Golden Power Group Holdings Limited

金力集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3919

Annual Report 2017

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chu King Tien
Ms. Chu Shuk Ching
Mr. Tang Chi Him
Mr. Chu Ho Wa

Independent non-executive Directors

Mr. Hui Kwok Wah
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

COMPANY SECRETARY

Mr. Tse Kar Keung

AUDIT COMMITTEE

Mr. Hui Kwok Wah *(Chairman)*
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

REMUNERATION COMMITTEE

Mr. Hui Kwok Wah *(Chairman)*
Mr. Chu King Tien
Mr. Ma Sai Yam

NOMINATION COMMITTEE

Mr. Chu King Tien *(Chairman)*
Mr. Hui Kwok Wah
Mr. Ma Sai Yam

AUTHORISED REPRESENTATIVES

Ms. Chu Shuk Ching
Mr. Tse Kar Keung

COMPLIANCE OFFICER

Ms. Chu Shuk Ching

LEGAL ADVISERS

As to Hong Kong laws
ONC Lawyers

As to PRC laws
Yuan Tai Law Offices

COMPLIANCE ADVISER

RaffAello Capital Limited

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited
Industrial and Commercial Bank of China Limited

AUDITOR

PKF Hong Kong Limited

REGISTERED OFFICE

Clifton House, 75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat C, 20/F, Block 1
Tai Ping Industrial Centre
57 Ting Kok Road, Tai Po
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.goldenpower.com

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "**Board**") of directors (collectively the "**Directors**" and each a "**Director**") of Golden Power Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), it is my pleasure and honour to present the Group's annual results for the financial year ended 31 December 2017 (the "**Year**").

The year of 2017 was another milestone for the Group as two major events had taken place during the year.

To begin with, on 27 October 2017, the Company celebrated the 45th anniversary of the founding of Golden Power in 1972. In our 45th anniversary celebration event, we invited most of our valuable customers, suppliers and business partners to share the joyful moment.

Another major event took place during the year was the Company transferred the listing of its shares from GEM to the Main Board (the "**Transfer of Listing**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 November 2017. The Transfer of Listing reassured the Company's position and recognised the hard work of our team members who contributed to the success of the Group. With the enhanced reputation comes along with the Transfer of Listing, we believe the confidence of our customers and suppliers would be boosted and thus our business can prosper further with their support. We believed our public listing status on the Main Board has given us access to the capital market for corporate finance exercise and will assist the Group in its future business development, enhance its corporate profile, help to lead our brand "Golden Power" into international markets and strengthen our competitiveness.

OVERVIEW OF OUR RESULTS

Revenue for the Year has increased by approximately 0.33% to approximately HK$304.21 million from approximately HK$303.20 million in the financial year ended 31 December 2016 (the "**Last Year**"). Profit attributable to the shareholders of the Company was approximately HK$23.32 million for the Year as compared to a profit of approximately HK$24.04 million in the Last Year, representing a decrease of approximately 3.00%. Earnings per share were HK10.22 cents, as compared to the earnings per share of HK11.96 cents (restated) for the Last Year.

REVIEW AND OUTLOOK

2017 was a challenging year to the Group. During the Year, the Group has been facing the challenge of slowdown of demand in Australia, Europe, Hong Kong and the South America. US dollar remained strong which discouraged the customers from actively placing orders in the year of 2017. However, following the prohibition of the marketing of button cells with a mercury content exceeding 0.0005% by weight under the directive of 2006/66/EC, and the new directive of the European Union (2013/56/EU) which took effect in October 2015, the business of the Group on micro-button cells has been benefited from these since the fourth quarter of 2016 and continuously with a good performance in 2017. There were active product enquiries from customers for new specifications of the mercury-free micro-button cells. It is a good opportunity for the Group to increase its market share because we can produce mercury-free micro-button cells by making use of our PRC invention patent. This invention patent was also registered in Hong Kong. In the future, we shall continue to innovate our production process and upgrade our products to meet the international standards.

Despite the challenging condition of the market, the Group has continued putting efforts on the effectiveness of production of disposable batteries. We believe that the demand from our OEM customers for disposable batteries will grow steadily as the market demand for the same is generally increasing. The Group will also continue to put efforts in improving the product performance, broadening our private label customer base and expanding our retail market business in 2018. We will also strive to expand our product portfolio and to improve the quality, reliability and durability of our products.

Going forward, the Group will continue to improve its competitiveness in the market by strengthening our "Research and Development" on enhancing products quality and production technology to strive for our long term success in the industry.

In 2017, Goldtium (Jiangmen) Energy Products Company Limited (江門金剛電源製品有限公司) ("**Goldtium Jiangmen**"), an indirect wholly-owned subsidiary of the Group, was accredited as an enterprise of High and New-Tech Enterprises by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation of the People's Republic of China (the "**PRC**") based on the relevant regulations and requirements. The subsidiary is able to continuously enjoy the preferential corporate income tax rate of 15% in the financial years ended 31 December 2017, 2018 and 2019 respectively.

FUTURE DEVELOPMENT

The Group will continue to invest in its production lines in order to enhance the production capacity and efficiency in 2018. A newly designed and automatic production line has been acquired in 2017 for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries. It will improve the production efficiency and product quality to meet the Group's future expansion. The new production line is mainly for the production of four new alkaline cylindrical battery of "MaxiPro", "Power Stay", "Power P+US" and "Super P+US" series of which the Company commenced its marketing introduction since April 2017. We expect that this new production line will be delivered to us in the second quarter of 2018.

The Group is developing the retail markets for products bearing our own brand "Golden Power". We have started and continued to enter into the PRC retail markets and will continue to expand our retail market shares in the PRC through our co-operation with some well-developed chain stores in the PRC. In 2018, we also target to enter into the Hong Kong retail market. By developing the retail markets in the PRC and Hong Kong, we hope to generate a new stream of revenue to add value for our shareholders.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff members for their hard work and dedication, as well as the shareholders, business associates and other professional parties for their continuous support to the Group throughout the Year.

Chu King Tien
Chairman and Executive Director

Hong Kong, 21 March 2018

Management Discussion and Analysis

BUSINESS REVIEW

The Company's shares (the "**Shares**") were listed on GEM of the Stock Exchange on 5 June 2015 (the "**Listing Date**") and were successfully transferred to the Main Board of the Stock Exchange (the "**Transfer of Listing**") on 10 November 2017.

The Group is principally engaged in the manufacture and sale of a broad range of batteries for various electronic devices to the PRC, Hong Kong and international markets under both its own brand "Golden Power" and the brands of its private label and OEM customers. The products are mainly categorised into two segments, namely (i) disposable batteries; and (ii) rechargeable batteries and other battery-related products. The disposable batteries are categorised into two sub-segments, namely (i) cylindrical batteries; and (ii) micro-button cells. Other battery-related products include battery chargers, battery power packs and electric fans.

The revenue of cylindrical batteries for the Year dropped by approximately HK$9.98 million from approximately HK$208.58 million for the Last Year to approximately HK$198.60 million for the Year, which was equivalent to approximately 4.78% decrease in revenue of cylindrical batteries. Such drop in revenue was mainly due to a slowdown of the demand in Australia, Europe, and America during the Year.

The revenue of micro-button cells for the Year increased by approximately HK$14.87 million from approximately HK$85.40 million for the Last Year to approximately HK$100.27 million for the Year which was equivalent to approximately 17.41% increase in revenue of micro-button cells. The revenue of rechargeable batteries and other battery-related products for the Year decreased by approximately HK$3.87 million from approximately HK$9.22 million for the Last Year to approximately HK$5.35 million for the Year which was equivalent to approximately 41.97% decrease in revenue of rechargeable batteries and other battery-related products. Such drop in revenue was mainly from Hong Kong market.

Revenue for the Year has increased by approximately 0.33% to approximately HK$304.21 million from approximately HK$303.20 million in the Last Year. Profit attributable to the shareholders of the Company was approximately HK$23.32 million for the Year as compared to a profit of approximately HK$24.04 million in the Last Year, representing a decrease of approximately 3.00%. Earnings per share were HK10.22 cents, as compared to the earnings per share of HK11.96 cents (restated) for the Last Year.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business strategies and objectives as stated in the prospectus and the transfer of listing announcement dated 2 November 2017 (the "Transfer of Listing Announcement")	Actual progress up to 31 December 2017
Expand our production capacity by acquiring a production line with higher designed production capacity and which is able to produce mercury-free, cadmium free and lead free batteries to increase our market share	The Group has acquired a production line in 2015 and the commercial production has commenced in the third quarter of 2016. The Group has acquired a newly designed and automatic production line in 2017 for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries, which is expected to be delivered to us in the second quarter of 2018.
Continue to expand and diversify the product portfolio to capture market opportunities and meet consumer needs	The Group has been exploring opportunities for expansion and diversification of its product portfolio.
Explore and expand new sales platforms	The Group has been exploring new electronic sales platform and has entered into the PRC retail market for products bearing its own brand "Golden Power" and other private label customer.

FINANCIAL REVIEW

Revenue

Revenue for the Year was approximately HK$304.21 million (2016: approximately HK$303.20 million) representing an increase of approximately 0.33% as compared to the Last Year. Such increase was primarily attributable to the net effect of (i) a slowing down of demand in Australia, Europe, Hong Kong and South America causing the decrease of revenue of cylindrical batteries and rechargeable batteries and other battery-related products; and (ii) by the increase in revenue of micro-button cells during the Year.

The following table sets out the breakdown of the Group's revenue by geographical locations:-

	2017 HK$'000	2016 HK$'000
The PRC	88,840	74,886
Hong Kong	70,350	75,931
Asia (except the PRC and Hong Kong)	31,522	28,859
Europe	40,780	41,550
Eastern Europe	4,418	3,722
North America	42,062	39,972
South America	15,229	16,318
Australia	5,618	19,346
Africa	1,196	655
Middle East	4,199	1,958
	304,214	303,197

The following table sets out breakdown of the Group's revenue by products:-

	2017 HK$'000	2016 HK$'000
Cylindrical batteries	198,600	208,582
Micro-button cells	100,265	85,400
Rechargeable batteries and other battery-related products	5,349	9,215
	304,214	303,197

Gross Profit

The Group recorded a gross profit for the Year of approximately HK$80.05 million (2016: approximately HK$96.12 million), representing a decrease of approximately 16.72% as compared to the Last Year which was mainly due to the increase in cost of sales by approximately HK$17.08 million from approximately HK$207.08 million for the Last Year to approximately HK$224.16 million for the Year, representing approximately 8.25% increase. The increase was mainly attributable to the increase in sub-contracting fees and material costs as a whole.

Expenses

During the Year, the selling expenses of the Group decreased by 8.62% to approximately HK$14.42 million as compared to approximately HK$15.78 million in the Last Year. The decrease was mainly due to the decrease in the distribution, marketing and promotion expenses. The Group's general and administrative expenses increased by approximately HK$5.42 million to approximately HK$48.80 million as compared to approximately HK$43.38 million for the Last Year. The increase in general and administrative expenses was mainly due to the increase in legal and professional fees, donation and staff welfare expenses.

Finance Costs

The finance costs of the Group has dropped by 35.39% to approximately HK$2.41 million for the Year as compared to approximately HK$3.73 million in the Last Year. The drop was mainly due to the savings in interest costs on bank loan facilities after reducing the use of banking facilities during the Year.

Income Tax

The income tax expense of the Group has decreased by 33.60% to approximately HK$5.81 million for the Year as compared to approximately HK$8.75 million for the Last Year. The decrease was mainly from the reduction in PRC EIT provision for the year and due to an indirect wholly-owned subsidiary, Goldtium Jiangmen, being accredited as an enterprise of High and New-Tech Enterprises, which was granted tax concession by having the preferential EIT rate at 15% in the three financial years ended 31 December 2017, 2018 and 2019 respectively.

Profit attributable to the shareholders of the Company

Profit attributable to shareholders of the Company for the Year was approximately HK$23.32 million (2016: approximately HK$24.04 million), representing a decrease of approximately 3.00%.

The decrease was mainly from the combined effects of i) profit from operations decreased by 13.64% to approximately HK$31.54 million for the Year as compared to approximately HK$36.52 million for the Last Year, which was primarily attributable to increase in the cost of sales due to the increase in wages and cost of material and subcontracting fee; ii) finance costs decreased by 35.39% to approximately HK$2.41 million for the Year as compared to approximately HK$3.73 million for the Last Year, which was primarily attributable to reducing the usage of the banking facilities; and iii) the income tax expense decreased by 33.60% to approximately HK$5.81 million for the Year as compared to approximately HK$8.75 million for the Last Year, which was primarily attributable to Goldtium Jiangmen being accredited as an enterprise of High and New-Tech Enterprise and having been granted tax concession at the preferential EIT rate of 15% for the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with respect to the Group's assets. No investment other than cash is currently used.

The cash and bank balances was approximately HK$16.93 million, which was approximately HK$4.87 million lower than the Last Year (2016: HK$21.80 million). The decrease was mainly due to an increase in property, plant and equipment acquisitions during the Year.

As at 31 December 2017, the Group has utilised banking facilities of approximately HK$63.27 million which was equivalent to 36.68% of the total banking facilities available for the Year as compared to the utilised amount of HK$87.28 million in the Last Year which was equivalent to approximately 51.71% of the total banking facilities available for the Last Year, which represents a decrease in HK$24.01 million in the utilised banking facilities as at 31 December 2017 over Last Year. The Directors believe that the utilisation rate of the banking facilities has been maintained at a stable level. The Directors also believe that the existing banking facilities are at a safe level to support the Group's operating needs.

CHARGES ON ASSETS

The Group's bank borrowing facilities were secured mainly by the Group's plant and office building (including investment properties) with carrying value of approximately HK$98.16 million and approximately HK$65.39 million as at 31 December 2017 and 2016, respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The assets, liabilities and transactions of the Group are mainly denominated in Hong Kong dollars, Renminbi and US dollars. Each of the Group's operating entities borrowed in local currencies (Hong Kong dollars for the Hong Kong entities, Renminbi for the PRC entities) and US dollars where necessary in order to minimise currency risk.

As at 31 December 2017, the Group did not have any foreign currency investments which have been hedged by currency borrowing and other hedging instruments.

FINANCIAL KEY PERFORMANCE INDICATORS

	2017	2016
Gross profit margin	26.31%	31.70%
Net profit margin	7.67%	7.93%
Gearing ratio	0.32	0.64

Gross Profit Margin

The gross profit margin decreased by 5.39% from 31.70% for the Last Year to 26.31% for the Year. It was mainly due to the increase in the cost in raw materials, labour cost and production overhead throughout the Year.

Net Profit Margin

The net profit margin decreased by 0.26% to 7.67% for the Year as compared to 7.93% for the Last Year.

Gearing Ratio

The gearing ratio decreased by 0.32 to 0.32 for the Year as compared to 0.64 for the Last Year. The improvement was mainly the result of the reduction of the utilisation of the bank loan during the Year.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any material contingent liabilities (2016: nil).

CAPITAL STRUCTURE

Other than the allotment of 80,000,000 Shares upon the completion of the Rights Issue on 21 April 2017, there has been no change in the capital structure of the Group since the Listing Date. The capital structure of the Group consists of bank borrowings, net of bank balances and cash and equity attributable to shareholders of the Group comprising issued share capital and reserves. The issued share capital of the Group comprises ordinary Shares only. Total equity of the Group amounted to approximately HK$245.70 million as at 31 December 2017 (2016: approximately HK$162.43 million).

DIVIDEND

The Directors did not recommend the payment of any dividend for the Year (2016: nil).

CAPITAL COMMITMENT

As at 31 December 2017, the Group had capital expenditures contracted for approximately HK$16.72 million on a newly designed and automatic production line and others auxiliary machineries for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries.

SIGNIFICANT INVESTMENTS HELD

Except for (i) the Company's investment in various subsidiaries; and (ii) the investment in two investment properties located at Flat B and Flat D, respectively, of 20/F., Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories, which are held by Golden Power Properties Limited (an indirect wholly-owned subsidiary of the Company) and leased to two separate independent third parties under two-year term tenancy agreements entered on 20 June 2016 for warehouse purpose and on 9 June 2017 for office and warehouse purpose, respectively, with monthly rentals at market rate, the Group did not hold any significant investments as at 31 December 2017.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

Save as disclosed in the Prospectus, the Transfer of Listing Announcement or otherwise in this report , there was no specific plan for material investment or capital asset as at 31 December 2017.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures of the Group during the Year.

CHANGE OF AUDITOR

On 9 August 2017, PKF (大信梁學濂(香港)會計師事務所) tendered its resignation as the auditor of the Company due to its reorganisation and its subsequent change in entity status from a partnership to a limited company. At a board meeting of the Company held on 9 August 2017, PKF Hong Kong Limited (大信梁學濂(香港)會計師事務所有限公司) was appointed as the new auditor of the Company. For details, please refer to the Company's announcement dated 9 August 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

The followings are some principal risks and uncertainties facing the Group, which may materially adversely affect its business, financial condition or results of operations:-

The Group has no long-term sales contracts with most of the major customers. If the business relationships with the major customers deteriorates or if any of the major customers reduces substantially its purchases from the Group or terminates its business relationship with the Group entirely, the business, results of operations and financial condition may be adversely affected.

The demand for disposable batteries in general and alkaline cylindrical batteries depends on the need for such disposable batteries to operate various electronic devices, the demand for which is in turn affected by technological advances and consumer preferences. Further, technological advances and increasing environmental awareness may cause consumer demand to shift from alkaline cylindrical batteries to other disposable batteries, from disposable batteries to rechargeable batteries as a substitute or even to other forms of electronic products or energy which do not require the use of batteries.

The Group's revenue was denominated in Renminbi, Hong Kong dollars and US dollars and the cost of sales was primarily denominated in Renminbi and the remaining denominated in Hong Kong dollars, US dollars and Euros. The value of Renminbi against Hong Kong dollars and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in the PRC.

The Group's business is subject to seasonality, so that the first quarter of a year may record relatively lower revenue. In particular, the revenue generated during the month of Chinese New Year may be significantly lower than the average revenue generated during a year.

The Group manufactures some of the products on a made-to-stock basis (that is the Group manufactures before the customers place orders with it) with reference to the sales forecast prepared in the light of the customers' historical buying pattern, particularly batteries to be sold to the customers under the Group's branded business which adopt its original design and specifications. If the sales forecast turns out to be inaccurate and the customers do not place orders with the Group in the volumes as expected, the products produced may not be absorbed by other customers, and the Group's business, results of operations and financial condition may be adversely affected.

For more details about the general risks and uncertainties in relation to the Group, please refer to the section headed "Risk Factors" in the Prospectus.

EMPLOYEES AND REMUNERATION POLICY

The Directors believe that the quality of the employees is an important factor in sustaining the Group's business growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salary and contributions to the mandatory provident fund, staff benefits also include medical coverage scheme and the share option scheme.

As at 31 December 2017, the Group had a total of 512 employees (2016: 492 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK$43.31 million in the Year (2016: approximately HK$41.41 million). Directors' remuneration for the Year amounted to approximately HK$6.01 million (2016: approximately HK$5.54 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK$0.45 million (2016: HK$0.42 million).

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's business is subject to the relevant PRC national and local environmental laws and regulations, such as the Environmental Protection Law of the PRC. These laws and regulations govern a broad range of environmental matters, including discharge of wastewater and disposal of hazardous waste. A summary of the environmental protection laws and regulations applicable to the Group is set out in the section headed "Regulatory Overview" of the Prospectus.

To ensure compliance with the applicable environmental regulations and laws, the Group has entered into several service contracts with professional waste disposal service companies for the disposal of hazardous waste produced in the Group's production process. These professional waste disposal service companies have obtained operation permits of hazardous waste for the disposal of hazardous waste listed in the national catalogue of hazardous waste. They have also obtained operation permits of road transport for the transportation of hazardous waste or have entrusted qualified transportation service companies to carry out the transportation of hazardous waste under the relevant laws.

Prior to entering into waste disposal service agreements with the waste disposal service companies, the Group generally required them to provide copy of the relevant permits, which would be checked against the originals and attached as appendices to the relevant agreements. The Group also conduct regular review of the validity and renewal status of such permits held by the waste disposal service companies engaged by the Group.

The Group has also appointed Mr. Liang Tao, the general manager of Goldtium Jiangmen, an indirect wholly-owned subsidiary of the Company, and one of the senior management members, to supervise and monitor compliance with statutory regulations and our internal standard in respect of environmental matters.

During the Year, the Group is not subject to any major environmental claims, lawsuits, penalties or disciplinary actions.

For more information in our environmental policies, please refer to our ESG Report in this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year and up to the date of this report, the Group has complied with all the relevant laws and regulations in Hong Kong and the PRC for the business operations of the Group in all material respects.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules.

During the Year, the Board is of the opinion that the Company has complied with all the applicable code provisions set out in the CG Codes.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During the Year, the Group has maintained good relationships with its employees, customers and suppliers. The Group will continue to ensure effective communication and maintain good relationship with them.

The Group has been looking for new opportunities and builds up good relationships with its customers so as to accelerate the growth momentum. To retain the existing customers, the Group will provide the technical updates on the products development to cater to the customer needs. The Group has successfully maintained relationships with a number of customers for more than five years, including the Group's major customers.

The Group selects its suppliers and subcontractors according to the internal quality evaluation system and maintains a list of approved suppliers and subcontractors from time to time. For the purpose of maintaining the quality of the products, the Group only purchases raw materials and trading products from approved suppliers and outsources its packaging, electroplating and printing processes to the approved subcontractors.

The Group generally does not enter into long-term procurement contracts with its suppliers in order to maintain flexibility in being able to source raw materials at a competitive price. Its major suppliers include suppliers of raw materials and packaging materials. The Group has established an average of more than five years of business relationships with a majority of its major suppliers.

USE OF PROCEEDS FROM LISTING AND THE RIGHTS ISSUE

The net proceeds from the Listing, after deducting related expenses, amounted to approximately HK$40.16 million. After the Listing, the net proceeds have been applied in accordance with the section headed "Future Plans and Use of Proceeds" as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the Listing up to 31 December 2017 is set out below:-

	Planned use of the net proceeds as stated in the Prospectus up to 31 December 2017	Actual use of the net proceeds up to 31 December 2017
	HK$'million	HK$'million
Repayment of bank loan	36.14	36.14
General working capital	4.02	4.02
	40.16	40.16

All net proceeds from the Listing have been used up as at 31 December 2015 according to our implementation plans disclosed in the Prospectus.

The net proceeds from the Rights Issue, after deducting related expenses, amounted to approximately HK$31 million. As at the date of this report, the net proceeds of the Rights Issue have been fully applied in accordance with the intended use of proceeds as set out in the prospectus of the Rights Issue dated 27 March 2017.

FUTURE DEVELOPMENT

The Group will continue to invest in its production lines in order to enhance the production capacity and efficiency in 2018. A newly designed and automatic production line has been acquired in 2017 for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries. It will improve the production efficiency and product quality to meet the Group's future expansion. The new production line is mainly for the production of four new alkaline cylindrical battery of "MaxiPro", "Power Stay", "Power P+US" and "Super P+US" series of which the Company commenced its marketing introduction since April 2017. We expect that this new production line will be delivered to us in the second quarter of 2018.

The Group is developing the retail markets for products bearing our own brand "Golden Power". We have started and continued to enter into the PRC retail markets and will continue to expand our retail market shares in the PRC through our co-operation with some well-developed chain stores there. In 2018, we also target to enter into the Hong Kong retail market. By developing the retail markets in the PRC and Hong Kong, we hope to generate a new stream of revenue to add value for our shareholders.

TRANSFER OF LISTING

On 31 May 2017, the Company made an application to the Stock Exchange for the transfer of listing from GEM to the Main Board and the Company applied for the listing of, and permission to deal in (i) 240,000,000 Shares in issue; and (ii) up to 16,000,000 Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme adopted on 15 May 2015 on the Main Board by way of transfer of the listing from GEM to the Main Board.

On 2 November 2017, the Company received approval-in-principle for the Transfer of Listing from the Stock Exchange. The last day of dealings in the Shares on GEM (stock code: 8038) was on 9 November 2017 while dealings in the Shares on the Main Board (stock code: 3919) was commenced at 9:00 a.m. on 10 November 2017 and the Shares were delisted from GEM.

The Board believed that the Transfer of Listing would enhance the profile and recognition of the Group by the public and investors and would therefore increase the trading liquidity of the Shares and financing flexibility of the Group. The Board also considered that the Transfer of Listing would strengthen the Group's position in the industry and enhance the Group's competitive strength in maintaining current customers and attracting potential customers which would be beneficial to the future growth and business development of the Group. No new Share was issued as a result of the Transfer of Listing.

EVENT AFTER REPORTING PERIOD

On 6 March 2018 (after trading hours), the Best Kind Holdings Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Golden Villa Ltd. and Golden Power Investment (B.V.I.) Limited (collectively, the "**Vendors**"), as vendors and Mr. Chu King Tien, the Chairman and an executive Director as guarantor, pursuant to which the Purchaser conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to sell to the Purchaser the entire issued share capital of China Scene Limited (the "**Target Company**"), a company incorporated in Hong Kong with limited liability, at the total consideration of HK$40,300,000. The Target Company was the legal and beneficial owner of two properties situated at (i) Shop 29, Ground Floor of Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories, Hong Kong with a saleable area of approximately 267 sq. ft. for commercial purpose; and (ii) Room E, 19th Floor, Block 16, Tai Po Centre, New Territories, Hong Kong with a saleable area of approximately 528 sq. ft. for residential purpose. The acquisition of the entire issued share capital of the Target Company would constitute a discloseable transaction and connected transaction and the acquisition would be subject to the independent shareholders' approval in the extraordinary general meeting.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, and its results, assets and liabilities will be consolidated into the financial statements of the Group. For further details of the acquisition, please refer to the announcement issued by the Company on 6 March 2018.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chu King Tien, aged 63, an executive Director and chairman of the Group, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as the executive Director and chairman of the Group since 1 April 2013. He is responsible for the overall corporate development and strategic planning of the Group. Mr. Chu has extensive experience in the disposable battery industry and has been engaged in such business for over 42 years.

In January 1983, Mr. Chu became a director of Golden Power Industries Limited ("**Golden Power Industries**"), an indirect wholly-owned subsidiary of the Company, and has been holding the position since then. From May 1993 to April 2000, Mr. Chu had been the executive director of China Oil and Gas Group Limited, the holding company of Golden Power Industries at the time, which was listed on the Stock Exchange, and was mainly responsible for assisting in corporate planning, marketing and overall administration. In July 2003, Mr. Chu, together with an independent third party, acquired Golden Power Investments (B.V.I.) Limited and its subsidiaries at that time through Golden Villa Ltd. ("**Golden Villa**"). In April 2005, Mr. Chu was appointed as the chairman and managing director of Golden Power Corporation (Hong Kong) Limited ("**Golden Power Corporation**"), an indirect wholly-owned subsidiary of the Company and has been holding the position since then.

Mr. Chu and Golden Villa, which is wholly-owned by Mr. Chu, are the controlling shareholders (as defined under the Listing Rules) of the Company. Mr. Chu also serves as a director of all the subsidiaries of the Group. Mr. Chu is the father of Mr. Chu Ho Wa, an executive Director of the Company.

Ms. Chu Shuk Ching, aged 55, an executive Director and chief executive officer of the Group, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as an executive Director and the chief executive officer of the Group since 1 April 2013. She is responsible for the overall management, administration and implementation of policy of the Group. Ms. Chu has been engaging in the disposable battery industry for over 30 years.

Ms. Chu graduated from the York University in Canada with a bachelor degree of Administrative Studies in 1985. Ms. Chu had served as the general manager of Golden Power Industries from March 2000 to March 2005 and she has become a director of Golden Power Industries since July 2003. Ms. Chu has also become the director and general manager of Golden Power Corporation since April 2005.

Ms. Chu is currently the director of twelve subsidiaries of the Company, namely Best Kind Holdings Limited, Golden Power Corporation, Gain Smart Limited, Giant Moral Limited, Golden Power Industries, Champ Profit Development Limited, Big Power Limited, Golden Pilot Limited, Pointway Corporation Limited, Ample Top Enterprises Limited, Golden Power Properties Limited and Merchant Port Limited. She is also the younger sister of Ms. Chu Suk Man, the deputy general manager of Golden Power Corporation.

Mr. Tang Chi Him, aged 46, an executive Director, has been serving as an executive Director since 1 April 2013 and is also the general manager of the Group. He is mainly responsible for overseeing the overall management of the Group's production facilities located in Dongguan and Jiangmen and administrating the manufacturing operations of the production facility in Dongguan and Jiangmen as well.

Mr. Tang graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1994 with a higher diploma in manufacturing engineering. He further acquired a bachelor degree of manufacturing engineering in 1999 and a master of science in engineering management in 2005 from the City University of Hong Kong. Mr. Tang joined Golden Power Industries in 1995 as an engineer and assistant superintendent. He left the Group in 2000 and rejoined Golden Power Industries in 2005 as a manager and was later transferred and become the general manager of Golden Power Corporation since 2012.

Mr. Chu Ho Wa, aged 33, an executive Director, has been serving as an executive Director since 1 April 2013 and is also the marketing manager and corporate business development manager of the Group, who is mainly responsible for developing and implementing the strategic sales and marketing plans, looking for new marketing opportunities and liaising with existing customers. Mr. Chu is currently the director of a subsidiary of the Company, namely Merchant Port Limited.

Mr. Chu acquired the bachelor of science degrees in Mathematics and Chemistry from the Imperial College of Science, Technology and Medicine of the University of London in the United Kingdom in 2006 and 2009, respectively. Mr. Chu joined the Group in 2009 as an assistant to director in Golden Power Corporation and had been its senior marketing executive from 2011 to 2014 and a manager of its corporate business development department since 2013.

Mr. Chu Ho Wa is the son of Mr. Chu King Tien.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Kwok Wah, aged 45, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015, and serves as the chairman of the audit committee and remuneration committee of the Company. He is responsible for giving independent advice to the Group. Mr. Hui has extensive experience in the accountancy field and has been engaging in such profession for over 20 years.

Mr. Hui obtained a bachelor of arts degree in accountancy from the City University of Hong Kong in 1996. After graduation, Mr. Hui worked for international accounting firms, including Moores Rowland and KPMG. He founded Kenny K. W. Hui & Co., CPA in May 2013 and has been its sole proprietor since then.

Mr. Hui is a member of the Hong Kong Institute of Certified Public Accountants since 2000 and has been a practicing member since May 2013. Being a certified tax adviser, Mr. Hui is also a fellow member of the Taxation Institute of Hong Kong since 2010.

Mr. Ma Sai Yam, aged 54, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015. He is responsible for giving independent advice to the Group. Mr. Ma has extensive experience in the legal field and has been engaging in such profession for over 19 years.

Mr. Ma obtained a bachelor of science degree in economics from the University of London in the United Kingdom as an external student in 1991. He subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong and a master degree in laws from Renmin University of China in the PRC in 2012.

Mr. Ma was admitted to practise law as a solicitor in Hong Kong in 1997 and has been a member of The Law Society of Hong Kong since then. Mr. Ma founded Messers. Ma Tang & Co. and has been its partner since then.

Mr. Ma has been an independent non-executive director of Jiande International Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 865) since 25 October 2016.

Mr. Chow Chun Hin Leslie, aged 34, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015. He is responsible for giving independent advice to the Group. Mr. Chow has extensive experience in financial advising and has been engaging in such profession for over 11 years.

Mr. Chow graduated from the University of California in the United States in 2005 with a bachelor of arts degree in business economics. Mr. Chow is currently the chief financial officer of Takung Art Company Limited, his responsibilities include planning, implementing, managing and controlling all financial-related activities of the company, which includes the accounting, finance, forecasting, strategic planning, investor and public relationships, and private and institutional financing functions.

Mr. Chow was an independent non-executive director of PPS International (Holdings) Limited (a company listed on GEM of the Stock Exchange, stock code: 8201) from 23 September 2015 to 25 April 2016.

SENIOR MANAGEMENT

Mr. Liang Tao, aged 51, is currently the general manager of Goldtium Energy, an indirect wholly-owned subsidiary of the Company. He is responsible for overseeing all the production and quality control matters of the Group's production facility in Jiangmen as well as the management, PRC compliance and research and development of the Group.

Mr. Liang has over 22 years' experience in the disposable battery industry. He became the general manager and quality control and production superintendent of Goldtium Energy since 2011 and has been holding this position in the Group since then.

Ms. Chu Suk Man, aged 58, has been the deputy general manager of Golden Power Corporation since 2005. She is responsible for overseeing the global sourcing department and carrying out strategic planning for procurement of raw materials and semi-finished products to meet the production needs of the Group.

Ms. Chu was the accounting manager of Golden Power Industries from 1989 to 2000. She then left the Group and rejoined Golden Power Industries in 2002. She was transferred to Golden Power Corporation on 1 April 2005 and has been a deputy general manager since then.

Ms. Chu Suk Man is the elder sister of Ms. Chu Shuk Ching, an executive Director and the chief executive officer of the Group.

Ms. Wong In San, aged 53, has been the deputy general manager of Golden Power Corporation since 2005. She is responsible for managing the human resources and administration department to formulate and execute human resources management policies and procedures of the Group.

Ms. Wong graduated from The Chinese University of Hong Kong in 1987 with a bachelor degree in social sciences. She joined the Group in 1988 and had served as an export manager and then a deputy general manager of Golden Power Industries. She was transferred to Golden Power Corporation on 1 April 2005 and has become a deputy general manager since then.

Mr. Wong Kai Hung, aged 53, has been the deputy general manager of Golden Power Corporation since 2008. He is responsible for planning, developing and implementing the strategic sales and marketing plans as well as leading and managing a team of salespersons of the Group.

Mr. Wong joined the Group in 1992 as a trading executive of Golden Power Industries. He was transferred to Golden Power Corporation and promoted to be a senior sales and marketing manager of the Group and has subsequently become the deputy general manager of the Group since April 2008.

Mr. Tse Kar Keung, aged 49, the financial controller and company secretary, joined the Group in March 2010. He is responsible for reviewing and supervising the Group's overall internal control system and accountancy function.

Mr. Tse acquired a master degree in science in applied accounting and finance in the Hong Kong Baptist University in 2011. He has been a member and a fellow of the Association of Chartered Certified Accountants since 2008 and 2013, respectively. He has also been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since 2009 and 2016 respectively. Mr. Tse also obtained a master degree in science in professional accounting and corporate governance in the City University of Hong Kong in 2016. He has also been a member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in 2017. He joined the Group in 2010 as a senior accounting manager and assistant to chairman of Golden Power Corporation.

COMPANY SECRETARY

Mr. Tse Kar Keung was appointed as the company secretary of the Company on 18 April 2013. Mr. Tse, being also the financial controller of the Group, is also a member of the senior management of the Group. For his biography, please refer to the paragraph headed "Senior Management" under this section.

COMPLIANCE OFFICER

Ms. Chu Shuk Ching is the compliance officer of the Company. For details of her biography, please refer to the paragraph headed "Executive Directors" under this section.

Corporate Governance Report

Pursuant to paragraph 36 of Appendix 16 of the Listing Rules, the Board is pleased to present the corporate governance report of the Company for the Year.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability to the shareholders as a whole. The Directors continuously observe the principles of good corporate governance in the interests of shareholders and devote considerable effort to identifying and formalizing the best practice in relation to corporate governance. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules. Save as disclosed below, the Company has complied with all the code provisions in the CG Code for the Year. Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. From 5 June 2015 onwards, the roles of chairman and chief executive of officer the Company were separately performed by Mr. Chu King Tien and Ms. Chu Shuk Ching respectively.

During the Year, the Board is of the opinion that the Company has complied with all the applicable code provisions set out in the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions throughout the Year.

BOARD OF DIRECTORS

Board Diversity Policy

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. Pursuant to the CG Code, the Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The Company recognises and benefits from the diversity of Board members. While appointments of all members of the Board will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Group's business. Selection of candidates will be based on a range of perspectives, including but not limited to cultural, educational background, experience (professional or otherwise), skills and knowledge.

Composition of the Board

As at the date of this report, the Board comprises seven Directors, including four executive Directors and three independent non-executive Directors:-

Executive Directors
Mr. Chu King Tien *(the chairman of the Group)*
Ms. Chu Shuk Ching
Mr. Tang Chi Him
Mr. Chu Ho Wa

Independent non-executive Directors
Mr. Hui Kwok Wah
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

In compliance with rule A.2.1 of Appendix 14, the roles of chairman and chief executive office of the Group are separated and performed by different individuals, namely Mr. Chu King Tien and Ms. Chu Shuk Ching, respectively.

In compliance with the requirements set out in Rule 3.10(2) of the Listing Rules, the Board consists of three independent non-executive Directors during the Year, all of them possess appropriate professional qualifications or accounting or related financial management expertise. During the Year and as of the date of this report, the number of independent non-executive Directors represents more than one-third of the Board which is in compliance with Rule 3.10A. As such, the Company believes that there is a sufficient independence element in the Board to safeguard the interests of the shareholders of the Company.

Specific enquiry has been made by the Company of each independent non-executive Director to confirm their independence pursuant to rule 3.13 of the Listing Rules, and each of them confirmed that he is independent of the Company. Based on the confirmations received, the Board considers that all the independent non-executive Directors are independent within the meaning of the Listing Rules.

In accordance with code provision A.4.1 of the Code, the Company has entered into an appointment letter with each of the independent non-executive Directors for a fixed term of three years commencing from the Listing Date subject to re-election, which may be terminated by either the Company or the Director in accordance with the terms thereof.

Pursuant to article 108 of the articles of association of the Company (the "**Articles**"), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

Saved as disclosed in the section "Biographical Details of Directors and Senior Management" in this report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

Functions of the Board
The overall management of the Company's operation was vested in the Board. The principal function of the Board is to consider and approve the overall plans and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business and to which the Board has delegated the authority and responsibility for implementing the Group's policies and strategies.

All Directors have separate and independent access to the Group's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request. During the Year, in accordance with the Code provision C.1.2, all the Directors are provided with monthly updates on the Company's performance, position and prospect to enable the Board as a whole and each Director to discharge their duties.

Board and General Meetings

During the Year, seven board meetings were held on 21 March 2017, 27 March 2017, 9 May 2017, 9 August 2017, 26 October 2017, 3 November 2017 and 9 November 2017, respectively. During the Year, an annual general meeting was held on 9 May 2017 (the "**2017 AGM**") and an extraordinary general meeting was held on 29 May 2017 for approving the continuing connected transactions between the Company and Guangzhou Nan Hua Jin Li Electronics Limited* (廣州市南華金力電子有限公司) and Suenglh Corporation Limited (the "**2017 EGM**"). Save for the 2017 AGM and 2017 EGM, no other general meeting was held during the Year. Subsequent to the Year and up to the date of this report, one board meeting was held on 21 March 2018. The forthcoming annual general meeting of the Company is scheduled to be held on Tuesday, 15 May 2018 (the "**2018 AGM**").

The individual attendance record of each Director at the Board meetings during the Year is set out below:-

Name of the Directors	**Attendance/ Number of Board meetings**
Executive Directors	
Mr. Chu King Tien *(Chairman)*	7/7
Ms. Chu Shuk Ching	7/7
Mr. Tang Chi Him	7/7
Mr. Chu Ho Wa	7/7
Independent non-executive Directors	
Mr. Hui Kwok Wah	7/7
Mr. Ma Sai Yam	7/7
Mr. Chow Chun Hin, Leslie	7/7

The company secretary attended all the Board meetings held during the Year to report matters arising from corporate governance, risk management, statutory compliance, accounting and finance.

The individual attendance record of each Director at the 2017 AGM is set out below:-

Name of the Directors	**Attendance at 2017 AGM**	**Attendance at 2017 EGM**
Executive Directors		
Mr. Chu King Tien *(Chairman)*	Yes	Yes
Ms. Chu Shuk Ching	Yes	Yes
Mr. Tang Chi Him	Yes	Yes
Mr. Chu Ho Wa	Yes	Yes
Independent non-executive Directors		
Mr. Hui Kwok Wah	Yes	Yes
Mr. Ma Sai Yam	Yes	Yes
Mr. Chow Chun Hin, Leslie	Yes	Yes

Corporate Governance Functions and Conduct of Meetings

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions as set out in provision D.3.1 of the Code, such as developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Provision A.1.3 of the Code stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are required to be given. An agenda and accompanying board papers are sent to all Directors at least three days before each Board meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Directors also have separate independent professional advice at the Company's expense to assist them performing their duties to the Company.

Minutes of all Board meetings recording sufficient details of matters considered and decisions made are duly kept by the secretary of the meetings and open for inspection on reasonable notice by the Directors.

Directors' continuous training and professional development

Pursuant to provision A.6.5 of the Code, all the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Year, all the Directors have participated in continuous professional development by attending training courses or reading relevant materials on the topics related to corporate governance and relevant regulations.

The individual training record of each Director received during the Year is summarised below:-

Name of Directors	Attending seminar(s)/ reading relevant materials on the topics related to corporate governance and relevant regulations
Executive Directors	
Mr. Chu King Tien *(Chairman)*	Yes
Ms. Chu Shuk Ching	Yes
Mr. Tang Chi Him	Yes
Mr. Chu Ho Wa	Yes
Independent non-executive Directors	
Mr. Hui Kwok Wah	Yes
Mr. Ma Sai Yam	Yes
Mr. Chow Chun Hin, Leslie	Yes

BOARD COMMITTEES

The Board has established three Board committees to oversee specific aspects of the Group's affairs and help it in the execution of its responsibilities. Each committee has its specific written terms of reference which clearly outline the committees' authority and duties, and which require the committee to report on its decisions or recommendations to the Board. All Board committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") on 15 May 2015 with written terms of reference in compliance with the Listing Rules. The Audit Committee has three members comprising all the independent non-executive Directors, namely, Mr. Hui Kwok Wah (who act as the chairman of the Audit Committee), Mr. Ma Sai Yam and Mr. Chow Chun Hin, Leslie.

All members of the Audit Committee possess appropriate knowledge and financial experience to perform their duties. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee, among other things, are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and oversee the independence and qualifications of the external auditors and objectivity and the effectiveness of the audit process in accordance with applicable standards.

The Audit Committee has reviewed the consolidated financial statements for the Year.

Meetings of the Audit Committee shall be held not less than twice a year.

Four Audit Committee meetings were held during the Year. The attendance records of each member of the Audit Committee at the said meetings are as follows:-

Name of the Directors	**Attendance/ Number of Audit Committee meetings**
Independent non-executive Directors	
Mr. Hui Kwok Wah *(Chairman)*	4/4
Mr. Ma Sai Yam	4/4
Mr. Chow Chun Hin, Leslie	4/4

In performing its duties in accordance with its terms of reference, the works performed by the Audit Committee during the Year included, among other things, the followings:-

A. reviewed and supervised the financial reporting process and internal control system of the Group;

B. made recommendations to the Board on the appointment of external auditor and gave approval of their remuneration;

C. met with external auditor and reviewed their independent audit reports; and

D. reviewed the financial statements for the relevant periods.

Remuneration Committee

The Company has established a remuneration committee (the "**Remuneration Committee**") on 15 May 2015 with written terms of reference in compliance with the Listing Rules. The Remuneration Committee comprises one executive Director, namely, Mr. Chu King Tien and two independent non-executive Directors, namely, Mr. Hui Kwok Wah and Mr. Ma Sai Yam, with Mr. Hui Kwok Wah being appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are, among other things, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management which should include benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment, to ensure none of the Directors or any of his associate is involved in deciding his own remuneration, and make recommendations to the Board on the remuneration of the independent non-executive Directors.

Meeting of the Remuneration Committee shall be held at least once a year. One meeting of the Remuneration Committee was held during the Year. The attendance records of each member of the Remuneration Committee at the said meeting are as follows:-

Name of the Directors	**Attendance/ Number of Remuneration Committee meetings**
Executive Director	
Mr. Chu King Tien	1/1
Independent non-executive Directors	
Mr. Hui Kwok Wah *(Chairman)*	1/1
Mr. Ma Sai Yam	1/1

During the Year, the Remuneration Committee has, among other things, reviewed the remuneration package of the Directors and senior management of the Group.

Nomination Committee

The Company has established a nomination committee (the "**Nomination Committee**") on 15 May 2015 with written terms of reference in compliance with the Listing Rules. The Nomination Committee comprises one executive Director namely, Mr. Chu King Tien and two independent non-executive Directors, namely, Mr. Hui Kwok Wah and Mr. Ma Sai Yam, with Mr. Chu King Tien being appointed as the chairman of the Nomination Committee.

The roles and functions of the Nomination Committee include, among other things, reviewing the structure, size and composition of the Board at least once a year, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

The Nomination Committee shall meet at least once a year. One meeting of the Nomination Committee was held during the Year. The attendance records of each member of the Nomination Committee at the said meeting are as follows:-

Name of the Directors	**Attendance/ Number of Nomination Committee meetings**
Executive Director	
Mr. Chu King Tien *(Chairman)*	1/1
Independent non-executive Directors	
Mr. Hui Kwok Wah	1/1
Mr. Ma Sai Yam	1/1

During the Year, the Nomination Committee has, among other things, reviewed the structure, size, composition and diversity of the Board, considered the appointment or re-appointment of the Directors, reviewed the independent non-executive Directors' annual confirmation on independence and assessed their independence. The Nomination Committee will continue to review the necessity of more competent staff to join in for the expansion of the Group.

COMPANY SECRETARY

Mr. Tse Kar Keung was appointed as the company secretary of the Company on 18 April 2013. Mr. Tse is also the financial controller of the Group and a member of the senior management. For his biography, please refer to the section headed "Biographical Details of Directors and Senior Management" in this report. During the Year, he has undertaken not less than 15 hours of relevant professional training.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules and other statutory requirements.

The Directors acknowledged their responsibility for preparing the consolidated financial statements of the Company for the Year. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibility of the external auditor is to form an independent opinion, based on their audit work, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditor about their reporting responsibility is set out in the Independent Auditor's Report in this report.

AUDITOR'S REMUNERATION

For the Year, the fee paid/payable to the Group's external auditor, PKF Hong Kong Limited, for the audit and non-audit services provided amounted to approximately HK$0.77 million and HK$0.21 million, respectively. The total amount of fees paid/payable to other firms for providing audit and non-audit services for the Year amounted to approximately HK$0.06 million and HK$0.19 million respectively. The non-audit services incurred mainly consist of fees of approximately HK$0.08 million for internal audit and approximately HK$0.11 million for taxation services.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's internal control system and risk management procedures and for reviewing the effectiveness of the Company's internal control system. The Board conducts regular review and evaluation of the Group's internal control system and is satisfied with the effectiveness of the internal control system of the Group during the Year.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company endeavors to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation. The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

A) General Meetings

The general meetings of the Company provide a good opportunity for communication between the shareholders of the Company and the Board. An annual general meeting of the Company shall be held in each year and at such time and place to be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The 2017 AGM was held on 9 May 2017 and the 2017 EGM was held on 29 May 2017. The 2018 AGM is scheduled to be held on 15 May 2018. A circular containing, among other matters, further information relating to the 2018 AGM will be despatched to the shareholders of the Company in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

B) Rights and Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to article 64 of the Articles, any one or more shareholders of the Company holding as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) himself(themselves) may convene the general meeting in the same manner, and all reasonably expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to him (them) by the Company.

C) Procedures for Shareholders to Propose for Election as a Director

Shareholders may propose a person for election as Director. The procedures are set out in the document entitled "Procedures for Nomination of Directors by Shareholders" is available on the Company's website at www.goldenpower.com.

D) Right to Put Enquiries to the Board

Shareholders of the Company have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Board or the company secretary. Shareholders may also make enquiries with the Board at the general meetings of the Company.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is the key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and the public. The Company updates its shareholders on its latest business developments and financial performance through the publication of its annual and interim reports and/or circulars, notices and other announcements. The corporate website of the Company (www.goldenpower.com) has provided an effective communication platform to the shareholders and the public.

CONSTITUTIONAL DOCUMENTS

Pursuant to resolutions of the shareholders passed on 15 May 2015, the Articles were adopted by the Company with effect from the Listing Date. Since the Listing and up to the date of this annual report, no change has been made to the Articles.

Environmental, Social and Governance

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1 COMPANY PROFILE

1.1.1 Golden Power Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is a battery manufacturing business aimed at creating products that are high-quality and environmentally-friendly. The Group is principally engaged in the manufacture and sale of a broad range of batteries for various electronic devices to the PRC, Hong Kong and international markets under both its own brand "Golden Power" and the brands of its private label and OEM customers. The products are mainly categorised into two segments, namely (i) disposable batteries; and (ii) rechargeable batteries and other battery-related products. The disposable batteries are categorised into two sub-segments, namely (i) cylindrical batteries; and (ii) micro-button cells. Other battery-related products include battery chargers, battery power packs and electric fans.

1.1.2 A newly designed and automatic production line was acquired in 2017 for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries. The Group strives to improve production efficiency and product quality and considers sustainable development an integral element to future expansion.

1.1.3 During the reporting year, the Group has carried out its operational activities in compliance with local laws regarding labour, environmental and anti-corruption legislations. Moreover, the Group has established relevant internal environment and social policies in order to enhance operations efficiency and optimize resource usage.

2 ABOUT THIS REPORT

2.1 REPORTING STANDARD, PERIOD AND SCOPE

2.1.1 This report (the "**ESG Report**") is referenced to the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Group adheres to the principles of "materiality, quantitative, balance and consistency" to report on the measures and performances in this reporting year. In addition, the Group's senior management team has been involved in the preparation of the report which ensures the content of this report meeting the standards under the Listing Rules.

2.1.2 In comparison to the previous year, there is no significant change in Golden Power's operation locations, share capital structure, and production facilities. The scope of this ESG Report includes major business operating areas: Hong Kong Headquarters, Dongguan Production Facility and Jiangmen Production Facility.

2.1.3 This report covers the Group's progress on the environmental, social and governance ("**ESG**") aspects from 1 January 2017 to 31 December 2017.

2.1.4 Golden Power has appointed an external consultant, Allied Environmental Consultants Limited, for the preparation of this ESG report.

2.2 STAKEHOLDER ENGAGEMENT

2.2.1 The Group has continued to engage various stakeholders in assessing ESG materiality. During the reporting year, the Group has conducted a survey with its suppliers.

2.2.2 A survey was conducted with the suppliers to assess environmental and social aspects. Suppliers were asked to rate different environmental and social aspects from 1 to 5, where 1 represents the lowest importance and 5 represents the highest importance. A total of 21 suppliers of the Group participated in the survey. The following table shows the top five important environmental and social aspects identified by them:-

Environment	Social
1. Hazardous waste management	1. Compliance with relevant laws and regulations
2. Compliance with relevant laws and regulations	2. Occupational health and safety
3. Air quality control	3. Labour standards
4. Wastewater management	4. Anti-corruption
5. Management of raw material	5. Product responsibility

2.2.3 The results of the survey allow the Group to have better understanding of external stakeholders' perspectives and explore new ways to improve its sustainability performance. The Group endeavours to seek out further input from the stakeholders in order to better formulate its ESG materiality assessment.

2.3 CONTACT DETAILS

2.3.1 For enquiry, comments or suggestions on this report, please contact the Group's Investor Relations Department of the Group at the address below:

Golden Power Group Holdings Limited
Flat C, 20/F, Block 1, Tai Ping Industrial Centre
57 Ting Kok Toad, Tai Po
N.T., Hong Kong

Tel: (852) 3125 2288
Fax: (852) 3125 2000
E-mail: ir@goldenpowergroup.com

3 CEO'S MESSAGE

To all stakeholders,

2017 was a special year in the history of Golden Power. Our Company celebrated its 45th birthday anniversary and we have also successfully transferred our listing from the GEM to the Main Board of the Stock Exchange. We are very fortunate to have successful business partnerships and support from our stakeholders over the years. We would like to sincerely acknowledge them, and we look forward to many fruitful endeavours ahead together.

We attribute our success to a team of forward-thinking and effective management, which brings us to the publication of our Company's second ESG report detailing our Company's sustainable development. Aligning with our mission and vision of "Together, we make life alive", this report sets out our efforts in improving our products, empowering our staff, taking care of the environment and investing in our communities.

This year's ESG report theme "Deliver robust power to homes" focuses on the following three topics:-

1. *Deliver* — how we deliver sustainable battery products through sustainable sourcing and quality control.

2. *Robust Power* — the engine behind our success stems from our strong cohesive team unit and environmentally-conscious operations.

3. *Homes* — our involvement in engaging and contributing to social development of the communities around us.

We wish this report will give you a better insight into our management and operations.

Lastly, my heartfelt thanks and gratitude go to our management team and staff for their relentless support and contributions to making Golden Power a successful brand.

4 DELIVER ON BATTERY PRODUCTS

4.1 GOLDEN POWER BATTERY BRAND

4.1.1 Golden Power's battery products have various usages spanning across different sectors of society. The public demands that batteries are reliable in terms of providing adequate power capacity, durability, safety, and eco-friendliness. Golden Power is cognizant of societal needs, and therefore has positioned itself as a brand to meet user's expectations.

4.1.2 "Ecototal" is Golden Power's latest signature series highlighting the mission to provide high quality, durable, safe and environmentally-friendly battery to the market. The series cover alkaline batteries, carbon batteries, button cells and Ni-MH Rechargeable batteries.

4.1.3 A comprehensive supply chain management coupled with intensive quality control protocols is the core essentials to delivering on battery products that meet customer demands. The following sections detail Golden Power's approach and performance on supply chain management and product responsibility.

4.2 SUSTAINABLE SOURCING

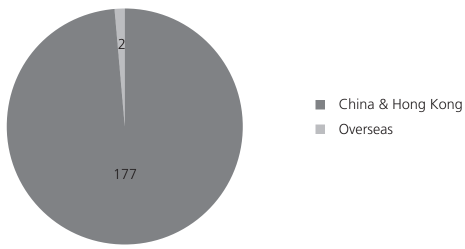
4.2.1 The process of delivering on quality battery products begin at the procurement processes. The products quality directly lies in the quality of the supply selection would directly affect the quality of products. Therefore, under the frameworks of ISO 9001:2008 and ISO 14001:2004, the Group has adopted measures that considerations are to be given to the quality and environmental aspects of the supply of raw materials during the procurement process. An experienced procurement team was designated to investigate, assess and select suppliers which meet the Group's internal standards. After suppliers are selected, the procurement team regularly inspects and records supplier performance, and frequently communicated with suppliers to safeguard the supply of raw materials is of quality at the onset of manufacturing. In the case of supplier non-compliance with the Group's standards, the Group endeavours to maintain an open channel of communication with suppliers for improvement, and would then regularly makes check-ups to ensure strict compliance.

4.2.2 As health and safety are critical concerns for employees and for customers, suppliers are required to submit material safety data sheets (also known as MSDS) for certain chemical and hazardous substances, allowing internal checking of environmental and social risks of the substances purchased.

4.2.3 Consideration is also given to suppliers under a local context (i.e. within China and Hong Kong). The selection of suppliers under a local context benefits the local economy and also minimizes the environmental footprint generated from transportation.

4.2.4 During the reporting year, Golden Power has dedicated to stakeholder engagement with suppliers through surveys. A total of 179 suppliers participated in the surveys (of which 177 are selected under a local context). The results of the surveys show that hazardous waste management, compliance with environmental and social laws and occupational health and safety were some of the material concerns. The Group is committed to continuously explore opportunities in maintaining good partnerships with suppliers, in order to properly manage environmental and social risks, ensure quality control, and sustain business growth.

Suppliers sourced by region



4.3 PRODUCING CUSTOMER-ORIENTED PRODUCTS

4.3.1 Once supplies have been carefully selected, the manufacturing and quality control process continues under the following five principles which the Group has adopted in achieving its quality goal:-

1. *Product quality*: in addition to compliance with the relevant laws and regulations, the quality acceptance standard must have a competitive edge compared to the industry norm.

2. *Customer service*: ensuring customers' satisfaction in meeting their expectations.

3. *Care for talents*: people help running a corporation while talents help expanding a corporation.

4. *Resource management*: through effective planning on resource consumption, managing competitive price for quality products, engaging in full buy-in from employees, upholding a collaborative attitude, meticulous manufacturing, and continual improvements, in order to achieve the Group's ambitious targets.

5. *Eco-friendly science*: on top of meeting customer's expectations, the Group fully endorses its social responsibility.

4.3.2 In compliance with the above principles and comprehensive procedures on quality monitoring, the Group is able to assure high quality and durable battery products. Moreover, in order to meet the growing needs of eco-friendly products, Golden Power has employed all production lines since 2012 to produce battery products that are free from hazardous chemicals and heavy metal. The Group continues to stay abreast of latest laws and regulations, both local and international, related to issues of health and safety of battery products. The Group has a strong research and development team that ensures production lines could adequately adapt to the latest compliance requirements. The Group also routinely employs third-party laboratory to carryout laboratory tests to ensure battery products are heavy metal-free and meets relevant health and safety standards. Moreover, compliance with the Restriction of Hazardous Substances (RoHS) and International Electrotechnical Commission (IEC) standards further demonstrates the Group's commitment to customer's needs and corporate social responsibility.

4.3.3 In line with its future developments, the Group has acquired a newly designed and automatic production line in 2017 and anticipated to be operational by 2018. The new production line shows the Group's commitment to improving production efficiency and enhancing product quality.

4.3.4 Additionally, the Group is fully engaged with stakeholders to explore opportunities in order to refine and improve operations efficiency to meet customer expectations.

4.3.5 The Group believes that through rigorous procurement and quality control procedures, the Golden Power brand can be sustained and fully recognized as a customer-oriented battery manufacturer.

5 ROBUST POWER: MANAGING GOLDEN POWER'S STAFF AND PROTECTING THE ENVIRONMENT

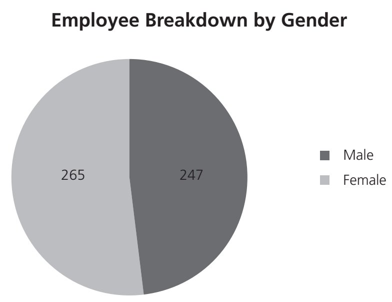
5.1 THE PEOPLE BEHIND THE PROCESS

5.1.1 A successful battery brand can be sustained only with an engaged and supporting team. Golden Power places great emphasis on talent acquisition and development in order to put the right people behind the Company's vision and driving operations into further developments.

5.1.2 Golden Power has established employment and labour policies to ensure workplace equality and diversity. As long as the staff member has the capability and capacity to contribute to the Group's growth, he or she may be considered for the respective positions without regard to his or her gender, age group or ethnic background. For the operations, the Group has set up a Code of Conduct and anti-discrimination policy which serves as a guide for employees to conduct work under a fair and harmonious way. Additionally, the Group strictly forbids the employment of children or any forced labour, and this policy is clearly communicated to all employees and extended to its supply chain. During the reporting period, the Group has complied with all relevant laws and regulations related to employment and labour standards.

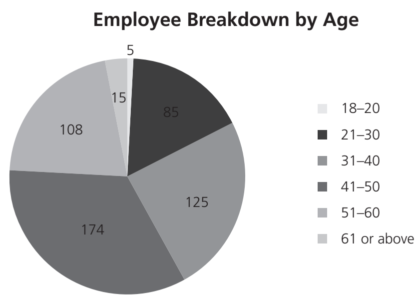
Employee breakdown by gender

Gender	Total
Male	247
Female	265



Employee breakdown by age

Age	Total
Below 18	0
18–20	5
21–30	85
31–40	125
41–50	174
51–60	108
61 or above	15



5.1.3 As the nature of manufacturing plants may pose health and safety risks, the Group endeavours to create a safe working environment for employees. The Group's health and safety policy adopts an identify, educate, and prevent approach: to identify areas within the factory of potential health and safety concerns; to educate and train staff on safe operations; and to prevent occupational health and safety hazards by conducting routine safety audits. In addition to basic fundamental understanding of battery components, all staff must be trained on health and safety precautions prior to entering facilities, using chemicals and operating equipment. Regular safety audits and assessments are also conducted to minimize potential risks. Personal protective equipment is provided to all staff members who engage in the manufacturing progress and are required to be worn during manufacturing processes. In addition, safety trainings such as first aid, hazardous chemical handling and fire safety are offered to ensure employees' know-how and all-rounded work safety-knowledge. During the reporting period, the Group has complied with all relevant laws and regulations related to health and safety.

5.1.4 The Group is keen on providing opportunities for all employees to continue to hone their skills and talents. The Group's development and training policy encourages employees to take ownership and responsibility for personal development in relation to his/her works, within the framework of support provided by Golden Power. For example, employees are encouraged to conduct periodic self-evaluation on areas of professional and personal development, and to find appropriate training. The Group's human resources department would also periodically send relevant training courses to employees to raise interest and awareness. The Group believes that as the people grow so does the Company.

5.1.5 The Group has a Code of Conduct and anti-corruption policy set out to guard against bribery and corruption. All employees must attend compulsory trainings such as anti-corruption talks and talks related to business operations. Employees are notified of various whistle-blowing channels to report on any suspected cases of misconduct. Following the trainings, employees are required to sign a form as a commitment to uphold the Group's Code of Conduct. During the reporting period, the Group has complied with all relevant laws and regulations related to bribery, extortion, fraud and money laundering.

5.1.6 At the end of the day, the Group frequently celebrates and praises the work of its employees, thanking them for their contributions and efforts in making Golden Power a brand to be remembered. Many staff activities such as anniversary dinner, and birthday celebrations are provided to build up company culture and establish greater team chemistry.

Golden Power Chinese New Year celebrations at Hong Kong headquarters

Golden Power 45th anniversary celebration

Golden Power celebrations at the Hong Kong headquarters

5.2 THE ENVIRONMENTAL FOOTPRINT

5.2.1 With an environmentally-conscious mindset and its commitment to the corporate social responsibility, the Group is able to realize a more cost-effective model for its business operations. Thus, Golden Power is committed to the following environmental policies:-

- Compliance with environmental regulations and respond to the world-wide environmental trends

- Invest in energy-efficient, low-pollution materials, manufacturing design and equipment

- Engage in industrial waste reduction and reuse resource

- Constantly improve environmental performance, and engage in pollution prevention

- Communicate environmental message to employees, customers, partnering factories and other stakeholders, working towards a collaborative improvement on environmental performance

5.2.2 Establishing the above policies and compliance with the ISO14001 Environmental Management system allowed the Group to develop a comprehensive framework under which all managers and employees are expected to contribute to greener operations. All department persons-in-charge are required to identify the source of environmental impact, collect relevant records of consumption or disposal, and regularly to review ways to mitigate emissions and optimize resource consumption.

5.2.3 Under the Group's main operations at Hong Kong headquarters ("**HQ**") and the two mainland factories, the major environmental footprints are induced by electricity consumption, water consumption, hazardous and non-hazardous waste generation, and packaging material usage.

Electricity Consumption and Carbon footprint

5.2.4 The main type of energy used to power equipment and facilities at Hong Kong headquarters, Dongguan and Jiangmen production factories, is electricity obtained from the government grid.

Electricity Consumption by Group

	Total (inclusive of HQ, Dongguan and Jiangmen Facilities)
Electricity consumption (in '000kWh)	9,765
Intensity (in '000kWh/million revenue)	32

5.2.5 As the consumption of electricity contributed to indirect greenhouse gas ("**GHG**") emissions (Scope 2), the Group has started to monitor its carbon footprint. Direct GHG emissions (Scope 1) are considered not material to our operation.

GHG Emission by Group

	Total (inclusive of HQ, Dongguan and Jiangmen Facilities)
GHG Emission (in tonnes CO_2 equivalent)	5,728
Intensity (in tonnes CO_2 equivalent/million revenue)	19

5.2.6 The Group has carried out a series of renovations at the Jiangmen factory whereby old lighting fixtures have been replaced with more energy efficient lighting systems. As a result of the contribution from these improvement works, the Jiangmen factory was able to realize a 4% reduction in energy consumption comparing 2017 with 2016.

Water Consumption

5.2.7 Water consumption is mainly induced by daily routine facility and equipment cleaning at the factories and bathroom usages. Since the water is supplied by the municipal services, there is no significant issue with the sourcing purpose. The Group regularly reminds employees to conserve water as far as practicable in order to reduce the water footprint over the operations.

Water consumption by Group

	Total (inclusive of HQ, Dongguan and Jiangmen Facilities)
Water consumption (in '000m^3)	109
Intensity (in '000m^3/million revenue)	0.36

5.2.8 Relevant water discharge licenses were obtained and necessary treatments systems are set up on site accordingly. However, since the actual operations do not require much water, wastewater discharge is not a material aspect for the Group.

Waste Management

5.2.9 Waste management is mandated across all departments to ensure waste generated during operations is properly sorted, labeled, and disposed of properly. The Group's waste management approach starts with ensuring proper machinery maintenance and operations, as responsible staffs are tasked with daily monitoring on the performance and condition of machinery and equipment in order to reduce waste generated from malfunctioning processes. Regular trainings are provided to the employees to enhance their know-how on adequate waste sorting and management. In particular, hazardous waste materials, which are used for equipment maintenance purposes only, are stored separately with special care to prevent contamination issues and workplace injuries. The Group has engaged licensed professional waste disposal service companies to dispose and recycle wastes appropriately. As a result of proper waste management, the Group is able to utilize resources effectively and minimize environmental pollution.

Non-hazardous waste disposed by Group

	Total (inclusive of Dongguan and Jiangmen Facilities)
Non-recyclable non-hazardous waste (in tonnes)	48

Non-hazardous waste recycled by Group

	Total (inclusive of Dongguan and Jiangmen Facilities)
Paper (in tonnes)	79
Metal (in tonnes)	324
Others (in tonnes)	2

Hazardous waste disposed by Group

	Total (inclusive of Dongguan and Jiangmen Facilities)
Solid Hazardous material (in tonnes)	11

Packaging Material

5.2.10 Packaging materials used within the Group during the reporting period mainly include paper, plastic and aluminium. The Group works closely with vendors and suppliers to see out ways to strengthen the reduction of the environmental footprints of packaging material, in line with customer demands.

Packaging Material Used

	Total (inclusive of HQ, Dongguan and Jiangmen Facilities
Paper (in tonnes)	1,788
Plastic (in tonnes)	100
Aluminum (in tonnes)	74
Total (in tonnes)	1,962

Environmental stewardship

5.2.11 As an advocate for environmental protection, Golden Power has abided by strict environmental legislations for both local and international standards, with the aim to minimize impact on the environment and natural resources. Golden Power's products have long removed hazardous substances detrimental to the environment. As a result, the Group has been able to enjoy economic success in various international markets with stricter environmental compliance requirements, and to fulfil its role as a corporate social responsibility.

5.2.12 The Group is cognizant of its environmental footprints and continues to strive to find alternative methods to optimize its operations. During the reporting period, there were no cases of non-compliance relating to environmental regulations.

6 HOMES

6.1 COMMUNITY INVESTMENT

6.1.1 In celebration of the transfer of listing of the Shares from GEM to the Main Board, the Company selected the stock code "3919" by donating HK$1 million to The Community Chest.

7 LOOKING FORWARD

7.1 In Golden Power's onward endeavour to "Deliver robust power to homes", the Group will continue to develop its own battery brand in "Ecototal" series, and cast investments on the improvement of production lines to enhance capacity and efficiency. The focus will be placed on better quality, safer, and more environmentally-friendly products and production. The Group is fully committed to ensuring employees' wellbeing, and positive impact on the society over its transformative change and sustainable development.

8 ESG CONTENT INDEX

Aspect/Description/KPI		Statement/Section	Page No.
A.	**Environment**		
A1	***Emission***		
A1	*General Disclosure*	5.2 ENVIRONMENTAL FOOTPRINT	36
A1.1	Types of emissions and respective emissions data	5.2 ENVIRONMENTAL FOOTPRINT	36–39
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	5.2 ENVIRONMENTAL FOOTPRINT	37
A1.3	Total hazardous waste produced and, where appropriate, intensity	5.2 ENVIRONMENTAL FOOTPRINT	38
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	5.2 ENVIRONMENTAL FOOTPRINT	38
A1.5	Description of measures to mitigate emissions and results achieved	5.2 ENVIRONMENTAL FOOTPRINT	36–39
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	5.2 ENVIRONMENTAL FOOTPRINT	38
A2	***Use of Resources***		
A2	*General Disclosure*	5.2 ENVIRONMENTAL FOOTPRINT	36
A2.1	Direct and/or indirect energy consumption by type in total and intensity	5.2 ENVIRONMENTAL FOOTPRINT	37
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A2.3	Description of energy use efficiency initiatives and results achieved	5.2 ENVIRONMENTAL FOOTPRINT	37
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Water sourcing is not material to operations	37
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	5.2 ENVIRONMENTAL FOOTPRINT	39
A3	***The Environment and Natural Resources***		
A3	*General Disclosure*	5.2 ENVIRONMENTAL FOOTPRINT	39
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	5.2 ENVIRONMENTAL FOOTPRINT	36–39
B.	**Social**		
B1	***Employment***		
B1	*General Disclosure*	5.1 THE PEOPLE BEHIND THE PROCESS	34
B1.1	Total workforce by gender, employment type, age group and geographical region	5.1 THE PEOPLE BEHIND THE PROCESS	34
B1.2	Employee turnover rate by gender, age group and geographical region	Not disclosed	
B2	***Health and Safety***		
B2	*General Disclosure*	5.1 THE PEOPLE BEHIND THE PROCESS	35
B2.1	Number and rate of work-related fatalities	Not disclosed	
B2.2	Lost days due to work injury	Not disclosed	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	5.1 THE PEOPLE BEHIND THE PROCESS	35

Aspect/Description/KPI	Statement/Section	Page No.
B3 Development and Training		
B3 General Disclosure	5.1 THE PEOPLE BEHIND THE PROCESS	35
B3.1 Percentage of employees trained by gender and employee category	Not disclosed	
B3.2 Average training hours completed per employee by gender and employee category	Not disclosed	
B4 Labour Standard		
B4 General Disclosure	There were no non-compliance incidents regarding child and forced labour during reporting period	
B4.1 Description of measures to review employment practices to avoid child and forced labour	5.1 THE PEOPLE BEHIND THE PROCESS	34
B4.2 Description of steps taken to eliminate such practices when discovered	Not disclosed	
B5 Supply Chain Management		
B5 General Disclosure	4.2 SUSTAINABLE SOURCING	32–33
B5.1 Number of suppliers by geographical region	4.2 SUSTAINABLE SOURCING	33
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	4.2 SUSTAINABLE SOURCING	32
B6 Product Responsibility		
B6 General Disclosure	There was no material non-compliance regarding product responsibility during the reporting period	
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not disclosed	
B6.2 Number of products and service related complaints received and how they are dealt with	Not disclosed	
B6.3 Description of practices relating to observing and protecting intellectual property rights	Not disclosed	
B6.4 Description of quality assurance process and recall procedures	4.3 PRODUCING CUSTOMER-ORIENTED PRODUCTS	33
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Not disclosed	
B7 Anti-Corruption		
B7 General Disclosure	There was no non-compliance with anti-corruption practice in the reporting period	
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	There were no cases regarding corrupt practices brought against the Group or employees during the reporting period	
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	5.1 THE PEOPLE BEHIND THE PROCESS	35
B8 Community Investment		
B8 General Disclosure	Not Disclosed	
B8.1 Focus areas of contribution	Not Disclosed	
B8.2 Resources contributed	6 HOMES	39

Report of the Directors

The Directors are pleased to present their report and the audited consolidated financial statements for the Year.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands as an exempted company with limited liability on 7 June 2012.

In preparing for the Listing, the Company became the holding company of the companies comprising the Group pursuant to the reorganisation as more particularly described in the section headed "History, Development and Reorganisation — Reorganisation" of the Prospectus.

The Shares of the Company were listed on GEM of the Stock Exchange on 5 June 2015. On 10 November 2017, the Company listing of the Shares was transferred from the GEM to the Main Board.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture and sale of a broad range of batteries for various electronic devices to the PRC, Hong Kong and international markets under both its own brand "Golden Power" and the brands of its private label and OEM customers. The products are mainly categorised into two segments, namely (i) disposable batteries; and (ii) rechargeable batteries and other battery-related products. The disposable batteries are categorised into two sub-segments, namely (i) cylindrical batteries; and (ii) micro-button cells. Other battery-related products include battery chargers, battery power packs and electric fans.

There were no significant changes in the nature of the Group's principal activities during the Year.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2017 are set out in Note 32 of the audited consolidated financial statements.

FINANCIAL STATEMENTS

The summary of the results, assets and liabilities of the Group for the year ended 31 December 2017 and the state of the Company's and the Group's affairs as at that date are set out in consolidated financial statement on page 59 to 122 of this annual report.

RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the audited consolidated statement of profit or loss and audited consolidated statement of comprehensive income on pages 59 and 60 of this report, respectively.

The Directors did not recommend the payment of any dividend for the Year (2016: Nil).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the identity of the shareholders of the Company to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Thursday, 10 May 2018 to Tuesday, 15 May 2018 both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2018 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Wednesday, 9 May 2018.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" on page 5 of this report. The business review forms part of this report.

SEGMENT INFORMATION

Details of segment reporting are set out in Note 5 of the audited consolidated financial statements.

CHARITABLE DONATIONS

Charitable or other donations made by the Group during the Year amounted to HK$1 million (2016: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the largest and the top five customers of the Group accounted for 11.68% (2016: 10.38%) and 31.37% (2016: 31.00%) of the Group's revenue, respectively, for the Year.

During the Year, the Group's purchases from the largest and the top five suppliers accounted for 9.67% (2016: 8.25%) and 35.80% (2016: 33.32%) of the Group's purchases, respectively, for the Year.

To the best of the knowledge of the Directors, save as disclosed under Note 28 to the audited consolidated financial statements and the section headed "Related Party Transactions and Continuing Connected Transactions" in this report, none of the Directors, their respective close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the issued share capital of the Company), had any interest in any of the Group's top five customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the Year are set out in Note 14 to the audited consolidated financial statements.

INVESTMENT PROPERTIES

Details of the Group's investment properties during the Year are set out in Note 15 to the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 24 to the audited consolidated financial statements.

The Company completed the Rights Issue on 21 April 2017 to raise approximately HK$32 million, before expenses, by issuing 80,000,000 right shares (being new ordinary shares of HK$0.01 each in the share capital of the Company) by way of rights issue at the subscription price of HK$0.4 per right shares, on the basis of one right share for every 2 existing shares held on the record date. For details, please refer to the announcement dated 20 February 2017, the clarification announcement dated 21 February 2017, the announcement dated 15 March 2017 of the Company and the Rights Issue Prospectus.

RESERVES

Movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 63 of this report.

DISTRIBUTABLE RESERVES

The Company's reserves as at 31 December 2017 are set out in Note 25(c) to the audited consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2017 are set out in Note 23 to the audited consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 123 of this report.

IMPORTANT EVENTS AFTER THE YEAR END

Subsequent to the Year, the Company has entered into a sales and purchase agreement on 6 March 2018 which is subject to independent shareholders' approval. Details are set out in the section headed "RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION" of this report.

Save as disclosed above, there are no important events subsequent to the end of the Year and up to the date of this report.

DIRECTORS

The Directors since 1 January 2017 and up to the date of this report were:-

Executive Directors
Mr. Chu King Tien *(the chairman of the Group)*
Ms. Chu Shuk Ching
Mr. Tang Chi Him
Mr. Chu Ho Wa

Independent non-executive Directors
Mr. Hui Kwok Wah
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 15 to 18 of this report.

DIRECTORS' RETIREMENT AND RE-ELECTION

In accordance with article 112 of the Articles, any Director appointed by the Board to fill casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 108 of the Articles, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 108 of the Articles, the following Directors, namely, Mr. Chu King Tien, Ms. Chu Shuk Ching and Mr. Tang Chi Him will retire from office by rotation and, being eligible, offer themselves for re-election at the 2018 AGM.

Save as otherwise disclosed in this report, no Director proposed for re-election at the 2018 AGM has or is proposed to have a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation of independence from all the independent non-executive Directors, namely Mr. Hui Kwok Wah, Mr. Ma Sai Yam, and Mr. Chow Chun Hin, Leslie, pursuant to the Listing Rules. The Company considers all of them to be independent pursuant to Rule 3.13 of the Listing Rules as at the date of this report.

DIRECTORS' SERVICE CONTRACTS

The service contract between the Company and each of the executive Directors is for an initial term of three years commencing from the Listing Date and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the current term of the appointment, unless the Director has not been re-elected as a Director of the Company or has been removed by shareholders of the Company at any of its general meeting in accordance with the memorandum and articles of association of the Company. Either the Company or the Director may terminate the service contract in accordance with the terms thereof.

The Company has entered into an appointment letter with each of the independent non-executive Directors for fixed term of three years commencing from the Listing Date, which may be terminated by either the Company or the Director in accordance with the terms thereof.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

For the Directors' material interest in contracts with the Group, please refer to the paragraphs headed "Related Party Transactions and Continuing Connected Transactions" below in this report.

Save as disclosed above or in the Prospectus or in this report, no Director or any entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the Year.

COMPETING INTERESTS

During the Year, none of the Directors, the controlling shareholders of the Company and their respective close associates had any business or interest that competes or may compete with the business of the Group nor had any other conflicts of interest with the Group.

A deed of non-competition dated 24 September 2014 has been entered into by Mr. Chu King Tien and Golden Villa, the controlling shareholders of the Company within the meaning of the Listing Rules (collectively the "**Controlling Shareholders**") in favour of the Company regarding certain non-competition undertakings given by the Controlling Shareholders in favour of the Company. The details of this deed of non-competition have been disclosed in the section headed "Relationship with Controlling Shareholders" in the Prospectus.

Each of the Controlling Shareholders has given an annual declaration to the Company confirming that he/it has complied with the non-competition undertakings provided to the Company under the said deed of non-competition. The independent non-executive directors have reviewed the status of compliance and enforcement of the non-competition undertaking and confirmed that all the undertakings thereunder have been complied for the Year.

REMUNERATION OF THE DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 9 of the audited consolidated financial statements. No Director has waived or has agreed to waive any emolument during the Year.

EMOLUMENT POLICY

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all the Directors and senior management remuneration, having regard to market competitiveness, individual performance and achievement. The Company has adopted a share option scheme as an incentive to the Directors and the relevant eligible participants.

The emoluments of the Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of each Director, and taking into consideration the Company's performance and prevailing market conditions.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the Year, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries nor any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Interests in the Company

As at 31 December 2017, the interests or short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the Listing Rules, were as follows:-

Long positions in the Shares

Name	Nature of interest	Total number of shares held	Approximate percentage of shareholding
Chu King Tien (Chairman and executive Director)	Interest in a controlled corporation (Note 1)	126,000,000 Shares	52.5%
Chu Shuk Ching (Executive Director and Chief Executive Officer)	Beneficial owner (Note 2)	1,770,000 Shares	0.74%

Notes:-

1. These Shares are held by Golden Villa, which is wholly and beneficially owned by Mr. Chu King Tien. By virtue of the SFO, Mr. Chu King Tien is deemed to be interested in all the Shares held by Golden Villa in the Company.

2. Ms. Chu Shuk Ching is the beneficial owner of 1,770,000 Shares.

Interests in associated corporations of the Company

As at 31 December 2017, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in, were as follows:-

Long positions in the shares of the associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of Shares (long position)	Approximate percentage of shareholding
Mr. Chu King Tien	Golden Villa	Beneficial owner	50,000	100%

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executive of the Company had interests or short positions 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) (i) 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 or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as the Directors are aware, as at 31 December 2017, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying Shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions in the shares

Name	Nature of interest	Total number of shares held	Approximate percentage of shareholding
Golden Villa	Beneficial owner	126,000,000 Shares	52.5%
Ms. Mo Yuk Ling (Note)	Interest of spouse	126,000,000 Shares	52.5%

Note:-

1. Ms. Mo Yuk Ling is the spouse of Mr. Chu King Tien. Under the SFO, Ms. Mo Yuk Ling is deemed to be interested in the same number of shares in which Mr. Chu King Tien is interested.

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures 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 which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was conditionally adopted by the written resolutions of the Company's sole shareholder passed on 15 May 2015. As of the date of this report, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.

1) Purpose

The purpose of the Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest (the "**Invested Entity**").

2) Qualifying participants

Subject to the provisions in the Scheme, the Board shall be entitled at any time and from time to time within the period of ten years after the date of adoption of the Scheme to make an offer to any of the following classes of persons:-

(i) any employee (whether full time or part time, including Director) of the Company, its subsidiaries and any Invested Entity;

(ii) any Director (including any non-executive Director and independent non-executive Director) of the Company, any of its subsidiary or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of any member of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any security issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of the Directors has contributed or will contribute to the growth and development of the Group; and

(viii) any other group or class of participants who has contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

3) Maximum number of the Shares

The maximum number of the Shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company (excluding, for this purpose, Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Scheme or any other share option scheme of the Company) must not in aggregate exceed 10% of the total number of the Shares of the Company in issue as at Listing Date, being 16,000,000 Shares. The Company may, subject to the issue of a circular, the shareholders' approval in general meeting and/or such other requirements prescribed under the Listing Rules, refresh this limit at any time to 10% of the Shares in issue as at the date of the shareholders' approval. The above is subject to the condition that the maximum number of the Shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares of the Company in issue from time to time.

As at the date of this report, no Share options has been granted by the Company and the outstanding number of Share options available for grant under the Scheme is 16,000,000 Share options to subscribe for the Shares, representing approximately 10% of the issued share capital of the Company.

4) Limit for each participant

The total number of the Shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular, the approval of the shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules.

5) Exercise of an option

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of is made but shall end in any event not later than ten years from the date of the grant of the option subject to the provisions for early termination thereof.

Unless otherwise determined by the Directors and stated in the offer of the grant of the option to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised.

6) Acceptance and payment on acceptance

The options granted under the Scheme shall remain open for acceptance for a period of up to 21 days from the date on which the options are offered to an eligible person. Upon acceptance of the option, the eligible person shall pay HK$1 to the Company as consideration for the grant.

7) Subscription price

The subscription price of a Share in respect of any option granted under the Scheme will be a price determined by the Board at its discretion and shall not be less than the highest of (i) the closing price of the Shares of the Company as stated in the daily quotations sheet of Stock Exchange for trade in one or more board lots of the Shares on the date on which an offer is made to an eligible person, which must be a business day; (ii) the average closing price of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an offer is made to an eligible person; and (iii) the nominal value of a Share.

8) Remaining life of the Scheme

The Scheme will remain valid and effective for a period of 10 years commencing from 15 May 2015 after which no further option shall be granted.

RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The related party transactions entered into by the Group during the Year are set out in Note 28 to the audited consolidated financial statements. Save as disclosed below, the Directors consider that these material related party transactions did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

Exempt Continuing Connected Transactions

The related party transaction entered into by the Group during the Year in relation to rental expenses paid to China Scene Limited as set out in Note 28 to the audited consolidated financial statements are continuing connected transactions exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to the Listing Rules. Further details of these continuing connected transactions are set out in the section headed "Connected Transactions" in the Prospectus.

The related party transactions in relation to key management personnel remuneration as disclosed in Note 28(d) to the audited consolidated financial statements are connected transactions exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to the Listing Rules.

Non-exempt Continuing Connected Transactions

On 1 February 2017, the Company entered into a master sales agreement (the "**Master Sales Agreement**") with 廣州市南華金力電子有限公司 (Guangzhou Nan Hua Jin Li Electronics Limited*) ("**Nan Hua Jin Li**") and Suenglh Corporation Limited (動能(香港)有限公司) ("**Suenglh**") for the sale and supply of the Group's batteries in the PRC (excluding Macau and Taiwan), for a term of three years commencing retrospectively from 1 January 2017 and ending on 31 December 2019 (both dates inclusive).

The Board estimated that the annual caps under the Master Sales Agreement would be approximately HK$26.6 million, HK$29.3 million and HK$32.2 million for the years ended 31 December 2017, 2018 and 2019, respectively in the New Master Sales Agreement (as amended and supplemented by the Supplemental Agreement).

Nan Hua Jin Li is legally and beneficially owned as to 71% by Mr. Zhu Chengxian ("**Mr. Zhu**"), a nephew of Mr. Chu King Tien (the executive Director, the chairman of the Group and a controlling shareholder of the Company), and 29% by independent third parties. Mr. Zhu is a connected person under the Listing Rules and Nan Hua Jin Li, being a majority-controlled company of Mr. Zhu, is also a connected person under the Listing Rules. Suenglh is legally and beneficially owned as to 100% by Mr. Zhu. Suenglh, being a majority-controlled company of Mr. Zhu, is also a connected person under the Listing Rules. Accordingly, the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since certain applicable percentage ratios (other than the profits ratio) in respect of the transactions under the Master Sales Agreement (as amended and supplemented by the Supplemental Agreement), on an annual basis, expected to be more than 25% and the annual consideration is more than HK$10 million, the transactions contemplated under the Master Sales Agreement constitute non-exempt continuing connected transactions and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In the 2017 EGM, the Master Sales Agreement and the transactions contemplated thereunder were approved by the independent shareholders.

During the Year, the sales to Nan Hua Jin Li and Suenglh under the Master Sales Agreement amounted to approximately HK$15.08 million (2016: approximately HK$17.49 million) and HK$1.72 million (2016: Nil), respectively.

Annual Review

Pursuant to Rule 14A.55 of the Listing Rules, the non-exempt continuing connected transactions mentioned above have been reviewed by the independent non-executive Directors who have confirmed that the transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor has been engaged by the Company to report on the non-exempt continuing connected transactions mentioned above. The auditor has issued a letter to the Board confirming, among other things, that nothing has come to their attention that causes them to believe that such transactions:-

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(d) have exceeded the cap.

A copy of this letter has been provided by the Company to the Stock Exchange.

CORPORATE GOVERNANCE

The Company has complied with the provisions as set out in the CG Code during the Year.

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 19 to 27 of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board is pleased to present the first Environmental, Social and Governance Report (the "**ESG Report**") on pages 28 to 41 of this report.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float of not less than 25% of the Company's issued Shares as required under the Listing Rules for the year ended 31 December 2017 and up to the date hereof.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the Year have been audited by PKF Hong Kong Limited, who will retire and, being eligible, offer themselves for re-appointment at the 2018 AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the 2018 AGM.

CHANGE OF AUDITOR

On 9 August 2017, PKF (大信梁學濂(香港)會計師事務所) tendered its resignation as the auditor of the Company due to its reorganisation and its subsequent change in entity status from a partnership to a limited company. At a board meeting of the Company held on 9 August 2017, PKF Hong Kong Limited (大信梁學濂(香港)會計師事務所有限公司) was appointed as the new auditor of the Company. For details, please refer to the Company's announcement dated 9 August 2017.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the Year have been reviewed by the audit committee of the Board. The audit committee is of the opinion that the audited consolidated financial statements of the Group for the Year comply with the applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

On behalf of the Board
Mr. Chu King Tien
Chairman

Hong Kong, 21 March 2018

Independent Auditor's Report

大信梁學濂(香港)會計師事務所有限公司

PKF

Accountants &
business advisers

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TO THE SHAREHOLDERS OF GOLDEN POWER GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Power Group Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 59 to 122, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined to communicate in our report the following key audit matters for the year ended 31 December 2017.

Revenue recognised from batteries and other battery-related products

We identified revenue recognised from sales of batteries and other battery-related products as a key audit matter as revenue recognised is quantitatively significant to the consolidated statement of profit or loss. Revenue from sales of batteries and other battery-related products is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer. The accounting policy for revenue recognition is disclosed in Note 3 to the consolidated financial statements.

Our major procedures in relation to revenue recognised from sales of batteries and other related products included:-

- Obtaining an understanding of the revenue business process regarding sales of batteries and other related products;

- Understanding and testing, on sample basis, the key controls over the recognition of sales of batteries and other related products;

- Checking the terms set out in the sales agreements and other relevant documents; and assessing whether the significant risks and rewards of ownership of the batteries and other battery-related products have been transferred to the customers by reviewing the relevant documents, including check whether it is consistent with our walk-through, the goods delivery notes and acknowledgement to receipts, on a sample basis; and

- Testing the recognition of material sales transactions recognised immediate before and after reporting period to assess whether those sales transactions were recorded in appropriate accounting period in accordance with the Group's revenue recognition policy.

Valuation of inventories

We identified the valuation of inventories as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant degree of judgment by the management associated with identifying obsolete and slow-moving inventories and determining their net realisable values ("**NRV**"). As disclosed in Note 3 to the consolidated financial statements, NRV represents the estimated selling prices for inventories less all estimated costs of completion and costs necessary to make the sale. As disclosed in Note 4 to the consolidated financial statements, the management will identify the obsolete and slow-moving inventory items with reference to inventory ageing analysis and estimated subsequent usage or sales. The identification of obsolete and slow-moving inventories and estimation of NRV is primarily based on the current market conditions, technology changes, the historical experience of selling products with similar nature and current customer orders on hand. The Group carried out the inventory review at the end of the reporting period and made allowance of HK$561,000 on obsolete and slow-moving items to write down inventories to their NRVs during the year ended 31 December 2017 and the carrying amount of inventories was HK$57,394,000 as at 31 December 2017.

Our major procedures in relation to assessing the appropriateness of the valuation of the inventories included:-

- Obtaining an understanding of how the management estimated the NRV of inventories and evaluating the historical accuracy of the allowance estimation by the management;

- Assessing, on a sample basis, whether items in the inventory ageing report prepared by the management were classified within the appropriate ageing bracket by comparing items in the report with the underlying supporting documents and records;

- Assessing, on a sample basis, whether items in the analysis of estimated subsequent usage and sales of inventories are materially consistent with the underlying supporting documents and records;

- Discussing with management and assessing the basis of the management's estimation of subsequent selling price, costs to completion and costs necessary to make the sale;

- Assessing the management's process for researching and analysing the current market conditions, technology changes, historical experience of selling products with similar nature and customer orders on hand to estimate the NRV; and

- Assessing the sufficiency of allowance where the estimated NRV is lower than the cost.

OTHER INFORMATION

The directors are responsible for the other information which comprises the information included in the Group's annual report for the year ended at 31 December 2017 ("**Annual Report**"), other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and are in compliance with the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:-

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Chung Wai Chuen Alfred (Practising Certificate Number: P05444).

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong

21 March 2018

Consolidated Statement of Profit or Loss

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	5	**304,214**	303,197
Cost of sales		**(224,163)**	(207,082)
Gross profit		**80,051**	96,115
Other revenue	6	**5,995**	3,040
Other gains/(losses) — net	7	**8,718**	(3,467)
Selling expenses		**(14,424)**	(15,784)
General and administrative expenses		**(48,803)**	(43,382)
Profit from operations		**31,537**	36,522
Finance costs	8(a)	**(2,408)**	(3,729)
Profit before income tax	8	**29,129**	32,793
Income tax expense	10	**(5,808)**	(8,753)
Profit for the year and attributable to the shareholders of the Company		**23,321**	24,040
Earnings per share (HK cents)			Restated
— Basic	12	**10.22**	11.96
— Diluted	12	**N/A**	N/A

The notes on pages 66 to 122 form part of these consolidated financial statements. Detail of dividends paid or payable of the Company are set out in note 13 to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
Profit for the year	**23,321**	24,040
Other comprehensive income:-		
Item that may be reclassified subsequently to profit or loss:-		
Exchange differences arising on translation of financial statements of foreign operations	**4,512**	(4,010)
Items that may not be reclassified subsequently to profit or loss:-		
Gain on revaluation of leasehold land and buildings upon transfer to investment properties	**25,016**	27,511
Deferred tax liability on revaluation of leasehold land and buildings upon transfer to investment properties	**(590)**	(240)
	24,426	27,271
Other comprehensive income for the year, net of tax	**28,938**	23,261
Total comprehensive income for the year and attributable to the shareholders of the Company	**52,259**	47,301

The notes on pages 66 to 122 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	189,779	184,498
Investment properties	15	62,300	29,500
Intangible assets	16	234	294
Prepaid land lease payments	17	5,135	4,964
Deposits paid for property, plant and equipment	20	5,712	2,786
Deferred tax assets	11	6,405	5,654
		269,565	227,696
CURRENT ASSETS			
Inventories	18	57,394	48,206
Trade and bills receivables	19	47,621	32,739
Deposits, prepayments and other receivables	20	27,200	10,333
Prepaid land lease payments	17	222	205
Income tax recoverable		1,781	1,122
Cash and bank balances		16,933	21,797
		151,151	114,402
DEDUCT:-			
CURRENT LIABILITIES			
Trade payables	21	89,467	68,674
Receipts in advance, other payables and accruals	22	14,654	17,109
Bank borrowings, secured	23	19,084	38,993
Income tax payable		2,987	3,161
		126,192	127,937
NET CURRENT ASSETS/(LIABILITIES)		24,959	(13,535)
TOTAL ASSETS LESS CURRENT LIABILITIES		294,524	214,161

At 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
DEDUCT:-			
NON-CURRENT LIABILITIES			
Bank borrowings, secured	23	**44,185**	48,283
Deferred tax liabilities	11	**4,636**	3,452
		48,821	51,735
NET ASSETS		**245,703**	162,426
REPRESENTING:-			
CAPITAL AND RESERVES			
Share capital	24	**2,400**	1,600
Reserves	25	**243,303**	160,826
TOTAL EQUITY		**245,703**	162,426

Approved and authorised for issue by the Board of Directors on 21 March 2018.

Mr. Chu King Tien
DIRECTOR

Ms. Chu Shuk Ching
DIRECTOR

The notes on pages 66 to 122 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 Note 25(c)(i)	Exchange reserve HK$'000 Note 25(c)(ii)	Capital reserve HK$'000 Note 25(c)(iii)	Property revaluation reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2016	1,600	59,825	3,940	(2,654)	29,819	—	22,595	115,125
Profit for the year	—	—	—	—	—	—	24,040	24,040
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(4,010)	—	—	—	(4,010)
Gain on revaluation of leasehold land and buildings upon transfer to investment properties	—	—	—	—	—	27,511	—	27,511
Deferred tax liability on revaluation of leasehold land and buildings upon transfer to investment properties	—	—	—	—	—	(240)	—	(240)
Total comprehensive (loss)/ income for the year	—	—	—	(4,010)	—	27,271	24,040	47,301
Appropriation to statutory reserve	—	—	1,138	—	—	—	(1,138)	—
At 31 December 2016 and 1 January 2017	**1,600**	**59,825**	**5,078**	**(6,664)**	**29,819**	**27,271**	**45,497**	**162,426**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**23,321**	**23,321**
Exchange differences arising on translation of financial statements of foreign operations	**—**	**—**	**—**	**4,512**	**—**	**—**	**—**	**4,512**
Gain on revaluation of leasehold land and buildings upon transfer to investment properties	**—**	**—**	**—**	**—**	**—**	**25,016**	**—**	**25,016**
Deferred tax liability on revaluation of leasehold land and buildings upon transfer to investment properties	**—**	**—**	**—**	**—**	**—**	**(590)**	**—**	**(590)**
Total comprehensive income for the year	**—**	**—**	**—**	**4,512**	**—**	**24,426**	**23,321**	**52,259**
Appropriation to statutory reserve	**—**	**—**	**836**	**—**	**—**	**—**	**(836)**	**—**
Rights Issue (Note 24)	**800**	**31,200**	**—**	**—**	**—**	**—**	**—**	**32,000**
Share issuing expenses	**—**	**(982)**	**—**	**—**	**—**	**—**	**—**	**(982)**
At 31 December 2017	**2,400**	**90,043**	**5,914**	**(2,152)**	**29,819**	**51,697**	**67,982**	**245,703**

The notes on pages 66 to 122 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**29,129**	32,793
Adjustments for:-		
Amortisation of intangible assets	**67**	69
Amortisation of prepaid land lease payments	**212**	216
Depreciation	**12,391**	12,288
Finance costs	**2,408**	3,729
Gain on disposals of property, plant and equipment	**(3,620)**	(46)
Interest income	**(15)**	(15)
Fair value gain on investment properties	**(2,800)**	—
Write-down/(reversal of write-down) to net realisable value on inventories	**108**	(748)
Exchange differences	**(16)**	10
Operating profit before working capital changes	**37,864**	48,296
Increase in inventories	**(5,431)**	(2,280)
(Increase)/decrease in trade and bills receivables	**(13,467)**	7,666
Increase in deposits, prepayments and other receivables	**(16,590)**	(65)
Increase/(decrease) in trade payables	**13,441**	(3,759)
Decrease in receipts in advance, other payables and accruals	**(4,051)**	(8,516)
Cash generated from operations	**11,766**	41,342
Interest received	**15**	15
Income tax paid	**(6,617)**	(2,506)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**5,164**	38,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	**(20,916)**	(30,706)
Sale proceeds from disposals of property, plant and equipment	**6,615**	805
Payments to acquire intangible assets	**(7)**	(48)
NET CASH USED IN INVESTING ACTIVITIES	**(14,308)**	(29,949)

For the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid for bank borrowings	**(2,227)**	(2,926)
Other finance costs paid	**(181)**	(734)
New bank borrowings raised	**101,207**	113,966
Repayment of bank borrowings	**(125,986)**	(120,982)
Proceeds from issuing of shares	**32,000**	—
Share issuing expenses	**(982)**	—
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**3,831**	(10,676)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,313)**	(1,774)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	**449**	(1,347)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**21,797**	24,918
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**16,933**	21,797
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**16,933**	21,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 7 June 2012 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's headquarters and principal place of business in Hong Kong is located at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong.

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on GEM of the Stock Exchange (the "**Listing**"), the Company became the holding company of the Group on 25 September 2014 (the "**Reorganisation**"). Details of the Reorganisation were set out in the section headed "History, Development and Reorganisation — Reorganisation" of the prospectus of the Company dated 29 May 2015 (the "**Prospectus**"). The Company's shares were listed and traded on the GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 June 2015 (the "**Listing Date**"). On 10 November 2017, the listing of shares of the Company was transferred from GEM to the Main Board of the Stock Exchange.

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of a broad range of batteries for various electronic devices to Hong Kong, the People's Republic of China ("**the PRC**") and international markets. The ultimate controlling party of the Group is Mr. Chu King Tien ("**Mr. Chu**" or the"**Controlling Shareholder**").

In the opinion of the directors ("**Directors**"), Golden Villa Ltd. ("**Golden Villa**"), a company incorporated in the British Virgin Islands ("**BVI**"), is the immediate and ultimate holding company of the Company.

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**HK(IFRIC)-Int**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

2. BASIS OF PREPARATION *(continued)*

(b) Initial application of HKFRSs

In the current year, the Group initially applied the following revised HKFRSs:-

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs (2014–2016)	Amendments to HKFRS 12

Except for Amendments to HKAS 7 disclosed below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial statements for the current and prior years.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has provided the information for the current period in note 26 to the consolidated financial statements.

2. BASIS OF PREPARATION *(continued)*

(c) HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 December 2017 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2017:-

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Annual Improvements to HKFRSs (2014–2016)	Amendments to HKFRS 1 and HKAS 28[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after a date to be determined

The Group's assessment of the impact of these new standards, amendments to standards and interpretations is set out below:-

HKFRS 9 "Financial Instruments"

HKFRS 9 contains three principal classification and measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss ("**FVTPL**").

2. BASIS OF PREPARATION *(continued)*

(c) HKFRSs in issue but not yet effective *(continued)*

HKFRS 9 "Financial Instruments" *(continued)*

- The classification for debt securities is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt security is classified as FVOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.

- For equity instruments, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity instrument is not held for trading and the entity irrevocably elects to designate that instrument as FVOCI. If an equity instrument is designated as FVOCI then only dividend income on that instrument will be recognised in profit or loss. Gains, losses and impairments on that instrument will be recognised in other comprehensive income without recycling.

The Directors of the Company do not anticipate that above changes will have material impact on the Group's financial assets as the Group did not have any debt securities and equity instruments as at 31 December 2017.

HKFRS 9 only affects the accounting for financial liabilities that are designated at FVTPL. The Group did not have any financial liabilities designated at FVTPL as at 31 December 2017.

There is a change in hedge accounting rules that more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group did not have any such hedging instruments as at 31 December 2017.

HKFRS 9 requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It will apply to financial assets measured at amortised cost and debt securities measured at FVOCI. The Group has assessed how its impairment provisions would be affected by the new model. So far it has concluded that there would be no material impact for the application of the new impairment requirements.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

2. BASIS OF PREPARATION *(continued)*

(c) HKFRSs in issue but not yet effective *(continued)*

HKFRS 15 "Revenue from Contracts with Customers" *(continued)*

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:-

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change. The standard will affect primarily the accounting for Group's operating leases as a lessee. As at the end of the reporting period, the Group has non-cancellable operating lease commitments of approximately HK$1,711,000 (Note 27). The Group estimates those related to payments for short-term and low value lease which will be recognised on straight-line basis as an expense in profit or loss are insignificant.

2. BASIS OF PREPARATION *(continued)*

(c) HKFRSs in issue but not yet effective *(continued)*

HKFRS 16 "Leases" *(continued)*

The Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

The adoption of this standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Amendments to HKAS 40 "Transfers of Investment Property"

The HKICPA issued amendments to HKAS 40 in April 2017 to clarify that, to transfer to or from investment properties, there must be a change in use. A change in use would involve (i) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (ii) supporting evidence that a change in use has occurred. The amendments also re-characterised the list of circumstances in HKAS 40.57(a)–(d) as a non-exhaustive list of examples to allow for other circumstances to be accounted for as a transfer, as long as that change is supported by appropriate evidence. The amendments are effective for annual periods beginning on or after 1 January 2018. The Group has assessed the impact of the amendments and expects that the amendments will not have significant impact, when applied, on the consolidated financial statements of the Group.

Save as discussed above, all other new standards, amendments to standards and interpretations issued but not yet effective are not likely to have significant impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis as modified by the revaluation of investment properties.

(b) Consolidation and combination

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(i) Business combinations under common control before Listing Date

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control for Reorganisation before Listing Date, where all assets and liabilities are recorded at predecessor carrying amounts, as if the existing group structure had been in existence throughout the year and the business have been combined from the date when they first came under the control of the controlling party.

Upon transfer of interest in an equity to another entity that is under the control of the equity owner that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised as deemed distribution directly in capital reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Consolidation and combination *(continued)*

(i) Business combinations under common control before Listing Date (continued)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Business combinations not under common control

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred to the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree (collectively the "**Sum of Consideration**") is more than the fair value of the identifiable net assets acquired, the excess is recorded as goodwill. If the Sum of Consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with all policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, over their estimated useful lives, at the following annual rates:-

Category	Depreciation policy	Residual value
Leasehold land	Shorter of remaining lease term or useful life on a straight-line basis	0%
Leasehold buildings	4% on a straight-line basis	0%
Plant and machinery	10% on a reducing balance basis	10%
Furniture, fixtures and office equipment	15% on a reducing balance basis	10%
Moulds	33% on a straight-line basis	0%
Loose tools and instruments	50% on a reducing balance basis	0%
Motor vehicles	25% on a straight-line basis	10%
Leasehold improvements	15% on a reducing balance basis	0%

Useful lives, the depreciation methods and residual values are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised which is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses. The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially completed and ready for its intended use.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment and depreciation *(continued)*

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(d) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 3(c). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 3(j). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in fair value of investment property are included in profit or loss for the period in which they arise.

Land held under operating leases is classified and accounted for as investment property when the rest definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

When a property held for own use is reclassified to investment property following a change in its use, any differences arising at the date of reclassification between the carrying amount of the property held for own use immediately prior to the reclassification and its fair values is recognised as below:-

(i) If the carrying amount of the property is increased as a result of the revaluation, the increase shall be recognised in other comprehensive income and accumulated separately in equity in the property revaluation reserve.

(ii) If the carrying amount of the property is decreased as a result of the revaluation, the decrease shall be recognised in profit or loss.

On subsequent disposal of the investment property, the revaluation surplus recognised in the property revaluation reserve may be transferred directly to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Investment properties *(continued)*

If an investment property becomes owner-occupied, it is reclassified as a property held for own use and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting in accordance with Note 3(c).

(f) Intangible assets

Trademarks are stated at cost less accumulated amortisation and impairment losses. Amortisation of trademarks is charged to profit or loss on a straight-line basis over the estimated useful lives of 10 years.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using first-in first-out method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(i) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term, highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:-

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, impairment loss on receivables carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment, intangible assets and prepaid land lease payments may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, if measureable, or value in use, if determinable.

Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare that asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:-

— Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts, rebates and returns.

— Interest income is recognised as it accrues using the effective interest method.

— Rental income is recognised on a straight-line basis over the terms of relevant leases.

— Services fee income is recognised in the period when services are rendered.

(p) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the PRC central pension scheme, are recognised as an expense in profit or loss as incurred.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

The Group's net obligation in respect of long service payment under the Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior years. The obligation is discounted to its present value and the fair value of any related assets, including retirement scheme benefit, is deducted.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of each reporting period;

— Income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Income tax *(continued)*

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3(e), the amount to deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Additional income taxes that arise from the distribution of dividends are recognised in profit or loss when the liability to pay the related dividends is recognised in profit or loss.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:-

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Income tax *(continued)*

— in the case of deferred tax assets and liabilities, if they relate to income taxes by the same taxation authority on either:-

— the same taxable entity; or

— different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Financial guarantees issued, provision and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value for the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 3(s)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee; and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of the guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:-

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:-

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these consolidated financial statements. The principal accounting policies are set forth in Note 3 above. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of these consolidated financial statements.

(a) Valuation of inventories

The management identify obsolete and slow-moving inventory with reference to inventory ageing analysis and estimated subsequent usage or sales. Net realisable value of obsolete and slow-moving inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions, technology changes, the historical experience of selling products with similar nature and current customer orders on hand. It could change significantly as a result of changes in customer preference or competitor actions. The Group reassesses these estimates at the end of each reporting period.

(b) Impairment of property, plant and equipment

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the Group is required to estimate the asset's recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

(c) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

(d) Depreciation

Property, plant and equipment are depreciated on a straight-line basis or reducing balance basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives and basis of depreciation of property, plant and equipment regularly in order to determine the amount of depreciation expenses to be recorded during any reporting period. The useful lives and basis of depreciation are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(e) Fair value of investment properties

The fair value of the Group's investment properties at 31 December 2017 has been arrived at on the basis of a valuation carried out on that date by Vigers Appraisal & Consulting Ltd ("**Vigers**"), an independent professional surveyor and property valuer not connected with the Group. The managing director of Vigers is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant location. The valuations were arrived using direct comparison approach by making reference to comparable recent sales price of properties, adjusted for a premium or discount specific to the characteristic as mentioned in Note 15.

(f) Current and deferred income taxes

The Group is subject to income taxes in Hong Kong and the PRC. Judgements and estimations are required in determining the provision for income taxes for certain transactions (including inter-company transactions) and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the periods in which such determinations are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the invoiced value of goods sold to external customers less discounts, rebates and returns, and net of value-added tax and surcharges.

The Group's operating business are organised and managed separately according to the nature of products. Each segment representing a strategic business segment that offers different products in the market. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented two reportable segments, namely disposable batteries and rechargeable batteries and other battery-related products. No operating segments have been aggregated to form the above reportable segments.

For the purposes of assessing segment performance and allocating resources, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:-

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment result is gross profit.

A measurement of segment assets and liabilities is not provided regularly to the Group's senior executive management and accordingly, no segment assets and liabilities information is presented.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Information regarding the Group's reportable segments for the years ended 31 December 2017 and 2016 is set out below:-

Segment revenue from external customers

	2017 HK$'000	2016 HK$'000
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	**147,479**	147,861
— Carbon	**51,121**	60,721
	198,600	208,582
(ii) Micro-button cells		
— Alkaline	**62,040**	46,119
— Other micro-button cells	**38,225**	39,281
	100,265	85,400
	298,865	293,982
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	**5,022**	8,531
(ii) Other battery-related products	**327**	684
	5,349	9,215
	304,214	303,197

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment results

	2017 HK$'000	2016 HK$'000
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	30,742	41,495
— Carbon	2,418	7,927
	33,160	49,422
(ii) Micro-button cells		
— Alkaline	19,377	16,464
— Other micro-button cells	26,110	27,106
	45,487	43,570
	78,647	92,992
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	1,390	3,080
(ii) Other battery-related products	14	43
	1,404	3,123
	80,051	96,115

The reportable and operating segment results are reconciled to profit before income tax of the Group as follows:-

	2017 HK$'000	2016 HK$'000
Segment results	80,051	96,115
Unallocated other revenue	5,995	3,040
Unallocated other gains/(losses) — net	8,718	(3,467)
Unallocated corporate expenses	(63,227)	(59,166)
Finance costs	(2,408)	(3,729)
Profit before income tax	29,129	32,793

Segment revenue represents sales to external parties. There are no inter-segment transactions during the years ended 31 December 2017 and 2016. Segment results represent the gross profit of each type of products. This is the measure reported to the senior executive management for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Other segment information

Amounts included in the measure of segment results are as follows:-

	2017 HK$'000	2016 HK$'000
Depreciation and amortisation		
Disposable batteries		
— Cylindrical batteries	7,963	8,542
— Micro-button cells	1,307	1,514
Segment total	9,270	10,056
Unallocated depreciation and amortisation	3,400	2,517
	12,670	12,573

Revenue from major customers

During the years ended 31 December 2017 and 2016, the revenue generated from the following customers accounted for over 10% of the Group's total revenue:-

	2017 HK$'000	2016 HK$'000
Customer A	35,547	31,460

Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers and the geographical location of customers is based on the location at which the goods are delivered.

	2017 HK$'000	2016 HK$'000
The PRC	88,840	74,886
Hong Kong	70,350	75,931
Asia (except the PRC and Hong Kong)	31,522	28,859
Europe	40,780	41,550
Eastern Europe	4,418	3,722
North America	42,062	39,972
South America	15,229	16,318
Australia	5,618	19,346
Africa	1,196	655
Middle East	4,199	1,958
	304,214	303,197

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Geographic information *(continued)*

The Group's non-current assets (excluding deferred tax assets) are located in the following regions:-

	2017 HK$'000	2016 HK$'000
The PRC	167,097	152,717
Hong Kong	84,591	57,060
Macau	11,472	12,265
	263,160	222,042

The geographical location of the non-current assets is based on the physical location of the operation to which they are allocated.

6. OTHER REVENUE

	2017 HK$'000	2016 HK$'000
Sales of scrap materials	2,067	1,850
Services fee income	11	49
Interest income	15	15
Rental income	2,210	749
Handling income	249	170
Sundry income	1,443	207
	5,995	3,040

7. OTHER GAINS/(LOSSES) — NET

	2017 HK$'000	2016 HK$'000
Net exchange gain/(loss)	2,298	(3,513)
Gain on disposals of property, plant and equipment	3,620	46
Fair value gains on investment properties	2,800	—
	8,718	(3,467)

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):-

	2017 HK$'000	2016 HK$'000
(a) Finance costs:-		
Bank loans interest	2,501	3,147
Interest on import loans	178	730
Bank overdraft interest	3	3
Total interest expense	2,682	3,880
Less: interest expense capitalised into property, plant and equipment (Note)	(274)	(151)
	2,408	3,729
(b) Staff cost (excluding Directors' emoluments) (Note 9):-		
Salaries, wages and other allowances	33,525	32,308
Contributions to defined contribution plans	3,778	3,562
	37,303	35,870
(c) Other items:-		
Amortisation of intangible assets	67	69
Amortisation of prepaid land lease payments	212	216
Auditors' remuneration		
— Audit services	827	840
— Non-audit services	293	101
Cost of inventories recognised as expenses	224,163	207,082
Depreciation	12,391	12,288
Net exchange (gain)/loss	(2,298)	3,513
Gain on disposals of property, plant and equipment:-		
— Proceeds from disposals of property, plant and equipment	(6,615)	(805)
— Carrying amount of property, plant and equipment	2,995	759
	(3,620)	(46)
Write-down/(reversal of write-down) to net realisable value on inventories	108	(748)
Minimum lease payments paid under operating leases:-		
— Plant and machinery	576	592
— Buildings	3,059	3,212
Rental income less outgoings of HK$282,000 (2016: HK$151,000)	1,928	598

Note: The borrowing costs have been capitalised at a rate of 3.40% and 3.92% per annum for the years ended 31 December 2017 and 2016 respectively.

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors' emoluments disclosed pursuant to the Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows:-

	Year ended 31 December 2017				
Name of Directors	**Fees HK$'000**	**Salaries, allowances and other benefits in kind HK$'000**	**Discretionary bonus HK$'000**	**Contribution to defined contribution plans HK$'000**	**Total HK$'000**
Executive Directors:-					
Mr. Chu	—	1,650	280	18	1,948
Ms. Chu Shuk Ching	—	1,650	280	18	1,948
Mr. Chu Ho Wa	—	570	80	18	668
Mr. Tang Chi Him	—	834	142	18	994
Independent non-executive Directors:-					
Mr. Hui Kwok Wah	—	194	—	—	194
Mr. Chow Chun Hin, Leslie	—	129	—	—	129
Mr. Ma Sai Yam	—	129	—	—	129
	—	5,156	782	72	6,010

	Year ended 31 December 2016				
Name of Directors	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Discretionary bonus HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Executive Directors:-					
Mr. Chu	—	1,530	270	18	1,818
Ms. Chu Shuk Ching	—	1,530	270	18	1,818
Mr. Chu Ho Wa	—	465	73	18	556
Mr. Tang Chi Him	—	798	107	18	923
Independent non-executive Directors:-					
Mr. Hui Kwok Wah	—	180	—	—	180
Mr. Chow Chun Hin, Leslie	—	120	—	—	120
Mr. Ma Sai Yam	—	120	—	—	120
	—	4,743	720	72	5,535

No emoluments were paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Among the five highest paid individuals of the Group, four and three of them are Directors of the Company for the years ended 31 December 2017 and 2016 respectively. Details of their emoluments have already been disclosed above.

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

The emoluments of the remaining one (2016: two) individual are as follows:-

	2017 HK$'000	2016 HK$'000
Salaries, allowances and other benefits in kind	809	1,251
Discretionary bonuses	137	369
Contributions to defined contribution plans	18	36
	964	1,656

The emoluments of one (2016: two) individual with the highest emoluments are fall within the following bands:-

	2017	2016
HK$Nil to HK$1,000,000	1	1
HK$1,000,001 to HK$1,500,000	0	1

For the years ended 31 December 2017 and 2016, no emoluments were paid by the Group to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
Current tax — Hong Kong profits tax:-		
Provision for the year	3,292	1,176
Under-provision in prior years	953	—
Current tax — PRC enterprise income tax ("**EIT**"):-		
Provision for the year	1,287	4,938
Under-provision in prior years	200	—
	5,732	6,114
Deferred taxation (Note 11):-		
Current year	76	2,639
	5,808	8,753

The Company and its subsidiaries incorporated in the Cayman Islands and BVI are not subject to any income tax pursuant to local rules and regulations.

Pursuant to Hong Kong and PRC rules and regulations, the Group entities incorporated in Hong Kong and the PRC are subject to Hong Kong profits tax at 16.5% and EIT at 25% on the estimated assessable profits respectively.

10. INCOME TAX EXPENSE *(continued)*

Pursuant to the announcement published by relevant government authority on 9 November 2017, Goldtium (Jiangmen) Energy Products Company Limited ("**Goldtium Jiangmen**") was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years commencing from 1 January 2017. The certificate of High and New Technology Enterprise is in the final stage of certain administrative procedures. The Directors of the Company do not foresee any obstacles for issuing the relevant certificate.

The income tax expense for the year can be reconciled to the profit before income tax per consolidated statement of profit or loss as follows:-

	2017 HK$'000	2016 HK$'000
Profit before income tax	**29,129**	32,793
Tax on profit before income tax, calculated at the applicable tax rates	**5,546**	7,398
Tax effect of non-taxable income	**(1,683)**	(9)
Tax effect of non-deductible expenses	**1,326**	1,061
Tax effect of unrecognised tax losses	**86**	303
Under-provision in prior years	**1,153**	—
Tax concession	**(620)**	—
Income tax expense	**5,808**	8,753

11. DEFERRED TAXATION

An analysis of the deferred tax balances in the consolidated statement of financial position is as follows:-

	2017 HK$'000	2016 HK$'000
Deferred tax assets	6,405	5,654
Deferred tax liabilities	(4,636)	(3,452)
	1,769	2,202

The following is deferred tax assets/(liabilities) recognised by the Group and movements hereon during the years ended 31 December 2017 and 2016:-

	Unutilised tax losses HK$'000	Accelerated tax allowances HK$'000	Impairment losses on inventories HK$'000	Revaluation of investment properties HK$'000	Other HK$'000	Total HK$'000
At 1 January 2016	3,426	(860)	206	—	2,509	5,281
Charged to profit or loss for the year	(626)	(721)	(77)	—	(1,215)	(2,639)
Charged to other comprehensive income for the year	—	—	—	(240)	—	(240)
Exchange adjustments	(46)	(74)	(8)	—	(72)	(200)
At 31 December 2016 and 1 January 2017	2,754	(1,655)	121	(240)	1,222	2,202
Credited/(charged) to profit or loss for the year	535	69	6	—	(686)	(76)
Charged to other comprehensive income for the year	—	—	—	(590)	—	(590)
Exchange adjustments	82	82	9	—	60	233
At 31 December 2017	3,371	(1,504)	136	(830)	596	1,769

11. DEFERRED TAXATION *(continued)*

The components of unrecognised deductible temporary differences in certain subsidiaries of the Company were as follows:-

(a) The unutilised tax losses accumulated in the Hong Kong subsidiaries of the Company amounted to approximately HK$2,356,000 (2016: HK$1,836,000) can be carried forward indefinitely. Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

(b) According to the EIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company. At 31 December 2017 and 2016, temporary differences relating to the undistributed profits of the Company's subsidiaries in the PRC were RMB35,978,000 and RMB33,425,000 respectively (equivalent to HK$43,156,000 and HK$37,155,000 respectively). The related deferred tax liabilities of HK$2,158,000 and HK$1,858,000 at 31 December 2017 and 2016 respectively have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of the subsidiaries and the Directors have determined that these retained profits are not likely to be distributed in the foreseeable future.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the shareholders of the Company of HK$23,321,000 (2016: HK$24,040,000) and the weighted average of 228,239,225 (2016: 200,976,000 as restated) ordinary shares in issue during the year ended 31 December 2017.

The weighted average number of shares for the year ended 31 December 2016 for the purpose of the calculation of basic earnings per share has been adjusted and restated after taking into account of the rights issue on the basis of one rights share for every two existing shares held on the record date as more particularly described in the rights issue prospectus of the Company dated 27 March 2017 (the "**Rights Issue**"), which was completed on 21 April 2017.

Diluted earnings per share has not been disclosed as no dilutive potential equity shares in existence for the years ended 31 December 2017 and 2016.

13. DIVIDENDS

No dividends declared and paid or payable for the years ended 31 December 2017 and 2016.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Moulds	Loose tools and instruments	Motor vehicles	Leasehold improvements	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost:-									
At 1 January 2016	64,778	269,842	24,303	4,734	2,520	10,564	8,906	9,585	395,232
Additions	—	1,329	1,973	—	—	763	691	29,680	34,436
Disposals	—	(139)	(374)	—	—	(603)	(659)	—	(1,775)
Transfer	—	724	—	—	—	—	—	(724)	—
Transferred to investment properties	(6,392)	—	—	—	—	—	—	—	(6,392)
Exchange adjustments	(1,640)	(4,839)	(204)	—	—	(139)	(269)	(1,392)	(8,483)
At 31 December 2016	56,746	266,917	25,698	4,734	2,520	10,585	8,669	37,149	413,018
Accumulated depreciation:-									
At 1 January 2016	23,206	164,016	18,470	4,734	2,518	8,373	3,407	—	224,724
Charge for the year	2,294	7,775	670	—	1	648	900	—	12,288
Written-back on disposals	—	(39)	(315)	—	—	(543)	(119)	—	(1,016)
Transferred to investment properties	(4,403)	—	—	—	—	—	—	—	(4,403)
Exchange adjustments	(524)	(2,195)	(142)	—	—	(132)	(80)	—	(3,073)
At 31 December 2016	20,573	169,557	18,683	4,734	2,519	8,346	4,108	—	228,520
Net book value:-									
At 31 December 2016	36,173	97,360	7,015	—	1	2,239	4,561	37,149	184,498
Cost:-									
At 1 January 2017	**56,746**	**266,917**	**25,698**	**4,734**	**2,520**	**10,585**	**8,669**	**37,149**	**413,018**
Additions	**—**	**667**	**217**	**—**	**—**	**252**	**—**	**17,103**	**18,239**
Disposals	**—**	**(4,231)**	**—**	**—**	**—**	**(50)**	**—**	**—**	**(4,281)**
Transfer	**—**	**5,789**	**2,547**	**—**	**—**	**—**	**10,317**	**(18,653)**	**—**
Transfer to investment properties	**(7,456)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(7,456)**
Exchange adjustments	**2,102**	**6,314**	**287**	**—**	**—**	**178**	**351**	**2,419**	**11,651**
At 31 December 2017	**51,392**	**275,456**	**28,749**	**4,734**	**2,520**	**10,965**	**19,337**	**38,018**	**431,171**
Accumulated depreciation:-									
At 1 January 2017	**20,573**	**169,557**	**18,683**	**4,734**	**2,519**	**8,346**	**4,108**	**—**	**228,520**
Charge for the year	**2,060**	**7,336**	**814**	**—**	**—**	**606**	**1,575**	**—**	**12,391**
Written-off on disposals	**—**	**(1,252)**	**—**	**—**	**—**	**(34)**	**—**	**—**	**(1,286)**
Transfer to investment properties	**(2,472)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,472)**
Exchange adjustments	**728**	**3,010**	**190**	**—**	**—**	**182**	**129**	**—**	**4,239**
At 31 December 2017	**20,889**	**178,651**	**19,687**	**4,734**	**2,519**	**9,100**	**5,812**	**—**	**241,392**
Net book value:-									
At 31 December 2017	**30,503**	**96,805**	**9,062**	**—**	**1**	**1,865**	**13,525**	**38,018**	**189,779**

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group's leasehold land and buildings are held under medium-term leases and situated in:-

	2017 HK$'000	2016 HK$'000
Hong Kong	885	6,139
Macau	11,331	12,098
The PRC	18,287	17,936
	30,503	36,173

Certain Group's property, plant and equipment were pledged to banks to secure banking facilities granted to the Group (Note 23), with the following net book values:-

	2017 HK$'000	2016 HK$'000
Leasehold land and buildings in Hong Kong	885	5,856
Leasehold land and buildings in Macau	11,331	12,098
Buildings in the PRC	18,287	17,936
	30,503	35,890

15. INVESTMENT PROPERTIES

	2017 HK$'000	2016 HK$'000
At 1 January	29,500	—
Transferred from property, plant and equipment	30,000	29,500
Fair value adjustment	2,800	—
At 31 December, at fair value	62,300	29,500

Notes:-

(a) The Group's investment properties are held under medium-term leases and situated in Hong Kong.

(b) The Group has pledged all of its investment properties to banks to secure banking facilities granted to the Group (Note 23).

15. INVESTMENT PROPERTIES *(continued)*

Notes:- *(continued)*

(c) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement.

	Fair value at 31 December	**Quoted market price Level 1**	**Using observable inputs Level 2**	**With significant unobservable inputs Level 3**
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement of investment properties				
2017	62,300	—	—	62,300
2016	29,500	—	—	29,500

The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:-

Level 1: Fair value measured using unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Fair value measured using observable inputs and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3: Fair value measured using significant unobservable inputs.

During the years ended 31 December 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

The Group's investment properties were revalued by the managing director of Vigers, an independent professional surveyor, at 31 December 2017 and 2016. The valuations were carried out by qualified persons who are members of the Hong Kong Institute of Surveyors with recent experiences in the location and category of properties being valued. The Group's management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each reporting date.

Based on the above qualifications and various experiences of Vigers and/or its members, the Directors are of the view that Vigers is independent and competent to determine the fair value of the Group's investment properties.

15. INVESTMENT PROPERTIES *(continued)*

Notes:- *(continued)*

(c) Fair value hierarchy *(continued)*

Reconciliation of fair value measurement in Level 3 of the fair value hierarchy

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 investment properties, measured at fair value using a valuation technique with significant unobservable inputs:-

	2017 HK$'000	2016 HK$'000
At 1 January	29,500	—
Transferred from property, plant and equipment	30,000	29,500
Fair value adjustment	2,800	—
At 31 December	62,300	29,500

Information about Level 3 fair value measurements

	Valuation technique(s)	Unobservable input(s)	Range
Investment properties	Direct comparison approach	Premium (discount) on characteristic of the properties	−8% to 22.2% (2016: -12.3% to 4.2%)

The fair value of investment properties are determined using direct comparison approach by making reference to comparable recent sales price of properties on a price per square feet basis, adjusted for a premium or discount specific to the characteristic such as location, size, shape, view, floor level, year of completion while compared to the comparable properties. Higher premium for properties with higher characteristic will result in a higher fair value measurement.

16. INTANGIBLE ASSETS

	2017 HK$'000	2016 HK$'000
Trademarks		
Cost:-		
At 1 January	865	817
Additions	7	48
At 31 December	872	865
Accumulated amortisation:-		
At 1 January	571	502
Amortisation for the year	67	69
At 31 December	638	571
Net book value:-		
At 31 December	234	294

17. PREPAID LAND LEASE PAYMENTS

	2017 HK$'000	2016 HK$'000
Cost:-		
At 1 January	**7,006**	7,439
Exchange adjustments	**554**	(433)
At 31 December	**7,560**	7,006
Accumulated amortisation:-		
At 1 January	**1,837**	1,732
Amortisation for the year	**212**	216
Exchange adjustments	**154**	(111)
At 31 December	**2,203**	1,837
Net book value:-		
At 31 December	**5,357**	5,169

	2017 HK$'000	2016 HK$'000
In the PRC held under medium-term leases	**5,357**	5,169
Less: Current portion	**(222)**	(205)
Non-current portion	**5,135**	4,964

Prepaid land lease payments represent cost of land use rights in respect of leasehold lands in the PRC, on which the Group's buildings are situated. These leases will expire in 2042.

At 31 December 2017 and 2016, prepaid land lease payments with net book values of HK$5,357,000 and HK$5,169,000 respectively were pledged to banks to secure banking facilities granted to the Group (Note 23).

18. INVENTORIES

	2017 HK$'000	2016 HK$'000
Raw materials	**21,674**	18,483
Work in progress	**21,074**	19,228
Finished goods	**15,207**	10,914
	57,955	48,625
Less: Write-down to net realisable value	**(561)**	(419)
	57,394	48,206

Movements of write-down to net realisable value on inventories are as follows:-

	2017 HK$'000	2016 HK$'000
At 1 January	**419**	1,193
Write-down/(reversal of write-down) to net realisable value for the year	**108**	(748)
Exchange adjustments	**34**	(26)
At 31 December	**561**	419

The write-down/(reversal of write-down) to net realisable value were included in the cost of inventories recognised as expenses.

The reversal of write-down to net realisable value made in prior year was mainly due to utilisation of obsolete raw materials and sale of substandard batteries arising from unexpected subsequent orders placed by customers during the year ended 31 December 2016.

19. TRADE AND BILLS RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**47,231**	31,618
Less: Impairment loss	**(515)**	(477)
	46,716	31,141
Bills receivables	**905**	1,598
	47,621	32,739

The Group normally allows credit terms to well-established customers ranging from 30 to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors of the Group.

19. TRADE AND BILLS RECEIVABLES *(continued)*

Impairment loss in respect of trade receivables is recorded using provision for doubtful debts account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables.

Movements of impairment loss on trade receivables are as follows:-

	2017 HK$'000	2016 HK$'000
At 1 January	**477**	506
Exchange adjustments	**38**	(29)
At 31 December	**515**	477

An ageing analysis of trade and bills receivables, based on the invoice date and net of impairment loss on trade receivables, is as follows:-

	2017 HK$'000	2016 HK$'000
0–30 days	**28,088**	18,600
31–60 days	**9,760**	8,697
61–90 days	**5,456**	3,383
91–120 days	**3,432**	1,307
Over 120 days	**885**	752
	47,621	32,739

An ageing analysis of trade and bills receivables which are not considered to be impaired is as follows:-

	2017 HK$'000	2016 HK$'000
Not past due	**32,740**	23,842
Past due for less than 3 months	**14,745**	8,857
Past due for 3 to 6 months	**17**	—
Past due for 6 months to 1 year	**119**	35
Past due for over 1 year	**—**	5
	47,621	32,739

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

19. TRADE AND BILLS RECEIVABLES *(continued)*

Trade receivables that were past due but not impaired relate to a number of independent customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	HK$'000
Utilities and other deposits	**6,556**	3,607
Prepayments	**9,022**	3,922
Other receivables	**17,334**	5,590
	32,912	13,119
Less: Non-current portion Deposits paid for property, plant and equipment	**(5,712)**	(2,786)
Current portion	**27,200**	10,333

21. TRADE PAYABLES

An ageing analysis of trade payables, based on the date of receipt of goods purchased, is as follows:-

	2017	2016
	HK$'000	HK$'000
0–30 days	**32,289**	19,043
31–90 days	**39,289**	31,021
91–180 days	**15,622**	13,638
Over 180 days	**2,267**	4,972
	89,467	68,674

22. RECEIPTS IN ADVANCE, OTHER PAYABLES AND ACCRUALS

	Note	2017 HK$'000	2016 HK$'000
Receipts in advance		**3,600**	6,866
Other payables		**3,327**	4,578
Accruals		**7,047**	4,985
Provision for long service payments	(a)	**334**	334
Provision for annual leave		**346**	346
		14,654	17,109

Note:-

(a) Provision for long service payments

Movements of provision for long service payments are as follows:-

	2017 HK$'000	2016 HK$'000
At 1 January and 31 December	**334**	334

23. BANK BORROWINGS

	Note	2017 HK$'000	2016 HK$'000
Secured bank loans		63,269	76,895
Secured bank import loans and other loans		—	10,381
	(a)	63,269	87,276
Less: Amount classified as current liabilities		(19,084)	(38,993)
Amount classified as non-current liabilities		44,185	48,283
The bank loans are repayable as follows:-			
Within 1 year			
— short-term loans		—	22,163
— current portion of long-term loans		19,084	16,830
		19,084	38,993
Over 1 year but within 2 years		19,776	20,224
Over 2 years but within 5 years		23,274	25,799
Over 5 years		1,135	2,260
		63,269	87,276

Notes:-

(a) The Group had the following banking facilities:-

	2017 HK$'000	2016 HK$'000
Total banking facilities granted	172,469	168,795
Less: banking facilities utilised by the Group	(63,269)	(87,276)
Unutilised banking facilities	109,200	81,519

At 31 December 2017, these banking facilities are secured by:-

(i) bank loans of HK$63,269,000 were guaranteed by unlimited corporate guarantee executed by the Company; and

(ii) prepaid land lease payments, leasehold buildings and investment properties situated in Hong Kong, the PRC and Macau owned by the Group (Notes 14, 15 and 17).

At 31 December 2016, these banking facilities are secured by:-

(i) bank loans of HK$65,112,000 were guaranteed by unlimited corporate guarantee executed by the Company; and

(ii) prepaid land lease payments, leasehold buildings and investment properties situated in Hong Kong, the PRC and Macau owned by the Group (Notes 14, 15 and 17).

(b) There was no financial covenant for the banking facilities at 31 December 2017. At 31 December 2016, the banking facilities granted to the Group required the Group to meet the financial covenant to maintain net tangible assets of not less than HK$15,000,000. If the Group was to breach the above covenant, the banks were contractually entitled to request early repayment of outstanding amount and/or the relevant banks enforced the relevant securities. The Group regularly monitored the compliance with the financial covenant.

In the opinion of the Directors, none of the financial covenant had been breached at 31 December 2016.

24. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Details of the share capital of the Company are set out below:-

Share capital

	Number of shares	2017 HK$'000	2016 HK$'000
Authorised:-			
Ordinary shares of HK$0.01 each	2,000,000,000	20,000	20,000
Issued and fully paid:-			
240,000,000 (2016: 160,000,000) ordinary shares of HK$0.01 each		2,400	1,600

	Note	Number of shares in issue	Share capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2016, 31 December 2016 and 1 January 2017		160,000,000	1,600	59,825	61,425
Issue of shares	(a)	80,000,000	800	31,200	32,000
Share issuing expenses		—	—	(982)	(982)
At 31 December 2017		240,000,000	2,400	90,043	92,443

Note:-

(a) On 21 April 2017, 80,000,000 new ordinary shares of HK$0.01 each ("**Rights Share(s)**") were allotted and issued by way of Rights Issue at a subscription price of HK$0.4 per Rights Share for a total cash consideration, before share issuing expenses, of HK$32,000,000. A premium of HK$0.39 per Rights Share for cash, the excess of the subscription price over the par value of the shares issued upon the Rights Issue, totalling HK$31,200,000 was credited to the share premium account of the Company.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged during the years ended 31 December 2017 and 2016.

The capital structure of the Group consists of net debts (which include bank borrowings and net of cash and cash equivalents) and equity attributable to owners of the Company, comprising paid-in capital and retained profits.

The management of the Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends and raising of new capital as well as the issue of new debt or the redemption of existing debt.

25. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) The Company

	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2016	59,825	20,000	(21,211)	58,614
Profit and total comprehensive income for the year	—	—	875	875
At 31 December 2016 and 1 January 2017	**59,825**	**20,000**	**(20,336)**	**59,489**
Loss and total comprehensive loss for the year	**—**	**—**	**(3,914)**	**(3,914)**
Issue of shares (Note 24)	**31,200**	**—**	**—**	**31,200**
Share issuing expenses	**(982)**	**—**	**—**	**(982)**
At 31 December 2017	**90,043**	**20,000**	**(24,250)**	**85,793**

(c) Nature and purpose of reserves

(i) Statutory reserve

Pursuant to the Company Law of the PRC and the Articles of Association of the PRC subsidiaries, it is required to appropriate 10% of each year's net profit according to the PRC accounting standard and regulations (after offsetting previous years' losses) to statutory surplus reserve until such reserve reached 50% of its registered capital; after the appropriation to statutory surplus reserve, the subsidiary in the PRC can appropriate profit, subject to respective owners' approval, to discretionary surplus reserve.

The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to owners. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the PRC subsidiaries. The statutory surplus reserve can be transferred to paid-in capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of its registered capital.

(ii) Exchange reserve

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

25. RESERVES *(continued)*

(c) Nature and purpose of reserves *(continued)*

(iii) Capital reserve

The capital reserve of the Group represents the following:-

(a) On 4 January 2013, Best Kind Holdings Limited ("**Best Kind**") acquired all the non-voting deferred shares of Golden Power Industries Limited ("**Golden Power Industries**") at a cash consideration of HK$1,800,000, resulting in opening balance of HK$1,200,000 as at 1 January 2014.

(b) During the year ended 31 December 2014, as a part of Reorganisation, the Group acquired equity interest in Big Power Limited ("**Big Power**"), Golden Pilot Limited ("**Golden Pilot**"), Pointway Corporation Limited ("**Pointway**"), Ample Top Enterprises Limited ("**Ample Top**") and Golden Power Properties Limited ("**Golden Power Properties**"), of which Mr. Chu was the controlling shareholder before the acquisitions. Upon the completion of the acquisitions, the aforesaid companies became wholly-owned subsidiaries of the Group. The difference of HK$10,999,102 between the total cash consideration of HK$18,768,102 and the total carrying amount of net assets of these aforesaid companies of approximately HK$7,769,000 at respective acquisition dates, was dealt with in capital reserve of the Group.

Partial settlement of HK$8,731,000 was made in relation to the above Reorganisation. The balance of unpaid consideration of HK$10,037,000 was capitalised pursuant to an agreement dated 5 December 2014.

(c) Pursuant to an agreement dated 5 December 2014, Mr. Chu injected HK$20,000,000 into the Company on 18 May 2015 and this amount was capitalised by crediting the capital reserve of the Company.

(iv) At 31 December 2017, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to HK$65,793,000 (2016: HK$39,489,000).

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	**Total**
	HK$'000	HK$'000
At 1 January 2017	87,276	87,276
Changes from financing cash flows:-		
New bank borrowings raised	101,207	101,207
Repayment of bank borrowings	(125,986)	(125,986)
Interest paid for bank borrowings	(2,227)	(2,227)
Other finance costs paid	(181)	(181)
	60,089	60,089
Exchange adjustments	772	772
Other changes:-		
Interest expenses	2,408	2,408
At 31 December 2017	63,269	63,269

27. COMMITMENTS

Operating lease commitments

The Group as lessee:-

At 31 December 2017, the Group had commitments for future minimum lease payments under non-cancellable operating lease, which falls due as follows:-

	2017 HK$'000	2016 HK$'000
Within one year		
— Plant and machinery	155	143
— Buildings	1,556	1,487
	1,711	1,630

Operating leases payments represent rentals payable by the Group for the factories and staff quarters. Lease is negotiated for a term of two to five years (2016: three to five years) with fixed monthly rentals.

The Group as lessor:-

At 31 December 2017, the Group's future minimum lease payments in respect of buildings under non-cancellable operating lease are receivable as follows:-

	2017 HK$'000	2016 HK$'000
Within one year	2,306	1,560
In the second to fifth years	851	746
	3,157	2,306

Operating lease payments represent rental receivable by the Group for the premises. Lease is negotiated for a term of two years with fixed monthly rental and did not include contingent rentals.

Capital commitments

At 31 December 2017, the Group had outstanding capital commitments as follows:-

	2017 HK$'000	2016 HK$'000
Plant and machinery:-		
Contracted but not provided for	16,715	10,875

28. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) Related party and connected transactions

The Group had the following material transactions and balances with related parties as defined in HKAS 24 and/or connected person as defined in the Listing Rules during the years ended 31 December 2017 and 2016:-

	Relationship	2017 HK$'000	2016 HK$'000
Related parties transactions as defined in HKAS 24			
Rental expenses paid to:-			
China Scene Limited ("**China Scene**")*	(i)	175	175
Non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules			
Sales to:-			
Guangzhou Nan Hua Jin Li Electronics Limited ("**Nan Hua Jin Li**")	(ii)	15,079	17,490
Sales to:-			
Suenglh Corporation Limited ("**Suenglh**")	(iii)	1,724	—

* Exempt continuing transactions as defined in Chapter 14A of the Listing Rules.

(i) Mr. Chu, an executive Director and Controlling Shareholder of the Company, has controlling interest.

(ii) Nan Hua Jin Li is legally and beneficially owned as to 71% by Mr. Zhu Chengxian, who is a nephew of Mr. Chu, a connected person of the Company.

(iii) Suenglh is legally and beneficially owned as to 100% by Mr. Zhu Chengxian, who is a nephew of Mr. Chu, a connected person of the Company.

(b) Commitments with related parties

The Group entered into operating lease arrangements as lessee with China Scene, a company controlled by Mr. Chu for a lease term of 3 years, subject to one-month termination notice commencing from the third year. The total amount of rental expenses for the years ended 31 December 2017 and 2016 is disclosed in Note 28(a).

28. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties

The Group had no outstanding balances with related parties at 31 December 2017 and 2016.

(d) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Directors and certain of the highest paid employees as disclosed in Note 9, is as follows:-

	2017 HK$'000	2016 HK$'000
Salaries, allowances and other benefits in kind	7,012	6,513
Discretionary bonuses	1,074	1,266
Contributions to defined contribution plans	144	144
	8,230	7,923

29. RETIREMENT BENEFIT COSTS

Since 1 December 2000, the Group had joined a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees in the subsidiaries in the PRC are members of state-managed retirement benefit schemes (the "**Social Insurance Scheme**") operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefit. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the Social Insurance Scheme.

At the end of each reporting period, there was no significant forfeited contributions, which arose upon employees leaving the retirement benefit scheme, available to reduce the contribution payable in the future years.

The following table summarises the contribution paid or payable by the Group for the above retirement schemes:-

	2017 HK$'000	2016 HK$'000
MPF Scheme	569	561
Social Insurance Scheme	3,281	3,073
	3,850	3,634

30. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

The Group's activities expose it to a variety of financial risks: including credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

The Group's credit risk is primarily attributable to trade and bills receivables, deposits and other receivables and cash and bank balances. With respect to trade and bills receivables, the Group has adopted credit policies, which include the analysis of the financial position of its customers and a regular review of their credit limits. The Group maintains an allowance for doubtful accounts and actual losses have been less than management's expectations and the Group has policies in place to ensure that sales are made to clients with an appropriate credit history. Also, the Group's cash and bank balances are held by major financial institutions located in Hong Kong and the PRC, which the management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

Carrying amounts of financial assets at 31 December 2017 and 2016, which represented the amounts of maximum exposure to credit risk, were as follows:-

	2017 HK$'000	2016 HK$'000
Trade and bills receivables	47,621	32,739
Deposits and other receivables	18,178	6,411
Cash and bank balances	16,933	21,797
	82,732	60,947

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2017 and 2016, 7% and 5% of the total trade and bills receivables were due from the Group's largest customer; 40% and 32% of the total trade and bills receivables were due from the Group's five largest customers respectively.

The cash and bank balances of the Group denominated in Renminbi amounted to HK$3,458,000 and HK$7,184,000 at 31 December 2017 and 2016 respectively. Renminbi is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

30. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates ruling at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

	At 31 December 2017				
	Carrying amount HK$'000	**Total contractual undiscounted cash flows HK$'000**	**Less than 1 year or on demand HK$'000**	**In 2 to 5 years HK$'000**	**Over 5 years HK$'000**
Total amounts of contractual undiscounted obligations:-					
Trade payables	**89,467**	**89,467**	**89,467**	**—**	**—**
Other payables and accruals	**10,374**	**10,374**	**10,374**	**—**	**—**
Bank borrowings	**63,269**	**66,489**	**20,536**	**44,802**	**1,151**
	163,110	**166,330**	**120,377**	**44,802**	**1,151**

	At 31 December 2016				
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Less than 1 year or on demand HK$'000	In 2 to 5 years HK$'000	Over 5 years HK$'000
Total amounts of contractual undiscounted obligations:-					
Trade payables	68,674	68,674	68,674	—	—
Other payables and accruals	9,563	9,563	9,563	—	—
Bank borrowings	87,276	93,032	41,706	48,989	2,337
	165,513	171,269	119,943	48,989	2,337

30. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary.

Carrying amounts of financial assets and financial liabilities of the Group at 31 December 2017 and 2016 exposed to currency risk were as follows:-

	2017 **HK$'000**	2016 HK$'000
Financial assets denominated in foreign currencies:-		
Trade and bills receivables	**29,695**	13,969
Other receivables	**577**	293
Cash and bank balances	**6,876**	10,997
	37,148	25,259
Financial liabilities denominated in foreign currencies:-		
Trade payables	**(4,971)**	(5,069)
Other payables	**(2,700)**	(3,919)
	(7,671)	(8,988)
Net financial assets exposed to currency risk	**29,477**	16,271

The net financial assets/(liabilities) of the Group denominated in a currency other than the functional currency of the entity to which they relate are analysed as follows:-

Entities with functional currency in Hong Kong dollars

	2017 **HK$'000**	2016 HK$'000
United States dollars	**28,833**	16,691
Japanese Yen	**14**	53
Euro	**766**	22
Renminbi	**(129)**	(3)
Other currencies	**59**	71
	29,543	16,834

30. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Currency risk *(continued)*

Entities with functional currency in Renminbi

	2017 HK$'000	2016 HK$'000
United States dollars	931	947
Japanese Yen	(1,020)	(1,532)
Hong Kong dollars	18	17
Other currencies	5	5
	(66)	(563)

For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of each reporting period.

The Group's entities in Hong Kong and the PRC adopt Hong Kong dollars and Renminbi as their functional currency respectively. Since Hong Kong dollars is pegged to United States dollars, material fluctuation in the exchange rate of Hong Kong dollars against United States dollars is remote, and therefore no sensitivity analysis has been prepared. For the currency risk from Hong Kong dollars against Japanese Yen, Euro and other currencies, and Renminbi against Hong Kong dollars, no sensitivity analysis has been prepared as the exposure is insignificant to the Group.

The following table indicates the approximate change in the Group's profit after tax and retained profits in response to reasonably possible changes in United States dollars against Renminbi and Renminbi against Japanese Yen to which the Group has significant exposure:-

	Year ended 31 December 2017		Year ended 31 December 2016	
	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits HK$'000	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits HK$'000
United States dollars/Renminbi	5%	47	5%	47
	(5%)	(47)	(5%)	(47)
Japanese Yen/ Renminbi	3%	(31)	3%	(46)
	(3%)	31	(3%)	46

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of each reporting period for presentation purposes.

30. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Currency risk *(continued)*

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of each reporting period which are denominated in a currency other than the functional currencies of the lender or the borrower.

Interest rate risk

The Group's interest rate risk arises primarily from bank balances and interest-bearing bank borrowings. The Group does not use financial derivatives to hedge against the interest rate risk. However, the interest rate profile of the Group is closely monitored by the management and may enter into appropriate swap contracts, when it is considered significant and cost-effective, to manage the interest rate risk.

In respect of the Group's interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their weighted average effective interest rates and balances at 31 December 2017 and 2016:-

	Effective interest rate %	**2017** HK$'000
Variable rate financial assets		
Bank balances	0.00%–0.35%	**6,642**
Variable rate financial liabilities		
Secured bank loans	2.24%–2.71%	**(63,269)**
		(56,627)

	Effective interest rate %	2016 HK$'000
Variable rate financial assets		
Bank balances	0.00%–0.35%	9,050
Variable rate financial liabilities		
Secured bank loans	3.00%–5.00%	(76,895)
Secured bank import loans and other loans	5.00%–5.44%	(10,381)
		(78,226)

At 31 December 2017, all bank balances earning variable interests and all secured bank borrowings bearing variable interests were exposed to interest rate risk.

30. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Interest rate risk *(continued)*

The following table summarises the effect on the consolidated financial statements if interest rates had been increased by 25 basis points with all other variables held constant:-

	2017 **HK$'000**	2016 HK$'000
Decrease in net profit and retained profits for the year	**(119)**	(160)

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The change in interest rates represents management's assessment of a reasonably possible change in interest rates at that date over the period until the end of next reporting period.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices.

The Group has no significant exposure to market price risk.

Commodity price risk

The major raw materials used in the production of the Group's products include steel, zinc electrolytic manganese dioxide, copper, separator and plastics. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by the global market as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

Fair value estimation

The fair value measurement is categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:-

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group did not have any financial instruments measured at fair value on a recurring basis at the end of each reporting period.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2017 and 2016.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2017 HK$000	2016 HK$000
NON-CURRENT ASSET			
Investments in subsidiaries	32	—	—
CURRENT ASSETS			
Prepayments and other receivables		2,625	408
Amounts due from subsidiaries		89,303	67,373
Income tax recoverable		196	—
Cash at bank		2,891	165
		95,015	67,946
CURRENT LIABILITIES			
Other payables and accruals		877	912
Amounts due to subsidiaries		5,945	5,945
		6,822	6,857
NET CURRENT ASSETS		88,193	61,089
NET ASSETS		88,193	61,089
REPRESENTING:-			
CAPITAL AND RESERVES			
Share capital	24	2,400	1,600
Reserves	25	85,793	59,489
TOTAL EQUITY		88,193	61,089

32. INVESTMENTS IN SUBSIDIARIES

	2017 HK$	2016 HK$
Unlisted shares, at cost	8	8

32. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of subsidiaries comprising the Group

The Company had direct or indirect interests in the subsidiaries all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:-

Name of company*	Place of incorporation/ establishment and operation	Legal form of entity	Issued and fully paid share capital/ registered capital	Effective interest held At 31 December 2017	2016	Principal activities
Best Kind	BVI	Limited liability company	USD1	100%	100%	Investment holding
Golden Power Corporation (Hong Kong) Limited	Hong Kong	Limited liability company	HK$1,000,000	100%	100%	Trading of batteries and battery-related products
Golden Power Industries	Hong Kong	Limited liability company	Ordinary shares HK$100	100%	100%	General trading and investment
			Deferred non-voting shares HK$1,800,000 (Note)	100%	100%	
Dongguan Victory Battery Industries Company Limited (”東莞勝力電池實業有限公司”)	PRC	Wholly-owned foreign enterprise	USD500,000	100%	100%	Manufacture and sale of batteries
Dongguan Golden Power Battery Industries Company Limited (”東莞金力電池實業有限公司”)	PRC	Wholly-owned foreign enterprise	HK$12,000,000	100%	100%	Manufacture and sale of batteries
Gain Smart Limited	BVI	Limited liability company	USD1	100%	100%	Investment holding
Champ Profit Development Limited	Hong Kong	Limited liability company	HK$1	100%	100%	Investment holding
Giant Moral Limited	Hong Kong	Limited liability company	HK$1	100%	100%	General trading and investment
Goldtium Jiangmen (”江門金剛電源製品有限公司”)	PRC	Wholly-owned foreign enterprise	HK$10,000,000	100%	100%	Manufacture and sale of batteries
Big Power	Hong Kong	Limited liability company	HK$1	100%	100%	Property holding
Golden Pilot	BVI	Limited liability company	USD50,000	100%	100%	Holding intellectual property
Pointway	Hong Kong	Limited liability company	HK$10,000	100%	100%	Holding intellectual property
Ample Top	BVI	Limited liability company	USD1	100%	100%	Investment holding
Golden Power Properties	Hong Kong	Limited liability company	Ordinary shares HK$100	100%	100%	Property investment
			Deferred non-voting shares HK$1,000,000 (Note)			
Merchant Port Limited	BVI	Limited liability company	USD1	100%	100%	Dormant

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

32. INVESTMENT IN SUBSIDIARIES *(continued)*

Details of subsidiaries comprising the Group *(continued)*

Notes:-

According to the Articles of Association of Golden Power Industries and Golden Power Properties, the deferred non-voting shares shall confer on the holders thereof the rights and privileges and be subject to the restrictions and provisions set out as follows:-

(i) on a return of assets on liquidation or otherwise the assets of Golden Power Industries and Golden Power Properties available for distribution to members shall be distributed first in or towards returning to the holders of the ordinary shares the sum of HK$100,000,000 per share and second in or towards returning to the holders of the deferred non-voting shares the amount paid up thereon and the balance of any such assets shall belong to and shall be distributed amongst the holders of the ordinary shares in proportion to the amounts paid up thereon;

(ii) the deferred non-voting shares shall not be entitled to participate in any profits which Golden Power Industries and Golden Power Properties may determine to distribute in respect of any financial period or otherwise; and

(iii) the deferred non-voting shares shall not confer upon the holders thereof any right to attend or vote at any general meeting of Golden Power Industries and Golden Power Properties.

33. EVENTS AFTER THE REPORTING PERIOD

On 6 March 2018, Best Kind, a wholly-owned subsidiary of the Company, entered into an agreement for sale and purchase pursuant to which Best Kind agreed to purchase, and Golden Villa and Golden Power Investments (B.V.I) Limited ("Golder Power Investments") agreed to sell their 50% and 50% equity interest in China Scene respectively, for a total consideration of HK$40,300,000. Further details are set out in the announcement dated 6 March 2018. Golder Power Investments is controlled by Mr. Chu.

Financial Summary

The financial results of the Group for the years 2013 to 2017 and the assets and liabilities of the Group as at 31 December 2013, 2014, 2015, 2016 and 2017 are as follows:-

	Years ended 31 December				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Turnover	366,499	384,752	311,500	303,197	**304,214**
Gross profit	75,749	88,306	76,446	96,115	**80,051**
Profit before taxation	9,755	16,820	7,351	32,793	**29,129**
Profit attributable to owners of the Company	6,588	11,693	3,399	24,040	**23,321**
Non-current assets	185,905	189,773	188,455	227,696	**269,565**
Current assets	178,142	162,736	129,271	114,402	**151,151**
Current liabilities	(299,855)	(274,261)	(164,193)	(127,937)	**(126,192)**
Non-current liabilities	(17,714)	(43,231)	(38,408)	(51,735)	**(48,821)**
Total equity attributable to owners of the Company	46,478	35,017	115,125	162,426	**245,703**
Financial key performance indicators					
Gross profit margin	20.67%	22.95%	24.54%	31.70%	**26.31%**
Net profit margin	1.80%	3.04%	1.09%	7.93%	**7.67%**
Gearing ratio	4.29	4.92	0.97	0.64	**0.32**

Group's Properties

PROPERTIES HELD FOR INVESTMENT

Location	Existing use	Term of lease
Factory B, 20/F, Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories	Warehouse	Medium
Factory D, 20/F, Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories	Warehouse and office	Medium