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GoldenPower®

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)

**DISCLOSEABLE TRANSACTION
PURCHASE OF EQUIPMENT AND MACHINERY**

PURCHASES OF EQUIPMENT AND MACHINERY

The Board is pleased to announce that the Group, through wholly-owned subsidiaries, entered into the Purchase Agreement I, the Purchase Agreement II and the Purchase Agreement III with Technometal & Alloy on 27 October 2017, 9 April 2018 and 23 April 2018, respectively, for the purchases of equipment and machinery at an aggregate purchase price of US\$3,973,600 (equivalent to approximately HK\$30,994,080).

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, as the Purchase Agreement I, Purchase Agreement II and Purchase Agreement III were entered into between the Group and Technometal & Alloy within a 12-month period, all transactions respectively contemplated under those agreements are considered and be aggregated as one transaction.

As the applicable Percentage Ratios (as defined under Rule 14.07 of the Listing Rules) for aggregated transactions under the Purchase Agreements are more than 5% but less than 25%, the aggregated transactions under Purchase Agreements constitute a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Group, through wholly-owned subsidiaries, entered into the Purchase Agreement I, the Purchase Agreement II and the Purchase Agreement III with the Vendor on 27 October 2017, 9 April 2018 and 23 April 2018, respectively, for the purchases of equipment and machinery at an aggregate purchase price of US\$3,973,600 (equivalent to approximately HK\$30,994,080).

THE PURCHASE AGREEMENTS

Purchase Agreement I

1. Date and Parties

Date : 27 October 2017
Purchaser : Giant Moral
Supplier : Technometal & Alloy

2. Equipment and machinery to be acquired

Pursuant to the Purchase Agreement I, Giant Moral has agreed to purchase equipment and machinery from Technometal & Alloy for packaging automation production line being used for the production of cylindrical batteries.

3. Consideration

The total consideration for the purchase of the equipment and machinery under the Purchase Agreement I shall be US\$1,453,000 (equivalent to approximately HK\$11,333,400), and shall be paid by Giant Moral by way of letter of credit. The payment shall be made according to the following schedule:

- (i) 15% of the consideration under the Purchase Agreement I, being US\$217,950 (equivalent to approximately HK\$1,700,010), shall be made against submission of the courier receipt as proof as dispatch of technical drawings to Giant Moral;
- (ii) 75% of the consideration under the Purchase Agreement I, being US\$1,089,750 (equivalent to approximately HK\$8,500,050), shall be made against submission of bill of lading and other shipping documents specified in the letter of credit;
- (iii) final balance of 10% of the consideration under the Purchase Agreement I, being US\$145,300 (equivalent to approximately HK\$1,133,340), shall be made against submission of acceptance test certificate issued and signed by Giant Moral.

The total consideration of the Purchase Agreement I was arrived after arm's length negotiations between Giant Moral and Technometal & Alloy on normal commercial terms with reference to the current market price of the equipment and machinery of

similar functions and capabilities. Having considered the current market value and the functionality of the equipment and machinery to be acquired under the Purchase Agreement I, the Directors are of the view that the consideration for the Equipment is fair and reasonable and in the interests of the Company as a whole.

4. Delivery terms

The delivery of the equipment and machinery by Technometal & Alloy under the Purchase Agreement I will take place in the middle or end of April 2018 from Japanese port subject to Giant Moral's pre-shipment inspection. Acceptance test will be done by the Group upon delivery and installation of the equipment and machinery.

Purchase Agreement II

1. Date and Parties

Date : 9 April 2018
Purchaser : Goldtium (Jiangmen)
Supplier : Technometal & Alloy

2. Equipment and machinery to be acquired

Pursuant to the Purchase Agreement II, Goldtium (Jiangmen) has agreed to purchase one set of injection machine from Technometal & Alloy, which will be used for the production of cylindrical batteries.

3. Consideration

The total consideration for the purchase of the one set of injection machine under the Purchase Agreement II shall be of US\$83,600 (equivalent to approximately HK\$652,080), and shall be paid by Goldtium (Jiangmen) in telegraphic transfer according to the following schedule:

- (i) 80% of the total consideration, being US\$66,880 (equivalent to approximately HK\$521,664), shall be paid within one week from the date of bill of lading, against submitting of relative shipping documents including bill of lading and inspection report;
- (ii) 20% of the total consideration, being US\$16,720 (equivalent to approximately HK\$130,416), shall be paid within one week from the date of the confirmation issued by Goldtium (Jiangmen);

The total consideration of the Purchase Agreement II was arrived after arm's length negotiations between Goldtium (Jiangmen) and Technometal & Alloy on normal commercial terms with reference to the current market price of injection machine of

similar functions and capabilities. Having considered the above, the Directors are of the view that the consideration for the Equipment is fair and reasonable and in the interests of the Company as a whole.

4. Delivery terms

Pursuant to the Purchase Agreement II, the physical delivery will be made to the production facility of Goldtium (Jiangmen) at Jiangmen on cost, insurance and freight (CIF) basis upon the installation of the injection machine on a date to be further agreed between Goldtium (Jiangmen) and Technometal & Alloy.

Purchase Agreement III

1. Date and Parties

Date : 23 April 2018
Purchaser : Golden Power Industries
Supplier : Technometal & Alloy

2. Equipment and machinery to be acquired

Pursuant to the Purchase Agreement III, Golden Power Industries has agreed to purchase certain equipment and machinery from Technometal & Alloy, which include one set of production line being used for the production of micro-button cells series batteries.

3. Consideration

The total consideration for the purchase of the equipment and machinery under the Purchase Agreement III shall be at the consideration of US\$2,437,000 (equivalent to approximately HK\$19,008,600, and shall be paid by Golden Power Industries in letter of credit according to the following schedule:

- (i) 20% of the letter of credit amount, being US\$487,400 (equivalent to approximately HK\$3,801,720), shall be withdrawn against submission of the courier receipt as proof as dispatch of first batch of know-how transfer documents in printed paper and/or recorded in recordable media.
- (ii) 60% of the letter of credit amount, being US\$1,462,200 (equivalent to approximately HK\$11,405,160), shall be withdrawn against submission of shipping documents including bill of lading and cargo inspection certificate.
- (iii) final balance of 20% of the letter of credit amount, being US\$487,400 (equivalent to approximately HK\$3,801,720), shall be withdrawn against acceptance test certificate issued and signed by Golden Power Industries.

The total consideration under the Purchase Agreement III was arrived after arm's length negotiations between Golden Power Industries and Technometal & Alloy on normal commercial terms with reference to the current market price of equipment and machinery of similar functions and capabilities. Having considered the above, the Directors are of the view that the consideration for the equipment and machinery is fair and reasonable and in the interests of the Company as a whole.

4. Delivery terms

The delivery of the equipment and machinery by Technometal & Alloy under the Purchase Agreement III will take place in or around June or July 2018 subject to pre-shipment inspection done by the representatives of Golden Power Industries.

SOURCE OF FUNDING

The Transactions will be funded through internal resources of the Group and bank borrowing to be obtained by the Company. The Company has been negotiating with various banks on the terms of the banking facility for financing the Transactions and below sets out the major terms of an indicative offer received by the Company from one of the bank:

Loan term	:	Instalment loan
Loan amount	:	HK\$22.82 million
Tenor	:	5.5 years
Repayment Schedule	:	Monthly repayment during the year with maximum nine months loan principal repayment holiday

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The equipment and machinery to be acquired under the Purchase Agreements are mainly for the purpose of upgrading the production facilities of the cylindrical batteries and the micro-button cells. The Directors are of the view that the equipment and machinery to be acquired, upon their commencement of commercial production, will increase the production capacity and upgrade the technical specifications the cylindrical batteries and of micro-button cells by the Group.

As mentioned in the transfer of listing announcement of the Company dated 2 November 2017 and the 2017 annual report of the Company dated 21 March 2018, in order to cope with the technological advancement in the battery industry and the increasing market demand for mercury-free, cadmium-free and lead-free alkaline batteries, the Group has been acquiring new production lines and machinery to produce cylindrical batteries of higher capacity, higher voltage, more stable discharge of electricity or longer standby life in recent years. The Directors are of the view that it is critical for the Group to keep abreast with the technological advancement in the battery industry in order to compete

against other battery manufacturers in the long run as the customers have been shifting for cylindrical batteries with increasingly advanced specifications. As such, the Directors believe that it is necessary to acquire the equipment and machinery under the Purchase Agreements for producing cylindrical batteries with more advanced specifications and higher quality to strengthen the competitiveness of the Group. 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 the above 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 in mercury-free micro-button cells because the Group can produce mercury-free micro-button cells by making use of the Group's PRC invention patent. This invention patent was also registered in Hong Kong. The acquisition under the Purchase Agreements is one of the measures for the Group to upgrade its production process and increase its product range as well as production capacity in the production of mercury-free micro-button cells with the plan to increase the Group's market share in mercury-free micro-button cells.

In view of the above, the Directors are of the view that the terms of the respective Purchase Agreements are on normal commercial terms and the Transactions are fair and reasonable, and in the interests of the Company and the Shareholders taken as a whole.

INFORMATION RELATING TO THE COMPANY

The Company is a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Company 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 both under its own brand "Golden Power" and the brands of its private label and OEM customers. The products of the Group 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.

INFORMATION OF THE PURCHASERS

Giant Moral, the purchaser of the Purchase Agreement I, is a limited liability company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company and its main business is investment holding.

Goldtium (Jiangmen), the purchaser of the Purchase Agreement II, is a limited liability company established under the laws of the PRC and is an indirect wholly-owned subsidiary of the Company and it is principally engaged in the development, production and trading of batteries and its related products, raw materials and electric devices.

Golden Power Industries, the purchaser of the Purchase Agreement III, is a limited liability company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company and it is principally engaged in the manufacturing and export of batteries.

INFORMATION RELATING TO THE SELLER

Technometal & Alloy is a company incorporated in Japan with limited liability established in 1984 and is based in Japan. Technometal & Alloy is principally engaged in trading of iron and steel products, refractory products, bearings and other machinery.

As at the date of this announcement, based on the information and confirmation provided by Technometal & Alloy and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Technometal & Alloy and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

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DEFINITIONS

“associate(s)”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Golden Power Group Holdings Limited (金力集團控股有限公司), a company incorporated in the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Giant Moral”	Giant Moral Limited (豪德有限公司), a limited liability company incorporated in Hong Kong on 5 October 2007, and is an indirect wholly-owned subsidiary of the Company
“Golden Power Industries”	Golden Power Industries Limited (金力實業有限公司), a limited liability company incorporated in Hong Kong on 24 October 1972, and is an indirect wholly-owned subsidiary of the Company
“Goldtium (Jiangmen)”	Goldtium (Jiangmen) Energy Products Company Limited (江門金剛電源製品有限公司), a limited liability company established under the laws of the PRC on 20 May 2008, and is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party”	person(s) or company(ies) which is(are) not connected person(s) of the Company and its connected persons
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Purchase Agreement I”	the purchase agreement dated 27 October 2017 entered into between Giant Moral as purchaser and Technometal & Alloy as seller pursuant to which Giant Moral has agreed to purchase certain equipment and machinery from Technometal & Alloy

“Purchase Agreement II”	the purchase agreement dated 9 April 2018 entered into between Goldtium (Jiangmen) as purchaser and Technometal & Alloy as seller by way of purchase order, pursuant to which Goldtium (Jiangmen) has agreed to purchase certain equipment and machinery from Technometal & Alloy
“Purchase Agreement III”	the purchase agreement dated 23 April 2018 entered into between Golden Power Industries as purchaser and Technometal & Alloy as seller pursuant to which Golden Power Industries has agreed to purchase certain equipment and machinery from Technometal & Alloy
“Purchase Agreements”	the Purchase Agreement I, the Purchase Agreement II and the Purchase Agreement III
“Purchasers”	Giant Moral, Golden Power Industries and Goldtium (Jiangmen)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technometal & Alloy” or the “Seller”	Technometal & Alloy Corporation, a limited company incorporated in Japan
“Transactions”	the transactions contemplated under the Purchase Agreements
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Golden Power Group Holdings Limited
Chu King Tien
Chairman and Executive Director

Hong Kong, 23 April, 2018

For the purpose of this announcement, translations of US Dollars into Hong Kong dollars or vice versa have been calculated by using an exchange rate of USD1.00 equal to HKD7.8. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this announcement, the executive Directors are Mr. Chu King Tien, Ms. Chu Shuk Ching, Mr. Tang Chi Him and Mr. Chu Ho Wa, the independent non-executive Directors are Mr. Hui Kwok Wah, Mr. Ma Sai Yam and Mr. Chow Chun Hin Leslie.

** for identification purpose only*