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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 Final Results Announcement

FINANCIAL HIGHLIGHTS

- Revenue increased by 10.8% to HK\$6,706 million
- Profit attributable to owners of the Company increased by 483.0% to HK\$121.9 million (2019/20: HK\$20.9 million)
- Earnings per share: 15.5 HK cents (2019/20: 2.7 HK cents)
- The Board does not propose the payment of final dividend (2019/20: Nil)

The Board of Directors of Gold Peak Industries (Holdings) Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2021.

SUMMARY OF RESULTS

The Group’s revenue for the year ended 31 March 2021 increased by 10.8% over the previous year to HK\$6,706 million. The consolidated profit attributable to owners of the Company increased by 483.0% over the previous year to HK\$121.9 million. The basic earnings per share for the year amounted to 15.5 HK cents (2019/20: 2.7 HK cents).

BUSINESS REVIEW

GP Industries Limited (“GP Industries”) *(85.5% owned by Gold Peak as at 31 March 2021)*

During the financial year which ended on 31 March 2021 (“FY2021”), the COVID-19 pandemic was not only a devastating tragedy for humanity but it also created severe detrimental consequences on the global economy and key markets. The lockdown measures implemented to stop the spread of the pandemic leading to serious disruptions in production, material supply and global logistics operations also created serious challenges for GP Industries Group’s operations. Fortunately, consumer demand for batteries remained steady during the pandemic and GP Industries Groups’ production facilities in China and South East Asia provided a broader supply base than most competitors to overcome some of the operational challenges. In FY2021, the Batteries Business reported a revenue increase of 18.8% when compared to the revenue for the financial year which ended on 31 March 2020 (“FY2020”). Driven by robust consumer demand and strong market reception for new premium quality wireless network enabled home audio products, GP Industries Group’s KEF brand acoustics business also reported a revenue increase of 26.2% in FY2021 when compared to FY2020. Despite revenue declines reported by the professional audio manufacturing business, Celestion professional speaker driver business and the Automotive Wire Harness business, GP Industries Group reported a total revenue of S\$1,182.1 million for FY2021, representing a 11.3% increase when compared to the revenue reported in FY2020.

Gross profit of GP Industries Group increased by 13.2% to S\$316.3 million due mainly to the increase in revenue, and partly to improvement in sales mix as sales of KEF products increased.

Distribution costs of GP Industries Group increased by 16.0% or S\$20.2 million due partly to the increase in revenue and brand building activities, as well as a surge in freight rates which prevailed during the second half of FY2021.

Other operating income of GP Industries Group decreased by S\$49.7 million to S\$19.6 million for FY2021, as GP Industries Group reported a S\$48.6 million gain from disposal of land and building and an exchange gain of S\$3.3 million in FY2020. Other operating expense also decreased by S\$14.0 million to S\$22.9 million for FY2021, as GP Industries Group reported an exchange loss of S\$8.1 million, due to appreciation of Chinese Renminbi (“RMB”), in FY2021 while it reported a S\$17.6 restructuring charges and a S\$5.6 million loss from liquidation of a subsidiary in FY2020.

Share of results of associates of GP Industries Group increased by S\$19.1 million to S\$42.5 million for FY2021. The increase was due mainly to a S\$13.7 million share of gain of Meiloon Industrial Co., Ltd. (“Meiloon”) from disposal of land and buildings located in Suzhou, China.

Finance costs of GP Industries Group decreased by 25.4% or S\$6.6 million to S\$19.4 million due mainly to reduced interest rates.

Profit before taxation of GP Industries Group increased by S\$5.1 million, from S\$51.2 million for FY2020 to S\$56.3 million for FY2021. GP Industries Group's profit after taxation attributable to equity holders for FY2021 was S\$31.7 million, an increase of S\$12.2 million or 63.0% when compared to S\$19.5 million reported in FY2020.

Batteries Business

- Revenue of the Batteries Business was S\$945.6 million, increased by 18.8%.
- Sales of primary batteries and rechargeable batteries increased by 21.2% and 5.4% respectively.
- In geographical terms, sales growth was reported across all major markets, with increases of 36.8%, 22.1% and 5.1% to the Americas, Asia and Europe respectively.
- Gross profit margin started to taper during the second half of FY2021 due to the adverse effects of increase in material prices and appreciation of RMB.
- Aggregate profit contribution from associates increased by S\$4.8 million in FY2021 as compared to FY2020.

Electronics and Acoustics Business

- Revenue of the Electronics and Acoustics Business decreased by 11.9% to S\$202.9 million.
- Sales of KEF products increased by 26.2%. Sales to the Americas and Europe increased by 31.0% and 37.2% respectively while sales to Asia remained steady.
- Revenue of the professional audio manufacturing business and Celestion brand professional speaker driver business declined by 40.3% and 26.6% respectively.
- Aggregate profit contributed from associated companies decreased by S\$1.7 million.

Automotive Wire Harness Business

- Revenue of the Automotive Wire Harness Business declined by 6.1% to S\$33.6 million.
- Sales to the Americas decreased by 21.3% while sales to China increased by 6.3%.

Other Industrial Investments

- Share of Meiloon's profit increased as Meiloon completed the disposal of its land and building located in Suzhou, China. Share of such disposal gain to GP Industries Group was approximately S\$13.7 million.
- Profit contribution from Linkz Industries Limited also increased.

PROSPECTS

The current development of the COVID-19 pandemic continues to cause uncertainties to the recovery of global economy. In addition, global shortages of semi-conductors and other electronic components, rising prices of certain types of raw materials and components used by the Group, disruptions to global shipping services and gradual strengthening of the RMB may drive up the Group's business costs or disrupt its production capacity. US import tariffs imposed on China-made products may continue to affect the demand for some of its products from United States based customers.

However, market demand for consumer batteries and for KEF's premium loudspeakers and wireless audio systems is expected to remain strong. The Group's professional audio manufacturing business, Celestion's professional loudspeaker driver business and automotive wire harness are all showing clear signs of recovery despite uncertainties in the market. However, continued lockdown and social distancing measures may hamper such recovery.

Since early 2021, the Group started to prepare for the relocation of its Nickel Metal Hydride rechargeable and Carbon Zinc 9-volt batteries manufacturing facilities from Huizhou, China to the new manufacturing campus located at Xiegang, Dongguan, China. The Group has also resumed the transfer of some of the electronic products produced in China to the 51%-owned electronic and acoustics factory in Thailand. The product transfer has been delayed by more than a year due to the outbreak of COVID-19.

The Group's strategy to invest in building its brands, its on-line and off-line sales capabilities, invest into technology and product development and to rebalance its production capacity in China and South East Asia helped it to maintain its business performance during the COVID-19 pandemic. The Group will continue with this strategy to further strengthen the competitiveness of its brands and products in key priority markets.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 March	
		2021	2020
		HK\$'000	HK\$'000
	Notes		
Revenue	3	6,706,177	6,051,511
Cost of sales		(4,912,014)	(4,459,427)
Gross profit		1,794,163	1,592,084
Other income and other gains	4	111,798	384,779
Selling and distribution expenses		(836,547)	(770,799)
Administrative expenses		(768,426)	(749,516)
Other expenses and other losses	5	(117,501)	(191,411)
Finance costs	6	(136,982)	(180,821)
Share of results of associates		240,960	133,435
Profit before taxation	7	287,465	217,751
Taxation	8	(79,409)	(126,454)
Profit for the year		208,056	91,297
Profit for the year attributable to:			
Owners of the Company		121,862	20,902
Non-controlling interests		86,194	70,395
		208,056	91,297
Earnings per share - Basic	9	15.5 HK cents	2.7 HK cents

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Profit for the year	<u>208,056</u>	<u>91,297</u>
Other comprehensive income (expense):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising from translation of foreign operations	120,957	(90,222)
Net translation (surplus) deficit reclassified to profit or loss upon deregistration of subsidiaries	(21)	31,817
Net change in fair value of cash flow hedges	4,136	(2,078)
Share of other comprehensive income (expense) of associates	73,902	(59,580)
	<u>198,974</u>	<u>(120,063)</u>
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income	8,090	(18,962)
Other comprehensive income (expense) for the year	<u>207,064</u>	<u>(139,025)</u>
Total comprehensive income (expense) for the year	<u>415,120</u>	<u>(47,728)</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	264,944	(77,115)
Non-controlling interests	150,176	29,387
	<u>415,120</u>	<u>(47,728)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March 2021	As at 31 March 2020
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		2,234,627	1,833,304
Right-of-use assets		282,447	177,177
Interests in associates		1,784,099	1,501,587
Equity instruments at fair value through other comprehensive income		60,065	58,413
Intangible assets		1,170	1,247
Goodwill		79,066	79,066
Non-current receivables		86,179	83,392
Non-current deposits		38,749	26,086
Deferred tax assets		27,787	20,867
		4,594,189	3,781,139
Current assets			
Inventories		1,192,082	914,157
Trade and other receivables and prepayments	11	1,557,618	1,197,047
Dividend receivable		24,826	26,723
Taxation recoverable		27,308	25,001
Equity instruments at fair value through profit or loss		7,455	-
Bank balances, deposits and cash		1,318,468	1,250,672
		4,127,757	3,413,600
Assets classified as held for sale		42,214	43,385
		4,169,971	3,456,985
Current liabilities			
Creditors and accrued charges	12	1,953,572	1,303,249
Contract liabilities		51,451	43,573
Taxation payable		61,579	34,857
Derivative financial instruments		7,122	6,554
Lease liabilities		72,339	61,803
Bank loans, import and other loans	13	2,710,704	3,087,259
		4,856,767	4,537,295
Net current liabilities		(686,796)	(1,080,310)
Total assets less current liabilities		3,907,393	2,700,829

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March 2021	As at 31 March 2020
	Note	HK\$'000	HK\$'000
Non-current liabilities			
Lease liabilities		215,585	94,568
Bank and other loans	14	1,047,933	349,644
Deferred tax liabilities		59,898	41,062
Provision for restructuring		99,810	99,810
		1,423,226	585,084
Net assets		2,484,167	2,115,745
Capital and reserves			
Share capital		921,014	921,014
Reserves		677,760	379,884
Equity attributable to owners of the Company		1,598,774	1,300,898
Non-controlling interests		885,393	814,847
Total equity		2,484,167	2,115,745

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The financial information relating to the years ended 31 March 2021 and 2020 included in this preliminary 2020/21 results announcement does not constitute the Company's statutory annual consolidated financial statements for these two years but is derived from these financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) 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 (Cap. 622) and will deliver the financial statements for the year ended 31 March 2021 in due course.
- The Company's auditor has reported on the financial statements of the Group for both the years ended 31 March 2021 and 2020. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$687 million as at 31 March 2021. The Group's current liabilities as at 31 March 2021 included bank loans, import and other loans of approximately HK\$2,711 million that are repayable within twelve months from the end of the reporting period. Taking into account of the internally generated funds and the 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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year.

In the current year, 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 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”* and the *Amendment to HKFRS 16 “COVID-19-Related Rent Concession beyond 30 June 2021”*.

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 year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

Impacts on early application of Amendment to HKFRS 16 “COVID-19-Related Rent Concessions” and Amendment to HKFRS 16 “COVID-19-Related Rent Concessions beyond 30 June 2021”

The Group has applied both amendments for the first time in the current year. These amendments introduce a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- 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 2022; 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.

The application of both amendments had no impact to the opening retained profits at 1 April 2020. The Group has benefited from waiver of lease payments on several leases in leasehold building. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK\$4,406,000, which has been recognised as variable lease payments in profit or loss for the current year.

New or amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹

Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2021

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. Segment information

For the purposes of resources allocation and performance assessment, the executive directors, who are the chief operating decision makers, assess profit or loss of these operating divisions using a measure of operating profit which exclude: interest income, other expenses, finance costs and unallocated expenses.

The three main operating divisions of the Group, each of which constitutes an operating and reportable segment for financial reporting purpose, are:

Electronics - development, manufacture and distribution of electronics and acoustic products, automotive wire harness and other businesses.

Batteries - development, manufacture and distribution of batteries and battery related products.

Other investments - holding of other investments which are mainly engaged in selling and distribution business.

No operating segments have been aggregated to derive the reportable segments of the Group.

The Group's revenue represents sales of electronics and acoustics, automotive wire harness, batteries and other products.

The following is an analysis of the Group's revenue and results by these operating and reportable segments:

Year ended 31 March 2021

	Electronics	Batteries	Other	Total	Eliminations	Total
	HK\$'000	HK\$'000	Investments	reportable	HK\$'000	HK\$'000
			HK\$'000	segments		
				HK\$'000		
REVENUE						
External sales	1,341,562	5,364,615	-	6,706,177	-	6,706,177
Inter-segment sales	18	41	-	59	(59)	-
Segment revenue	<u>1,341,580</u>	<u>5,364,656</u>	<u>-</u>	<u>6,706,236</u>	<u>(59)</u>	<u>6,706,177</u>
RESULTS						
Segment results	136,028	407,530	(52)	-	-	543,506
Interest income						14,343
Other expenses						(117,501)
Finance costs						(136,982)
Unallocated expenses						<u>(15,901)</u>
Profit before taxation						<u>287,465</u>

Year ended 31 March 2020

	Electronics	Batteries	Other	Total	Eliminations	Total
	HK\$'000	HK\$'000	Investments	reportable	HK\$'000	HK\$'000
			HK\$'000	segments		
				HK\$'000		
REVENUE						
External sales	1,515,562	4,535,949	-	6,051,511	-	6,051,511
Inter-segment sales	16	36	-	52	(52)	-
Segment revenue	<u>1,515,578</u>	<u>4,535,985</u>	<u>-</u>	<u>6,051,563</u>	<u>(52)</u>	<u>6,051,511</u>
RESULTS						
Segment results	345,100	277,469	(68)	-	-	622,501
Interest income						18,826
Other expenses						(191,411)
Finance costs						(180,821)
Unallocated expenses						<u>(51,344)</u>
Profit before taxation						<u>217,751</u>

Inter-segment sales are made by reference to market prices.

Revenue from major products

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

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Electronics segment:		
Electronics and acoustics products	1,150,987	1,311,762
Automotive wire harness products	190,575	203,800
	<u>1,341,562</u>	<u>1,515,562</u>
Batteries segment:		
Batteries and battery related products	5,364,615	4,535,949
Revenue from contracts with customers	<u>6,706,177</u>	<u>6,051,511</u>

Geographical information

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

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
The People's Republic of China		
- Hong Kong	295,529	353,102
- Mainland China	2,361,621	1,891,931
Other Asian countries	486,156	411,842
Europe	1,906,627	1,838,344
Americas	1,555,831	1,468,546
Others	100,413	87,746
	<u>6,706,177</u>	<u>6,051,511</u>

4. Other income and other gains

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Other income include:		
Gain on disposal of property, plant and equipment and assets classified as held for sale	14,022	277,799
Fair value gain from investment property, classified as held for sale	21,464	-
Government grant	21,132	28,276
Realised gain on derivative financial instruments	4,441	-
Rent concession related to COVID-19	4,406	-
Exchange gain	-	18,955
	<u>-</u>	<u>18,955</u>

5. Other expenses and other losses

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Realised loss on derivative financial instruments	-	(27,160)
Unrealised fair value loss on derivative financial instruments	(5,241)	-
Fair value loss on equity instruments at fair value through profit or loss	(3,428)	-
Net translation deficit recognised to profit or loss upon deregistration of subsidiaries	-	(31,817)
Closure and relocation costs	(28,101)	(32,624)
Provision for restructuring	-	(99,810)
Impairment loss recognised on property, plant and equipment	(13,400)	-
Impairment loss recognised on right-of-use assets	(7,600)	-
Property, plant and equipment written off	(14,084)	-
Exchange loss	(45,647)	-
	<u>(117,501)</u>	<u>(191,411)</u>

6. Finance costs

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Interest on bank and other loans	(125,482)	(174,383)
Interest on lease liabilities	(11,500)	(6,438)
	<u>(136,982)</u>	<u>(180,821)</u>

7. Profit before taxation

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	(77)	(77)
Depreciation of property, plant and equipment	(153,532)	(154,856)
Depreciation of right-of-use assets	<u>(91,511)</u>	<u>(70,279)</u>

8. Taxation

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
- charge for the year	11,173	10,450
- underprovision in previous years	<u>2,945</u>	<u>21,168</u>
	<u>14,118</u>	<u>31,618</u>
Taxation in jurisdictions other than Hong Kong		
- charge for the year	57,252	82,873
- overprovision in previous years	<u>(4,025)</u>	<u>(6,270)</u>
	<u>53,227</u>	<u>76,603</u>
	<u>67,345</u>	<u>108,221</u>
Deferred taxation charge		
- current year	<u>12,064</u>	<u>18,233</u>
	<u>79,409</u>	<u>126,454</u>

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

9. 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 year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit for the year attributable to owners of the Company	<u>121,862</u>	<u>20,902</u>
<u>Number of shares</u>	'000	'000
Number of shares in issue during the year for the purpose of calculating basic earnings per share	<u>784,693</u>	<u>784,693</u>

No computation of diluted earnings per share for the years ended 31 March 2021 and 31 March 2020 is disclosed as there are no potential ordinary shares in issue during the years ended 31 March 2021 and 31 March 2020.

10. Dividend

	For the year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Dividends recognised as distribution during the year ended 31 March 2020		
2019 Final dividend - 2.5 HK cents (2020: nil) per share	-	19,617
2020 Interim dividend - 2.0 HK cents (2021: nil) per share	<u>-</u>	<u>15,694</u>
	<u>-</u>	<u>35,311</u>

As the COVID-19 pandemic may continue to cause uncertainties and disruptions to the Group's business, the Board would like to preserve the Group's financial resources and does not propose the payment of final dividend for the year ended 31 March 2021 but expect to resume dividend payment for the coming financial year.

11. Trade and other receivables and prepayments

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade and bills receivables from contracts with customers	1,235,839	836,778
Less: Allowance for credit losses	<u>(26,478)</u>	<u>(25,712)</u>
	1,209,361	811,066
Other receivables, deposits and prepayments	<u>348,257</u>	<u>385,981</u>
	<u>1,557,618</u>	<u>1,197,047</u>

The Group allows its trade customers with credit periods normally ranging from 30 days to 120 days. The following is an ageing of trade and bills receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade and bills receivables from contracts with customers		
0 - 60 days	923,161	580,168
61 - 90 days	109,992	81,639
Over 90 days	<u>176,208</u>	<u>149,259</u>
	1,209,361	811,066
Other receivables, deposits and prepayments	<u>387,006</u>	<u>412,067</u>
	1,596,367	1,223,133
Less: Non-current deposits	<u>(38,749)</u>	<u>(26,086)</u>
	<u>1,557,618</u>	<u>1,197,047</u>

12. Creditors and accrued charges

The following is the ageing of creditors presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade creditors		
0 - 60 days	1,030,043	648,813
61 - 90 days	117,880	82,176
Over 90 days	<u>79,513</u>	<u>66,342</u>
	1,227,436	797,331
Other payables and accrued charges	<u>726,136</u>	<u>505,918</u>
	<u>1,953,572</u>	<u>1,303,249</u>

13. Bank loans, import and other loans

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Current portion of unsecured bank and other loans (note 14)	546,180	293,060
Unsecured short-term bank loans and import loans	2,156,215	1,665,113
Short-term interest free loan	8,107	-
Short-term portion of bank loans that are repayable on demand due to breach of loan covenants (note 14)	-	421,303
Long-term portion of bank loans that are repayable on demand due to breach of loan covenants (note 14)	-	707,602
Current portion of secured motor vehicle loan (note 14)	202	181
	<u>2,710,704</u>	<u>3,087,259</u>

14. Bank and other loans

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
The unsecured bank and other loans are repayable:		
Within one year	546,180	1,421,965
Within a period of more than one year but not exceeding two years	567,482	172,139
Within a period of more than two years but not exceeding five years	480,434	177,299
The secured motor vehicle loan is repayable:		
Within one year	202	181
Within a period of more than one year but not exceeding two years	17	190
Within a period of more than two years but not exceeding five years	-	16
	<u>1,594,315</u>	<u>1,771,790</u>
Less: Amount due within one year shown under current liabilities (note 13)	(546,180)	(293,060)
Short-term portion of bank loans that are repayable on demand due to breach of loan covenants (note 13)	-	(421,303)
Long-term portion of bank loans that are repayable on demand due to breach of loan covenants (note 13)	-	(707,602)
Current portion of secured motor vehicle loan (note 13)	(202)	(181)
	<u>1,047,933</u>	<u>349,644</u>

Bank and other loans are net of transaction cost of HK\$14,187,000 (2020: HK\$8,826,000) arranged at floating rates.

As at 31 March 2020, the Group had not complied with certain financial covenants committed under certain loan and banking facility agreements (the “Affected Loans”) for the test period ended 31 March 2020 due to the adverse impact of COVID-19 pandemic. By 4 August 2020, the Group had obtained all required consents from lenders of the Affected Loans to waive such non-compliance. As the consents were not in place as at 31 March 2020, the short-term portion of the Affected Loans amounted to HK\$421 million which was originally scheduled to be repaid within twelve months from 31 March 2020, and the long-term portion of the Affected Loans amounted to HK\$708 million which was originally scheduled to be repaid after 31 March 2020, were presented under bank loans, import and other loans repayable within one year and repayable on demand (“2020 Reclassification”).

The Group complied with all financial covenants for the test period ended 31 March 2021.

FINANCIAL REVIEW

During the year, the Group's net bank borrowings increased by HK\$254 million to HK\$2,440 million. As at 31 March 2021, the aggregate of the Group's shareholders' funds and non-controlling interests was HK\$2,484 million and the Group's gearing ratio (the ratio of consolidated net bank borrowings to shareholders' funds and non-controlling interests) was 0.98 (31 March 2020: 1.03). The gearing ratios of the Company and GP Industries were 0.57 (31 March 2020: 0.55) and 0.66 (31 March 2020: 0.66) respectively.

At 31 March 2021, 72% (31 March 2020: 90%) of the Group's bank borrowings was revolving or repayable within one year whereas 28% (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.

The net current liability position of the Group as at 31 March 2021 was due mainly to 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 in the past few years. From 1 April 2017 to 31 March 2021, the Group's CAPEX amounted to approximately HK\$1,766 million in aggregate. These investments were funded primarily by the Group's internal resources, including cash and short-term banking facilities.

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 net current liability position of the Group as at 31 March 2020 was due mainly to the 2020 Reclassification.

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.

DIVIDENDS

To preserve the Company's financial resources, no interim dividend was paid by the Company for the year ended 31 March 2021 (2020: nil). The Board does not propose a final dividend for the year ended 31 March 2021 (2020: nil).

CLOSURE OF REGISTER

The annual general meeting ("AGM") will be held on 2 September 2021. The Register of Shareholders of the Company will be closed from 30 August 2021 to 2 September 2021, both days inclusive, during which period no transfer will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 27 August 2021.

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 year.

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 throughout the year, 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 run by a different board of directors.

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, the Company confirmed that all directors have complied with the required standard set out in the Model Code throughout the year.

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 results for the year ended 31 March 2021 have been reviewed by the Company's audit committee.

By Order of the Board
Louis WONG Man Kon
Company Secretary

Hong Kong, 28 June 2021
www.goldpeak.com

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 Bui and Timothy TONG Wai Cheung as Independent Non-Executive Directors.