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If you have sold or transferred all your shares in **Golden Power Group Holdings Limited** (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTY HOLDING COMPANY;**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

MESSIS  大有融資

Messis Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 4 to 17 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 18 to 19 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 39 of this circular.

A notice convening the EGM to be held at Salon I, Hyatt Regency Hong Kong, Sha Tin, 18 Chak Cheung Street, Sha Tin, Hong Kong on Wednesday, 27 June 2018 at 3:00 p.m. or any adjournment thereof is set out on pages 50 to 52 of this circular.

A proxy form for use in the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to read the notice and to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Hong Kong share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Hong Kong, 7 June 2018

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Agreement”	the conditional agreement for sale and purchase of the Sale Shares entered into among the Vendors, Mr. Chu and the Purchaser on 6 March 2018 regarding the Proposed Acquisition
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day that is not a Saturday, Sunday, public holiday or bank holiday in Hong Kong or a day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is not hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“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
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the sum of HK\$40,300,000 payable by the Purchaser to the Vendors for the Sale Shares under the Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director”	the director of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held at Salon I, Hyatt Regency Hong Kong, Sha Tin, 18 Chak Cheung Street, Sha Tin, Hong Kong on Wednesday, 27 June 2018 at 3:00 p.m. to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“First Sale Shares”	11,000,000 shares in the Target Company to be sold by the First Vendor to the Purchaser pursuant to the Agreement, representing 50% issued share capital of the Target Company
“First Vendor” or “Golden Villa”	Golden Villa Ltd., a limited liability company incorporated in the British Virgin Islands, being the vendor of the First Sale Shares under the Agreement
“Group”	the Company and its subsidiaries

DEFINITIONS

“HIBOR”	Hong Kong Inter-bank Offered Rate
“HK\$” or “HKD” or “Hong Kong Dollar”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on, among other matters, the fairness and reasonableness of the Proposed Acquisition
“Independent Financial Adviser”	Messis Capital Limited (大有融資有限公司), a licenced corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under SFO, the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders on, among other matters, the fairness and reasonableness of the Proposed Acquisition
“Independent Shareholders”	with respect to the Agreement and the transaction contemplated thereunder, the Shareholders excluding Golden Villa Ltd., Mr. Chu and its respective close associates
“Independent Third Party(ies)”	has the meaning ascribed to it in the Listing Rules
“Latest Practicable Date”	1 June 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2018, or a later date which is agreed by the Vendors and the Purchaser
“Master Sales Agreement”	The Company entered into a Master Sales Agreement dated 1 February 2017 with Guangzhou Nan Hua Jin Li Electronics Limited (廣州南華金力電子有限公司) and Suenglh Corporation Limited (collectively “ Mr. Zhu Chengxian’s Associated Companies ”). Mr. Zhu Chengxian’s Associated Companies are majority-controlled companies (as defined in the Listing Rules) of Mr. Zhu Chengxian, who is a nephew and thus an associate of Mr. Chu, and thus also associates of Mr. Chu

DEFINITIONS

“Mr. Chu”	Mr. Chu King Tien, an executive Director, the chairman of the Group, the ultimate shareholder of the entire issued share capital of Golden Villa Ltd. and one of the controlling shareholders
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules
“Properties”	the Property I and the Property II
“Property I”	Shop 29, Ground Floor of Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories, Hong Kong
“Property II”	Room E, 19th Floor, Block 16, Tai Po Centre, New Territories, Hong Kong
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser from the Vendors on and subject to the terms and conditions of the Agreement and the performance of the transactions contemplated thereunder
“Purchaser”	Best Kind Holdings Ltd., a limited liability company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Sale Shares”	the First Sale Shares and the Second Sale Shares
“Second Sale Shares”	11,000,000 shares in the Target Company to be sold by the Second Vendor to the Purchaser pursuant to the Agreement, representing 50% issued share capital of the Target Company
“Second Vendor”	Golden Power Investment (B.V.I.) Limited, a limited liability company incorporated in the British Virgin Islands, being the vendor of the Second Sale Shares under the Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares in the capital of the Company
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Company”	China Scene Limited (中境有限公司), a limited liability company incorporated under the laws of Hong Kong
“Vendors”	means the First Vendor and the Second Vendors
“%”	per cent



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)

Executive Directors:

Mr. Chu King Tien (*Chairman*)
Ms. Chu Shuk Ching (*Chief executive officer*)
Mr. Tang Chi Him
Mr. Chu Ho Wa

Registered Office:

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

Independent Non-Executive Directors:

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

Head office 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

7 June 2018

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTY HOLDING COMPANY**

INTRODUCTION

Reference is made to the announcement of the Company dated 6 March 2018.

On 6 March 2018 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Purchaser conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to sell to the Purchaser the Sale Shares at the total Consideration of HK\$40,300,000.

The purpose of this circular is to provide you with, among other things, (i) details of the Proposed Acquisition; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) the letter from Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, in order to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

THE AGREEMENT

Date

6 March 2018

Parties

First Vendor:	Golden Villa Ltd.
Second Vendor:	Golden Power Investments (B.V.I.)
Guarantor:	Mr. Chu
Purchaser:	Best Kind Holdings Ltd., a direct wholly-owned subsidiary of the Company

The First Vendor is the controlling shareholder of the Company which directly holds 52.5% of the issued share capital of the Company, and the entire issued share capital of the First Vendor is legally and beneficially owned by Mr. Chu, the executive Director and the controlling shareholder of the Company. The First Vendor is also the sole legal and beneficial owner of the entire issued capital of the Second Vendor. Therefore, the First Vendor and the Second Vendor are connected persons under Rule 14A.07 of the Listing Rules.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase, and the First and the Second Vendors have conditionally agreed to sell 50% and 50% of issued share capital of the Target Company, respectively, free from any encumbrance. 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.

Mr. Chu is the guarantor of the Agreement who guarantees the due and punctual performance of the obligations of the Vendors under the Agreement.

As at the date of the Agreement, the Target Company is the sole legal and beneficial owner of the Properties which comprise:

- (a) Property I at 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.; and
- (b) Property II at Room E, 19th Floor, Block 16, Tai Po Centre, New Territories, Hong Kong with a saleable area of approximately 528 sq. ft.

LETTER FROM THE BOARD

The Properties are currently subject to the following mortgages and encumbrances (the “Existing Mortgages”):

- Property I : (i) Tripartite legal charge/mortgage to secure all monies in respect of general banking facilities in favour of China Citic Bank International Limited; and
- (ii) Rental Assignment in favour of China Citic Bank International Limited
- Property II : (i) Tripartite legal charge/mortgage to secure all monies in respect of general banking facilities in favour of China Citic Bank International Limited; and
- (ii) Rental Assignment in favour of China Citic Bank International Limited

For further details of the Existing Mortgages over the Properties, please refer to the Valuation Report in Appendix I of this Circular. The Existing Mortgages represent all existing liabilities of the Target Company which will be discharged upon the Completion.

The Purchaser will follow the usual conveyancing practice in Hong Kong that the Consideration payable by the Purchaser on Completion will be split into two cheques or cashier orders for (i) the redemption money which will be drawn in favour of the mortgagee for the release of the Existing Mortgage; and (ii) the remaining balance of the Consideration will be drawn in favour of the Vendors. Upon receipt of the redemption money, the mortgagee of the Existing Mortgage will execute release or discharge to free the Properties from the Existing Mortgages.

Please refer to the paragraph below headed “Information of the Target Company” in this circular for further information in relation to the Target Company.

The Consideration and payment terms

The total consideration for Sale Shares shall be HK\$40,300,000, of which as to HK\$20,150,000 is payable to the First Vendor for the First Sale Shares and as to HK\$20,150,000 is payable to the Second Vendor for the Second Sale Shares.

On Completion, the Purchaser shall pay to the Vendors the Consideration by way of a bank cheque of a Hong Kong licenced bank drawn in favour of the Vendors and/or bank transfer in Hong Kong Dollars.

The Consideration was agreed after arm’s length negotiations between the Vendors and the Purchaser having taken into consideration various factors, including valuation of the Property I using investment approach and valuation of the Property II using direct comparison approach, which valued the Property I at HK\$33,000,000 and Property II at HK\$7,300,000 as conducted by an independent professional valuer engaged by the Company.

LETTER FROM THE BOARD

In valuing the Property I, the independent professional valuer has adopted the investment approach by taking into account the current rent passing of the property interest and the reversionary potential of the tenancy.

The investment approach is to assess the “term value” generated by the passing rent under the residual term of existing tenancies at an appropriate term yield and the “reversionary value” based on current market rent at an appropriate reversionary yield when the property is further to be leased or the existing lease is renewed. The summation of the capitalized term value and the capitalized reversionary value is the market value.

In undertaking the valuation of the property, the independent professional valuer has gathered the market unit rent of the comparables in the range of HK\$254/sq. ft. and HK\$298/sq. ft. per month and the market yield of the comparables in the range of 2.8% to 3.4% of the similar type of commercial properties in the locality.

In the course of the valuation, the independent professional valuer has adopted and capitalised the passing monthly rent of HK\$351/sq. ft. and market monthly rent of HK\$308/sq. ft. as well as the reversionary market yield at about 3% which in line with 2.8% to 3.4% of the comparables. Adjustments have been made for the differences in transaction dates, location, floor area etc. between the comparable properties and the property interest. The adjusted unit rate of the rental comparables are in the range of HK\$282/sq. ft. and HK\$347/sq. ft. per month. Thus, the valuation of the property falls within this range.

In valuing the Property II, the independent professional valuer has assessed the value of the property by adopting the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the property interest.

In undertaking the valuation of the property, the independent professional valuer has collected and analysed the following recent relevant sales comparables.

Comparable Property	Saleable Area (sq. ft.) Approximate	Unit Rate (per sq. ft.) Approximate	Usage
Flat B, 29/F, Block 3, Tai Po Centre	343	HK\$13,994	Residential
Flat F, 20/F, Block 2, Tai Po Centre	343	HK\$13,848	Residential
Flat G, 6/F, Block 5, Tai Po Centre	307	HK\$14,528	Residential
Flat H, 7/F, Block 3, Tai Po Centre	391	HK\$13,248	Residential
Flat H, 6/F, Block 18, Tai Po Centre	528	HK\$13,008	Residential

In the course of the valuation, the independent professional valuer has adopted the unit rate of HK\$13,800/sq. ft.. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the property interest. The adjusted unit rate of the comparables are in the range of HK\$12,700/sq. ft. and HK\$15,500/sq. ft. and the valuation of the property falls within this range.

LETTER FROM THE BOARD

The direct comparison approach by making reference to comparable market transactions is a commonly adopted approach in the determination of the market value of non third-party tenanted properties and the investment approach by making reference to comparable market rent is a commonly adopted approach in the determination of the market value of third-party tenanted properties.

For further information as to the valuation of the Properties, please refer to the Valuation Report as set out in Appendix I of this circular.

Source of Funding

The Consideration will be satisfied as to approximately 39.7% by means of bank borrowings of HK\$16 million by way of an instalment loan granted by Shanghai Commercial Bank Limited (the “**Bank**”) with details set out below and as to approximately 60.3% by internal resources of the Group of HK\$24.3 million which comprises the bank balances of the Group and the unutilised banking facilities available to the Group (excluding the banking facility to be offered by the Bank).

The Company has obtained an indicative banking facility from the Bank to finance part of the Consideration, details of which are set out below:

Bank	:	Shanghai Commercial Bank Limited
Facilities granted	:	(i) Instalment loan of HK\$16 million (the purpose of which is for capital expenditure); and (ii) Revolving loan of HK\$17 million (the purpose of which is for working capital)
Maturity of the instalment loan	:	120 months from the date of drawdown and repayment by 120 monthly instalments inclusive of interest
Interest rate:	:	(i) For installment loan, one-month HIBOR + 1.5% or prime rate – 2.5%, whichever is lower; and (ii) For revolving loan, prime rate – 2.75%
Collateral	:	Legal charges on Property I and Property II and corporate guarantee to be given by the Company

Conditions Precedent

Completion is conditional upon fulfilment or waiver (as the case may be) of the following Conditions:

- (a) the Purchaser being satisfied with the results of the due diligence review on the Target Company;

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- (b) the Agreement being approved by the Independent Shareholders in the EGM in accordance with the requirements of the Listing Rules;
- (c) the Purchaser having obtained the valuation report issued by a firm of independent valuers acceptable to the Purchaser with respect to the Properties;
- (d) the tax indemnity having been executed by the Vendors and Mr. Chu as guarantor in favour of the Purchaser and the Target Company;
- (e) all necessary authorisations of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party (including banks, lenders and/or shareholder(s) of the Vendors, the Purchaser or the Target Company and/or relevant regulatory authorities), required for the implementation of the transactions contemplated in the Agreement being obtained and maintained;
- (f) the Vendors having duly performed and complied with all agreements, obligations and conditions contained in the Agreement which are required to be performed or complied with by it on or before the date of Completion; and
- (g) no material adverse change on the financial condition, business, operation, prospect and asset value of the Target Company has occurred prior to the date of Completion or are likely to occur before the date of Completion.

The Purchaser may at its absolute discretion waive any of the above conditions (except for condition set out in (b) above which cannot be waived).

If any of the above conditions has not been satisfied or waived (if applicable) on or before 30 September 2018 or such later date as parties to the Agreement may agree, all the terms of the Agreement shall thereupon become null and void ab initio and the Purchaser's obligations to purchase the Sale Shares shall lapse.

Date of Completion

Subject to the fulfilment or waiver (as the case may be) of the conditions, Completion shall take place on the 5th Business Day following the date on which the last condition has been fulfilled or waived or any later date as agreed between the Vendors and the Purchaser.

The Properties shall be free from all mortgages and encumbrance upon the Completion. The Vendors undertook to discharge or release or procure the discharge or release of all existing mortgages or encumbrance over the Properties on or before the Completion.

INFORMATION ON THE COMPANY

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)

LETTER FROM THE BOARD

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 ON THE VENDORS

The First Vendor is a company incorporated under the laws of the British Virgin Islands and its principal business is investment holding. The First Vendor is the controlling shareholder of the Company which directly holds 52.5% of the issued share capital of the Company, and the entire issued share capital of the First Vendor is legally and beneficially owned by Mr. Chu, the executive Director and the controlling shareholder of the Company.

The Second Vendor is a company incorporated under the laws of the British Virgin Islands and its principal business is investment holding. The entire issued share capital of the Second Vendor legally and beneficially is wholly-owned by the First Vendor.

Therefore, the First Vendor and the Second Vendor are connected persons under Rule 14A.07 of the Listing Rules.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated under the laws of Hong Kong in 1994 and is owned as to 50% by the First Vendor and the Second Vendor, respectively. The principal business of the Target Company is property holding.

LETTER FROM THE BOARD

Set out below is the audited financial information of the Target Company for the two financial years ended 31 December 2016 and 31 December 2017 extracted from its financial statements prepared in accordance with Hong Kong Financial Reporting Standards and the unaudited management account prepared up to 31 March 2018:

	For the three months ended 31 March 2018 (unaudited) HK\$('000)	For the year ended 31 December 2017 (audited) HK\$('000)	For the year ended 31 December 2016 (audited) HK\$('000)
Net profit/(loss) before tax and extraordinary items	10,058	(2,931)	(2,547)
Net profit/(loss) after tax and extraordinary items	8,547	(2,931)	(2,547)
	For the three months ended 31 March 2018 (unaudited) HK\$('000)	For the year ended 31 December 2017 (audited) HK\$('000)	For the year ended 31 December 2016 (audited) HK\$('000)
Non-current assets			
Property, plant and equipment	24	25	29
Building portion of investment properties	1,515	1,194	1,301
Prepaid lease payments	<u>8,902</u>	<u>8,623</u>	<u>8,923</u>
	10,641	9,842	10,253
Current assets			
Amount due from immediate holding company	0	391	2,764
Utility and sundry deposits	10	10	10
Bank balances	<u>295</u>	<u>113</u>	<u>262</u>
	305	515	3,035
Current liabilities			
Amounts due to fellow subsidiaries	0	31,461	31,461
Rental deposits received	179	179	179
Accruals and other payables	0	9	9
Tax payables	<u>1,512</u>	<u>0</u>	<u>0</u>
	<u>1,691</u>	<u>31,649</u>	<u>31,649</u>
Net current liabilities	<u>(1,386)</u>	<u>(31,134)</u>	<u>(28,613)</u>
Net asset/(liabilities)	<u>9,255</u>	<u>(21,292)</u>	<u>(18,361)</u>

LETTER FROM THE BOARD

The net asset value of the Target Company as at 31 March 2018, based on the unaudited management accounts of the Target Company, was HK\$9.26 million.

The original acquisition cost of the underlying assets of the Sale Shares was HK\$13.88 million, which comprised the purchase price of Property I of HK\$10.68 million acquired on 1 April 2008 and the purchase price of Property II of HK\$3.2 million acquired on 31 March 2010.

INFORMATION ON THE PROPERTIES

The Property I is a shop situated at 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. The Property I is currently leased by an Independent Third Party as a food shop. The Property I is purchased by the Purchaser on an “as is” basis.

The Property II is a residential unit situated at 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 Property II is currently leased by Golden Power Corporation (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, as staff quarter. The lease of Property II by Golden Power Corporation (Hong Kong) Limited is a fully-exempted continuing connected transaction under Rule 14A.76 of the Listing Rules as the terms of the lease is on normal commercial terms, all the applicable percentage ratios are less than 5% and the total consideration of the lease is less than HK\$3,000,000. The Property II is purchased by the Purchaser on an “as is” basis.

The Properties are currently subject to and with the benefit of existing tenancies, summary of which are set out as follows:

Property I:

Tenant:	Independent Third Party
Term:	Three years commencing from 1 November 2015 and expiring on 31 October 2018
Rental:	HK\$93,750.00 per calendar month (inclusive of management fee, government rates and government rents) payable monthly in advance without any deduction
Rental deposit:	HK\$150,000.00
Permitted Use:	Commercial purposes only

LETTER FROM THE BOARD

Property II:

Tenant:	Golden Power Corporation (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company
Term:	Three years commencing from 1 April 2018 and expiring on 31 March 2021
Rental:	Currently HK\$14,600 per calendar month and from 1 April 2018 onwards, HK\$16,200 per calendar month (inclusive of management fee, government rates and government rents) payable monthly in advance without any deduction
Rental deposit:	HK\$29,200.00
Permitted Use:	Residential purposes only

The rental income of the Properties received by the Target Company for the financial years ended 31 December 2016 and 31 December 2017 was HK\$1,075,200 and HK\$1,112,700, respectively.

REASONS FOR AND THE BENEFITS OF THE PROPOSED ACQUISITION

Directors believe that the benefits and reasons for the Proposed Acquisition are as follows:

- (i) given the prosperous property market in Hong Kong in the recent decade, the Group is optimistic about the property market and believes that the Proposed Acquisition will broaden the Company's fixed asset base with potential capital appreciation;
- (ii) given that there is an existing lease on the Property I, the proposed acquisition of Property I will provide the Company with a positive and stable returns in the long-run which can diversify the source of income of the Company, which can enhance the financial performance and general healthy income streams in to the Group;
- (iii) the Group through Golden Power Corporation (Hong Kong) Limited is currently leasing Property II from the Target Company as staff quarter which provides accommodation to our staff members or our visitors due to its close proximity to the principal place of business of the Group in Tai Po, Hong Kong. The Directors believe that the Proposed Acquisition of Property II enables the Group to reduce its rental costs in the long run; and

LETTER FROM THE BOARD

- (iv) it is observed by the Directors that as the banks in Hong Kong usually require property to be charged as security for any banking facilities, if the Proposed Acquisition is materialised and the Banking Facility is repaid in the future, the Properties will offer the Company with the flexibility of future financing when necessary.

Through the Proposed Acquisition, it is the intention of the Directors to diversify and stabilise the income stream of the Group and broaden the fixed asset based of the Group, which will be beneficial to the Group's future financing flexibility, while the Group will continue to focus on carrying on and developing its battery business. As disclosed in the 2018 annual results announcement of the Group dated 21 March 2018, 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. As the commercial production of the new production line is expected to be launched in the second quarter of 2018, the Director will assess the performance of the production line in terms of business, finance and the future expansion plan of the Group after it is being launched. On the other hand, instead of engaging in other major capital expenditure projects, the Directors believe that the Proposed Acquisition can better utilise the resources of the Company and beneficial to the Company for the reasons set forth above.

For the foregoing reasons and analysis set forth above, the Directors believe that the Proposed Acquisition will not affect the existing business and the working capital sufficiency of the Group. The Directors have reviewed the financial positions of the Group based on the audited financial statements for the year ended 31 December 2017 and the management accounts prepared up to 31 March 2018 that during the financial year ended 31 December 2017, the Company had approximately HK\$5,164,000 net cash generated from operating activities. Cash and bank balances held by the Group as at 31 December 2017 and 31 March 2017 were approximately HK\$16,933,000 and HK\$15,753,000, respectively. In addition, as at 31 March 2018, on top of the Banking Facility granted by the Bank for the purpose of financing the Proposed Acquisition as disclosed above, the Group had other unutilised banking facilities of approximately HK\$105,659,000, which is available to be drawn by the Group on its demand. The Directors consider that the payment of the remaining balance of the Consideration by the Group after deducting the payment under the Banking Facility will not cause any material adverse impact on the cash flow of the Group. Given the current financial position of the Group, the Group currently has no plan to raise further funds for the existing business. In addition, based on the current rental level of the Properties, the income derived from Property I and the rental expenses saved from Property II will be sufficient to cover the additional interest expenses to be incurred under the Banking Facility. The Directors are of the view that, despite the anticipation of the interest rate hike, the likelihood of an imminent and sharp increase of the Hong Kong Dollar interest rate is low. Given the continuous raising trend of the rental level of properties market in Hong Kong, the Directors are of the view that the Group will increase the rental level of the Property I to match the raising rent of the properties market in Hong Kong upon the expiry of the tenancy agreement of Property I.

LETTER FROM THE BOARD

In 2016 and 2017, the Group entered into tenancy agreements with two separate Independent Third Parties to lease out the properties located at Flat B and Flat D of 20/F., Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories, which are held by the Group, with monthly rent at market rate. The Directors considered that properties leasing would generate a stable and recurring source of income to the Group, which would be beneficial to the financial position of the Group. As such, the Directors had started to look for potential property targets at Tai Po area which were open for sale since the beginning of this year. Upon preliminary review, there were limited commercial properties which were open for sale in the area. The management had reviewed those shops and potential commercial property targets which were available for sale and assessed them individually by taking into various factors including price, location, use, size and layout of the targets and whether those targets were having an existing tenancy. The Directors (excluding Mr. Chu) also learned from the Vendors that Property I would be open for sale at market price. Upon comparing various attributes of the potential targets and the Property I, the Directors concluded that given the offer price suggested by other sellers and the nature of the targets such as location, size and layout, it would not be commercially viable to opt for other potential targets as the Property I is at a better location, having an existing tenancy and at a fair price.

As mentioned above, given the sufficient cash and bank balances and unutilised banking facilities of the Group, the Directors consider that the Proposed Acquisition would not preclude the implementation of various upgrade and expansion plans to the production facilities as the Group has sufficient financial resources to carry out both the Proposed Acquisition and implementation of various upgrade and expansion plans to the production facilities of the Group so as to produce products with more advanced specifications and better quality. As such, the Directors (excluding Mr. Chu and Mr. Chu Ho Wa and the independent non-executive Directors) consider the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS OF THE PROPOSED ACQUISITION

The Target Company is owned as to 50% of its issued share capital by the First Vendor and the Second Vendor, respectively. The First Vendor is the controlling shareholder of the Company which holds directly 52.5% of the issued share capital of the Company and Mr. Chu, the executive Director and the controlling shareholder of the Company, is the sole legal and beneficial owner of the entire issued share capital of the First Vendor. The First Vendor also holds the entire issued capital of the Second Vendor. Therefore, the First Vendor and the Second Vendor are connected persons under Rule 14A.07 of the Listing Rules.

As the applicable percentage ratios for the Proposed Acquisition exceeds 5% and but less than 25%, the Proposed Acquisition constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules, which is subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapters 14 and 14A of the Listing Rules.

LETTER FROM THE BOARD

Save for Mr. Chu and his relative in the Board, namely Mr. Chu Ho Wah, being the executive Directors, having abstained from voting in respect of the Agreement, none of the Directors had abstained from voting at the meeting of the Board on the resolution to approve the Agreement and the transactions contemplated thereunder.

Mr. Chu and his associates are regarded as having a material interest in the Proposed Acquisition and therefore they are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Golden Villa Ltd., the associate of Mr. Chu, held 126,000,000 Shares, representing approximately 52.5% of the issued share capital of the Company. Accordingly, Golden Villa Ltd. will abstain from voting at the EGM in respect of the resolution proposed to be passed for approving the Agreement and the transactions contemplated thereunder.

To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, save as disclosed above, no other Shareholders are required to abstain from voting at the EGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all independent non-executive Directors, namely Mr. Hui Kwok Wah, Mr. Ma Sai Yam and Mr. Chow Chun Hin, Leslie, has been formed to consider, and to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any material interest in the Agreement. The letter from the Independent Board Committee is set out on pages 14 to 15 of this circular.

The Company has also appointed Messis Capital Limited as the Independent Financial Adviser to give advice and make recommendation to the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. The letter from the Independent Financial Adviser is set out on pages 20 to 39 of this circular.

EGM

Set out on pages 50 to 52 of this circular is a notice convening the EGM to be held at Salon I, Hyatt Regency Hong Kong, Sha Tin, 18 Chak Cheung Street, Sha Tin, Hong Kong on Wednesday, 27 June 2018 at 3:00 p.m. Hong Kong at which relevant resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

For determining eligibility to attend and vote at the EGM, the register of members of the Company will be closed from 22 June 2018 to 27 June 2018, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, Hong Kong not later than 21 June 2018 at 4:30 p.m..

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) if you so wish.

VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution put to the vote at the EGM will be taken by way of poll and the Company will announce the result of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors (including the independent non-executive Directors after taking into account the letter from the Independent Financial Adviser but excluding Mr. Chu and Mr. Chu Ho Wa) are of the view that the terms of the Agreement and the transactions contemplated thereunder, though not in the ordinary and usual course of business of the Group, are on normal commercial terms after arm's length negotiation between the parties thereto, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors but excluding Mr. Chu and Mr. Chu Ho Wa) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Since Completion is subject to the fulfillment and/or waiver (as the case may be) of the conditions under the Agreement, the Proposed Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Your attention is drawn to the additional information set out in the appendices to this circular.

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



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)

7 June 2018

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTY HOLDING COMPANY**

Reference is made to the circular of Golden Power Group Holdings Limited dated 7 June 2018 (the “**Circular**”), of which this letter forms part. Terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee to consider the Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to whether the Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole, and to recommend how the Independent Shareholders should vote at the EGM. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of the Independent Financial Adviser’s advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 20 to 39 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 4 to 17 of the Circular and the additional information set out in the appendix to the Circular.

Having taken into account of the advice of Messis Capital Limited, we consider that the Agreement is entered into upon normal commercial terms following arm’s length negotiations between the parties hereto, and that the terms of the Agreement and the transactions contemplated thereunder, though not in the ordinary and usual course of business of the Group, are fair and reasonable so far as the Independent Shareholders are

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

concerned, and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
**Independent Board Committee of
Golden Power Group Holdings Limited**

Mr. Hui Kwok Wah
*Independent Non-Executive
Director*

Mr. Ma Sai Yam
*Independent Non-Executive
Director*

Mr. Chow Chun Hin Leslie
*Independent Non-Executive
Director*

The following is a full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



7 June 2018

To: *The Independent Shareholders and The Independent Board Committee of Golden Power Group Holdings Limited*

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF PROPERTY HOLDING COMPANY**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 7 June 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Board announced that on 6 March 2018 (after trading hours of the Stock Exchange), the Purchaser, being a wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement, pursuant to which, the Purchaser conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to sell to the Purchaser the Sale Shares at a total Consideration of HK\$40,300,000 in respect of the Proposed Acquisition. The Sale Shares represent the entire issued share capital of the Target Company, which as at the date of the Agreement, is the sole legal and beneficial owner of the Properties.

The Target Company is a limited liability company incorporated under the laws of Hong Kong in 1994 and is owned as to 50% by the First Vendor and the Second Vendor, respectively. To the best knowledge, information and belief of the Directors, the First Vendor is the controlling shareholder of the Company which directly holds 52.5% of the issued share capital of the Company and Mr. Chu, the executive Director and the controlling shareholder of the Company, is the sole legal and beneficial owner of the entire issued share capital of the First Vendor. The First Vendor also holds the entire issued capital of the Second Vendor. Therefore, the First Vendor and the Second Vendor are connected persons under Rule 14A.07 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the applicable percentage ratios for the Proposed Acquisition exceeds 5% and but less than 25%, the Proposed Acquisition constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules, which is subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapters 14 and 14A of the Listing Rules

The EGM will be convened for the purposes of, among other matters, considering, and if though fit, approving the Agreement and the transactions contemplated thereunder. In accordance with the Listing Rules, the Independent Board Committee, comprising all three independent non-executive Directors, has been formed to consider, and to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. We, Messis Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Independent Shareholders are concerned, in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders should vote in favor of the approval of the Agreement and the transactions contemplated thereunder.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for the following transactions:

Date of our letter of advice	Nature of transactions
9 May 2017	Continuing Connected Transactions — Master Sales Agreement

Apart from normal professional fees paid or payable to us in connection with the previous appointment mentioned above as well as this appointment as the Independent Financial Adviser, no arrangement exist whereby we have received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that the aforementioned previous appointment would not affect our independence, and that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendations, we have reviewed and considered, among other things, (i) the announcement of the Company dated 6 March 2018; (ii) the Agreement; (iii) the latest published audited consolidated financial statements of the Company; (iv) the valuation report (the “**Valuation Report**”) prepared by the Company's independent valuer, Vigers Appraisal & Consulting Limited (the “**Valuer**”); and (v) other

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

information as set out in this Circular. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the management of the Company are true and accurate at the time they were made and will continue to be accurate as at the date of the dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Agreement and the transactions contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Information on the Group, the Vendors, the Target Company and the Properties

Information on the Group

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.

Information on the Vendors

The First Vendor is a company incorporated under the laws of the British Virgin Islands and its principal business is investment holding. The First Vendor is the controlling shareholder of the Company which directly holds 52.5% of the issued share

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

capital of the Company, and the entire issued share capital is legally and beneficially owned by Mr. Chu, the executive Director and the controlling shareholder of the Company.

The Second Vendor is a company incorporated under the laws of the British Virgin Islands and its principal business is investment holding. The entire issued share capital of the Second Vendor is legally and beneficially wholly-owned by the First Vendor.

Information of the Target Company

The Target Company is a limited liability company incorporated under the laws of Hong Kong in 1994 and is owned as to 50% to the First Vendor and 50% to the Second Vendor, respectively. The principal business of the Target Company is property holding.

Set out below is the audited financial information of the Target Company for the two financial years ended 31 December 2016 and 31 December 2017 extracted from its financial statements prepared in accordance with Hong Kong Financial Reporting Standards:

	For the three months ended 31 March 2018 (Unaudited) HK\$'000	For the year ended 31 December 2017 (Audited) HK\$'000	For the year ended 31 December 2016 (Audited) HK\$'000
Net profit before tax and extraordinary items	10,058	(2,931)	(2,547)
Net profit after tax and extraordinary items	8,544	(2,931)	(2,547)
		For the year ended 31 December 2017 HK\$'000	For the year ended 31 December 2016 HK\$'000
Total assets		10,357	13,288
Total liabilities		31,649	31,648
Net assets		(21,292)	(18,361)

The net asset value of the Target Company as at 31 March 2018, based on the unaudited management accounts of the Target Company, was HK\$9.264 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The original acquisition cost of the underlying assets of the Sale Shares was HK\$13.88 million, which comprised the purchase price of Property I of HK\$10.68 million acquired on 1 April 2008 and the purchase price of Property II of HK\$3.2 million acquired on 31 March 2010.

Information on the Properties

The Property I is a shop situated at 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. The Property I is currently leased by an Independent Third Party as a food shop. The Property I is purchased by the Purchaser on an “as is” basis.

The Property II is a residential unit situated at 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 Property II is currently leased by Golden Power Corporation (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, as staff quarter. The lease of Property II by Golden Power Corporation (Hong Kong) Limited is a fully-exempted continuing connected transaction under Rule 14A.76 of the Listing Rules as the terms of the lease is on normal commercial terms, all the applicable percentage ratios are less than 5% and the total consideration of the lease is less than HK\$3,000,000. The Property II purchased by the Purchaser on an “as is” basis.

The Properties are currently subject to and with the benefit of existing tenancies, summary of which are set out as follows:

Property I:

Tenant	:	Independent Third Party
Term	:	Three years commencing from 1 November 2015 and expiring on 31 October 2018
Rental	:	HK\$93,750.00 per calendar month (inclusive of management fee, government rates and government rents) payable monthly in advance without any deduction
Rental deposit	:	HK\$150,000.00
Permitted Use	:	Commercial purposes only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Property II:

Tenant	:	Golden Power Corporation (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company
Term	:	Three years commencing from 1 April 2018 and expiring on 31 March 2021
Rental	:	HK\$16,200 per calendar month (inclusive of management fee, government rates and government rents) payable monthly in advance without any deduction
Rental deposit	:	HK\$29,200.00
Permitted Use	:	Residential purposes only

The rental income of the Properties received by the Target Company for the financial years ended 31 December 2016 and 31 December 2017 was HK\$1,075,200 and HK\$1,112,700, respectively.

2. Reasons for and benefits of the Proposed Acquisition

The principal assets of the Target Company are the Properties, which are located in the central area of Tai Po, and have been leased out. As stated in the Letter from the Board, the Directors consider that (i) given the steady development outlook of the property market in Hong Kong in the recent decade, the Group is optimistic about the property market and believes that the Proposed Acquisition will broaden the Company's fixed asset base with potential capital appreciation; (ii) it given that there is an existing lease on the Property I, the proposed acquisition of Property I will provide the Company with a stable returns in the long-run which can diversify the source of income of the Company thereby enhancing the financial performance and general healthy income streams in to the Group; (iii) the Group, through Golden Power Corporation (Hong Kong) Limited, is currently leasing Property II from the Target Company as staff quarter which provides accommodation to its staff members or visitors due to its close proximity to the principal place of business of the Group in Tai Po, Hong Kong and the Directors believe that the Proposed Acquisition of Property II enables the Group to reduce its rental costs in the long run; and (iv) it is observed by the Directors that as the banks in Hong Kong usually require fixed assets or property to be charged as security for any banking facilities, if the Proposed Acquisition is materialised and the Banking Facility is repaid in the future, further mortgage loan may be obtained leveraged on the property and the Properties will offer the Company with future flexibility of financing when necessary. Details of our analysis on the Hong Kong property market are set out below. The Directors believe that the Proposed Acquisition of Property II enables the Group to reduce its rental costs in the long run.

As discussed with the management of the Company, the Company has from time to time evaluated ways of utilizing its available resources. Although property investment business is not the principal business of the Company, active property management is an

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

objective of the Company. Referring to the Interim Report 2016 of the Group, the Group held investment properties through its subsidiary, namely Golden Power Properties Limited as landlord and has entered into a two-year term tenancy agreement with an independent third party on 20 June 2016 for a monthly rental at market rate. The Directors believe active management of properties enables the Group to gain stable returns which can diversify the source of income thereby enhancing the financial performance without affecting the Group's major business. Apart from the various upgrade and expansion plans mentioned in the Letter from the Board, which the Company had already obtained a separate banking facility. The Directors consider that such expansion will not be precluded by the Proposed Acquisition as the Group has sufficient financial resources to carry out both the Proposed Acquisition and the aforementioned upgrade. With the commencement of commercial production of the new production line, the Group can start to produce batteries products with more advance specifications and higher quality which is likely to boost the sale of the Group and will in turn boost the revenue and net cash inflow of the Group, assuming other factors being unchanged. Apart from this, the Group has no current substantial plan to engage in other major capital expenditure projects, and the Directors believe that the Proposed Acquisition can better utilize the resources of the Company and will be beneficial to the Company for the reasons set forth above. The cash and cash equivalents of the Group as at 31 December 2017 amounted to approximately HK\$16,933,400, with revolving loan of HK\$17,000,000 available. Part of the Consideration to be settle by the Groups' internal resources, being 60.3% of the consideration, amounted to be approximately HK\$24,300,000, will be comprising the bank balances of the Group and the unutilised banking facilities currently available to the Group. The remaining 39.7% of the Consideration will be satisfied by means of further bank borrowings obtained by the Group, details of which are set out in the section headed "3. Principal terms of the Agreement" below. We have discussed with the management of the Company, reviewed the bank facility documents and further reviewed the management account of the Group as at 31 March 2018, and are of the view that the cash and cash equivalents of the Group and the outstanding amount of receivables to be collected this year, together with the unutilised banking facilities of approximately HK\$105,659,000, which is available to be drawn by the Group on its demand, would be able to satisfy the settlement of consideration as required and offers cash availability and liquidity to the Group when appropriate.

We have also discussed with the directors in assessing the potential risk of additional interest expenses in case the interest rate increase in the future. Assuming that the Proposed Acquisition is financed by bank borrowing as to HK\$33 million, the annual interest expense of the Group is HK\$825,000 at the current interest rate of 2.5% (i.e. prime rate of 5.25%–2.75%) per annum. If the prime rate increases by 2% and the actual interest rate of the banking facility rises to 4.5% per annum, where historically interest rates generally increase by 0.5% in each rise in a cycle, the annual interest expense of the Group will increase to HK\$1,485,000 and the interest expense of the Group per annum will increase by HK\$660,000. As such, the Directors are of the view that the financial impact brought by the increase in interest rate would not cause any material adverse impact to the financial position of the Group.

In addition, buy-to-let landlords always have the option to raise rents in order to offset the increase in interest payments. When interest rate rises, rent tends to rise accordingly. The retail rental index (private retail) prepared by the Rating and Valuation Department of Hong Kong showed that the rental level of private retail properties increased by approximately 3.3% from 180.4 point to 186.3 point from April 2017 to March 2018. Given the correlation between interest rate and rent from the investors' perspective, as well as the continuous rising trend of the rental level of properties in Hong Kong, the Directors are of the view that the Group would be able to increase the rent level of the Property I to match the rising rent of the properties market in Hong Kong upon the expiry of the tenancy agreement of Property I and potentially mitigating the effect of increasing interest rate. The rising rent trend will be illustrated in the following section headed "Property pricing trends".

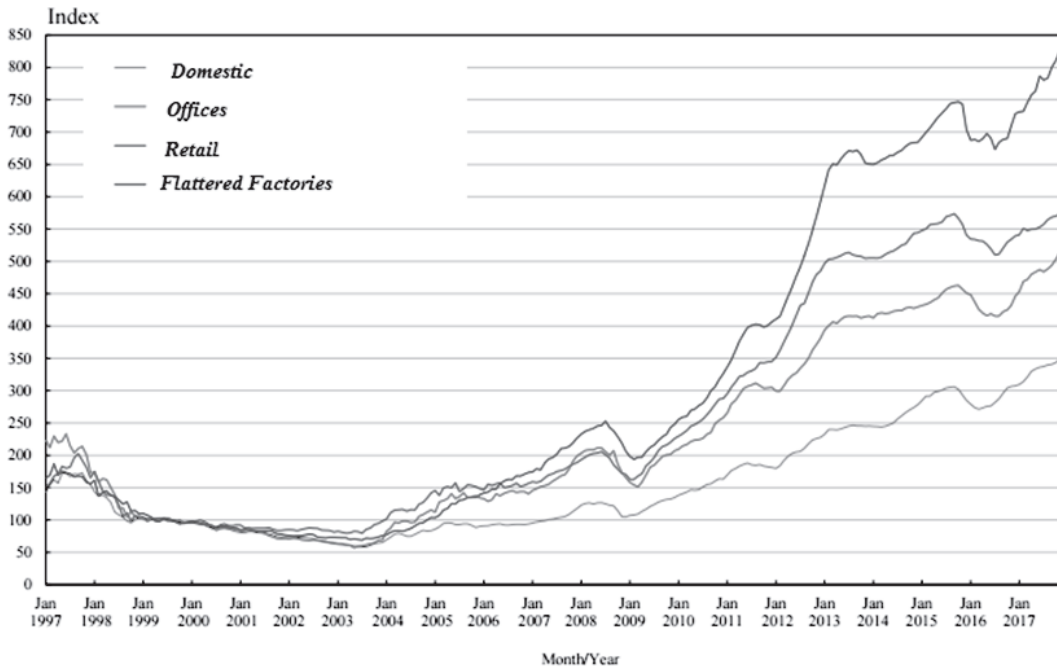
In consideration of the above factors, and given the sufficiency of cash, we are of the view that, the financial position of the Company remains healthy and the Proposed Acquisition would allow the Group to better utilize the resources and capitalise on the long term potential for price appreciation in the local property market, while the Group will continue to focus on carrying on and developing its battery business.

In rendering our opinion, we have conducted an analysis of the real estate market in Hong Kong over the past 10 years ended 31 December 2017, based on information from the public domain.

Property pricing trends

According to a research report from an international real estate service firm, driven by low interest rates, strong demand by mainlanders, and the tight supply of new apartments coming on to the market, the capital appreciation of property prices is consistently high in the past 10 years. According to the statistics of the Rating and Valuation Department of Hong Kong (the "HKRVD"), over the last 10 years, the property price index for each type of properties grew by a compound annual growth rate ("CAGR") of at least 12%.

Price Indices for Hong Kong Property Market (1999 = 100)

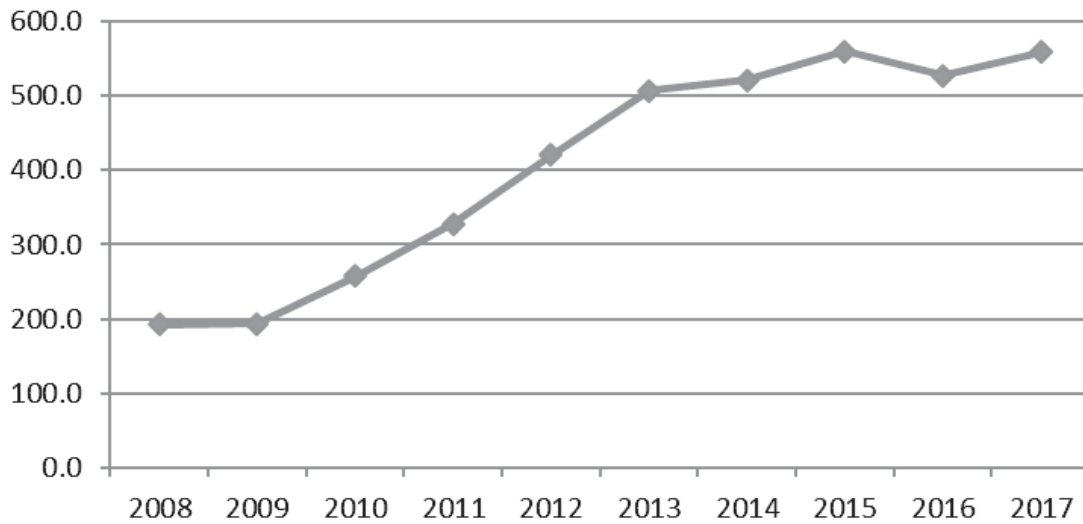


Source: HKRVD

As advised by the management of the Company, the Company intends to invest in the Properties in the long run in order to benefit from potential capital appreciation. We have conducted a review of retail and domestic property prices for the last 10 years since 2008, and their corresponding 10-year moving averages. Despite short term volatilities, evident in the first quarter return of the index, retail and domestic property prices have demonstrated a long term upward trend since 2008, as illustrated in the graphs below.

For retail properties, the price index grew by a CAGR of approximately 12.58% from 192.3 in 2008 to 558.8 in 2017. The property price index for retail property prices grew by approximately 6.1% year-on-year from 2016 to 2017, and has subsequently grown by approximately 5.0% in the fourth quarter of 2017 as compared with the first quarter of 2017.

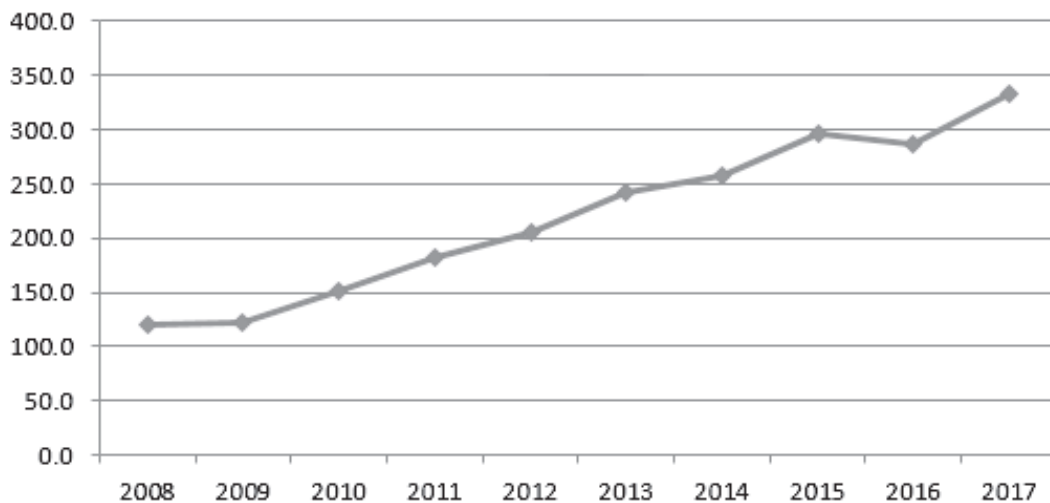
**Hong Kong Retail Property Price Index
10 year Moving Average**



Source: HKRVD

For domestic properties, the price index grew by a CAGR of approximately 12% from 120.5 in 2008 to 333.9 in 2017. The property price index for domestic property prices grew by approximately 16.7% year-on-year from 2016 to 2017, and has subsequently grown by approximately 10.5% in the fourth quarter of 2017 as compared with the first quarter of 2017.

**Hong Kong Domestic Property Price Index
10 year Moving Average**

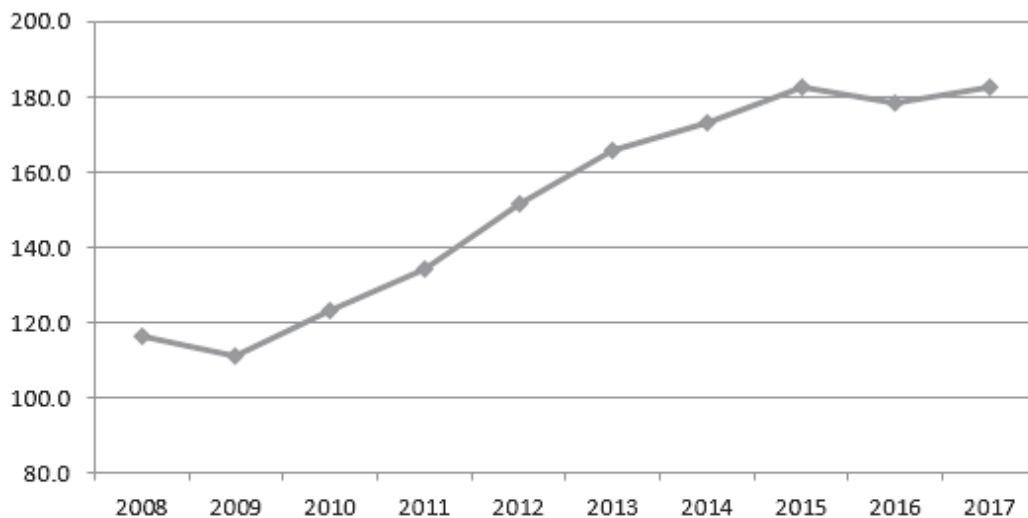


Source: HKRVD

Rental rate trends

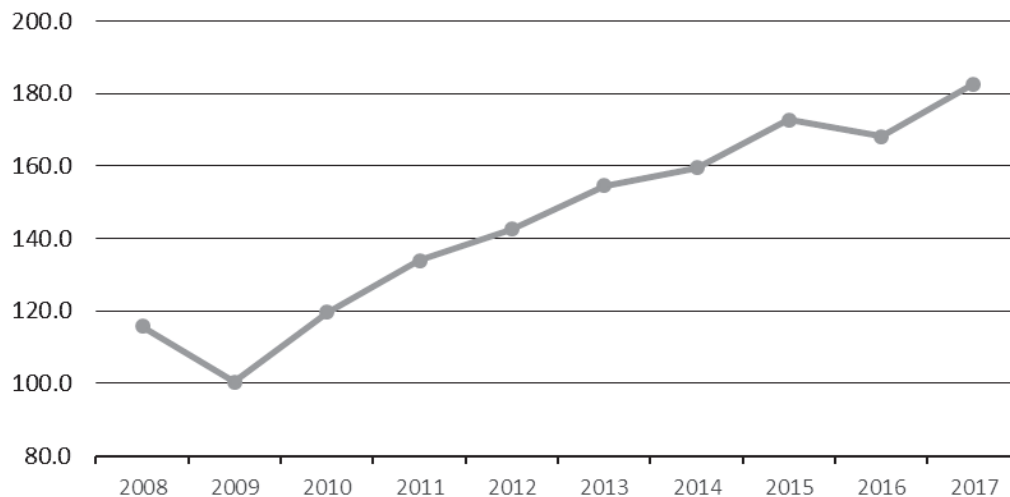
On the other hand, as the Proposed Acquisition of Property I will provide the Company with a steady income stream in the future, while the Proposed Acquisition of Property II enables the Group to save rental costs in the long run, we have also conducted a review on properties rental for the last 10 years since 2008. According to the statistics of the HKRVD, over the last 10 years, the property rental index for retail properties grew by a CAGR of approximately 5.1% from 116.2 in 2008 to 182.4 in 2017. The property rental index for retail property prices grew by approximately 2.12% year-on-year from 2016 to 2017, and has subsequently increased by approximately 2.44% in the fourth quarter of 2017 as compared with the first quarter of 2017. Despite short term volatilities, as evident in the slight decrease in the retail rental price index in the first quarter of 2016, retail property rents have demonstrated a general upward long term trend since 2008, as illustrated in the graphs below.

Hong Kong Retail Rental Price Index



Source: HKRVD

Hong Kong Domestic Rental Price Index



Source: HKRVD

In light of the foregoing, it is expected that the property market in Hong Kong would stay strong, barring any material change in macro-economic conditions such as change in real interest rates.

Recent transactions in the Hong Kong market

In November 2017, it was announced that CK Asset Holdings Limited (stock code: 1113) has agreed to sell The Center, a mixed-used commercial complex comprising approximately 1.2 million square feet of office space, with approximately 13,000 square feet of retail space and 402 car parking lots, for a record HK\$40.2 billion to a consortium of investors. On 28 November 2017, Link Real Estate Investment Trust (stock code: 0823) announced the sale of a portfolio of properties that includes 17 shopping centres in Hong Kong for HK\$23 billion — the biggest sale of its kind in Hong Kong. We consider such recent transactions, representing the general, retail and domestic properties across different districts in Hong Kong, as a reflection of the positive market sentiment and long term outlook of the property sector in Hong Kong.

Furthermore, according to the policy address 2017 and fiscal policy 2018 of Hong Kong, the government made no mention of any changes to existing measures aimed at cooling the housing market. Accordingly, given that there is no change in the government's policies towards the property market, we believe that despite short term volatilities and a slight decline in the retail property price and rental indices in 2017, as discussed above, the recent transactions and events suggest that there is still demand in the market to support retail property prices and rents in the long term.

Retail property market in Tai Po

According to the Hong Kong Property Review 2017 published by the HKRVD in April 2017, the announced ten-year housing supply target under the Long Term Housing Strategy (the “LTHS”) in December 2016 was maintained at 460,000 units and the target of providing private housing land from various sources capable for producing about 18,000 flats remained unchanged in 2017–18. In 2017, it is expected that approximately 60% of new flats to be completed will be in the New Territories, and the remainder, approximately 27% and 13%, will be in Kowloon and Hong Kong island, respectively. In 2018, the New Territories will contribute a smaller portion of approximately 43% of the new supply. According to records of the Census and Statistics Department of Hong Kong, Tai Po’s population has been steadily increasing from approximately 297,000 in 2011 to 304,000 in 2016. We are of the opinion that retail property prices in Tai Po would be supported by the aforesaid population growth and increasing economic activities from the rising local population.

Furthermore, we have extracted data from the website of an independent property agency and conducted a research on the recent average transaction prices of retail properties in Tai Po. Based on the weighted average of transaction records of the 100 most popular secondary housing estates in Hong Kong obtained throughout the period from May 2008 to December 2017, we are of the view that such samples are fair and representative for our analysis. Moreover, as the ultimate source of the extracted data is from the Land Registry of Hong Kong, we believe that the data is sufficiently reliable for our independent work done. The average transaction prices of retail properties in Tai Po increased by approximately 170.9% from May 2008 to December 2017. As such, we consider the outlook of the retail property market in Tai Po as positive.

In consideration of the above factors and given the long-term growth and the presence of ongoing purchasing power in the property market, we are of the view that, notwithstanding the short term volatilities, the local property market remains optimistic. Therefore, we consider that the Proposed Acquisition would allow the Group to capitalise on the long term potential for price appreciation in the local property market, including that in Tai Po.

Given that the Company intends to invest in the Properties for the long run, despite the possibilities of volatility in the short run, we consider that the Group can benefit from the long run upward trend of the retail property market in Hong Kong. For further detailed analysis to support the possible short run volatilities and long run upward trend of the retail property market in Hong Kong, please refer to the paragraph headed “2. Reasons for and benefits of the Proposed Acquisition — Recent transactions in the Hong Kong market”.

In light of the foregoing, we are of the view that the Proposed Acquisition is in the interest of the Company and the Shareholders as a whole.

3. Principal Terms of the Agreement

Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase, and the First and the Second Vendors have conditionally agreed to sell 50% and 50% of issued share capital of the Target Company, respectively, free from any encumbrance. 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.

The total Consideration for Sale Shares shall be HK\$40,300,000, of which as to HK\$20,150,000 is payable to the First Vendor for the First Sale Shares and as to HK\$20,150,000 is payable to the Second Vendor for the Second Sale Shares.

On Completion, the Purchaser shall pay to the Vendors the Consideration by way of a bank cheque of a Hong Kong licenced bank drawn in favour of the Vendors and/or bank transfer in Hong Kong Dollars.

The Consideration was agreed after arm's length negotiations between the Vendors and the Purchaser having taken into consideration various factors, including valuation of the Property I using investment approach and valuation of the Property II using direct comparison approach, which valued the Property I at HK\$33,000,000 and Property II at HK\$7,300,000 as conducted by an independent professional valuer engaged by the Company.

The Consideration will be satisfied as to approximately 39.7% by means of bank borrowings of HK\$16 million by way of an instalment loan granted by Shanghai Commercial Bank Limited (the "**Bank**") with details set out below and as to approximately 60.3% by internal resources of the Company of HK\$24.3 million which comprises the bank balances of the Company and the unutilised banking facilities available to the Company. As understand from the management of the Company, such instalment loan can be utilised for satisfying the Consideration.

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The Company has obtained an indicative banking facility from the Bank to finance part of the Consideration, details of which are set out below:

Bank	:	Shanghai Commercial Bank Limited
Facilities granted	:	(i) Instalment loan of HK\$16 million (the purpose of which is for capital expenditure); and (ii) Revolving loan of HK\$17 million (the purpose of which is for working capital)
Maturity of the instalment loan	:	120 months from the date of drawdown and repayment by 120 monthly instalments inclusive of interest
Interest rate	:	(i) For instalment loan, one-month HIBOR, + 1.5% or prime rate offered by the Bank – 2.5%, whichever is lower; and (ii) For revolving loan, prime rate – 2.75%
Collateral	:	Legal charges on Property I and Property II

The Completion is conditional upon fulfilment or waiver (as the case may be) of the following Conditions:

- (a) the Purchaser being satisfied with the results of the due diligence review on the Target Company;
- (b) the Agreement being approved by the Independent Shareholders in the EGM in accordance with the requirements of the Listing Rules;
- (c) the Purchaser having obtained the valuation report issued by a firm of independent valuers acceptable to the Purchaser with respect to the Properties;
- (d) the tax indemnity having been executed by the Vendors and Mr. Chu as guarantor in favour of the Purchaser and the Target Company;
- (e) all necessary authorisations of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party (including banks, lenders and/or shareholder(s) of the Vendors, the Purchaser or the Target Company and/or relevant regulatory authorities), required for the implementation of the transactions contemplated in the Agreement being obtained and maintained;
- (f) the Vendors having duly performed and complied with all agreements, obligations and conditions contained in this Agreement which are required to be performed or complied with by it on or before the date of Completion; and

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- (g) no material adverse changes on the financial condition, business, operation, prospect and asset value of the Target Company has occurred prior to the date of Completion or are likely to occur before the date of Completion.

The Purchaser may at its absolute discretion waive any of the above conditions (except for condition set out in (b) above which cannot be waived). If any of the above conditions has not been satisfied or waived (if applicable) on or before 30 September 2018 or such later date as parties to the Agreement may agree, all the terms of the Agreement shall thereupon become null and void ab initio and the Purchaser's obligations to purchase the Sale Shares shall lapse.

The Purchaser will follow the usual conveyancing practice in Hong Kong that the Consideration payable by the Purchaser on Completion will be split into two cheques or cashier orders for (i) the redemption money which will be drawn in favour of the mortgagee for the release of the Existing Mortgage; and (ii) the remaining balance of the Consideration will be drawn in favour of the Vendors. Upon receipt of the redemption money, the mortgagee of the Existing Mortgage will execute release or discharge to free the Properties from the Existing Mortgages.

Given that the principal business of the Target is only the holding of the Properties, we consider that it is inappropriate to assess the fairness and reasonableness of the Consideration by way of comparable analysis based on price-to-earnings ratio or price-to-book ratio which is commonly used in other sale and purchase transactions of companies. We have noted that it is common practice to acquire properties through the acquisition of a holding company, with considerations based on the net asset value of the holding company (i.e. the fair value of the properties adjusted for the carrying value of the remaining outstanding assets and liabilities of the holding company, and the case of the Proposed Acquisition, the valuation of the Properties).

Our work done

As per the Valuation Report as set out in Appendix I to the Circular, the value of the Property I and Property II as at 31 March 2018 amounted to HK\$33,000,000 and HK\$7,300,000, respectively. In determining the fairness and reasonableness of the Consideration, we have reviewed the Valuation Report, and discussed with the Valuer for the purpose of the valuation of the Properties (the "**Valuation**"), the methodology and basis for assumptions used in arriving at the valuation of the Properties.

For the Valuation of Property I, we were given to understand that the principal method adopted is the investment approach by taking into account the current rent passing of the property interests and the reversionary potential of the tenancies. We have reviewed the data used by the Valuer in arriving at the Valuation of Property I, and noted that such data are derived from information in the tenancy agreement in conjunction with recent market data from properties in close proximity to the Property I. Adjustments have been made for the differences in transaction dates, location, floor area etc. between the comparable properties and the Property I. We have obtained and reviewed the transactions identified by the Valuer for the investment approach, and noted that such transactions are recent transactions for retail properties in close

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proximity to the Property I. The investment approach is to assess the “term value” generated by the passing rent under the residual term of existing tenancies at an appropriate term yield and the “reversionary value” based on current market rent at an appropriate reversionary yield when the property is further to be leased or the existing lease is renewed. The summation of the capitalised term value and the capitalised reversionary value is the market value. In undertaking the valuation of the property, the Valuer has gathered the market unit rent of certain comparable properties in the range of HK\$254/sq. ft. and HK\$298/sq. ft. per month and the market yield of the comparables in the range of 2.8% to 3.4% of the similar type of commercial properties in the locality.

In the course of the valuation, the Valuer has compared the average rent of certain similar properties in the area and capitalised the passing monthly rent of HK\$351/sq. ft. and market monthly rent of HK\$308/sq. ft., as well as the reversionary market yield at about 3%, which in line with 2.8% to 3.4% of the comparables. Adjustments have been made for the differences in transaction dates, location, floor area etc. between the comparable properties and the property interest. The adjusted unit rate of the rental comparables are in the range of HK\$282/sq. ft. and HK\$347/sq. ft. per month. Thus, the valuation of the property falls within this range. We consider that the data used for the investment approach is fair, reasonable, and appropriate in arriving at the Valuation of Property I.

For the Valuation of Property II, the direct comparison approach was undertaken, whereby assessing the value of the properties by making reference to the recent transactions for similar premises in the proximity.

In the course of the valuation, the Valuer has collected and analysed the following recent relevant sales comparables (the “**Comparables**”) in the same premise where the Property II is located.

Comparable Property	Saleable Area (sq. ft.) Approximate	Unit Rate (per sq. ft.) Approximate	Usage
Comparable A	343	HK\$13,848	Residential
Comparable B	307	HK\$14,528	Residential
Comparable C	391	HK\$13,248	Residential
Comparable D	528	HK\$13,008	Residential
Comparable E	343	HK\$13,994	Residential

In the course of the valuation, the independent professional valuer has adopted the unit rate of HK\$13,800/sq. ft.. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the property interest. The adjusted unit rate of the Comparables are in the range of HK\$12,600 and HK\$15,300 per sq. ft. and the valuation of the Property II falls within this range.

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Based on our discussions with the Valuer, the Valuer considers adopting investment approach for Property I is the most appropriate by making reference to comparable market rent because there are limited observable askings in the market. The Valuer also considers that it is most appropriate to adopt the direct comparison approach for Property II by making reference to comparable market transactions as compared with the investment approach because the subject assets are actively publicly traded and there are frequent and/or recent observable askings. It is a commonly adopted approach in the determination of the market value of properties. For the purpose of cross-checking and due to the availability of information, we have also examined the valuation of Properties II by adopting the investment approach and the result is in-line with the valuation report. We have attempted to examine the valuation of Property I for cross-checking purpose, but due to no observable transactions identified for the premises where Property I is located and limited observable askings in close vicinity, such cross-checking could not be performed. Based on the above, we consider the sale transactions identified by the Valuer for the direct comparison approach as a fair and representative sample for comparison purposes.

We have discussed with the Valuer and noted that the above assumptions and adjustments are common practice in valuation of properties in Hong Kong, and therefore consider it is fair and reasonable so far as the Independent Shareholders are concerned.

We have assessed the qualification and experience of the responsible person of the Valuer for its engagement as the independent professional valuer for the Properties. We note that Mr. Raymond Ho Kai Kwong, the person in charge of the Valuation, is a professional Chartered Surveyor who has over 30 years of experience in undertaking valuation of properties in Hong Kong. Although the Valuer has been engaged by the Company in the past for property valuation works, neither the Valuer nor the Company is aware of any relationship which may render them not independent and we are satisfied that the Valuer is independent from the Company. Furthermore, the Valuer confirmed that it is an independent third party to the parties to the Agreement and their respective core connected persons. In addition, we also reviewed the terms of the Valuer's engagement letter and noted that the scope of work is appropriate for arriving at the opinion of the market value on the Properties and we are unaware that there are any limitation on the relevant scope of work. Nothing has come to our attention that parties to the Agreement had made formal or informal representation to the Valuer that contravenes with our understanding of the information, to a material extent, as set out in the Circular. In conducting the Valuation, the Valuer has confirmed compliance with all the requirements as set out in Chapter 5 of the Listing Rules and the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors (the "HKIS").

Based on our review of (i) the terms and conditions of the Agreement, particularly that the Consideration was negotiated at arm's length between the Vendors and the Purchaser, based on various factors, including valuation of the Property I using investment approach and valuation of the Property II using direct comparison approach, which valued the Property I at HK\$33,000,000 and Property II at

HK\$7,300,000 as conducted by the Valuer; and (ii) the Valuation Report issued by the Valuer, and taken into account the Valuer's confirmation as to its independence and their compliance with all relevant rules and regulations in performing their duties, we are of the opinion that the terms of the Agreement (including but not limited to the Consideration and the determination basis thereof) are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned.

4. Financial Effects

Based on our discussion with the Directors, we understand that the Directors have taken into account the following factors when they considered the potential impact of the Proposed Acquisition on the financial position of the Group:

Net assets

According to the 2017 Annual Report of the Company (the “**2017 Annual Report**”), the net assets of the Group were approximately HK\$245.7 million as at 31 December 2017. The Consideration of HK\$40,300,000 is determined with reference to the net asset value of the Properties of HK\$40,300,000 as adjusted by the Valuation, therefore, it is expected that the Proposed Acquisition would not have a material impact on the net assets of the Group upon Completion unless the value of the Properties significantly deviated from its Valuation as at the date of the Valuation.

Earnings

Given that Property I is currently leased to an Independent Third Party and that the Group intends to continue to lease out Property I after Completion, the Group will continue to receive rental income from the lease, which could immediately contribute to the total earnings of the Group. Further, in view of that Group intends to occupy Property II for its use as a staff quarter, which could achieve rental savings. Nevertheless, the effect of rental income to be generated from Property I and rental saved from Property II will be partly offset by the interest expenses arising from the bank borrowings (the “**Loans**”) which will be used for the satisfaction of 81.9% of the Consideration. According to the existing lease, for the period starting from 1 June 2018 to 31 May 2019, the total rental income and savings generated will be amounted as HK\$1,319,400, while the total related interest expenses will be approximately HK\$863,402, the rental income and savings would be able to cover the interest expenses incurred.

Given that Property I is currently leased to an Independent Third Party and that the Group intends to continue to lease out Property I after Completion, the Group will continue to receive rental income from the lease, which could immediately contribute to the total earnings of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Liquidity

According to the 2017 Annual Report, the Group's gearing ratio as at 31 December 2017, which is calculated on the basis of total loans and borrowings divided by total equity attributable to the Shareholders, was approximately 0.32, whilst the current ratio of the Group, which is expressed as a ratio of total current assets divided by current liabilities to reflect the adequacy of the financial resources, was approximately 1.2 times as at 31 December 2017. The Loans will add to the total loans and borrowings of the Group and lead to increase in the gearing ratio of the Group. Given the current low level of the gearing ratio and the high base of total equity of the Group, it is expected that the Loans shall not cause a significant increase in the gearing ratio.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

In consideration of the above, we are of the view that although the Proposed Acquisition is not in the ordinary and usual course of business of the Group, the Proposed Acquisition is in the interest of the Company and the Shareholders as a whole; and the terms of the Agreement, including but not limited to the Consideration and the determination basis thereof, are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned. We therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Wallace Cheung
Director

Mr. Wallace Cheung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Mesis Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 7 years of experience in corporate finance industry.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong



7 June 2018

The Directors
Golden Power Group Holdings Limited
Flat C, 20/F
Block 1
Tai Ping Industrial Centre
No. 57 Ting Kok Road
Tai Po, New Territories

Dear Sirs,

In accordance with your instructions of Golden Power Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter referred to as the “**Group**”) to value the property interests in the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 31 March 2018 (“**Valuation Date**”) for the purpose of incorporation in the circular of the Company dated 7 June 2018 (the “**Circular**”). Unless otherwise stated, the capitalised terms used herein shall have the same meaning ascribed to them in the Circular.

Our valuation is our opinion of the market value of the property interests which we would define market value as intended to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the Property I, we have adopted the investment approach by taking into account the current rent passing of the property interest and the reversionary potential of the tenancy.

In valuing the Property II, we have assessed the value of the property by adopting the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the property interest.

Our valuation has been made on the assumption that the owner sells the property interests on the market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the value of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any neither of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have caused searches to be made on the title of the properties at the Land Registry in Hong Kong, however, we have not scrutinized the original title documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us.

In valuing the property interests which is situated in Hong Kong and held under the government leases which will be expired before 30 June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30th June 2047 and that an annual rent of three percent of the rateable value of the property would be charged from the date of extension.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on matters such as statutory notices, easements, tenure, occupancy, floor areas, identification of the properties and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have relied on the Company's confirmation that no material fact has been omitted from the information so supplied. All documents have been used as reference only. All dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties in respect of which we have been provided with such information as we have required for the purpose of our valuation. However, no structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the properties are free of rot, infestation or any structural defect. No tests have been carried out on any of the building services.

In valuing the property interests, we have complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors (“**HKIS**”).

Unless otherwise stated, all sums in our valuation are in Hong Kong Dollars.

We enclose herewith a summary of valuation and the valuation certificates.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc (e-com)
China Real Estate Appraiser
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc (e-com), has over thirty one years’ experiences in undertaking valuations of properties in Hong Kong and has over twenty four years’ experiences in valuations of properties in the PRC.

SUMMARY OF VALUATION

Property interests to be acquired by the Group for investment purpose in Hong Kong

		Market Value in existing state as at 31 March 2018
Property I.	Shop 29 on Ground Floor, Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories	HK\$33,000,000
Property II.	Flat E on 19th Floor of Tower 16, Tai Po Centre (Phase 5), No. 6 On Pong Road, Tai Po, New Territories	HK\$7,300,000
		<hr/> Total: <u>HK\$40,300,000</u>

VALUATION CERTIFICATE

Property interests to be acquired by the Group for investment purpose in Hong Kong

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2018
Property I.	Shop 29 on Ground Floor, Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories 89/58,213 of equal and undivided shares of and in Tai Po Town Lot No. 3	The property comprises a commercial unit on the Ground Floor of a 2- storey commercial podium which was completed in 1988. The saleable area of the property is approximately 267 sq. ft. (24.784 sq. m.). The subject lot is held under a New Grant No. TP11815 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047. The Government rent payable is 3% of the rateable value of the property per annum.	The property was subject to a tenancy for a fixed term of two years commencing on 1 November 2015 and expiring on 31 October 2017 at a monthly rent of HK\$75,000 and with option to renew for one year at a monthly rent of HK\$93,750 inclusive of rates, government rents and management fees. Upon our site inspection, the property was occupied by the third-party tenant for food shop uses.	HK\$33,000,000

Notes:

- (i) The registered owner of the property is China Scene Limited, vide Memorial No. 08052602180110 dated 30 April 2008.
- (ii) Pursuant to the land search record, the property is subject to, *inter alia*, the following encumbrances:
 - (a) Occupation Permit (Permit No. NT203/88) vide Memorial No. TP288520 dated 16 September 1988.
 - (b) Certificate of Compliance vide Memorial No. TP288521 dated 17 October 1988.
 - (c) Deed of Mutual Covenant and Management Agreement vide Memorial No. TP289180 and TP373671 dated 20 October 1988.
 - (d) The property is subject to a tripartite legal charge/mortgage to secure all monies in respect of general banking facilities in favor of the China Citic Bank International Limited vide Memorial No. 15011602320039 dated 19 December 2014.
 - (e) The property is subject to a rental assignment in favor of China Citic Bank International Limited vide Memorial No. 15011602320040 dated 19 December 2014.
- (iii) The property was inspected by Mr. Lai Kar Yin, Chartered Surveyor, on 30 January 2018.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2018
Property II.	Flat E on 19th Floor of Tower 16, Tai Po Centre (Phase 5), No. 6 On Pong Road, Tai Po, New Territories 90/60,000 of equal and undivided shares of and in Tai Po Town Lot No. 19	<p>The property comprises a flat on the 19th Floor of a 22-storey residential building which was completed in 1987.</p> <p>The gross floor area of the property is approximately 665 sq. ft. (61.78 sq. m.), and the saleable area of the property is approximately 528 sq. ft. (49.05 sq. m.).</p> <p>The subject lot is held under a New Grant No. 12042 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047.</p> <p>The Government rent payable is 3% of the rateable value of the property per annum.</p>	<p>The property was subject to a tenancy to Golden Power Corporation (Hong Kong) Limited, a related party, for a term of 3 years commencing on 1 April 2018 and expiring on 31 March 2021 at a monthly rent of HK\$16,200 inclusive of rates and management fees.</p> <p>Upon our site inspection and confirmed by the Company, the property was occupied by the Group as staff quarters.</p>	HK\$7,300,000

Notes:

- (i) The registered owner of the property is China Scene Limited vide Memorial No. 10052802290011 dated 30 April 2010.
- (ii) Pursuant to the land search record, the property is subject to, *inter alia*, the following encumbrances:
 - (a) Occupation Permit (Permit No. NT32/87) vide Memorial No. TP263247 dated 6 March 1987.
 - (b) Letter of Compliance from District Lands Office, Tai Po vide Memorial No. TP263522 dated 20 March 1987.
 - (c) Deed of Mutual Covenant and Management Agreement vide Memorial No. TP264790 dated 20 March 1987.
 - (d) The property is subject to a tripartite legal charge/mortgage to secure all monies in respect of general banking facilities in favor of the China Citic Bank International Limited vide Memorial No. 15011602320112 dated 19 December 2014.
 - (e) The property is subject to a rental assignment in favor of China Citic Bank International Limited vide Memorial No. 15011602320125 dated 19 December 2014.
- (iii) The property was inspected by Mr. Lai Kar Yin, Chartered Surveyor, on 30 January 2018.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

Interests of Directors in the Company

As at Latest Practicable Date, 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 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 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:

Name	Nature of Interest	Total number of shares held	Approximate percentage of shareholding
Chu King Tien	Interest in a controlled corporation (<i>Note 1</i>)	126,000,000 ordinary shares	52.5%

Notes:

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

Interests of Directors in associated corporation — Golden Villa Ltd.

Name	Nature of interest	Number of shares (long position)	Approximate percentage of shareholding
Chu King Tien	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.

Directorship or employment in a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO

Mr. Chu is a director of Golden Villa, being a company which had an interest in the Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or their respective close associates had any interests in any business which compete or are likely to compete with the business of the Group.

5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

Save as the Agreement disclosed in this Circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2017 (being the date to which the latest published audited consolidated accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

Save as the Master Sales Agreement, as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest audited consolidated financial statements of the Group were made up.

7. QUALIFICATIONS OF EXPERTS

The following is the qualifications of the expert who has given opinion or advice which are contained in this circular:

Names	Qualifications
Messis Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Vigers Appraisal & Consulting Limited	Registered Professional Surveyor

Each of Mesis Capital Limited and Vigers Appraisal & Consulting Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report (as the case may be) and references to its name, in the form and context in which they appear.

As at the Latest Practicable Date, each of Mesis Capital Limited and Vigers Appraisal & Consulting Limited:

- (a) was not beneficially interested in the share capital of any member of the Group;
- (b) did not have any direct or indirect shareholding in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which have been since 31 December 2017 (the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

8. MISCELLANEOUS

This circular is prepared in both English and Chinese. In the event of any inconsistency, the English version shall prevail over the Chinese version of this circular.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

- (a) the Agreement;
- (b) the letter from the Board, the text of which is set out on pages 4 to 17 of this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 18 to 19 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 20 to 39 of this circular;
- (e) the written consent of the expert referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix; and
- (f) the circular.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Golden Power Group Holdings Limited (the “**Company**”) will be held at Salon I, Hyatt Regency Hong Kong, Sha Tin, 18 Chak Cheung Street, Sha Tin, Hong Kong on Wednesday, 27 June 2018 at 3:00 p.m. or any adjournment(s) thereof, for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the sale and purchase agreement dated 6 March 2018 (“**Agreement**”) entered into among Best Kind Holdings Ltd., a wholly-owned subsidiary of the Company, (the “**Purchaser**”), and Golden Villa Ltd. and Golden Power Investments (B.V.I.) Limited as vendors (collectively, the “**Vendors**”) in relation to the sale and purchase of the entire issued share capital of China Scene Limited (中境有限公司) from the Vendors by the Purchaser at an aggregate consideration of HK\$40,300,000 (a copy of the Agreement having been produced to the EGM and marked “A” and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company do all such things and sign, seal, execute, perfect and deliver all such documents as he/she may in his/her discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of and/or giving effect to any matters relating to the Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 7 June 2018

NOTICE OF EGM

*Head Office 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

Registered office:

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

Notes:

1. The register of members of the Company will be closed from 22 June 2018 to 27 June 2018, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 21 June 2018 at 4:30 p.m..
2. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the offices of the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending in person and voting at the EGM or any adjournment thereof, should he/she so wish.
4. A form of proxy in respect of the EGM is enclosed. Whether or not you intend to attend the EGM in person, all members are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting if they so wish.

NOTICE OF EGM

5. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the voting on the resolution at the EGM will be conducted by way of poll.
6. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 9:00 a.m. on the date of the EGM, the EGM will be postponed. Members may visit the websites of the Company at www.goldenpower.com and The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for details of the postponement and alternative meeting arrangement.
7. The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail over the Chinese version of this notice.

As at the date of this notice, 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.