

Gold Peak Industries (Holdings) Limited

金山工業(集團)有限公司



Interim Report 2007/08

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

Tricor Abacus 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

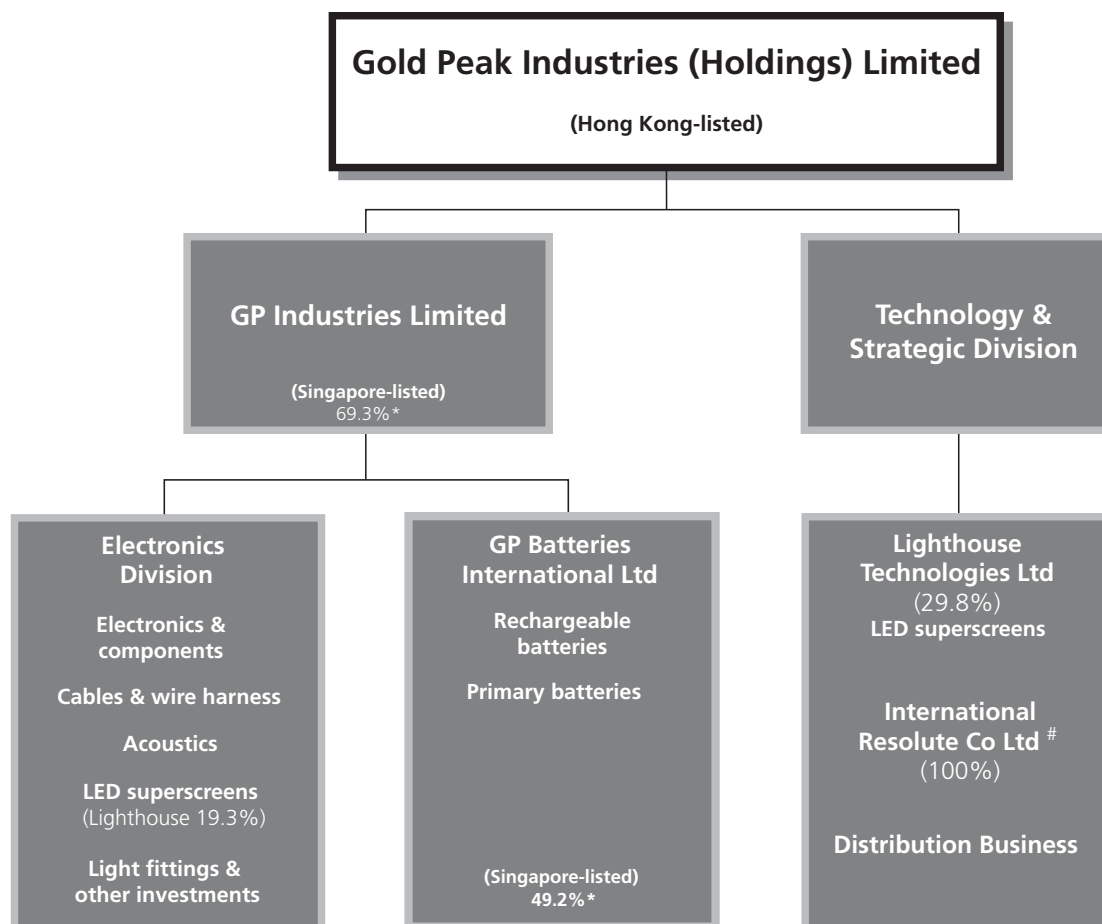
Hong Kong Stock Exchange	40
ADR	GPINY US
Bloomberg	40 HK
Reuters	0040 HK

KEY DATES

Closure of Register: 27 November 2007 to 30 November 2007

Interim Dividend: Payable on 19 December 2007

Group Structure



* Percentage stated denotes respective shareholding held by Gold Peak or GP Industries as at 7 November 2007

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 battery-related products.

Lighthouse Technologies Limited, 29.8% held 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 30 September 2007.

Highlights

- Consolidated turnover decreased by 31% to HK\$692 million
- Turnover for all divisions increased by 11% to HK\$3,614 million
- Profit attributable to shareholders increased by 6% to HK\$50.3 million
- Earnings per share increased from 8.6 Hong Kong cents to 9.2 Hong Kong cents
- Interim dividend per share: 3.0 Hong Kong cents (2006/07: 3.0 Hong Kong cents)

Business Review

The consolidated turnover decreased by 31% from HK\$1,002 million to HK\$692 million, mainly due to the disposal of the wire harness business. Profit attributable to shareholders increased by 6% from HK\$47.3 million to HK\$50.3 million.

GP Industries – 69.3% owned by Gold Peak

1. *Electronics Division*

- Electronics and components – Sales remained steady during the first half of the year. Affected by the appreciating Renminbi and generally higher costs in China, profit contribution from the electronics business decreased while that from the components business improved due to increased demand.
- Acoustics – Sales to Europe remained steady while sales to the US softened. Sales to the Asian market increased significantly although from a relatively low level. Sales of the now 20%-owned Meiloon Industrial Co Ltd grew rapidly from the introduction of new video projector products and started contributing to GP Industries Group’s earnings.
- CIH Limited (“CIHL”) – The CIHL division returned to profit due mainly to the better performance of the light fittings business, lower expenses following the privatization of CIHL, higher contribution from its associates and exchange gain from the stronger Australian dollar and Renminbi.
- Cables and wire harness – Contribution from the 47.2%-owned cable associate Linkz Industries Ltd decreased due to the disposal of its electronic cable business unit in the previous financial year. The remaining LAN and interconnect products business units continued to report satisfactory revenue growth. Contributions from the wire harness business, which mainly comprises the now 20%-owned associate, decreased due to lower effective interest in the business.

2. GP Batteries – 49.2% owned by GP Industries

- Turnover increased mainly due to the gain in market share of Nickel Metal Hydride (NiMH) rechargeable batteries as GP Batteries continued to capitalize on market consolidation. Sales of primary cylindrical batteries also recorded strong growth.
- GP Batteries has entered into commodity contracts to manage fluctuating raw material prices. Due to lower commodity prices in the second quarter, an unrealized loss of S\$21.3 million from commodity contracts which were outstanding as at 30 September 2007 was taken up in the profit and loss account for the second quarter in accordance with FRS39. This resulted in a net loss in the second quarter despite an improvement in operating profit.
- In view of the high Nickel price, Vectrix Corporation, GP Batteries' customer for NiMH electric motorcycles batteries, has decided not to proceed with the planned joint venture factory. GP Batteries has entered into a Master Supply Agreement to supply batteries to Vectrix. It will continue to collaborate with Vectrix on the development and supply of other new advanced electric storage products.

Technology & Strategy Division

Lighthouse Technologies Limited, 29.8%-owned by Gold Peak and 19.3%-owned by GP Industries, saw a 3% growth in revenue while profit attributable to the Group increased tremendously mainly due to the successful vertical integration of manufacturing LED display screens. It achieved good progress in the installation market while maintaining steady growth in supplying the screen rental business.

Financial Review

During the period, the Group's net bank borrowings increased by HK\$78 million to HK\$2,202 million. As at 30 September 2007, the aggregate of the Group's shareholders' funds and minority interests was HK\$2,076 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to shareholders' fund and minority interests) was 1.06 (31 March 2007: 0.96). The gearing ratios of the Company, GP Industries and GP Batteries were 0.81 (31 March 2007: 0.76), 0.56 (31 March 2007: 0.51) and 0.87 (31 March 2007: 0.71) respectively.

At 30 September 2007, 42% (31 March 2007: 55%) of the Group's bank borrowings was revolving or repayable within one year whereas 58% (31 March 2007: 45%) was mostly repayable between one to five years. Most of these bank borrowings are on floating interest rates. About 50%, 38% and 9% of the Group's bank borrowings are in Hong Kong dollars, Singapore dollars and US 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, borrowings in local currencies and local sourcing have been arranged to minimise the impact of currency fluctuation. During the period, GP Batteries entered into forward commodity contracts to hedge against volatile raw material prices.

Employees and Remuneration Policies

As at 30 September 2007, the Group's major business divisions employed over 16,000 people worldwide (31 March 2007: 14,600). 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

Volatile material prices will continue to affect some of the Group's businesses, and the strong Renminbi will continue to add to the Group's operating costs in China.

As a substantial portion of GP Industries' revenue is denominated in US dollars, a weaker US dollar will also affect its revenue and profit. It will continue to invest in product development, sales and distribution, and implement vigorous cost control measures to enhance its overall competitiveness.

The business outlook of GP Batteries is expected to improve with increase in sales volume. However, its overall profit outlook continues to be volatile as a result of fluctuating raw material prices. It will introduce new battery products in the coming months, and the Taiwan factory will be re-equipped to produce some of these products. It will also continue to capitalize on market consolidation to gain further market share and focus its marketing efforts in developing countries.

Unaudited Condensed Consolidated Income Statement

	<i>Notes</i>	For the six months ended 30 September	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover	3	692,363	1,001,912
Cost of sales		(507,931)	(784,963)
Gross profit		184,432	216,949
Other income		90,441	89,953
Selling and distribution expenses		(88,842)	(95,915)
Administrative expenses		(131,338)	(145,542)
Other expenses	4	(37,137)	–
Net investment gain (loss)	5	85,512	(9,298)
Finance costs		(66,681)	(74,602)
Share of results of associates		57,090	63,973
Loss on disposal/deemed partial disposal of subsidiaries		(130)	(6,978)
Gain on disposal/partial disposal/deemed partial disposal of associates		700	36,994
Profit before taxation	6	94,047	75,534
Taxation	7	(13,683)	(12,785)
Profit after taxation		80,364	62,749
Attributable to:			
Equity shareholders of the Company		50,281	47,277
Minority interests		30,083	15,472
		80,364	62,749
Interim dividend		16,479	16,479
Earnings per share	8		
Basic		9.2 cents	8.6 cents
Diluted		9.1 cents	8.5 cents

Unaudited Condensed Consolidated Balance Sheet

		30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
	Notes		
Non-current assets			
Investment properties		111,990	131,990
Property, plant and equipment	9	273,502	272,792
Prepaid lease payments		36,631	37,107
Interests in associates		1,822,669	1,726,423
Unlisted equity investment		237,969	218,694
Available-for-sale investments		120,339	379,323
Trademarks		41,828	43,919
Long term receivables		333,843	330,153
Deferred expenditure		9,595	35,004
Goodwill		53,217	53,669
Deferred taxation assets		5,979	12,391
		<u>3,047,562</u>	<u>3,241,465</u>
Current assets			
Inventories		366,326	253,246
Available-for-sale investments		–	192,091
Debtors, bills receivable and prepayments	10	1,495,313	1,139,892
Prepaid lease payments		951	951
Dividends receivable		2,721	7,795
Taxation recoverable		447	402
Bank balances, deposits and cash		396,185	488,456
		<u>2,261,943</u>	<u>2,082,833</u>
Current liabilities			
Creditors and accrued charges	11	546,137	447,311
Obligations under finance leases		452	1,675
Taxation payable		36,658	30,526
Bank loans, overdrafts and import loans		1,099,170	1,437,211
Derivative financial instruments		36,807	5,471
		<u>1,719,224</u>	<u>1,922,194</u>
Net current assets		<u>542,719</u>	<u>160,639</u>
Total assets less current liabilities		<u>3,590,281</u>	<u>3,402,104</u>
Non-current liabilities			
Borrowings		1,498,421	1,173,274
Deferred taxation liabilities		16,245	16,188
		<u>1,514,666</u>	<u>1,189,462</u>
Net assets		<u>2,075,615</u>	<u>2,212,642</u>
Capital and reserves			
Share capital		274,643	274,643
Reserves		1,061,620	1,152,217
Equity attributable to shareholders of the Company		1,336,263	1,426,860
Share option reserve of a listed subsidiary		8,539	4,654
Minority interests		730,813	781,128
Total equity		<u>2,075,615</u>	<u>2,212,642</u>

Unaudited Condensed Consolidated Cash Flow Statement

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(76,967)	(87,928)
Net cash from (used in) investing activities	121,123	(60,018)
Net cash (used in) from financing activities	(137,558)	228,741
(Decrease) increase in cash and cash equivalents	(93,402)	80,795
Cash and cash equivalents at beginning of the period	475,568	787,244
Effect of foreign exchange rate changes	(107)	15,582
Cash and cash equivalents at the end of the period	<u>382,059</u>	<u>883,621</u>

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2007

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Legal Reserve <i>HK\$'000</i>	Properties Revaluation Reserve <i>HK\$'000</i>	Translation Reserve <i>HK\$'000</i>	Capital Reserve <i>HK\$'000</i>
At 1 April 2007	274,643	463,935	14,865	98,189	(140,491)	1,093
Transfer to retained profits upon disposal of properties	-	-	-	(11,242)	-	-
Deemed partial disposal of a subsidiary	-	-	-	-	-	-
Disposal/deemed disposal/ deemed partial disposal of associates	-	-	-	-	(118)	(811)
Adjustments arising from transfer of an available-for-sales investment to interests in associates	-	-	-	-	(7,431)	1,084
Share of reserves of associates	-	-	-	-	5,858	817
Net profit for the period	-	-	-	-	-	-
Release on disposal of an available-for-sale investment	-	-	-	-	-	-
Dividend paid - 2007 final dividend	-	-	-	-	-	-
Dividend declared - 2008 interim dividend	-	-	-	-	-	-
Dividend paid to minority interests	-	-	-	-	-	-
Currency realignment	-	-	-	-	28,078	-
At 30 September 2007	<u>274,643</u>	<u>463,935</u>	<u>14,865</u>	<u>86,947</u>	<u>(114,104)</u>	<u>2,183</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	8,590	16,479	654,199	1,426,860	4,654	781,128	2,212,642
-	-	-	11,242	-	-	-	-
-	-	-	-	-	-	571	571
-	-	-	-	(929)	-	-	(929)
-	80,348	-	(113,493)	(39,492)	1,527	(16,791)	(54,756)
-	(38,456)	-	-	(31,781)	2,358	(13,424)	(42,847)
-	-	-	50,281	50,281	-	30,083	80,364
-	(71,589)	-	(8,686)	(80,275)	-	(35,501)	(115,776)
-	-	(16,479)	-	(16,479)	-	-	(16,479)
-	-	16,479	(16,479)	-	-	-	-
-	-	-	-	-	-	(18,976)	(18,976)
-	-	-	-	28,078	-	3,723	31,801
<u>35,358</u>	<u>(21,107)</u>	<u>16,479</u>	<u>577,064</u>	<u>1,336,263</u>	<u>8,539</u>	<u>730,813</u>	<u>2,075,615</u>

Unaudited Condensed Consolidated Statement of Changes in Equity *(Continued)*

For the six months ended 30 September 2006

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Legal Reserve <i>HK\$'000</i>	Properties Revaluation Reserve <i>HK\$'000</i>	Translation Reserve <i>HK\$'000</i>	Capital Reserve <i>HK\$'000</i>
At 1 April 2006	274,643	463,935	16,182	98,189	(177,535)	1,127
Transfer of reserves	-	-	(2,814)	-	-	-
Disposal/deemed partial 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	-	-	-	-	-	-
Currency realignment	-	-	-	-	11,663	-
At 30 September 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>

Notes to the Unaudited Condensed Interim Financial Statements

1. Basis of preparation

The unaudited condensed 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 unaudited 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 unaudited condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2007.

During this period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and interpretations issued by the HKICPA, which are effective for accounting periods commencing on or after 1 April 2007. The adoption of these new standards had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 12	Service Concession Arrangements ²
HK(IFRIC) – INT 13	Customer Loyalty Programmes ³
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

Notes to the Unaudited Condensed 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 30 September 2007

	Technology & Strategic HK\$'000	Electronics HK\$'000	Batteries HK\$'000	Elimination HK\$'000	Total HK\$'000
Turnover					
External sales	-	692,363	-	-	692,363
Results					
Segmental results	4,020	7,278	-	-	11,298
Interest income and dividend income					
Segment	9,000	39,533	-	-	48,533
Corporate					7,349
Unallocated corporate expenses					(24,741)
Other corporate income					12,254
Other expenses					(37,137)
Net investment gain					85,512
Finance costs					
Segment	(2)	(34,161)	-	-	(34,163)
Corporate					(32,518)
Share of results of associates	7,397	63,880	(14,187)	-	57,090
Loss on deemed partial disposal of a subsidiary					(130)
Gain on disposal/partial disposal/deemed partial disposal of associates					700
Profit before taxation					94,047
Taxation					(13,683)
Profit after taxation					80,364
Attributable to:					
Equity shareholders of the Company					50,281
Minority interests					30,083
					80,364

Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

For the six months ended 30 September 2006

	Technology & Strategic HK\$'000	Electronics HK\$'000	Batteries HK\$'000	Elimination HK\$'000	Total HK\$'000
Turnover					
External sales	–	1,001,912	–	–	1,001,912
Results					
Segmental results	3,590	10,081	–	–	13,671
Interest income and dividend income					
Segment	–	44,214	–	–	44,214
Corporate					6,706
Unallocated corporate expenses					(23,332)
Other corporate income					24,186
Net investment loss					(9,298)
Finance costs					
Segment	(3)	(39,257)	–	–	(39,260)
Corporate					(35,342)
Share of results of associates	(247)	52,158	12,062	–	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					62,749
Attributable to:					
Equity shareholders of the Company					47,277
Minority interests					15,472
					62,749

(b) *Geographical segments*

The following is an analysis of the turnover by geographical market:

	For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
The People's Republic of China		
Hong Kong	86,738	46,573
Mainland China	63,266	75,236
Other Asian countries	34,862	349,229
Europe	237,452	207,955
North and South America	223,386	291,393
Australia and New Zealand	38,783	26,300
Others	7,876	5,226
	692,363	1,001,912

Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

4. Other expenses

	For the six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Allowance for impairment loss on intangible assets	27,137	–
Provision for expenses on liquidation of a subsidiary	10,000	–
	37,137	–

5. Net investment gain (loss)

	For the six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Realised gain on disposal of an available-for-sale investment	85,512	–
Net unrealised holding loss on an available-for-sale investment	–	(9,298)
	85,512	(9,298)

6. Profit before taxation

	For the six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Profit before taxation has been arrived at after charging:		
Amortisation of deferred expenditure	1,940	1,940
Amortisation of prepaid lease payments	476	476
Amortisation of trademarks	2,091	2,091
Depreciation of property, plant and equipment		
Owned assets	22,903	23,920
Assets held under finance leases	496	495
Loss on disposal of an investment property	1,421	–
	28,327	30,942

7. Taxation

	For the six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Hong Kong Profits Tax	82	1,912
Taxation in jurisdictions other than Hong Kong	7,237	6,828
Deferred taxation	6,364	4,045
	13,683	12,785

Hong Kong Profits Tax is calculated at 17.5% (2006: 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 Condensed Interim Financial Statements

(Continued)

8. 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 30 September	
	2007 HK\$'000	2006 HK\$'000
<i>Earnings</i>		
Net profit for the period and earnings for the purpose of basic earnings per share	50,281	47,277
Effect of dilutive potential shares on share of results of subsidiaries and associates based on the dilution of their earnings per share	(14)	(182)
Earnings for the purpose of diluted earnings per share	<u>50,267</u>	<u>47,095</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	549,285
Effect of dilutive potential shares on share options	410	—
Weighted average number of shares for the purpose of diluted earnings per share	<u>549,695</u>	<u>549,285</u>

9. Property, plant and equipment

During the period, the Group spent approximately HK\$15,887,000 (six months ended 30 September 2006: HK\$21,770,000) on property, plant and equipment to expand its business.

10. 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 and bills receivable at the reporting date:

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Trade receivables		
0-60 Days	201,374	179,192
61-90 Days	6,211	8,464
>90 Days	44,547	42,733
	<u>252,132</u>	<u>230,389</u>
Other receivables, deposits and prepayments	809,432	522,744
Consideration receivable for the disposal of the Group's electrical business in Australia	433,749	386,759
	<u>1,495,313</u>	<u>1,139,892</u>

Notes to the Unaudited Condensed Interim Financial Statements

(Continued)

11. Creditors and accrued charges

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

	30 September 2007 <i>HK\$'000</i>	31 March 2007 <i>HK\$'000</i>
Trade payables		
0-60 Days	189,244	127,533
61-90 Days	38,832	10,390
>90 Days	36,835	33,781
	<u>264,911</u>	<u>171,704</u>
Other payables and accrued charges	281,226	275,607
	<u>546,137</u>	<u>447,311</u>

12. Contingencies and commitments

(a) Contingent liabilities

	30 September 2007 <i>HK\$'000</i>	31 March 2007 <i>HK\$'000</i>
Guarantees given to banks in respect of banking facilities utilised by associates	<u>178,372</u>	<u>163,421</u>

(b) Capital commitment

	30 September 2007 <i>HK\$'000</i>	31 March 2007 <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>375</u>	<u>369</u>

13. Related party transactions

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

	For the six months ended 30 September	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Sales to associates	12,720	18,702
Purchases from associates	26,522	49,544
Management fee income received from associates	5,391	5,163
Rental income received from associates	4,507	3,897

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:

	30 September 2007 <i>HK\$'000</i>	31 March 2007 <i>HK\$'000</i>
Trade receivables due from associates	2,125	6,503
Other receivables due from associates	101,377	76,733
Trade payables due to associates	8,031	10,925
Other payables due to associates	<u>5,782</u>	<u>8,221</u>

SUMMARY OF RESULTS

For the six months ended 30 September 2007, the Group's turnover amounted to HK\$692 million, a decrease of 31% as compared with HK\$1,002 million for the same period last year. The unaudited consolidated profit attributable to shareholders amounted to HK\$50.3 million, an increase of 6% compared to corresponding period in the previous year. The basic earnings per share for the period amounted to 9.2 cents as compared with 8.6 cents for the same period last year.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 3.0 cents (2006: 3.0 cents) per share. This amounts to a total dividend payment of approximately HK\$16,479,000 (2006: HK\$16,479,000) based on the total number of shares in issue as at 6 November 2007, being the latest practicable date prior to the announcement of the interim results. Dividend warrants will be despatched on 19 December 2007 to registered shareholders of the Company on 30 November 2007.

CLOSURE OF REGISTER

The Register of Shareholders of the Company will be closed from 27 to 30 November 2007, 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, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 26 November 2007.

Disclosure of Interest

As at 30 September 2007, 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 30 September 2007, 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 30 September 2007, 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 30 September 2007, 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 and GPBI, which have been granted to the directors of the Company, during the six months ended 30 September 2007.

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

Name of Director	Date of Grant	Exercisable Period	Exercise Price HK\$	Number of option shares		
				Outstanding at 1.4.2007	Cancelled during the Period	Outstanding at 30.9.2007
Victor LO Chung Wing	2.10.2003	2.10.2003-1.10.2008	1.84	1,600,000	-	1,600,000
Andrew NG Sung On	2.10.2003	2.10.2003-1.10.2008	1.84	1,600,000	-	1,600,000
Kevin LO Chung Ping	18.10.2002	18.4.2003-17.10.2007	1.17	650,000	-	650,000
	2.10.2003	2.10.2003-1.10.2008	1.84	1,000,000	-	1,000,000
Paul LO Chung Wai	18.10.2002	18.4.2003-17.10.2007	1.17	650,000	-	650,000
	2.10.2003	2.10.2003-1.10.2008	1.84	1,000,000	-	1,000,000
Richard KU Yuk Hing	2.10.2003	2.10.2003-1.10.2008	1.84	500,000	-	500,000
Andrew CHUANG Siu Leung	2.10.2003	2.10.2003-1.10.2008	1.84	500,000	-	500,000
CHAU Kwok Wai	18.10.2002	18.4.2003-17.10.2007	1.17	500,000	-	500,000
	2.10.2003	2.10.2003-1.10.2008	1.84	600,000	-	600,000
Raymond WONG Wai Kan	2.10.2003	2.10.2003-1.10.2008	1.84	1,000,000	-	1,000,000
Vincent CHEUNG Ting Kau	18.10.2002	18.4.2003-17.10.2007	1.17	300,000	-	300,000
	2.10.2003	2.10.2003-1.10.2008	1.84	400,000	-	400,000
LUI Ming Wah	18.10.2002	18.4.2003-17.10.2007	1.17	250,000	-	250,000
	2.10.2003	2.10.2003-1.10.2008	1.84	300,000	-	300,000
				10,850,000	-	10,850,000
Employees	18.10.2002	18.4.2003-17.10.2007	1.17	1,070,000	-	1,070,000
	2.10.2003	2.10.2003-1.10.2008	1.84	2,620,000	(100,000)	2,520,000
				3,690,000	(100,000)	3,590,000
				<u>14,540,000</u>	<u>(100,000)</u>	<u>14,440,000</u>

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 30.9.2007
				Outstanding at 1.4.2007	Exercised during the period	Cancelled during the period	
Victor LO Chung Wing	14.4.2000	14.4.2002-13.4.2010	0.456	300,000	-	-	300,000
	4.4.2001	4.4.2003-3.4.2011	0.620	600,000	-	-	600,000
	14.8.2002	14.8.2003-13.8.2012	0.550	384,000	-	-	384,000
	15.9.2003	15.9.2004-14.9.2013	0.880	384,000	-	-	384,000
	5.7.2004	5.7.2005-4.7.2014	1.030	400,000	-	-	400,000
LEUNG Pak Chuen	15.9.2003	15.9.2004-14.9.2013	0.880	350,000	-	-	350,000
	5.7.2004	5.7.2005-4.7.2014	1.030	380,000	-	-	380,000
Andrew CHUANG Siu Leung	14.4.2000	14.4.2002-13.4.2010	0.456	110,000	-	-	110,000
	4.4.2001	4.4.2003-3.4.2011	0.620	200,000	-	-	200,000
	14.8.2002	14.8.2003-13.8.2012	0.550	130,000	-	-	130,000
	15.9.2003	15.9.2004-14.9.2013	0.880	130,000	-	-	130,000
	5.7.2004	5.7.2005-4.7.2014	1.030	150,000	-	-	150,000
CHAU Kwok Wai	5.7.2004	5.7.2005-4.7.2014	1.030	180,000	-	-	180,000
Raymond WONG Wai Kan	15.9.2003	15.9.2004-14.9.2013	0.880	140,000	-	-	140,000
	5.7.2004	5.7.2005-4.7.2014	1.030	180,000	-	-	180,000
				4,018,000	-	-	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 1.4.2007	Exercised during the period	Cancelled during the period	Outstanding at 30.9.2007
Directors of GP Ind	4.4.2001	4.4.2003-3.4.2011	0.620	64,000	–	–	64,000
	14.8.2002	14.8.2003-13.8.2012	0.550	41,000	–	–	41,000
	15.9.2003	15.9.2004-14.9.2013	0.880	335,000	–	–	335,000
	5.7.2004	5.7.2005-4.7.2014	1.030	385,000	–	–	385,000
Non-executive directors of GP Ind	14.8.2002	14.8.2003-13.8.2007	0.550	154,000	(154,000)	–	–
	15.9.2003	15.9.2004-14.9.2008	0.880	240,000	–	–	240,000
	5.7.2004	5.7.2005-4.7.2009	1.030	270,000	–	–	270,000
Employees of the Group	14.4.2000	14.4.2002-13.4.2010	0.456	317,000	–	–	317,000
	4.4.2001	4.4.2003-3.4.2011	0.620	1,162,000	–	(74,000)	1,088,000
	14.8.2002	14.8.2003-13.8.2012	0.550	491,000	–	–	491,000
	15.9.2003	15.9.2004-14.9.2013	0.880	2,267,000	–	(48,000)	2,219,000
	5.7.2004	5.7.2005-4.7.2014	1.030	2,750,000	–	(48,000)	2,702,000
				8,476,000	(154,000)	(170,000)	8,152,000
				12,494,000	(154,000)	(170,000)	12,170,000

Note: The market price of the shares of GP Ind on 8 August 2007, the date of which options were exercised, was S\$0.55 per share.

Disclosure of Interest *(Continued)*

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

(c) GPBI's share option scheme:

<u>Name of Director</u>	<u>Date of Grant</u>	<u>Exercisable Period</u>	<u>Exercise Price</u> S\$	<u>Number of Option Shares Outstanding at 1.4.2007 and 30.9.2007</u>
Andrew NG Sung On	17.3.2000	17.3.2002-16.3.2010	1.410	200,000
	11.10.2000	11.10.2002-10.10.2010	1.600	200,000
	5.8.2002	5.8.2004-4.8.2012	1.250	190,000
	25.6.2003	25.6.2005-24.6.2013	2.500	190,000
Richard KU Yuk Hing	25.6.2003	25.6.2005-24.6.2013	2.500	170,000

Saved as disclosed above, as at 30 September 2007, 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 30 September 2007, 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 30 September 2007, 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 Listing Rules throughout the period, except for the following deviations:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Victor Lo Chung Wing is 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 are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's article of association. Since their appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

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 30 September 2007 have been reviewed by the Company's audit committee.

Board of Directors

As at the date of this report, the Board of Directors of the Company consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), 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 and CHAU Kwok Wai as Executive Directors, Messrs. Raymond WONG Wai Kan and Vincent CHEUNG Ting Kau as Non-Executive Directors, and Messrs. LUI Ming Wah, Frank CHAN Chi Chung and CHAN Kei Biu as Independent Non-Executive Directors.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, 7 November 2007