK\$'000	Available-for-sale		Total HK\$'000	Minority Interests HK\$'000	Total HK\$'000
				Investments Reserve HK\$'000	Accumulated Profits HK\$'000			
(538,633)	582	35,358	54,298	-	1,030,696	1,278,387	272,836	1,551,223
-	-	-	-	-	(2,720)	-	-	-
(538,633)	582	35,358	54,298	-	1,027,976	1,278,387	272,836	1,551,223
-	-	-	-	-	-	3,972	-	3,972
-	-	-	-	-	-	-	29,068	29,068
-	-	-	-	-	-	-	(200,864)	(200,864)
-	-	-	-	-	-	-	811,532	811,532
-	3	-	-	-	-	(5,960)	(766)	(6,726)
-	-	-	-	-	54,400	54,400	11,845	66,245
-	-	-	-	-	-	591	87	678
-	-	-	(27,149)	-	(72)	(27,221)	-	(27,221)
-	-	-	(27,149)	-	(72)	(27,221)	-	(27,221)
-	-	-	21,785	-	(21,785)	-	-	-
-	-	-	-	-	-	-	(52,659)	(52,659)
-	-	-	-	-	-	(3,685)	(2,275)	(5,960)
<u>(538,633)</u>	<u>585</u>	<u>35,358</u>	<u>21,785</u>	<u>-</u>	<u>1,060,447</u>	<u>1,273,263</u>	<u>868,804</u>	<u>2,142,067</u>

Notes to the Unaudited Interim Financial Statements

1. Basis of preparation

The unaudited interim 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 Accountant (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 accounting policies adopted for the preparation of the interim financial statements are consistent with those followed in the Company’s annual financial statements for the year ended March 31, 2005 except that the Group has changed certain of its accounting policies following its adoption of the new Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as “new HKFRSs”). The effects of adopting the new standards are set out in note 2 below.

2. Principal accounting policies

In the current period, the Group has applied, for the first time, a number of new HKFRSs issued by the HKICPA. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates and jointly controlled entities have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

(a) HKAS 32 and HKAS 39 – Financial Instruments

(i) Equity securities

In prior periods, the Group classified its investments in equity securities, other than held-to-maturity debt securities, as investments securities or other investments as appropriate. Investment securities are carried at cost less any identified impairment losses while other investments are measured at fair value, with unrealised gains or losses included in the profit or loss. Upon the adoption of HKAS 32 and HKAS 39, the Group classifies its investments in equity securities, other than held-to-maturity debt securities, as investments in securities and available-for-sale investments. The classification depends on the purpose for which the assets are acquired. Investments in securities and available-for-sale investments are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively.

The effects of the above changes are summarised in note 3 to the interim financial statements. In accordance with the transitional provisions of HKAS 39, comparative figures have not been restated.

(ii) Derivative financial instruments

In prior periods, the Group used derivative financial instruments to hedge its risks associated with foreign currency fluctuations and these instruments were recognised on a cash basis. Upon the adoption of HKAS 39, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the period in which they arise.

The effect of the above changes are summarised in note 3 to the interim financial statements. In accordance with the transitional provisions of HKAS 39, comparative figures have not been restated.

Notes to the Unaudited Interim Financial Statements (Continued)

(b) HKFRS 2 – Share-based Payment

In the current period, the Group has applied HKFRS 2 which requires an expense to be recognised where the Group buys goods or obtain services in exchange for shares or rights over shares (“equity-settled transactions”), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (“cash-settled transactions”). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors’ and employees’ share options of the Company, its subsidiaries and its associates determined at the date of grant of the share options over the vesting period, exercise price, volatility of the share price and other factors. Prior to the application HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after April 1, 2005. In relation to share options granted before April 1, 2005, the Group has not applied HKFRS 2 to share options granted on or before November 7, 2002 and share options that were granted after November 7, 2002 and had vested before April 1, 2005 in accordance with the relevant transitional provision. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after November 7, 2002 and had not yet vested on April 1, 2005.

The effect of the above changes are summarised in note 3 to the interim financial statements and comparative figures have been restated.

(c) HKFRS 3 – Business Combinations

In prior periods, goodwill arising on acquisitions prior to April 1, 2001 was held in reserves, and goodwill arising on acquisitions after April 1, 2001 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3 and goodwill previously recognised in reserves has been transferred to the Group’s retained earnings on April 1, 2005. With respect to goodwill previously capitalised on the balance sheet, the Group has discontinued amortising such goodwill from April 1, 2005 onwards and goodwill will be tested for impairment annually. Goodwill arising on acquisitions after April 1, 2005 is measured at cost less accumulated impairment losses after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period. The effect of the above changes are summarised in note 3 to the interim financial statements. In accordance with the transitional provisions of HKFRS 3, comparative figures have not been restated.

(d) HKAS 21 – The Effect of Changes in Foreign Exchange Rates

In the current period, the Group has applied HKAS 21 which requires exchange differences arising from monetary item that forms part of the Group’s net investment in a foreign subsidiary or associate are charged to profit and loss in the individual entity’s financial statements. Such exchange differences are reclassified to reserves in the consolidated financial statements of the Group, except for exchange differences arising from monetary items that are denominated in currencies which are different from the functional currencies of the investor and investee entity.

The effect of the above changes are summarised in note 3 to the interim financial statements and comparative figures have been restated.

3. Summary of the effect of the changes in accounting policies

- (a) The effects of the changes in the accounting policies described in note 2 on the results for the current and prior period are as follows:

	For the six months ended September 30,	
	2005 HK\$'000	2004 HK\$'000
Decrease in amortisation of goodwill	2,012	–
Expenses in relation to share options granted to employees	(689)	(678)
Decrease in share of results of associates	(293)	(587)
Decrease in amortisation of goodwill on acquisition of associates	2,113	–
Decrease in realisation of negative goodwill on acquisition of associates	(493)	–
Exchange gain (loss) arising from monetary items	1,696	(89)
Total increase/(decrease) in profit	<u>4,346</u>	<u>(1,354)</u>

Notes to the Unaudited Interim Financial Statements (Continued)

- (b) The cumulative effects of the application of the new HKFRSs as at March 31, 2005 and April 1, 2005 are summarised as follows:

	As at March 31, 2005 (originally stated) HK\$'000	Effect of changes in accounting policies HK\$'000	As at March 31, 2005 (restated) HK\$'000	Opening adjustments on adoption of new accounting standards HK\$'000	As at April 1, 2005 (restated) HK\$'000
Balance sheet items					
Investments in securities (non-current)	149,538	-	149,538	(149,538)	-
Investments in securities (current)	233,901	-	233,901	(233,901)	-
Available-for-sale investments (non-current)	-	-	-	149,538	149,538
Available-for-sale investments (current)	-	-	-	233,901	233,901
Total effect on assets and liabilities	<u>383,439</u>	<u>-</u>	<u>383,439</u>	<u>-</u>	<u>383,439</u>
Retained earnings	1,061,571	(9,633)	1,051,938	(535,804)	516,134
Translation reserve	(147,739)	3,005	(144,734)	-	(144,734)
Share options reserve	-	6,628	6,628	-	6,628
Goodwill reserve	(538,633)	-	(538,633)	538,633	-
Minority interests	-	844,965	844,965	417	845,382
Total effects on equity	<u>375,199</u>	<u>844,965</u>	<u>1,220,164</u>	<u>3,246</u>	<u>1,223,410</u>
Minority interests	<u>844,965</u>	<u>(844,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (c) The cumulative effects of the application of the new HKFRSs as at March 31, 2004 and April 1, 2004 are summarised as follows:

	As at April 1, 2004 (originally stated) HK\$'000	Effect of changes in accounting policies HK\$'000	As at April 1, 2004 (restated) HK\$'000
Retained earnings	1,030,696	(2,720)	1,027,976
Translation reserve	(143,886)	1,955	(141,931)
Share options reserve	-	765	765
Minority interests	-	272,836	272,836
Total effects on equity	<u>886,810</u>	<u>272,836</u>	<u>1,159,646</u>

Notes to the Unaudited Interim Financial Statements (Continued)

4. 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 by principal activity:

For the six months ended September 30, 2005

	Technology & Strategic HK\$'000	Electronics HK\$'000	Batteries HK\$'000	Electrical HK\$'000	Elimination HK\$'000	Total HK\$'000
Turnover						
External sales	137,718	922,407	-	17,168	-	1,077,293
Inter-segment sales	-	-	-	-	-	-
	<u>137,718</u>	<u>922,407</u>	<u>-</u>	<u>17,168</u>	<u>-</u>	<u>1,077,293</u>

Inter-segment sales are charged at prevailing market rates.

	Technology & Strategic HK\$'000	Electronics HK\$'000	Batteries HK\$'000	Electrical HK\$'000	Elimination HK\$'000	Total HK\$'000
Results						
Segmental results	21,161	33,209	-	12,031	-	66,401
Unallocated corporate expenses						(23,546)
Other corporate income						<u>27,923</u>
Profit from operations						70,778
Net investment gain						187
Finance costs						
- Segment	(3,149)	(24,303)	-	(2,848)	-	(30,300)
- Corporate						(25,358)
Share of results of associates	(828)	37,524	17,413	(254)	-	53,855
Share of results of jointly controlled entities	-	-	-	(17,749)	-	(17,749)
Gain on deemed disposal/partial disposal of subsidiaries						6,063
Loss on deemed partial disposal of an associate						<u>(41)</u>
Profit before taxation						57,435
Taxation						<u>(14,803)</u>
Profit after taxation						<u>42,632</u>
Attributable to:						
Equity shareholders of the Company						42,820
Minority interests						<u>(188)</u>
						<u>42,632</u>

Notes to the Unaudited Interim Financial Statements (Continued)

For the six months ended September 30, 2004 (Restated)

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

Results

Segmental results	(2,449)	46,315	–	8,763	–	52,629
Unallocated corporate expenses						(28,652)
Other corporate income						8,170
Profit from operations						32,147
Net investment gain						873
Finance costs						
– Segment	(1,778)	(15,380)	–	(6,150)	–	(23,308)
– Corporate						(13,767)
Share of results of associates	(5,584)	60,258	44,835	(7,369)	–	92,140
Share of results of jointly controlled entities	–	–	–	(4,195)	–	(4,195)
Loss on deemed disposal/partial disposal of subsidiaries						(3,290)
Amortisation of goodwill on acquisition of associates						(2,114)
Realisation of negative goodwill on acquisition of associates						518
Profit before taxation						79,004
Taxation						(12,759)
Profit after taxation						<u>66,245</u>
Attributable to:						
Equity shareholders of the Company						54,400
Minority interests						11,845
						<u>66,245</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	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	(Restated) HK\$'000
The People's Republic of China				
– Hong Kong	61,621	52,509	14,285	19,450
– Mainland China	141,869	103,924	8,988	9,310
Other Asian countries	294,276	361,436	3,340	13,897
Europe	257,416	264,278	1,476	6,813
North and South America	285,201	234,859	15,745	22,599
Australia and New Zealand	33,716	49,904	6,703	1,108
Others	3,194	12,760	6,898	5,827
	<u>1,077,293</u>	<u>1,079,670</u>	<u>57,435</u>	<u>79,004</u>

Notes to the Unaudited Interim Financial Statements (Continued)

5. Other operating expenses

	For the six months ended September 30,	
	2005 HK\$'000	2004 HK\$'000
Amortisation of goodwill of subsidiaries/business	—	1,112

6. Profit from operations

	For the six months ended September 30,	
	2005 HK\$'000	2004 HK\$'000
Profit from operations has been arrived at after charging:		
Amortisation of deferred expenditure	8,019	3,242
Amortisation of trademarks	2,091	2,091
Depreciation of property, plant and equipment		
Owned assets	30,936	30,994
Assets held under finance leases	805	595

7. Net investment gain

	For the six months ended September 30,	
	2005 HK\$'000	2004 HK\$'000
Realized gain on disposal of an investment	187	879
Net unrealized holding loss on other investments	—	(6)

8. Taxation

	For the six months ended September 30,	
	2005 HK\$'000	2004 HK\$'000
Hong Kong Profits Tax	2,169	6,022
Taxation in jurisdictions other than Hong Kong	12,183	6,963
Deferred taxation	451	(226)

Hong Kong Profits Tax is calculated at 17.5% (2004: 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.

Notes to the Unaudited Interim Financial Statements (Continued)

9. 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,	
	2005	2004 (Restated)
	HK\$'000	HK\$'000
<i>Earnings</i>		
Net profit for the period and earnings for the purpose of basic earnings per share	42,820	54,400
Effect of dilutive potential shares on share of results of subsidiaries and associates based on the dilution of their earnings per share	(185)	(1,705)
Adjustment resulting from the assumed conversion of the convertible note	–	(4,529)
Earnings for the purpose of diluted earnings per share	<u>42,635</u>	<u>48,166</u>
	<u>'000</u>	<u>'000</u>

Number of shares

Weighted average number of shares for the purpose of basic earnings per share	548,640	543,414
Effect of dilutive potential shares on share options	1,311	7,462
Weighted average number of shares for the purpose of diluted earnings per share	<u>549,951</u>	<u>550,876</u>

The adjustment to comparative basic and diluted earnings per share, arising from the changes in accounting policies shown in note 2, is as follows:

	Basic HK cents	Diluted HK cents
Earnings per share, previously stated	10.2	9.0
Adjustments arising from the adoption of HKFRS 2	(0.2)	(0.2)
Adjustments arising from the adoption of HKAS 21	–	–
Earnings per share, as restated	<u>10.0</u>	<u>8.8</u>

The computation of diluted earnings per share for the period ended September 30, 2004 assumes the conversion of the convertible note into the shares of GP Industries Limited.

10. Property, plant and equipment

During the period, the Group spent approximately HK\$43,359,000 (six months ended September 30, 2004: HK\$52,695,000) on property, plant and equipment to expand its business.

Notes to the Unaudited Interim Financial Statements (Continued)

11. Debtors, bills receivable and prepayments

The Group allows its trade customers with credit period normally ranging from 30 days to 90 days. The following is an aging analysis of debtors, bills receivable and prepayments at the reporting date:

	September 30, 2005 <i>HK\$'000</i>	March 31, 2005 <i>HK\$'000</i>
0-60 Days	511,321	620,015
61-90 Days	31,539	26,006
>90 Days	482,029	459,340
	<u>1,024,889</u>	<u>1,105,361</u>

12. Creditors and accrued charges

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

	September 30, 2005 <i>HK\$'000</i>	March 31, 2005 <i>HK\$'000</i>
0-60 Days	430,623	430,742
61-90 Days	53,863	54,141
>90 Days	242,864	279,186
	<u>727,350</u>	<u>764,069</u>

13. Contingencies and commitments

(a) Contingent liabilities

	September 30, 2005 <i>HK\$'000</i>	March 31, 2005 <i>HK\$'000</i>
Guarantees given to banks in respect of banking facilities utilised by associates	<u>149,621</u>	<u>33,047</u>

(b) Capital commitment

	September 30, 2005 <i>HK\$'000</i>	March 31, 2005 <i>HK\$'000</i>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements	<u>2,111</u>	<u>9,014</u>

At September 30, 2005, the Group was also committed to invest in unlisted investment securities amounting to HK\$640,000 (March 31, 2005: HK\$3,120,000).

(c) Other commitment

Under the terms of the revised Joint Venture Agreement ("JVA") dated December 22, 2003, CIHL has the Clipsal Put Option to sell its entire 50% interest in CAHL to Schneider and Schneider has the Schneider Call Option to acquire the CIHL's entire 50% interest in CAHL. CIHL will be entitled to exercise the Clipsal Put Option at any time after December 21, 2004 subject to the satisfaction of certain conditions and Schneider may exercise the Schneider Call Option during a 90 day period after April 1, 2007 and then at any time after April 1, 2008. In addition, at any time on the occurrence of certain events specified in the JVA, including a material breach by Schneider or (as the case may be) CIHL of certain terms of the JVA, or if there is a change in control in Schneider or (as the case may be) CIHL, may trigger either the Clipsal Put Option or the Schneider Call Option being exercised by the respective party.

Notes to the Unaudited Interim Financial Statements (Continued)

14. Related party transactions

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

	For the six months ended	
	September 30,	
	2005	2004
	HK\$'000	HK\$'000
Sales to associates and jointly controlled entities	31,629	44,685
Purchases from associates	41,771	83,883
Interest income received from associates	–	62
Management fee income received from associates	5,605	5,605
Rental income from associates	<u>3,921</u>	<u>4,050</u>

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

	September 30,	March 31,
	2005	2005
	HK\$'000	HK\$'000
Trade receivables from associates and jointly controlled entities	58,155	60,791
Trade payables due to associates and jointly controlled entities	<u>9,734</u>	<u>26,977</u>

SUMMARY OF RESULTS

For the six months ended September 30, 2005, the Group's turnover amounted to HK\$1,077 million, a decrease of 0.2% as compared with HK\$1,080 million for the same period of last year. The unaudited consolidated profit attributable to shareholders amounted to HK\$42.8 million, a decrease of 21.3% compared to corresponding period in the previous year. The basic earnings per share for the period amounted to 7.8 cents as compared with 10.0 cents for the same period last year.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 3.0 cents (2004: 4.0 cents) per share. This amounts to a total dividend payment of approximately HK\$16,479,000 (2004: HK\$21,785,000) based on the total number of shares in issue as at November 17, 2005, being the latest practicable date prior to the announcement of the interim results. Dividend warrants will be despatched on December 23, 2005 to registered shareholders of the Company on December 16, 2005.

CLOSURE OF REGISTER

The Register of Shareholders of the Company will be closed from December 13, 2005 to December 16, 2005, 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 12, 2005.

Disclosure of Interest

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

As at September 30, 2005, 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, 2005, 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	74,951,811	–	74,951,811	13.65
Andrew NG Sung On	69,771,957	417,000	70,188,957	12.78
Kevin LO Chung Ping	625,000	3,239,066	3,864,066	0.70
Paul LO Chung Wai	22,611,518	–	22,611,518	4.12
LEUNG Pak Chuen	3,202,581	–	3,202,581	0.58
Richard KU Yuk Hing	2,231,780	–	2,231,780	0.41
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	0.35
LUI Ming Wah	–	–	–	–
Frank CHAN Chi Chung	–	–	–	–
CHAN Kei Bui	–	–	–	–

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, 2005, the direct and indirect beneficial interests of the directors and the chief executive in the shares of GP Batteries International Limited ("GPBI"), a 49.1% owned associate of GP Industries Limited ("GP Ind"), CIH Limited ("CIHL"), a 67.9% owned subsidiary of GP Ind, and Gold Peak Industries (Taiwan) Limited ("GPIT"), a 79.6% owned subsidiary of GPBI, and GP Ind, a 87.1% 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	0.08
Vincent CHEUNG Ting Kau	20,000	0.02	-	-	-	-	-	-
LUI Ming Wah	-	-	-	-	-	-	-	-
Frank CHAN Chi Chung	-	-	-	-	-	-	-	-
CHAN Kei Bui	-	-	-	-	-	-	-	-

Save as disclosed above, as at September 30, 2005, 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 4.1.2005	Exercised during the period	Expired during the period	Outstanding at 9.30.2005
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
Andrew CHUANG Siu Leung	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>8,875,000</u>	<u>(3,500,000)</u>	<u>-</u>	<u>5,375,000</u>
Employees	5.8.2000	5.8.2000-5.7.2005	1.41	375,000	(275,000)	(100,000)	-
	3.30.2001	3.30.2001-3.29.2006	1.45	1,475,000	-	-	1,475,000
				<u>1,850,000</u>	<u>(275,000)</u>	<u>(100,000)</u>	<u>1,475,000</u>
				<u>10,725,000</u>	<u>(3,775,000)</u>	<u>(100,000)</u>	<u>6,850,000</u>

Note: The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$1.95.

Disclosure of Interest *(Continued)*

(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, 2005 under the New Option Scheme was 14,835,000 representing 2.7% of the shares of the Company on September 30, 2005. 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 4.1.2005	Exercised during the period	Outstanding at 9.30.2005
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
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
				10,850,000	–	10,850,000
Employees	10.18.2002	4.18.2003-10.17.2007	1.17	1,350,000	(250,000)	1,100,000
	10.2.2003	10.2.2003-10.1.2008	1.84	2,885,000	–	2,885,000
				4,235,000	(250,000)	3,985,000
				15,085,000	(250,000)	14,835,000

Note: The weight average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$1.84.

Disclosure of Interest *(Continued)*

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

- (b) GP Ind has a share option scheme adopted in November 1999 (the "GP Ind 1999 Option Scheme"). 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, 2005 under the GP Ind 1999 Option Scheme was 13,880,000, representing 3.0% of the shares of GP Ind on September 30, 2005. 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 4.1.2005	Exercised during the period	Cancelled during the period	Outstanding at 9.30.2005
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 9.30.2005
				Outstanding at 4.1.2005	Exercised during the period	Cancelled during the period	
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
				<u>4,488,000</u>	<u>-</u>	<u>-</u>	<u>4,488,000</u>
Directors of GP Ind	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	4.4.2001	4.4.2003-4.3.2006	0.620	140,000	-	-	140,000
	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	7.5.2005-7.4.2009	1.030	270,000	-	-	270,000
Employees of the Group	4.14.2000	4.14.2002-4.13.2010	0.456	509,000	(120,000)	-	389,000
	4.4.2001	4.4.2003-4.3.2011	0.620	1,514,000	(184,000)	-	1,330,000
	8.14.2002	8.14.2003-8.13.2012	0.550	653,000	(54,000)	-	599,000
	9.15.2003	9.15.2004-9.14.2013	0.880	2,601,000	-	(45,000)	2,556,000
	7.5.2004	7.5.2005-7.4.2014	1.030	3,199,000	-	(135,000)	3,064,000
				<u>9,930,000</u>	<u>(358,000)</u>	<u>(180,000)</u>	<u>9,392,000</u>
				<u>14,418,000</u>	<u>(358,000)</u>	<u>(180,000)</u>	<u>13,880,000</u>

Note: The weighted average closing price of GP Ind's shares immediately before the dates on which the options were exercised was S\$0.88.

Disclosure of Interest *(Continued)*

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

- (c) CIHL has a share option scheme adopted in June 1999 (the "CIHL 1999 Option Scheme"). According to the CIHL 1999 Option Scheme, the directors of CIHL is authorised, at any time within ten years after the adoption of CIHL 1999 Option Scheme, to grant options to any directors or employees of CIHL or any of its subsidiaries to subscribe for CIHL's shares at a price not more than 20% discount of the average of the closing prices of CIHL's shares on the three trading days immediately proceeding the offer date of the options or the nominal value of the CIHL's shares, whichever is higher. Unless otherwise cancelled or amended, CIHL 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 CIHL 1999 Option Scheme cannot exceed 15% of the nominal amount of the issued share capital of CIHL on the day preceding the offer date.

The number of shares in respect of which options had been granted and outstanding on September 30, 2005 under the CIHL 1999 Option Scheme was 544,000, representing 0.4% of the shares of CIHL on September 30, 2005. Options 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 CIHL 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 4.1.2005	Exercised during the period	Cancelled during the period	Outstanding at 9.30.2005
Victor LO Chung Wing	5.25.2000	5.25.2002-5.24.2010	2.025	200,000	-	-	200,000
CHAU Kwok Wai	5.25.2000	5.25.2002-5.24.2010	2.025	160,000	-	-	160,000
				360,000	-	-	360,000
Directors of CIHL	5.25.2000	5.25.2002-5.24.2010	2.025	50,000	(20,000)	-	30,000
Non-executive directors of CIHL	5.25.2000	5.25.2002-5.24.2005	2.25	150,000	(150,000)	-	-
Employees of the Group	5.25.2000	5.25.2002-5.24.2010	1.9125	134,000	-	(12,000)	122,000
	5.25.2000	5.25.2002-5.24.2010	2.025	142,000	-	(110,000)	32,000
				476,000	(170,000)	(122,000)	184,000
				836,000	(170,000)	(122,000)	544,000

Note: The weighted average closing price of CIHL's shares immediately before the dates on which the options were exercised was S\$2.71.

Disclosure of Interest *(Continued)*

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

- (d) GPBI has a share option scheme adopted in December 1999 (the "GPBI 1999 Option Scheme"). The GPBI 1999 Option Scheme 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. A summary of options outstanding during the period, which have been granted to the directors of the Company under the GPBI 1999 Option Scheme was as follows:

Name of Director	Date of Grant	Exercisable period	Exercise Price S\$	Number of option shares outstanding at 4.1.2005 and 9.30.2005
Andrew NG Sung On	3.17.2000	3.17.2002-3.16.2010	1.410	200,000
	10.11.2000	10.11.2002-10.10.2010	1.600	200,000
	8.5.2002	8.5.2004-8.4.2012	1.250	190,000
	6.25.2003	6.25.2005-6.24.2013	2.500	190,000
Richard KU Yuk Hing	6.25.2003	6.25.2005-6.24.2013	2.500	170,000
Raymond WONG Wai Kan	8.5.2002	8.5.2004-8.4.2012	1.250	120,000
	6.25.2003	6.25.2005-6.24.2013	2.500	120,000
				<u>1,190,000</u>

Saved as disclosed above, as at September 30, 2005, 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

As at September 30, 2005, 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	54,564,000	9.93%

Saved as disclosed above, as at September 30, 2005, 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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

Compliance with the Code on Corporate Governance Practices

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the period, except for the following deviations:

Code Provision A.2.1 stipulates that the role 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 & Chief Executive of the Company. The Board considers that this 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 have been separately listed and each run by a different board of directors.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company's non-executive directors were not appointed for a specific term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Article of Association.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code of conduct regarding the directors' securities transactions. Having made specific enquiring of all Directors, the Company confirmed that all Directors have complied with the required standard set out in Appendix 10 of the Listing Rules throughout the period.

Audit Committee

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors and one non-executive director of the Company. The unaudited interim financial statements for the six months ended September 30, 2005 have been reviewed by the Company's audit committee.

Board of Directors

As at the date of this report, the Board of Directors of the Company consists of 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. Lui Ming Wah, Mr. Frank Chan Chi Chung and Mr. Chan Kei Biu as Independent Non-Executive Directors.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, November 18, 2005