

Gold Peak Industries (Holdings) Limited

金山工業(集團)有限公司



Interim Report 2006/07

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

Non-Executive

Raymond WONG Wai Kan
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

REMUNERATION COMMITTEE

Frank CHAN Chi Chung, *Chairman*
LUI Ming Wah
CHAN Kei Bui
Victor LO Chung Wing
CHAU Kwok Wai

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
26/F, Tesbury Centre
28 Queen's Road East, Hong Kong

ADR DEPOSITARY

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

STOCK CODES

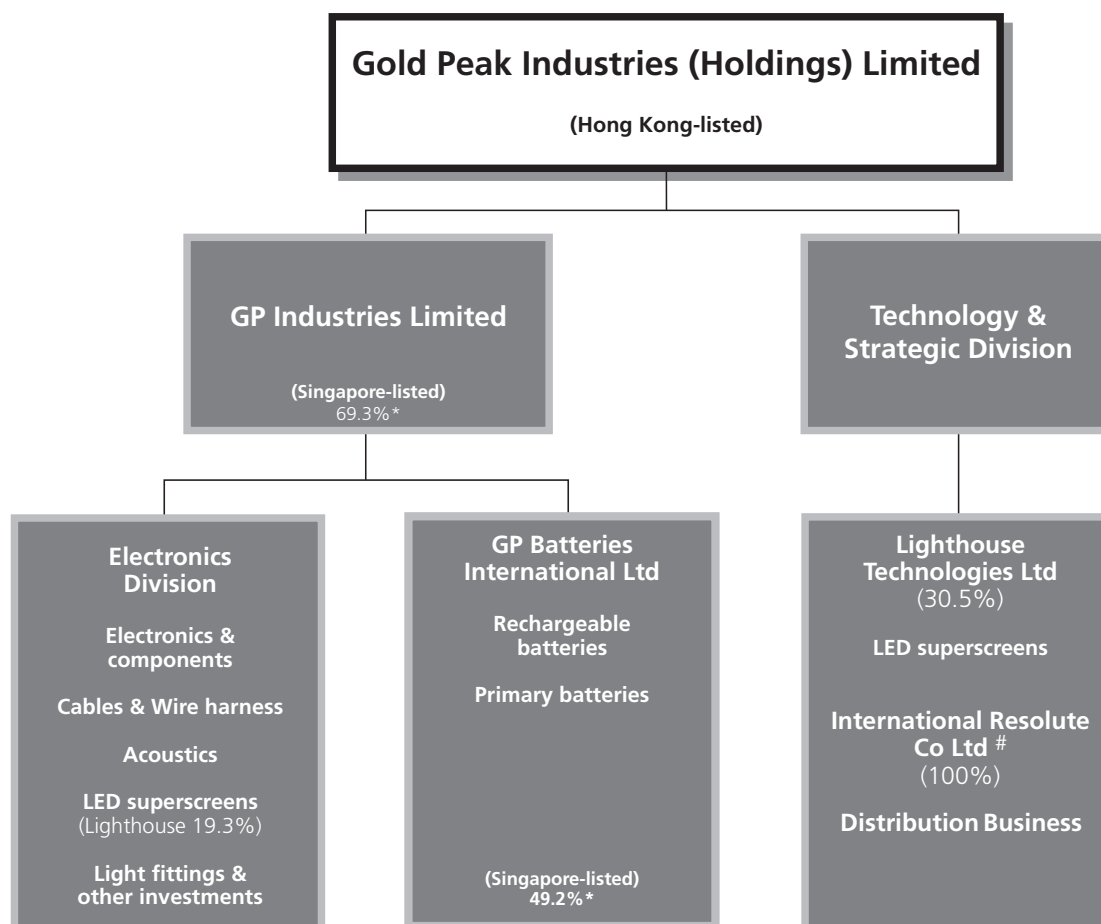
Hong Kong Stock Exchange	40
ADR	GPINY US
Bloomberg	40 HK
Reuters	0040 HK

KEY DATES

Closure of Register: December 12 to 15, 2006

Interim Dividend: Payable on December 28, 2006

Group Structure



* Percentage stated denotes respective shareholding held by Gold Peak or GP Industries as at November 21, 2006

Holding an industrial building for own use

Group Profile

Gold Peak Group is an Asian multinational group which owns high-quality industrial investments via GP Industries Limited, its major industrial investment vehicle. Its Technology and Strategic Division is engaged in the development of new product technologies and strategic investments. In the industrial sector, the Group has built renowned brand names for its major product categories, such as **GP Batteries**, **KEF** loudspeakers and **Lighthouse** LED superscreens.

The parent company, Gold Peak Industries (Holdings) Limited, was established in 1964 and has been listed on the Stock Exchange of Hong Kong since 1984. Currently, Gold Peak holds an approximately 69.3%* interest in GP Industries while GP Industries holds a 49.2%* interest in GP Batteries International Limited. GP Industries and GP Batteries are publicly listed in Singapore.

GP Industries is engaged in the development, manufacture and distribution of electronics and components, cables and wire harness, loudspeakers and light fittings. It also has investments in other businesses. GP Batteries is engaged in the development, manufacture and marketing of batteries and related products.

Lighthouse Technologies Limited, 30.5%-owned by Technology & Strategic Division and 19.3%-owned by GP Industries, is a leading supplier of indoor and outdoor video displays using the latest high brightness LED (light emitting diode) technology.

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, 2006.

Highlights

- Consolidated turnover decreased by 7% to HK\$1,002 million
- Turnover for all divisions was HK\$3,258 million
- Profit attributable to shareholders increased by 10% to HK\$47.3 million
- Earnings per share increased from 7.8 Hong Kong cents to 8.6 Hong Kong cents
- Interim dividend per share: 3.0 Hong Kong cents (2005/06: 3.0 Hong Kong cents)

Business Review

The consolidated turnover decreased by 7% from HK\$1,077 million to HK\$1,002 million. This was mainly due to the deconsolidation of Lighthouse Technologies Limited since August 2005. Profit attributable to shareholders increased by 10% from HK\$42.8 million to HK\$47.3 million.

GP Industries – 69.3% owned by Gold Peak

1. *Electronics Division*

- Electronics and components – Sales decreased by 15%. Lower operating profit and smaller other operating income resulted in a 27% decrease in contribution to operating profit before interest, taxation (“PBIT”) and exceptional items.
- Cables and wire harness – Sales from the wire harness business decreased by 2%. PBIT excluding exceptional items increased by 28% as contribution from associates in China improved. The 45.13%-owned cable associate LTK continued its outstanding performance with more than 90% growth in profit contribution. PBIT excluding exceptional items from the wire harness and cable business improved by more than 60%. In September 2006, GP Industries disposed of its partial interest in wire harness business. An exceptional gain of approximately S\$7.1 million was recorded from this disposal.
- Acoustics – The acoustics business reported good growth in revenue. Sales increased by 26%, mainly contributed by the introduction of new products which were well received in the market. Sales to Europe increased by 37% while those to the US grew by 48%. The acoustics business returned to profit compared to a loss before interest and taxation last year.
- CIH Limited (“CIHL”) – Sales from the light-fittings business contributed a turnover of S\$4.6 million. Contribution to operating profit before exceptional items from CIHL also increased, mainly due to higher interest income and lower expenses.
- During the period, GP Industries acquired additional CIHL shares in the open market and all the remaining CIHL shares upon completion of CIHL’s privatisation.

2. GP Batteries – 49.2% owned by GP Industries

- Turnover decreased as demand for Nickel Metal Hydride rechargeable batteries continued to be affected by the price increase implemented by GP Batteries. This was, however, partly cushioned by an increase in turnover of primary cylindrical batteries including Alkaline and Carbon Zinc batteries.
- Gross profit margin was only slightly lower despite the significant rise in raw material prices as GP Batteries continued reaping benefits from the cost-saving measures implemented across the GP Batteries Group.
- GP Batteries Group has entered into a cooperation agreement with two partners to set up a new company in Taiwan, GWA Energy Inc. The joint venture will be engaged in battery pack design and global sales management of high-power Lithium Polymer batteries which are mainly for the power tools and e-bicycle markets.
- The 49%-owned associate Ningbo GP Sanyo Energy Co Ltd (“NGPSE”) has settled with the insurance company for the damages caused by the fire incident. GP Batteries has also reached an agreement with its Japanese partner on the restructuring of NGPSE where NGPSE will become a subsidiary of GP Batteries subject to the approval of the relevant authorities. NGPSE is targeted to resume operation during the financial year 2007.

Technology & Strategic Division

Lighthouse Technologies Limited, 30.5%-owned by Gold Peak and 19.3%-owned by GP Industries, saw a 12% growth in sales revenue. The vertical integration into manufacturing of LED display screens in the previous financial year has enabled Lighthouse to maintain its profit margin level despite the price erosion brought by keen global price competition. In addition to being one of the market leaders in supplying the global screen rental market, Lighthouse made good progress in the fastest-growing global digital signage market during the period.

Financial Review

During the period, the Group's total assets increased by HK\$478 million to HK\$5,724 million. Net bank borrowings increased by HK\$266 million to HK\$2,074 million. As at September 30, 2006, the aggregate of the Group's shareholders' funds and minority interests was HK\$1,864 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to shareholders' fund and minority interests) was 1.11 (March 31, 2006: 0.93). The gearing ratios of the Company, GP Industries and GP Batteries were 0.91 (March 31, 2006: 0.97), 0.5 (March 31, 2006: 0.35) and 0.73 (March 31, 2006: 0.75) respectively.

At September 30, 2006, 56% (March 31, 2006: 39%) of the Group's bank borrowings was revolving or repayable within one year whereas 44% (March 31, 2006: 61%) was mostly repayable between one to five years. Most of these bank borrowings are on floating interest rates. About 11%, 35% and 51% 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 the impact of currency fluctuation.

Employees and Remuneration Policies

As at September 30, 2006, the Group's major business divisions employed over 15,500 people worldwide (March 31, 2006: 18,000). 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 bonuses are also granted to eligible employees based on the Group's and individual's performance.

Prospects

Keen market competition, rising raw materials prices, high interest rates and the strong Renminbi will continue to affect most of the Group's businesses. Customer response to the price increase of GP Batteries' products is uncertain and GP Batteries will continue to monitor the impact.

The partial disposal of the wire harness business will result in a reduction in GP Industries' revenue and operating profit from the wire harness business. Completion of CIHL's privatisation will enable GP Industries to utilize more effectively its financial resources and prepare itself for expansion into more attractive business segments.

The Group will continue to invest in product development, intensify cost improvement activities and strengthen its sales and distribution capabilities. It will also accelerate the introduction of new products to cater for different customer needs as well as promote the GP brand name in Asia and Europe.

Condensed Unaudited Consolidated Income Statement

For the six months ended September 30

	<i>Notes</i>	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Turnover	3	1,001,912	1,077,293
Cost of sales		<u>(784,963)</u>	<u>(855,221)</u>
Gross profit		216,949	222,072
Other income		89,953	101,748
Selling and distribution expenses		(95,915)	(105,068)
Administrative expenses		<u>(145,542)</u>	<u>(147,974)</u>
Profit from operations	4	65,445	70,778
Net investment (loss) gain	5	(9,298)	187
Finance costs		(74,602)	(55,658)
Share of results of associates		63,973	53,855
Share of results of jointly controlled entities		–	(17,749)
(Loss) Gain on disposal/deemed disposal/ partial disposal of subsidiaries		(6,978)	6,063
Gain (Loss) on partial disposal/ deemed partial disposal of associates		<u>36,994</u>	<u>(41)</u>
Profit before taxation		75,534	57,435
Taxation	6	<u>(12,785)</u>	<u>(14,803)</u>
Profit after taxation		<u>62,749</u>	<u>42,632</u>
Attributable to:			
Equity shareholders of the Company		47,277	42,820
Minority interests		<u>15,472</u>	<u>(188)</u>
		<u>62,749</u>	<u>42,632</u>
Interim dividend		<u>16,479</u>	<u>16,479</u>
Earnings per share	7		
Basic		<u>8.6 cents</u>	<u>7.8 cents</u>
Diluted		<u>8.5 cents</u>	<u>7.7 cents</u>

Condensed Consolidated Balance Sheet

		September 30, 2006 (Unaudited) HK\$'000	March 31, 2006 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		105,700	105,700
Property, plant and equipment	8	278,963	305,558
Prepaid lease payments		37,582	37,820
Interests in associates		1,450,313	1,408,147
Unlisted equity investment		201,193	197,336
Available-for-sale investments		358,922	367,554
Trademarks		46,010	48,102
Long-term receivables		647,964	614,658
Deferred expenditure		36,895	38,802
Goodwill		64,946	35,142
Deferred taxation assets		12,675	15,234
		<u>3,241,163</u>	<u>3,174,053</u>
Current assets			
Inventories		346,036	277,228
Debtors, bills receivable and prepayments	9	1,207,337	976,220
Prepaid lease payments		951	951
Dividends receivable		10,615	3,947
Taxation recoverable		1,227	892
Derivative financial instruments		17,085	21,344
Bank balances, deposits and cash		899,212	791,476
		<u>2,482,463</u>	<u>2,072,058</u>
Current liabilities			
Creditors and accrued charges	10	852,505	656,301
Obligations under finance leases		2,905	3,487
Taxation payable		22,250	17,616
Bank loans, overdrafts and import loans		1,674,030	1,018,967
Derivative financial instruments		–	2,451
		<u>2,551,690</u>	<u>1,698,822</u>
Net current (liabilities) assets		<u>(69,227)</u>	<u>373,236</u>
Total assets less current liabilities		<u>3,171,936</u>	<u>3,547,289</u>
Non-current liabilities			
Borrowings		1,295,791	1,577,438
Deferred taxation liabilities		12,385	10,980
		<u>1,308,176</u>	<u>1,588,418</u>
Net assets		<u>1,863,760</u>	<u>1,958,871</u>
CAPITAL AND RESERVES			
Share capital		274,643	274,643
Reserves		934,217	905,757
Equity attributable to shareholders of the Company		1,208,860	1,180,400
Share option reserve of listed subsidiary		4,654	4,654
Minority interests		650,246	773,817
Total equity		<u>1,863,760</u>	<u>1,958,871</u>

Condensed Consolidated Cash Flow Statement

For the six months ended September 30

	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Net cash (used in) generated from operating activities	(87,928)	18,610
Net cash used in investing activities	(60,018)	(5,717)
Net cash from financing activities	228,741	131,575
Increase in cash and cash equivalents	80,795	144,468
Cash and cash equivalents at beginning of the period	787,244	340,633
Effect of foreign exchange rate changes	15,582	(4,410)
Cash and cash equivalents at the end of the period	883,261	480,691

Condensed Consolidated Statement of Changes in Equity

For the six months ended September 30, 2006

	Share Capital HK\$'000	Share Premium HK\$'000	Legal Reserve HK\$'000	Properties Revaluation Reserve HK\$'000	Translation Reserve HK\$'000	Capital Reserve HK\$'000
At April 1, 2006	274,643	463,935	16,182	98,189	(177,535)	1,127
Transfer of reserves	-	-	(2,814)	-	-	-
Disposal/deemed disposal of subsidiaries	-	-	168	-	-	-
Partial disposal of an associate	-	-	-	-	176	(46)
Acquisition of additional interests of subsidiaries	-	-	-	-	-	-
Share of reserves of associates	-	-	-	-	3,469	6
Net profit for the period	-	-	-	-	-	-
Change in fair value of available-for-sale investments	-	-	-	-	-	-
Dividend paid - 2006 final dividend	-	-	-	-	-	-
Dividend declared - 2007 interim dividend	-	-	-	-	-	-
Capital contribution by minority interests	-	-	-	-	-	-
Dividend paid to minority interests of subsidiaries	-	-	-	-	-	-
Currency realignment	-	-	-	-	11,663	-
At September 30, 2006	<u>274,643</u>	<u>463,935</u>	<u>13,536</u>	<u>98,189</u>	<u>(162,227)</u>	<u>1,087</u>

Capital Redemption Reserve HK\$'000	Available- for-sale Investments Reserve HK\$'000	Dividend Reserve HK\$'000	Retained Profits HK\$'000	Attributable to equity shareholders of the Company HK\$'000	Share option reserve of listed subsidiary HK\$'000	Minority Interests HK\$'000	Total HK\$'000
35,358	(118,585)	16,479	570,607	1,180,400	4,654	773,817	1,958,871
-	-	-	2,814	-	-	-	-
-	-	-	-	168	-	407,004	407,172
-	-	-	-	130	-	20	150
-	-	-	-	-	-	(460,187)	(460,187)
-	9,706	-	-	13,181	-	1,992	15,173
-	-	-	47,277	47,277	-	15,472	62,749
-	(27,480)	-	-	(27,480)	-	2,484	(24,996)
-	-	(16,479)	-	(16,479)	-	-	(16,479)
-	-	16,479	(16,479)	-	-	-	-
-	-	-	-	-	-	3,461	3,461
-	-	-	-	-	-	(107,943)	(107,943)
-	-	-	-	11,663	-	14,126	25,789
<u>35,358</u>	<u>(136,359)</u>	<u>16,479</u>	<u>604,219</u>	<u>1,208,860</u>	<u>4,654</u>	<u>650,246</u>	<u>1,863,760</u>

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended September 30, 2005

	Share Capital HK\$'000	Share Premium HK\$'000	Legal Reserve HK\$'000	Properties Revaluation Reserve HK\$'000	Translation Reserve HK\$'000	Goodwill Reserve HK\$'000
At March 31, 2005						
– As originally stated	272,630	460,336	12,291	100,603	(147,739)	(538,633)
– Effect of changes in accounting policies	–	–	–	–	3,006	–
– As restated	272,630	460,336	12,291	100,603	(144,733)	(538,633)
Prior year adjustments arising from adoption of new accounting policies	–	–	–	–	–	538,633
At April 1, 2005, as restated	272,630	460,336	12,291	100,603	(144,733)	–
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	–	–	–	–	555	–
Net profit for the period	–	–	–	–	–	–
Share option expenses	–	–	–	–	–	–
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	<u>274,643</u>	<u>463,935</u>	<u>12,291</u>	<u>100,603</u>	<u>(151,962)</u>	<u>–</u>

Capital Reserve HK\$'000	Capital Redemption Reserve HK\$'000	Available-for-sale Investments Reserve HK\$'000	Dividend Reserve HK\$'000	Retained Profits HK\$'000	Attributable to equity shareholders of the Company HK\$'000	Share option reserve of listed subsidiary HK\$'000	Minority Interests HK\$'000	Total HK\$'000
1,127	35,358	-	16,479	1,061,571	1,274,023	-	844,965	2,118,988
-	-	-	-	(11,195)	(8,189)	3,595	-	(4,594)
1,127	35,358	-	16,479	1,050,376	1,265,834	3,595	844,965	2,114,394
-	-	-	-	(507,685)	30,948	-	(320)	30,628
1,127	35,358	-	16,479	542,691	1,296,782	3,595	844,645	2,145,022
-	-	-	-	-	5,612	-	-	5,612
-	-	-	-	-	-	-	(418)	(418)
-	-	-	-	-	-	-	(32,867)	(32,867)
3	-	(8,253)	-	-	(7,695)	256	(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)
<u>1,130</u>	<u>35,358</u>	<u>(119,934)</u>	<u>16,479</u>	<u>569,032</u>	<u>1,201,575</u>	<u>4,451</u>	<u>772,019</u>	<u>1,978,045</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 Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. Principal Accounting Policies

The condensed financial statements have been prepared under the historical cost convention except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate. The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended March 31, 2006, except that the Group has changed certain of its accounting policies subsequent to its adoption of the new/revised standards that are effective for accounting periods commencing on or after April 1, 2006. The adoption of such standards did not have material effect on the financial statements.

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: disclosures ¹
HK(IFRIC)-Int 8	Scope of HKFRS 2 ²
HK(IFRIC)-Int 9	Reassessment of embedded derivatives ³
HK(IFRIC)-Int10	Interim financial reporting and impairment ⁴

¹ Effective for annual periods beginning on or after January 1, 2007.

² Effective for annual periods beginning on or after May 1, 2006.

³ Effective for annual periods beginning on or after June 1, 2006.

⁴ Effective for annual periods beginning on or after November 1, 2006.

Notes to the Unaudited Interim Financial Statements (Continued)

3. 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, 2006

	Technology & Strategic HK\$'000	Electronics HK\$'000	Batteries HK\$'000	Electrical HK\$'000	Elimination HK\$'000	Total HK\$'000
Turnover						
External sales	-	979,425	-	22,487	-	1,001,912
Inter-segment sales	-	-	-	-	-	-
	<u>-</u>	<u>979,425</u>	<u>-</u>	<u>22,487</u>	<u>-</u>	<u>1,001,912</u>

Inter-segment sales are charged at prevailing market rates.

Results						
Segmental results	3,590	31,466	-	(21,385)	-	13,671
Unallocated corporate expenses						(23,332)
Other income						75,106
Profit from operations						65,445
Net investment loss						(9,298)
Finance costs						(74,602)
Share of results of associates	(247)	52,271	12,062	(113)	-	63,973
Loss on disposal/deemed disposal of subsidiaries						(6,978)
Gain on partial disposal/deemed partial disposal of associates						36,994
Profit before taxation						75,534
Taxation						(12,785)
Profit after taxation						<u>62,749</u>
Attributable to:						
Equity shareholders of the Company						47,277
Minority interests						15,472
						<u>62,749</u>

Notes to the Unaudited Interim Financial Statements (Continued)

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.

Results						
Segmental results	6,804	25,849	–	(13,979)	–	18,674
Unallocated corporate expenses						(23,546)
Other income						<u>75,650</u>
Profit from operations						70,778
Net investment gain						187
Finance costs						(55,658)
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>

(b) Geographical segments

The following is an analysis of the turnover by geographical market, irrespective of the origin of the goods:

	For the six months ended September 30,	
	2006 HK\$'000	2005 HK\$'000
The People's Republic of China		
Hong Kong	46,573	61,621
Mainland China	75,236	141,869
Other Asian countries	349,229	294,276
Europe	207,955	257,416
North and South America	291,393	285,201
Australia and New Zealand	26,300	33,716
Others	5,226	3,194
	<u>1,001,912</u>	<u>1,077,293</u>

Notes to the Unaudited Interim Financial Statements (Continued)

4. Profit from operations

	For the six months ended September 30,	
	2006 HK\$'000	2005 HK\$'000
Profit from operations has been arrived at after charging:		
Amortisation of deferred expenditure	1,940	8,019
Amortisation of trademarks	2,091	2,091
Depreciation of property, plant and equipment		
Owned assets	23,920	30,936
Assets held under finance leases	495	805
	<u>23,920</u>	<u>30,936</u>

5. Net investment (loss) gain

	For the six months ended September 30,	
	2006 HK\$'000	2005 HK\$'000
Realised gain on disposal of available-for-sale investments	–	187
Net unrealised holding loss on an available-for-sale investment	(9,298)	–
	<u>(9,298)</u>	<u>187</u>

6. Taxation

	For the six months ended September 30,	
	2006 HK\$'000	2005 HK\$'000
Hong Kong Profits Tax	1,912	2,169
Taxation in jurisdictions other than Hong Kong	6,828	12,183
Deferred taxation	4,045	451
	<u>12,785</u>	<u>14,803</u>

Hong Kong Profits Tax is calculated at 17.5% (2005: 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)

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,	
	2006 HK\$'000	2005 HK\$'000
<i>Earnings</i>		
Net profit for the period and earnings for the purpose of basic earnings per share	47,277	42,820
Effect of dilutive potential shares on share of results of subsidiaries and associates based on the dilution of their earnings per share	<u>(182)</u>	<u>(185)</u>
Earnings for the purpose of diluted earnings per share	<u>47,095</u>	<u>42,635</u>
	<u>'000</u>	<u>'000</u>
<i>Number of shares</i>		
Weighted average number of shares for the purpose of basic earnings per share	549,285	548,640
Effect of dilutive potential shares on share options	<u>—</u>	<u>1,311</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>549,285</u>	<u>549,951</u>

8. Property, plant and equipment

During the period, the Group spent approximately HK\$21,770,000 (six months ended September 30, 2005: HK\$43,359,000) 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 90 days. The following is an aging analysis of debtors, bills receivable and prepayments at the reporting date:

	September 30, 2006 HK\$'000	March 31, 2006 HK\$'000
0-60 Days	818,395	584,279
61-90 Days	27,599	12,606
>90 Days	<u>361,343</u>	<u>379,335</u>
	<u>1,207,337</u>	<u>976,220</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, 2006 <i>HK\$'000</i>	March 31, 2006 <i>HK\$'000</i>
0-60 Days	711,158	555,331
61-90 Days	49,307	35,617
>90 Days	92,040	65,353
	<u>852,505</u>	<u>656,301</u>

11. Contingencies and commitments

(a) Contingent liabilities

	September 30, 2006 <i>HK\$'000</i>	March 31, 2006 <i>HK\$'000</i>
Guarantees given to banks in respect of banking facilities utilised by associates	<u>160,660</u>	<u>162,138</u>

(b) Capital commitment

	September 30, 2006 <i>HK\$'000</i>	March 31, 2006 <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>538</u>	<u>143</u>

12. Related party transactions

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

	For the six months ended September 30,	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Sales to associates and jointly controlled entities	18,702	31,629
Purchases from associates	49,544	41,771
Management fee income received from associates	5,163	5,605
Rental income received from associates	<u>3,897</u>	<u>3,921</u>

As at the reporting date, the Group has the following balances with its associates under debtors, bills receivable and prepayments and creditors and accrued charges:

	September 30, 2006 <i>HK\$'000</i>	March 31, 2006 <i>HK\$'000</i>
Trade receivables due from associates	12,413	13,847
Trade payables due to associates	<u>17,541</u>	<u>9,150</u>

SUMMARY OF RESULTS

For the six months ended September 30, 2006, the Group's turnover amounted to HK\$1,002 million, a decrease of 7% as compared with HK\$1,077 million for the same period of last year. The unaudited consolidated profit attributable to shareholders amounted to HK\$47.3 million, an increase of 10% compared to corresponding period in the previous year. The basic earnings per share for the period amounted to 8.6 cents as compared with 7.8 cents for the same period last year.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 3.0 cents (2005: 3.0 cents) per share. This amounts to a total dividend payment of approximately HK\$16,479,000 (2005: HK\$16,479,000) based on the total number of shares in issue as at November 20, 2006, being the latest practicable date prior to the announcement of the interim results. Dividend warrants will be despatched on December 28, 2006 to registered shareholders of the Company on December 15, 2006.

CLOSURE OF REGISTER

The Register of Shareholders of the Company will be closed from December 12, 2006 to December 15, 2006, 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 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on December 11, 2006.

Disclosure of Interest

As at September 30, 2006, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

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

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

As at September 30, 2006, 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, 2006, the direct and indirect beneficial interests of the directors and the chief executive in the shares of GP Batteries International Limited ("GPBI"), a 49.2% owned associate of GP Industries Limited ("GP Ind"), Gold Peak Industries (Taiwan) Limited ("GPIT"), a 79.6% owned subsidiary of GPBI, and GP Ind, a 69.3% owned subsidiary of the Company, were as follows:

Name of Director	Number of ordinary shares and percentage of their issued share capital held					
	GPBI		GPIT		GP Ind	
	Number	%	Number	%	Number	%
Victor LO Chung Wing	200,000	0.18	-	-	-	-
Andrew NG Sung On	833,332	0.76	500,000	0.25	378,412	0.07
Kevin LO Chung Ping	-	-	-	-	-	-
Paul LO Chung Wai	80,000	0.07	-	-	-	-
LEUNG Pak Chuen	-	-	-	-	1,608,000	0.28
Richard KU Yuk Hing	141,000	0.13	200,000	0.10	70,000	0.01
Andrew CHUANG Siu Leung	-	-	-	-	45,000	0.01
CHAU Kwok Wai	-	-	-	-	481,232	0.08
Raymond WONG Wai Kan	374,000	0.34	100,000	0.05	1,598,827	0.28
Vincent CHEUNG Ting Kau	20,000	0.02	-	-	-	-
LUI Ming Wah	-	-	-	-	-	-
Frank CHAN Chi Chung	-	-	-	-	-	-
CHAN Kei Biu	-	-	-	-	-	-

Save as disclosed above, as at September 30, 2006, 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.

Disclosure of Interest *(Continued)*

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

The following tables disclose the movements in the number of share options of the Company, GP Ind, CIHL and GPBI, which have been granted to the directors of the Company, during the six months ended September 30, 2006.

(a) *The Company's share option scheme:*

Name of Director	Date of Grant	Exercisable period	Exercise Price HK\$	Number of option shares outstanding at 4.1.2006 and 9.30.2006
Victor LO Chung Wing	10.2.2003	10.2.2003-10.1.2008	1.84	1,600,000
Andrew NG Sung On	10.2.2003	10.2.2003-10.1.2008	1.84	1,600,000
Kevin LO Chung Ping	10.18.2002	4.18.2003-10.17.2007	1.17	650,000
	10.2.2003	10.2.2003-10.1.2008	1.84	1,000,000
Paul LO Chung Wai	10.18.2002	4.18.2003-10.17.2007	1.17	650,000
	10.2.2003	10.2.2003-10.1.2008	1.84	1,000,000
Richard KU Yuk Hing	10.2.2003	10.2.2003-10.1.2008	1.84	500,000
Andrew CHUANG Siu Leung	10.2.2003	10.2.2003-10.1.2008	1.84	500,000
CHAU Kwok Wai	10.18.2002	4.18.2003-10.17.2007	1.17	500,000
	10.2.2003	10.2.2003-10.1.2008	1.84	600,000
Raymond WONG Wai Kan	10.2.2003	10.2.2003-10.1.2008	1.84	1,000,000
Vincent CHEUNG Ting Kau	10.18.2002	4.18.2003-10.17.2007	1.17	300,000
	10.2.2003	10.2.2003-10.1.2008	1.84	400,000
LUI Ming Wah	10.18.2002	4.18.2003-10.17.2007	1.17	250,000
	10.2.2003	10.2.2003-10.1.2008	1.84	300,000
				10,850,000
Employees	10.18.2002	4.18.2003-10.17.2007	1.17	1,100,000
	10.2.2003	10.2.2003-10.1.2008	1.84	2,885,000
				3,985,000
				14,835,000

Disclosure of Interest (Continued)

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

(b) GP Ind's share option scheme:

Name of Director	Date of grant	Exercisable period	Exercise Price S\$	Number of option shares			
				Outstanding at 4.1.2006	Exercised during the period	Cancelled during the period	Outstanding at 9.30.2006
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
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
				4,488,000	(470,000)	–	4,018,000

Disclosure of Interest *(Continued)*

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

(b) GP Ind's share option scheme: *(Continued)*

Name of Director	Date of grant	Exercisable period	Exercise Price S\$	Number of option shares			
				Outstanding at 4.1.2006	Exercised during the period	Cancelled during the period	Outstanding at 9.30.2006
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	337,000	–	–	337,000
	4.4.2001	4.4.2003-4.3.2011	0.620	1,266,000	–	–	1,266,000
	8.14.2002	8.14.2003-8.13.2012	0.550	558,000	–	–	558,000
	9.15.2003	9.15.2004-9.14.2013	0.880	2,452,000	–	–	2,452,000
	7.5.2004	7.5.2005-7.4.2014	1.030	2,940,000	–	(26,000)	2,914,000
				9,007,000	(140,000)	(26,000)	8,841,000
				13,495,000	(610,000)	(26,000)	12,859,000

Note: The market prices of the shares of GP Ind on the dates of which options were exercised for the period from April 3, 2006 to April 18, 2006 were ranged from S\$0.710 to S\$0.725 per share. The weighted average closing price of GP Ind's shares immediately before the dates on which the options were exercised was S\$0.712.

Disclosure of Interest (Continued)

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

(c) CIHL's share option scheme:

Name of Director	Date of grant	Exercisable period	Exercise Price S\$	Number of option shares		
				Outstanding at 4.1.2006	Cancelled during the period	Outstanding at 9.30.2006
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)	–
				<u>360,000</u>	<u>(360,000)</u>	<u>–</u>
Directors of CIHL	5.25.2000	5.25.2002-5.24.2010	2.025	30,000	(30,000)	–
Employees of the Group	5.25.2000	5.25.2002-5.24.2010	1.9125	109,000	(109,000)	–
	5.25.2000	5.25.2002-5.24.2010	2.025	5,000	(5,000)	–
				<u>144,000</u>	<u>(144,000)</u>	<u>–</u>
				<u>504,000</u>	<u>(504,000)</u>	<u>–</u>

(d) GPBI's share option scheme:

Name of Director	Date of Grant	Exercisable period	Exercise Price S\$	Number of option shares			
				Outstanding at 4.1.2006	Exercised during the period	Cancelled during the period	Outstanding at 9.30.2006
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	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)	–

Disclosure of Interest *(Continued)*

Saved as disclosed above, as at September 30, 2006, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to 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, 2006, 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 the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of the issued 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, 2006, 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 Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the 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, 2006 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 and Mr. Chau Kwok Wai as Executive Directors, Mr. Raymond Wong Wai Kan and Mr. Vincent Cheung Ting Kau as Non-Executive Directors, Mr. Lui Ming Wah, Mr. Frank Chan Chi Chung and Mr. Chan Kei Bui as Independent Non-Executive Directors.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, November 21, 2006