金山工業(集團)有限公司

Gold Peak Industries (Holdings) Limited

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 40)

2020/2021 Unaudited Interim Results Announcement (For the six months ended 30 September 2020)

The Board of Directors (the "Board") 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 2020.

HIGHLIGHTS

- Revenue decreased by 0.3% to HK$3,208 million
- Profit for the period attributable to owners of the Company decreased by 71.8% to HK$49.3 million
- Earnings per share: 6.29 Hong Kong cents (2019/20: 22.26 Hong Kong cents)
- The Board does not recommend an interim dividend for the six months ended 30 September 2020 (2019/20: 2.0 Hong Kong cents per share)

SUMMARY OF RESULTS

For the six months ended 30 September 2020, the Group's revenue amounted to HK$3,208 million, a decrease of 0.3% as compared with HK$3,218 million for the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK$49.3 million, a decrease of 71.8% compared to the corresponding period in the previous year. The earnings per share for the period amounted to 6.29 HK cents as compared with 22.26 HK cents for the same period last year.

BUSINESS REVIEW

GP Industries Limited *("GP Industries") (85.5% owned by Gold Peak as at 30 September 2020)*

GP Industries' revenue for the six-month period ended 30 September 2020 ("1HFY2021") was S$576.2 million, a 2.5% increase compared to the revenue reported for the six-month period ended 30 September 2019 ("1HFY2020"). Revenue of the Batteries Business increased by 12.3% while revenue of the Electronics and Acoustics Business declined by 29.6% and the Automotive Wire Harness Business decreased by 27.8%.

Gross profit for 1HFY2021 increased by 3.5% to S$153.0 million due to improvement in gross profit margin from 26.3% in 1HFY2020 to 26.6% in 1HFY2021.

GP Industries' other operating income decreased by S$52.7 million from S$58.4 million for 1HFY2020 to S$5.7 million for 1HFY2021. In 1HFY2020, the S$58.4 million gain included a gain of S$48.4 million from the disposal of the property.

Appreciation of Chinese Renminbi ("Renminbi") against United States ("US") dollar during 1HFY2021 contributed to an exchange loss of S$5.4 million for the period, compared to an exchange gain of S$4.3 million for 1HFY2020. Other operating expenses decreased by S$22.6 million in 1HFY2021 when compared to 1HFY2020 as, in 1HFY2020, GP Industries reported a provision for restructuring costs of S$17.5 million for relocation of the operations of GP Electronics (Huizhou) Co., Ltd. and a S$4.1 million realised loss on derivative financial instruments due to depreciation of Renminbi against US dollar.

Finance costs decreased from S$13.3 million for 1HFY2020 to S$10.0 million for 1HFY2021 due to a decrease in interest rates. Taxation expenses decreased by S$9.8 million to S$8.3 million in 1HFY2021 due mainly to taxation expense on the property disposal gain in 1HFY2020.

GP Industries' profit after taxation attributable to equity holders for 1HFY2021 was S$13.7 million, compared to S$38.7 million reported for 1HFY2020.

Batteries Business

- Revenue of the Batteries Business increased by 12.3% to S$482.2 million.
- Sales of primary batteries increased by 15.5% while sales of rechargeable batteries decreased by 4.1%.
- Sales in the Americas and Asia increased by 44.9% and 9.6% respectively while sales in Europe maintained. Sales increase in the Americas was mainly due to increase in sales of primary batteries.
- Gross profit margin improved due to better cost management and customer mix, and increase in sales with Delivered Duty Paid ("DDP") terms. However, distribution costs was also increased because of higher customs duty, transportation, packaging and other distribution costs, as a result of increase in DDP sales, and increase in advertising and promotion expenses.
- Aggregate profit contribution from associates of the Batteries Business increased by S$1.1 million.

Electronics and Acoustics Business

- Revenue of the Electronics and Acoustics Business decreased by 29.6% to S$80.1 million.
- Sales of private-label professional audio products decreased by 51.0%. Sales of Celestion products decreased by 37.4%.
- Sales of KEF products to the Americas increased by 23.3% due to increase in on-line transactions. Sales in Europe increased by 4.5% while sales to Asia decreased by 19.7%.
- Capacity and cost-cutting measures implemented helped to maintain overall profitability in this business.
- Aggregate profit contributed from associated companies which manufacture parts and components increased slightly.

Automotive Wire Harness Business

- Revenue of the Automotive Wire Harness Business decreased by 27.8% to S$14.0 million.
- Sales to the Americas decreased by 43.5% due to reduced demand for passenger cars in the US during lockdown.
- Sales to China slightly decreased by 2.4% as the lockdown measure was soon removed after a few months in early 2020 so car sales recovered relatively quickly.
- Capacity and cost adjustment measures implemented helped to maintain profitability in this business.

Other Industrial Investments

- Meiloon Industrial Co., Ltd. ("Meiloon") reported a decrease in revenue.
- Linkz Industries Limited reported a slight decrease in revenue but contributed more profit.

FINANCIAL REVIEW

During the period, the Group's net bank borrowings increased by HK$132 million to HK$2,327 million. As at 30 September 2020, the aggregate of the Group’s shareholders’ funds and non-controlling interests was HK$2,272 million and the Group’s gearing ratio (the ratio of consolidated net bank borrowings to shareholders’ funds and non-controlling interests) was 1.02 (31 March 2020: 1.04). The gearing ratios of the Company and GP Industries were 0.60 (31 March 2020: 0.55) and 0.66 (31 March 2020: 0.66) respectively.

At 30 September 2020, 84% (31 March 2020: 90%) of the Group’s bank borrowings was revolving or repayable within one year whereas 16% (31 March 2020: 10%) was repayable from one to five years. Most of these bank borrowings are in US dollars, Singapore dollars and Hong Kong dollars.

At 30 September 2020, the Group’s current liabilities exceeded its current assets by approximately HK$1,021 million. The net current liability position of the Group was due mainly to the following:

(i) the Group’s strategy to consolidate some of the Group’s older factories into new highly automated mega factories and to rebalance the Group’s manufacturing capacity in Asia led to a period of higher investments in property, plant and equipment (“CAPEX”) in the past few years. From 1 April 2017 to 30 September 2020, the Group’s CAPEX amounted to HK$1,499 million in aggregate. These investments were funded primarily by the Group’s internal resources, including cash and short term banking facilities.

(ii) bank and other loans of the Group repayable within a year as at 30 September 2020 included GP Industries’ term loans amounted to S$80.5 million (equivalent to HK$ 455.6 million).

The Group is planning to arrange new term loans to refinance the maturing term loans and repay some of the short term borrowings so as to improve the Group’s and the Company’s liquidity position. Taking into consideration the Group’s internally generated funds and available banking facilities, the Group has sufficient resources to settle its current liabilities as they fall due.

The Group’s exposure to foreign currencies arises mainly from the net cash flow and the translation of net monetary assets or liabilities of its overseas subsidiaries. The Group continued to manage foreign exchange risks prudently. Forward contracts, borrowings in local currencies and local sourcing have been arranged to minimise the impact of currency fluctuation.

PROSPECTS

The COVID-19 pandemic is still prevalent globally and is expected to continue disrupting the market demand for some of the Group's products. The US-China trade dispute, if remains unresolved, will continue to affect US market demand for some of the Group's China-made products due to the additional US import tariff.

Demand for the Group's battery products is more resilient to the economic fluctuations. Lockdown and supply chain problems faced by some competitors may cause more consolidation of the market and lead to more business opportunities for its battery products. Demand for the Group's private-label professional audio products may continue to be adversely affected if mass gatherings continue to be disallowed. Sales of KEF products remained robust so far and new speakers introduced by KEF received a number of major awards thus resulting in a strong order book. The proprietary Metamaterial Absorption Technology (MAT) developed by KEF has just won the "Innovation of the Year 2020" award from What Hi-Fi? magazine of the United Kingdom. Revenue from the sales of battery products and KEF products accounted for 83.7% and 7.4% of the Group's revenue for 1HFY2021 respectively.

Volatilities in raw material prices and currency exchange rates may continue to affect the Group's results and price competition may intensify later, hurting revenue and profitability.

Construction of the state-of-the-art manufacturing campus by the Group's battery manufacturing subsidiaries in Ningbo, China, is nearing completion. Although the strategy of rebalancing its manufacturing capacity among factories in China, Malaysia, Vietnam and Thailand is being delayed due to travel restrictions, the new Malaysian factory is making progress. Completion of the factory relocation projects in Southeast Asia will not only provide a more diverse supply base for the Group's products but also free up some of its land and buildings in China for disposal, proceeds from which will strengthen the Group's balance sheet and cash flow. The Group's 20.27%-owned associate, Meiloon, started to build a new factory in Indonesia. On 23 October 2020, the Group had announced that a wholly owned subsidiary of Meiloon had accepted an offer to return its factory site located in Suzhou, China, to the Suzhou city government for a compensation equivalent to approximately S$140.4 million.

Despite the very challenging business environment globally, the Group will continue to build its brands and its distribution networks. It is further strengthening its eCommerce infrastructure and capabilities, in order to benefit from the rapidly growing eCommerce channels. The Group will also continue to invest into technology, new products and automation of its factories to further enhance the competitiveness of its businesses.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 September 2020 HK$'000	2019 HK$'000
Revenue	4 & 5	**3,208,380**	3,217,933
Cost of sales		**(2,356,480)**	(2,372,119)
Gross profit		**851,900**	845,814
Other income and other gains	6	**31,580**	353,328
Selling and distribution expenses		**(372,152)**	(362,389)
Administrative expenses		**(354,689)**	(363,522)
Other expenses and other losses	7	**(40,367)**	(136,438)
Finance costs		**(69,375)**	(91,772)
Share of results of associates		**87,159**	86,414
Profit before taxation	8	**134,056**	331,435
Taxation	9	**(33,846)**	(90,746)
Profit for the period		**100,210**	240,689
Attributable to:			
Owners of the Company		**49,340**	174,682
Non-controlling interests		**50,870**	66,007
		100,210	240,689
Interim dividend		**-**	15,694
Earnings per share - Basic	10	**6.29 HK cents**	22.26 HK cents

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
Profit for the period	**100,210**	240,689
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**56,733**	(113,204)
Translation surplus reclassified to profit or loss upon deregistration of a subsidiary	**-**	(126)
Net change in fair value of cash flow hedges	**1,055**	(599)
Share of other comprehensive income (expense) of associates	**35,541**	(39,540)
	93,329	(153,469)
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income	**3,479**	(1,861)
Other comprehensive income (expense) for the period	**96,808**	(155,330)
Total comprehensive income for the period	**197,018**	85,359
Total comprehensive income attributable to:		
Owners of the Company	**115,546**	63,211
Non-controlling interests	**81,472**	22,148
	197,018	85,359

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 September 2020 HK$'000**	As at 31 March 2020 HK$'000
Non-current assets			
Property, plant and equipment	11	**2,013,481**	1,833,304
Right-of-use assets	12	**175,711**	177,177
Interests in associates		**1,595,978**	1,501,587
Equity instruments at fair value through other comprehensive income		**61,863**	58,413
Intangible assets		**1,209**	1,247
Goodwill		**79,066**	79,066
Non-current receivables		**80,798**	83,392
Non-current deposits		**15,077**	26,086
Deferred tax assets		**28,422**	20,867
		4,051,605	3,781,139
Current assets			
Inventories		**1,048,482**	914,157
Trade and other receivables and prepayments	13	**1,501,027**	1,205,873
Dividend receivable		**-**	26,723
Taxation recoverable		**24,387**	25,001
Derivative financial instruments		**897**	-
Bank balances, deposits and cash		**978,789**	1,250,672
		3,553,582	3,422,426
Assets classified as held for sale		**19,742**	43,385
		3,573,324	3,465,811
Current liabilities			
Creditors and accrued charges	14	**1,655,400**	1,303,249
Contract liabilities		**32,624**	43,573
Taxation payable		**51,758**	34,857
Derivative financial instruments		**3,009**	6,554
Lease liabilities		**65,400**	61,803
Bank loans, import and other loans		**2,785,763**	3,094,526
		4,593,954	4,544,562
Net current liabilities		**(1,020,630)**	(1,078,751)
Total assets less current liabilities		**3,030,975**	2,702,388

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	As at 30 September 2020 HK$'000	As at 31 March 2020 HK$'000
Non-current liabilities		
Lease liabilities	**97,485**	94,568
Bank and other loans	**519,706**	351,203
Deferred tax liabilities	**42,216**	41,062
Provision for restructuring	**99,810**	99,810
	759,217	586,643
Net assets	**2,271,758**	2,115,745
Capital and reserves		
Share capital	**921,014**	921,014
Reserves	**495,430**	379,884
Equity attributable to owners of the Company	**1,416,444**	1,300,898
Non-controlling interests	**855,314**	814,847
Total equity	**2,271,758**	2,115,745

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial information relating to the year ended 31 March 2020 that is included in the half-year interim report 2020/2021 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on the financial statements for the year ended 31 March 2020. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. Basis of presentation

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. As at 30 September 2020, the Group's current liabilities exceeded its current assets by approximately HK$1,021 million. The Group's current liabilities as at 30 September 2020 included bank loans, import and other loans of approximately HK$2,786 million that are repayable within twelve months from the end of the reporting period. Taking into account of the Group's internally generated funds and available banking facilities, the directors of the Company are confident that the Group will be able to meet their financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis.

3. Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020.

3. Significant accounting policies (continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions".

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts and accounting policies on early application of Amendment to HKFRS 16 "Covid-19-Related Rent Concessions"

3.1.1 Accounting policies

Leases

Covid-19-related rent concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. **Significant accounting policies** (continued)

3.1.2 Transition and summary of effects

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained profits at 1 April 2020. The Group recognised changes in lease payments that resulted from rent concessions of HK$981,000 in the profit or loss for the current interim period.

4. **Segment information**

The following is an analysis of the Group's revenue and results by operating segments and reporting segments for the period under review:

For the six months ended 30 September 2020

	Electronics HK$'000	**Batteries HK$'000**	**Other investments HK$'000**	**Total reportable segments HK$'000**	**Eliminations HK$'000**	**Total HK$'000**
Revenue						
External sales	**523,793**	**2,684,587**	**-**	**3,208,380**	**-**	**3,208,380**
Inter-segment sales	**17**	**13**	**-**	**30**	**(30)**	**-**
Segment revenue	**523,810**	**2,684,600**	**-**	**3,208,410**	**(30)**	**3,208,380**
Results						
Segment results	**10,367**	**232,799**	**(8)**	**-**	**-**	**243,158**
Interest income						**7,607**
Other expenses						**(40,367)**
Finance costs						**(69,375)**
Unallocated expenses						**(6,967)**
Profit before taxation						**134,056**

For the six months ended 30 September 2019

	Electronics HK$'000	Batteries HK$'000	Other investments HK$'000	Total reportable segments HK$'000	Eliminations HK$'000	Total HK$'000
Revenue						
External sales	761,402	2,456,531	-	3,217,933	-	3,217,933
Inter-segment sales	11	34	-	45	(45)	-
Segment revenue	761,413	2,456,565	-	3,217,978	(45)	3,217,933
Results						
Segment results	336,930	217,608	(16)	-	-	554,522
Interest income						9,424
Other expenses						(136,438)
Finance costs						(91,772)
Unallocated expenses						(4,301)
Profit before taxation						331,435

5. Revenue

The following is an analysis of the Group's revenue recognised at a point in time from its major products:

	For the six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
Electronics segment:		
Electronics and acoustics products	**445,725**	650,299
Automotive wire harness products	**78,068**	111,103
	523,793	761,402
Batteries segment:		
Batteries and battery related products	**2,684,587**	2,456,531
Revenue from contracts with customers	**3,208,380**	3,217,933

The following table provides an analysis of the Group's revenue from external customers based on location of customers:

	For the six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
The PRC		
- Hong Kong	**146,931**	198,967
- Mainland China	**1,143,847**	1,046,990
Other Asian countries	**221,853**	210,519
Europe	**891,449**	939,784
Americas	**755,286**	781,407
Others	**49,014**	40,266
	3,208,380	3,217,933

6. Other income and other gains

	For the six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
Other income and other gains include:		
Gain on disposal of property, plant and equipment and assets classified as held for sale	**37**	277,257
Gain from deemed disposal / partial disposal of interest in associates	**-**	9,286
Rent concession related to COVID-19	**981**	-
Exchange gain	**-**	24,863

7. Other expenses and other losses

	For the six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
Other expenses and other losses include:		
Realised loss on derivative financial instruments	**1,550**	23,428
Restructuring charges	**-**	99,810
Closure and relocation costs	**8,892**	13,200
Exchange loss	**29,925**	-

8. Profit before taxation

	For the six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**38**	38
Depreciation of property, plant and equipment	**74,215**	76,941
Depreciation of right-of-use assets	**40,410**	31,565

9. Taxation

	For the six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
Hong Kong Profits Tax	**6,119**	5,311
Taxation in jurisdictions other than Hong Kong	**34,051**	72,450
Deferred taxation	**(6,324)**	12,985
	33,846	90,746

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2019: 16.5%) of the estimated assessable profit for the period.

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

10. Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
Earnings		
Profit for the period attributable to owners of the Company	**49,340**	174,682
	'000	'000
Number of shares		
Number of shares in issue during the period for the purpose of basic earnings per share	**784,693**	784,693

No computation of diluted earnings per share for the periods ended 30 September 2020 and 30 September 2019 is disclosed as there are no potential ordinary shares in issue during both periods.

11. Property, plant and equipment

During the period, the Group spent approximately HK$190,545,000 (six months ended 30 September 2019: HK$210,172,000) on property, plant and equipment to expand its business.

12. Right-of-use assets

During the period ended 30 September 2020, the Group entered into new lease agreements for the use of land and buildings and machinery and equipment. The Group is required to make periodic payments. On lease commencement, the Group recognised right-of-use assets of HK$36,616,000 and lease liabilities of HK$36,365,000.

During the period ended 30 September 2019, GP Electronics (Huizhou) Co., Ltd. ("GPHC"), a wholly-owned subsidiary of GP Industries, disposed of certain land and building of industrial complex located in Huizhou, PRC ("the Disposed Property") to an independent third party. The disposal agreement allows GPHC to continue to use the Disposed Property without paying any rent for a period of five years from June 2019 to June 2024. Based on the intended removal date estimated by the management, the Group recognised right-of-use assets of HK$36.6 million for the expected rent free use of the Disposed Property with reference to the market value of rent of the Disposal Property from June 2019 to June 2022. The Group also entered into other new lease agreements for the use of land and buildings and machinery and equipment. The Group is required to make periodic payments. On lease commencement, the Group recognised right-of-use assets of HK$40,831,000 and lease liabilities of HK$40,453,000

13. Trade and other receivables and prepayments

The Group allows its trade customers with credit periods normally ranging from 30 days to 120 days. The following is an aging analysis of trade and bills receivables at the end of the reporting period:

	As at 30 September 2020 HK$'000	As at 31 March 2020 HK$'000
Trade and bills receivables	**1,167,907**	836,778
Less: Allowance for credit losses	**(25,705)**	(25,712)
	1,142,202	811,066
Other receivables, deposits and prepayments	**373,902**	420,893
	1,516,104	1,231,959
Less: Non-current portion of deposits	**(15,077)**	(26,086)
	1,501,027	1,205,873

	As at 30 September 2020 HK$'000	As at 31 March 2020 HK$'000
Trade and bills receivables		
0 - 60 days	**871,806**	580,168
61 - 90 days	**114,864**	81,639
Over 90 days	**155,532**	149,259
	1,142,202	811,066

14. Creditors and accrued charges

The following is an aging analysis of creditors at the end of the reporting period:

	As at 30 September 2020 HK$'000	As at 31 March 2020 HK$'000
Trade creditors		
0 - 60 days	**880,460**	648,813
61 - 90 days	**136,031**	82,176
Over 90 days	**64,490**	66,342
	1,080,981	797,331
Other payables and accrued charges	**574,419**	505,918
	1,655,400	1,303,249

15. Fair value measurement of financial instruments

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

15. Fair value measurement of financial instruments (continued)

Financial assets/ financial liabilities	Fair value as at 30 September 2020 HK$'000	Fair value as at 31 March 2020 HK$'000	Fair value hierarchy	Basis of fair value measurement / valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
1. Listed equity securities classified as equity instrument at fair value through other comprehensive income ("FVTOCI")	**7,356**	5,882	Level 1	The fair value of the equity securities is estimated by the price quotation available on the Emerging Market Board in Taiwan, which does not trade actively.	N/A	N/A
2. Foreign currency forward contracts classified as derivative financial instruments	**Assets** **28** **Liabilities** **-**	Assets - Liabilities 2,594	Level 2	Discounted cash flow. Future cash flows are estimated based on closing forward price (from observable forward exchange rate at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
3. Interest rate swap contract classified as derivative financial instruments	**Liabilities (under hedge accounting)** **3,009**	Liabilities (under hedge accounting) 3,927	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at an applicable discount rate taking into account the credit risk of the counter-parties and of the Group as appropriate.	N/A	N/A
4. Forward commodity contracts classified as derivative financial instruments	**Assets** **869** **Liabilities** **-**	Assets - Liabilities 33	Level 2	Discounted cash flow. Future cash flows are estimated based on closing price (from observable forward price of related metals at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
5. Equity instruments at FVTOCI	**46,800**	44,824	Level 3	Asset-based approach. The fair value of the target company was determined by the asset-based approach using the adjusted net asset value. Net asset value of the target company was adjusted through fair value adjustments held by the target company primarily by the direct comparison approach.	Price per square meter. Using market direct comparable and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc.	The higher the price per square meter, the higher the fair value.

15. Fair value measurement of financial instruments (continued)

Financial assets/ financial liabilities	Fair value as at 30 September 2020 HK$'000	Fair value as at 31 March 2020 HK$'000	Fair value hierarchy	Basis of fair value measurement / valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
6. Equity instruments at FVTOCI	**3,715**	3,815	Level 3	Market approach. The market approach was used to determine the valuation by the average estimated values using the following multiples: enterprise value to earnings before interest, taxes, depreciation and amortisation ratio, enterprise value to earnings before interest, taxes ratio and price to earning ratio of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The discount of lack of marketability and applied multiples.	The higher the discount of lack of marketability, the lower the fair value. The higher the applied multiples, the higher the fair value.
7. Equity instruments at FVTOCI	**3,992**	3,892	Level 3	Combination of asset-based approach and market approach. The fair value of the target company was determined by the asset-based approach using the adjusted net asset value with adjustments for the lack of marketability. Net asset value of the target company was adjusted through fair value adjustments of each sub-entity held by the target company primarily by the market approach using enterprise value to sales ratio or enterprise value to earnings before interest, taxes ratio of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The discount of lack of marketability and applied multiples.	The higher the discount of lack of marketability, the lower the fair value. The higher the applied multiples, the higher the fair value.

There is no transfer between different levels of the fair value hierarchy during the six months ended 30 September 2020 and the year ended 31 March 2020.

The fair value of other financial assets and financial liabilities are determined in accordance with general accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of these financial assets and financial liabilities recorded at amortised cost approximate their fair values.

16. Contingencies and commitments

(a) Contingent liabilities

	As at 30 September 2020 HK$'000	As at 31 March 2020 HK$'000
Guarantees given to banks in respect of banking facilities to associates	**16,328**	16,335
Others	**12,374**	11,614

(b) Capital commitments

	As at 30 September 2020 HK$'000	As at 31 March 2020 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed consolidated financial statements	**20,083**	14,404

17. Related party transactions

During the period, the Group entered into the following transactions with its associates:

	For the six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
Sales to associates	**66,136**	75,526
Purchases from associates	**237,420**	244,210
Management fee income received from associates	**1,403**	1,403

As at the end of the reporting period, the Group has the following balances with its associates included under trade and other receivables and prepayments and creditors and accrued charges:

	As at 30 September 2020 HK$'000	As at 31 March 2020 HK$'000
Trade receivables due from associates	**74,442**	77,254
Other receivables due from associates	**6,894**	7,566
Trade payables due to associates	**114,969**	73,645
Other payables due to associates	**1,099**	1,116

INTERIM DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2020 (2019/20: 2.0 HK cents per share).

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 six months ended 30 September 2020.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2020, except for the deviation from Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Victor LO Chung Wing is currently the Chairman and Chief Executive of the Company. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Group's principal businesses are separately listed and each business is run by a different board of directors.

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 four independent non-executive directors and one non-executive director of the Company. The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 have been reviewed by the Company's audit committee.

DIRECTORS' DEALING IN SECURITIES OF THE COMPANY

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct regarding the directors' securities transactions. Having made specific enquiry of all directors of the Company, the Company confirmed that all directors have complied with the required standards set out in the Model Code during the six months ended 30 September 2020.

BOARD OF DIRECTORS

As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), Richard KU Yuk Hing, Brian LI Yiu Cheung (Executive Vice President), Michael LAM Hin Lap and Brian WONG Tze Hang as Executive Directors, Ms. Karen NG Ka Fai as Non-Executive Director and Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Biu and Timothy TONG Wai Cheung as Independent Non-Executive Directors

By Order of the Board
Louis WONG Man Kon
Company Secretary

Hong Kong, 25 November 2020
www.goldpeak.com