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

2022 Annual Report

CONTENTS

2 CORPORATE INFORMATION

3 CHAIRMAN'S STATEMENT

6 MANAGEMENT DISCUSSION AND ANALYSIS

13 BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

17 CORPORATE GOVERNANCE REPORT

34 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

65 REPORT OF THE DIRECTORS

75 INDEPENDENT AUDITOR'S REPORT

79 CONSOLIDATED STATEMENT OF PROFIT OR LOSS

80 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

81 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

83 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

84 CONSOLIDATED STATEMENT OF CASH FLOWS

86 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

143 FINANCIAL SUMMARY

144 GROUP'S PROPERTIES

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

Mr. Hui Kwok Wah
Mr. Ma Sai Yam *(resigned on 31 May 2022)*
Mr. Chow Chun Hin, Leslie
Mr. Kan Man Kim *(appointed on 31 May 2022)*

COMPANY SECRETARY

Mr. Tse Kar Keung *(resigned on 18 October 2022)*
Mr. Chan Po Man *(appointed on 19 October 2022)*

AUDIT COMMITTEE

Mr. Hui Kwok Wah *(Chairman)*
Mr. Kan Man Kim
Mr. Chow Chun Hin, Leslie

REMUNERATION COMMITTEE

Mr. Hui Kwok Wah *(Chairman)*
Mr. Chu King Tien
Mr. Kan Man Kim

NOMINATION COMMITTEE

Mr. Chu King Tien *(Chairman)*
Mr. Hui Kwok Wah
Mr. Kan Man Kim

ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Chu Ho Wa *(Chairman)*
Mr. Tang Chi Him
Mr. Liang Tao
Mr. Chen Ming
Mr. He Yong Xi

AUTHORISED REPRESENTATIVES

Ms. Chu Shuk Ching
Mr. Chan Po Man

COMPLIANCE OFFICER

Ms. Chu Shuk Ching

LEGAL ADVISERS

As to Hong Kong laws
ONC Lawyers

As to PRC laws
Yuan Tai Law Offices

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited

AUDITOR

PKF Hong Kong Limited

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17F., Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY WEBSITE

www.goldenpower.com

BOARD LOT

2,000 shares

STOCK CODE

3919

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (collectively the "**Directors**" and each a "**Director**") of Golden Power Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), it is my pleasure and honour to present the Group's annual results for the financial year ended 31 December 2022 (the "**Year**").

The year of 2022 was an extremely difficult and challenging year for the Group.

OVERVIEW OF OUR RESULTS

Revenue for the Year has decreased by approximately 4.89% to approximately HK$330.25 million from approximately HK$347.22 million in the financial year ended 31 December 2021 (the "**Last Year**"). Loss attributable to the shareholders of the Company was approximately HK$22.79 million for the Year as compared to a profit of approximately HK$4.71 million in the Last Year, which was a turnaround from profit to loss. Loss per share were HK(6.33) cents, as compared to the earnings per share of HK1.51 cents for the Last Year.

REVIEW AND OUTLOOK

The volatility of the exchange rates of foreign currencies, rising interest rates, as well as escalating labour costs and the fluctuations of commodity prices in the People's Republic of China (the "**PRC**") and internationally exerted pressure on the Group's gross profit margin in the Year. Yet though effective cost control throughout the year, the Group was able to maintain the gross profit margin of the Group during the Year as compared to the previous year.

The year of 2022 is a challenging year for the Group. Since the outbreak of the Pandemic in January 2020, the virus variant continued to spread globally over the year of 2022 and emergency public health measures such as national-wide lock-downs, travel restrictions and various actions were taken to prevent the spread of the Pandemic. This led to an unstable logistics supply on the container and unforeseeable disruption to shipping schedule, which affected the delivery of products by the Group in first half year of 2022. The Russia-Ukraine War further caused the fluctuation of exchange rates, interest rate, material price, energy price and cost of delivery of the goods, which all put pressure on the Group's performance.

On the other hand, in 2022, widespread lock-down of cities and communities and the adoption of "dynamic zero-COVID policy" in PRC contributed to a shortage of manpower and supply of other production resources, such as electricity, which reduced the Group's production capacity and delayed production and delivery schedules of Group during 2022. Such disruption is reflected in a significant decrease on the Group's turnover, especially in PRC and Hong Kong region.

As a future outlook of 2023, under the policy of coexistence with COVID-19 in the PRC and most of the countries, the resumption of international transportation and logistics allows the Group to rebuild our connections with international customers. In addition, the Group will endeavour to catch up the recovery of PRC and Hong Kong market. It is expected that commodity prices and logistics costs will gradually go down in 2023, as its downward trend has started to reflect at the late 2022. The Group will also continue to improve its financial performance by tightening cost control, upgrading production automation and enhancing production efficiency. As such, the Group will continue its strategy of investing in production facilities and automation to increase cost efficiency and productivity.

On the other hand, with the continuation of the military hostilities between Russia and Ukraine causing inflations in global economy, potential raising energy and commodity prices, hikes in interest rates, volatility of the exchange rates of foreign currencies, which cumulated into a slowdown of the global economy and may continue to cause some uncertainties in the market in 2023. It is expected that the hikes of inflation and interest rates will remain in 2023 globally, especially in European and American markets, which resulted in dissipation of purchasing power of consumers in European and American markets. This will be a potential threat which drives down the Group's turnover in 2023 from the European and American markets. With the interest rates hike, the Group also face an increase of interest expense. The Board will focus on taking actions to minimise the negative impact brought by the said unfavourable factors.

Through the investment in automation and production lines since 2017, the Group realized cost-saving in production. In the long run, by saving the production cost, the Group will be allowed to allocate more resources to enhance our research and development capability and to develop the new variety of products, which will contribute to the expansion and ensure the sustainability of the Group.

In 2023, the Group will continue to streamline its operation structure in the PRC to maintain our competitiveness. The Group will continue to implement restructuring of the subsidiaries to achieve cost control over the cost of sales. The synergy effect is expected to bring better efficiency and save costs as a whole to the Group.

Despite the challenging condition of the market in 2022, the Group has continued to strive for enhancing the production efficiency of disposable batteries. We believe that the demand from our OEM customers for disposable batteries will grow steadily as the market demand for disposable batteries is generally increasing. The Group will also continue to improve the product performance, broadening our private label customer base, and expanding our retail market in 2023. We will also strive for expanding our product portfolio and upgrading the quality, reliability and durability of our products.

FUTURE DEVELOPMENT

Going forward, the Group will continue to strengthen its competitiveness in the market by increasing our research and development input and strengthen our products diversity, which will in turn enhance our products quality and production technology and secure our long-term success in the industry. A newly designed automatic production line for producing cylindrical battery will be commenced the trial-run in first half year of 2023 projection and we will expect it can be commenced commercial production in the late 2023.

With the newly acquired production lines commencing commercial production, the Group is ready to capture the rebound of demand over battery products brought by the recovery of global economy upon the coexistence with COVID-19 globally in 2023. While the management is prudently optimistic about the business outlook in 2023 and the general economic recovery, the Group will closely monitor the possible fluctuation of the interest rates and the exchange rates, increase in materials and labour costs and the change in market demand over battery products, in order for the Group to take timely and appropriate measures to minimize the possible negative impact which may be brought to the business of the Group.

To achieve a wider sustainability, Group keeps put effort on aspect of Environmental, Social and Governance (ESG) in manufacturing process. The Group will continue to enforce to decrease the carbon emission and energy consumption.

The Board will continue to focus on our manufacturing business which is our core business by enhancing its production competency and efficiency. In order to diversify revenue streams and strengthen the Group's performance under the current challenging environment of our manufacturing business, the Board will continue to explore other business opportunities and potential investment opportunities. The Board believes that a more diversified revenue stream is expected to deliver long term sustainable value to our shareholders.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to the shareholders, investors, business partners, and staff members who continued to support our businesses during the Pandemic. We express our special thanks to those who braved personal hardship to stay in their posts during the Pandemic period, their continuous support and dedication to the Group. We will continue to adopt the appropriate expansion plan, stringent cost controls and adaptable strategies to seize market opportunities, in order to maximize returns for our shareholders.

Chu King Tien
Chairman and Executive Director

Hong Kong, 23 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

The revenue of cylindrical batteries for the Year decreased by approximately HK$16.71 million from approximately HK$242.28 million for the Last Year to approximately HK$225.57 million for the Year, which was equivalent to an decrease in approximately 6.90% in revenue of cylindrical batteries. Such decrease in revenue was mainly due to decrease in its general demand in Europe, China and Hong Kong during the Year.

The revenue of micro-button cells for the Year increased by approximately HK$1.29 million from approximately HK$98.18 million for the Last Year to approximately HK$99.47 million for the Year, which was equivalent to a increase of approximately 1.32% in revenue of micro-button cells. The revenue of rechargeable batteries and other battery-related products for the Year decreased by approximately HK$1.55 million from approximately HK$6.76 million for the Last Year to approximately HK$5.20 million for the Year, which was equivalent to approximately 22.97% decrease in revenue of rechargeable batteries and other battery-related products. Such decrease in revenue was mainly due to decease in its general demand except in the East Europe and PRC market.

Revenue for the Year has decreased by approximately 4.89% to approximately HK$330.25 million from approximately HK$347.22 million in the Last Year. The Company recorded a turnaround from profit to loss that the loss attributable to the shareholders of the Company was approximately HK$22.79 million for the Year, as compared to a profit of approximately HK$4.71 million in the Last Year. Loss per share were HK(6.33) cents, as compared to the earnings per share of HK1.51 cents for the Last Year.

FINANCIAL REVIEW

Revenue

Revenue for the Year was approximately HK$330.25 million (2021: approximately HK$347.22 million) representing an decrease of approximately 4.89% as compared to the Last Year. Such decrease was mainly attributable to the decrease in demand of cylindrical batteries from Europe, China and Hong Kong.

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

	2022 HK$'000	2021 HK$'000
The PRC	85,940	113,342
Hong Kong	24,666	42,327
Asia (except the PRC and Hong Kong)	71,942	51,560
Europe	45,901	65,270
Eastern Europe	16,953	16,756
North America	46,858	40,887
South America	13,078	14,762
Australia	24,485	523
Africa	136	513
Middle East	288	1,278
	330,247	347,218

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

	2022 HK$'000	2021 HK$'000
Cylindrical batteries	225,571	242,284
Micro-button cells	99,472	98,179
Rechargeable batteries and other battery-related products	5,204	6,755
	330,247	347,218

Gross Profit
The Group recorded a gross profit for the Year of approximately HK$71.54 million (2021: approximately HK$73.49 million), representing a decrease of approximately 2.65% as compared to the Last Year, which was mainly due to the decrease in cost of sales by approximately HK$15.02 million from approximately HK$273.73 million for the Last Year to approximately HK$258.71 million for the Year, representing an decrease of approximately 5.48%. The decrease was mainly attributable to the decrease in revenue, effective cost control measures in lowering the labour costs and the depreciation in RMB during 2022 resulting in the decrease in prices of raw materials and packaging materials.

Expenses
During the Year, the selling expenses of the Group increased by approximately 5.98% to approximately HK$18.60 million as compared to approximately HK$17.55 million in the Last Year. The increase was mainly due to the increase in the promotion and travelling expenses. The Group's general and administrative expenses decreased by approximately HK$2.79 million to approximately HK$53.23 million as compared to approximately HK$56.02 million for the Last Year. The decrease in general and administrative expenses was mainly due to the decrease in salaries and entertainment expenses.

Finance Costs
The finance costs of the Group has increased by approximately 30.53% to approximately HK$5.16 million for the Year as compared to approximately HK$3.95 million in the Last Year. The increase was mainly due to the increase in interest rate.

Income Tax
The income tax expense of the Group has decreased by approximately HK$6.01 million to approximately HK$4.92 million tax credit for the Year as compared to approximately HK$1.09 million tax expense for the Last Year. The decrease was due to the drop of the Group's profit in the Year.

Profit/loss attributable to the Shareholders
Loss attributable to shareholders of the Company for the Year was approximately HK$22.79 million (2021: profit attributable to shareholders approximately HK$4.71 million), representing a turnaround from profit to loss, which was mainly attributable to the combined effects of (i) decrease of gross profit approximately HK$1.95 million as compared to the Last Year resulted from the decrease of revenue by approximately HK$16.97 million; (ii) the depreciation of RMB against Hong Kong Dollar, which led to the Group recording a foreign exchange loss and a hedging loss during 2022; (iii) fair value loss of investment properties interest held by the Group; and (iv) decrease of rental income from investment properties held by the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group operates a conservative set of treasury policies to preserve value of the Group's assets and ensure that no unnecessary risk is taken with respect to the Group's assets. No financial investment other than cash and bank deposits were currently held by the Group during the year.

As at 31 December 2022, the cash and bank balances were approximately HK$21.51 million, which was approximately HK$15.12 million less than HK$36.63 million as at 31 December 2021.

As at 31 December 2022, the Group has utilised banking facilities of approximately HK$213.94 million, which was approximately 87.94% of the total banking facilities available, as compared to the utilised amount of approximately HK$226.17 million as at 31 December 2021 which was approximately 88.43% of the total banking facilities available, which represents an decrease by approximately HK$12.23 million in the utilised banking facilities as at 31 December 2022 over 31 December 2021. The Directors believe that the utilisation rate of the banking facilities has been maintained at a reasonable level. The Directors also believe that the existing banking facilities are at a safe level to support the Group's operating needs.

CHARGES ON ASSETS

The Group's bank borrowing facilities were secured mainly by certain property, plant and equipment, all investment properties and all prepaid land lease payment of the Group with carrying value of approximately HK$141.28 million as at 31 December 2022 (2021: approximately HK$154.82 million).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

During the Year, the Group entered into the foreign exchange future contracts to hedge against the fluctuation in exchange rates between RMB and Hong Kong Dollar for the forecast purchase transactions, which had a total contract value of RMB75 million. All the foreign exchange future contracts had completed during the Year and the Group did not enter into any other foreign currency borrowing contracts or hedging instruments.

Net exchange loss of HK$12.27 million have been incurred for the year mainly due to the depreciation of RMB against Hong Kong Dollar.

FINANCIAL KEY PERFORMANCE INDICATORS

	2022	2021
Gross profit margin	21.66%	21.16%
Net profit margin	(6.90)%	1.36%
Gearing ratio	0.86	0.85

Gross Profit Margin

The gross profit margin increased by approximately 0.50 percentage points from approximately 21.16% for the Last Year to approximately 21.66% for the Year. It was mainly due to the effective cost control measures in lowering the labour costs and the depreciation in RMB during the year resulting in the decrease in prices of raw materials and packaging materials.

Net Profit/Net loss Margin

The net profit margin decreased by approximately 8.26 percentage points to net loss margin of approximately (6.90)% for the Year as compared to approximately 1.36% for the Last Year. The decrease in the net profit margin was mainly attributable to the depreciation of RMB against Hong Kong Dollar, which led to the Group recording a foreign exchange loss and a hedging loss during 2022; and fair value loss of investment properties interest held by the Group.

Gearing Ratio

The gearing ratio increased by 0.01 to 0.86 for the Year as compared to 0.85 for the Last Year. The increase was mainly due to the decrease in the total equity during the Year. Gearing ratio is defined as the total other payables and accruals, bank borrowings and lease liabilities divided by total equity.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities (2021: nil).

CAPITAL STRUCTURE

There has been no change in the issued share capital of the Company during the year. The capital structure of the Group consists of bank borrowings, net of bank balances and cash and equity attributable to Shareholders of the Group comprising issued share capital and reserves. The issued share capital of the Group comprises ordinary Shares only. Total equity of the Group amounted to approximately HK$287.37 million as at 31 December 2022 (2021: approximately HK$315.08 million).

DIVIDEND

The Directors resolved not to recommend the payment of any dividend for the Year (2021: nil).

CAPITAL COMMITMENT

As at 31 December 2022, the Group had capital expenditures contracted for approximately HK$4.38 million on a newly designed and automatic production line and others auxiliary machineries for producing mercury-free, cadmium-free and lead-free disposable batteries. Other than the disclosed, the Group had no other capital expenditure commitment.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2022, the Group had the following significant investments: (i) the Company's investment in various subsidiaries; (ii) the investment in two investment 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 (the "**Tai Ping Properties**"), which are held by Golden Power Properties Limited (an indirect wholly-owned subsidiary of the Company) for leasing purpose and (iii) Shop 29, Ground Floor of Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories, Hong Kong (the "**Fortune Plaza Shop**"), which is held by China Scene Limited (an indirect wholly-owned subsidiary of the Company) (collectively, the "**Investment Properties**").

All of tenancies of the Investment Properties had expired as at 31 December 2022 and were open to let. As at 31 December 2022, the fair value of the Investment Properties is approximately HK$97.00 million and the relative size of the Investment Properties to the total assets of the Group as at 31 December 2022 was approximately 15%. The Investment Properties recorded an fair value loss of HK$8.00 million for the Year. The rental income generated from the Investment Properties was HK$0.38 million during the Year. The investment strategy of the Company in respect of the Investment Properties is that, despite the recent cooling down of the Hong Kong property market, the Company aims to broaden the Company's fixed asset base with a positive and stable returns in the long-run, which can diversify the source of income of the Company and generate healthy income streams in to the Group.

Save as the above, the Group did not hold any other significant investments as at 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

The Group has from time to time been exploring investment opportunities that would benefit the Shareholders as a whole. The Group had capital expenditures contracted for approximately HK$4.38 million for the acquisition of a newly designed and automatic production line and auxiliary and other machineries for producing mercury-free, cadmium-free and lead-free disposable batteries. Except for those disclosed in this annual report, the Group did not have any specific plans for material investment or capital asset as at 31 December 2022.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures of the Group during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

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

(i) The Group's business in European and American markets may be affected by the dissipation of purchasing power of customers resulted from inflation as a result of the military hostilities between Russia and Ukraine, the Group will focus on taking actions to minimise the negative impact;

(ii) The Group's business and operation may be seriously affected by the outbreak of COVID-19 or other public health incidents, which may cause lockdown, travel restrictions and suspension of work in Hong Kong, PRC or elsewhere;

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

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

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

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

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

For more details about the general risks and uncertainties in relation to the Group, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 29 May 2015 (the "**Prospectus**").

EMPLOYEES AND REMUNERATION POLICY

The Directors believe that employees are an important asset to the Group and the quality of the employees is an important factor in sustaining the Group's business growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salary and contributions to the mandatory provident fund, staff benefits also include medical insurance scheme and the options which may be granted under the share option scheme adopted by the Company. The Group also arranges induction and on-the-job training to employees from time to time.

As at 31 December 2022, the Group had a total of 475 employees (2021: 490 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK$46.59 million in the Year (2021: approximately HK$53.35 million) representing an decrease of approximately 12.67% for the Year. Directors' remuneration for the Year amounted to approximately HK$10.33 million (2021: approximately HK$10.36 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK$0.50 million (2021: approximately HK$0.49 million).

Other than the statutory Mandatory Provident Fund Scheme in Hong Kong or the central pension scheme in the PRC, the Group does not have pension scheme for employees and there was no contributions which could be forfeited by the Group as at the end of the year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

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

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

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

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

During the Year, the Board is of the opinion that the Company has complied with all the applicable code provisions set out in the CG Codes. For further information, please refer to the Corporate Governance Report in this annual report.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

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

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

FUTURE DEVELOPMENT

The Group will continue to invest in its production facilities and upgrade the production lines in order to enhance the production capacity and efficiency in 2023. A newly designed automatic production line for producing cylindrical battery will be commenced the trial-run in first half of 2023 and the Company expects it can commence commercial production in the late 2023.

To achieve a wider sustainability, Group keeps put effort on aspect of Environmental, Social and Governance (ESG) in manufacturing process. Group will continue to enforce to decrease the carbon emission and energy consumption. In order to maintain its market competitiveness and sustainability, the Group will continue to streamline its corporate structure in the PRC, potential business and investment opportunities in 2023.

USE OF PROCEEDS FROM THE 2021 RIGHTS ISSUE

On 9 April 2021, the Company announced that it proposed to raise approximately HK$39.60 million, before expenses of approximately HK$3.99 million, by issuing 120,000,000 rights shares, which after fully-paid would rank pari passu with the ordinary Shares, by way of rights issue (the "**2021 Rights Issue**") at the subscription price of HK$0.33 per rights share, on the basis of one rights share for every two existing Shares held on the record date by the Shareholders.

As disclosed in the 2021 Rights Issue prospectus dated 14 May 2021, the gross proceeds from the 2021 Rights Issue were approximately HK$39.60 million and the net proceeds from the 2021 Rights Issue, after deducting the related expenses and underwriting commission, were approximately HK$35.50 million.

During the year ended 31 December 2022, the net proceeds from the 2021 Rights Issue of the Company had been applied as follows:

	Planned use of proceeds as stated in the 2021 Rights Issue Prospectus HK$'million	**Actual use of proceeds during the year ended 31 December 2022** HK$'million	**Remaining proceeds as at 31 December 2022** HK$'million
Repayment of bank loan	20.0	—	—
Upgrade equipment and machines	11.9	8.3	—
General working capital	3.6	—	—
	35.5	8.3	—

The net proceeds from the 2021 Rights Issue have been fully utilised in the manner set out in the disclosure in the 2021 Rights Issue prospectus during the Year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chu King Tien, aged 68, an executive Director and chairman of the Group, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as the executive Director and chairman of the Company since 1 April 2013. He is responsible for the overall corporate development and strategic planning of the Group. Mr. Chu has extensive experience in the disposable battery industry and has been engaged in such business for over 47 years.

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

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

Ms. Chu Shuk Ching, aged 60, an executive Director and chief executive officer of the Company, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as an executive Director and the chief executive officer of the Company since 1 April 2013. She is responsible for the overall management, administration and implementation of policy of the Group. Ms. Chu has been engaging in the disposable battery industry for over 35 years.

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

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

Mr. Tang Chi Him, aged 51, an executive Director, has been serving as an executive Director since 1 April 2013 and is also the general manager of the Group. He is mainly responsible for overseeing the overall management of the Group's production facilities located in Dongguan and Jiangmen and administrating the manufacturing operations of the production facility in Dongguan and Jiangmen as well.

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

Mr. Chu Ho Wa, aged 38, an executive Director, has been serving as an executive Director since 1 April 2013 and is responsible for the overall corporate development and strategic planning of the Group. Mr. Chu is currently the director of a subsidiary of the Company, namely Merchant Port Limited. Mr. Chu is also responsible for overseeing the environmental social and governance (ESG) aspect of the Group, as he is the chairman of the ESG Committee of the Group.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Kwok Wah, aged 50 an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015, and serves as the chairman of the audit committee and remuneration committee of the Company. He is responsible for giving independent advice to the Group. Mr. Hui has extensive experience in the accountancy field and has been engaging in such profession for over 25 years.

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

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

Mr. Kan Man Kim, aged 64, obtained a bachelor degree in Business Administration from The Chinese University of Hong Kong in 1981 and a Master of Business Administration degree (Executive MBA Programme) from The Chinese University of Hong Kong in December 2010. Mr. Kan is an experienced human resources management professional with over 30 years of experience. He was the vice-president of human resources of Top Glory Insurance Company (Bermuda) Ltd, an insurance company, from August 1996 to July 1998. He also work in Arthur Andersen and later PriceWaterhouseCoopers from August 1998 to June 2003 and his last position was senior manager of human resources. He worked in South China Holdings Company Limited, a company whose shares are listed on the Stock Exchange (stock code: 413), from December 2003 to February 2020 as the group human resources director. Mr. Kan is currently a consultant focuses in human resources management. Mr. Kan is a chartered member of the Chartered Institute of Personnel & Development, UK and a fellow member of the Hong Kong Institute of Director.

Mr. Chow Chun Hin Leslie, aged 39, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015. He is responsible for giving independent advice to the Group. Mr. Chow has extensive experience in financial advising and has been engaging in such profession for over 16 years.

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

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

SENIOR MANAGEMENT

Mr. Liang Tao, aged 56, is currently the general manager of Goldtium Energy, an indirect wholly-owned subsidiary of the Company. He is responsible for overseeing all the production and quality control matters of the Group's production facility in Jiangmen as well as the management, PRC compliance and research and development of the Group.

Mr. Liang has over 27 years' experience in the disposable battery industry. He became the general manager and quality control and production superintendent of Goldtium Energy since 2011 and has been holding this position in the Group since then.

Ms. Chu Suk Man, aged 63, has been the deputy general manager of Golden Power Corporation since 2005. She is responsible for overseeing the global sourcing department and carrying out strategic planning for procurement of raw materials and semi-finished products to meet the production needs of the Group.

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

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

Ms. Wong In San, aged 58, has been the general manager of Golden Power Corporation since 2018. She is responsible for managing the human resources and administration department to formulate and execute human resources management policies and procedures of the Group.

Ms. Wong graduated from The Chinese University of Hong Kong in 1987 with a bachelor degree in social sciences. She joined the Group in 1988 and had served as an export manager and then a deputy general manager of Golden Power Industries. She was transferred to Golden Power Corporation on 1 April 2005 and has become the general manager in 2018.

Mr. Wong Kai Hung, aged 58, has been the deputy general manager of Golden Power Corporation since 2008. He is responsible for planning, developing and implementing the strategic sales and marketing plans as well as leading and managing a team of salespersons of the Group.

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

Ms. Fung Ching Yee, aged 45, has been the deputy general manager of Golden Power Corporation. She is responsible for planning, developing and implementing the strategic sales and international marketing as well as leading and managing an international marketing team of salespersons of the Group.

Ms. Fung joined the Group in 2007 as an assistant marketing manager of Golden Power Corporation. She holds a Bachelor Degree from the Uni of Wollongong in 2000 and a Master of Commerce Degree in University of New South Wales in 2001.

Mr. Chan Ka Shing, aged 39, the deputy general manager of Golden Power Corporation since 2022. He is responsible for reviewing and managing the Group's finance and accounting function.

Mr. Chan obtained a Bachelor of Commerce (Accounting) in Curtin University of Technology in 2006. He has been a Certified Practicing Accountant (CPA) of CPA Australia since 2012. He had joined the Group in 2010 before and left in 2018 at a position senior accounting manager because of personal reasons and rejoined to the Group in 2022. He was one of team members in the IPO and transfer listing committee in 2016 and 2017, respectively. Mr. Chan has extensive experience in the operations of Finance and Accounting function within the Group.

COMPANY SECRETARY

Mr. Chan Po Man was appointed as the company secretary of the Company on 19 October 2022. Mr. Chan is a partner of ONC Lawyers and he is a practising solicitor in Hong Kong and a solicitor admitted in England and Wales (non-practising). Mr. Chan is also a member of the Institute of Public Accountants of Australia and an associate member of the Institute of Financial Accountants of England and Wales. Mr. Chan has extensive experience in advising listed companies on mergers and acquisitions, corporate finance and compliance of the Listing Rules and securities and corporate laws.

COMPLIANCE OFFICER

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

The Board is pleased to present the corporate governance report of the Company for the Year.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability to the shareholders as a whole. The Directors continuously observe the principles of good corporate governance in the interests of shareholders and are dedicated to identifying and formalizing the best practice in relation to corporate governance. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules.

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

The references to the code provisions in this CG Report has been updated with reference to the amended CG Code, which took effect on 1 January 2022.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

Board Diversity Policy

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. Pursuant to the CG Code, the Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The Company recognises and benefits from the diversity of Board members. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Company believes that greater diversity of directors is good for corporate governance and is committed:

- to attract and retain candidate(s) for the Board with a combination of competencies from the widest possible pool of available talents.
- to maintain a Board with diverse perspectives at all levels, in particular, those that are aligning with the Company's strategy and objectives.
- to assess regularly the diversity profile of the Board and, where applicable, senior management to prepare for the Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any.
- to ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered.
- to set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions.
- to ensure that changes to the Board's composition can be managed without undue disruption.

The Board had reviewed the implementation and effectiveness of the Board Diversity Policy and was of the view that the Board Diversity Policy and its implementation was efficient and effective.

Board Diversity

While appointments of all members of the Board will continue to be made on a merit basis, the Company will ensure that the Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skill, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. The goal of the Board diversity is to ensure that a balanced composition of skill, experience and expertise offered by different Directors in the Board can provide a wider range of prospectives, insights and solutions to the Company and enable the Board to discharge its duties effectively and support the sustainable growth of the Company in the long run.

The Company is conscious of maintaining Board diversity with an appropriate level of female members on the Board, which shall not be less than one member with immediate effect and may further increase in the next five years. During the Year and as at the date of this Report, the Board comprised one female Board member, in which case the Board considered gender diversity has been achieved. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The Nominations Committee will review the implementation of the Board Diversity Policy at least annually and make recommendation on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

For recruiting potential successors to the Board to achieve Board diversity including gender diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which the candidate should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

Workforce Diversity

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 December 2022, the Group had a total of 472 staff members (including members of the senior management but excluding Directors). The gender composition of the staff members (including members of the senior management but excluding Directors) was approximately 44.28% male staff members and 55.72% female staff members.

The Board considered that gender diversity of the workforce of the Group has been well maintained during the Year. As such, the plan for the Group in terms of gender diversity in workforce is to maintain the balance of gender diversity in the foreseeable future.

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

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

Independent non-executive Directors
Mr. Hui Kwok Wah
Mr. Kan Man Kim
Mr. Chow Chun Hin Leslie

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

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

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

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

Specific enquiry has been made by the Company to each independent non-executive Director to confirm their independence pursuant to rule 3.13 of the Listing Rules, and each of them confirmed that he is independent of the Company and there has been no circumstances which would render them not to be independent as contemplated under the Listing Rules. Based on the confirmations received and upon the recommendation of the Nomination Committee, the Board considers that all the independent non-executive Directors are independent within the meaning of the Listing Rules. None of the Independent non-executive Directors have served more than nine years as at the date of this report.

The Company has renewed the appointment letter with each of the independent non-executive Directors for a fixed term of two years commencing from June 2022 subject to re-election, which may be terminated by either the Company or the Director in accordance with the terms thereof.

In addition, the Chairman of the Board held a meeting with the independent non-executive Directors without the presence of the other executive Directors during the year.

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

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

Board and General Meetings
During the Year, four board meetings were held on 24 March 2022, 26 July 2022, 19 August 2022 and 16 December 2022, respectively. During the Year, an annual general meeting was held on 27 May 2022 (the "**2022 AGM**"). Save for the 2022 AGM, no other general meeting was held during the Year. Subsequent to the Year and up to the date of this report, one board meeting was held on 23 March 2023. The forthcoming annual general meeting of the Company is scheduled to be held on Thursday, 25 May 2023 (the "**2023 AGM**").

The individual attendance record of each Director at the Board meetings during the Year and the 2022 AGM is set out below:

Name of the Directors	Attendance/ Number of Board meetings	Attendance at the 2022 AGM
Executive Directors		
Mr. Chu King Tien *(Chairman)*	4/4	Yes
Ms. Chu Shuk Ching	4/4	Yes
Mr. Tang Chi Him	4/4	Yes
Mr. Chu Ho Wa	4/4	Yes
Independent non-executive Directors		
Mr. Hui Kwok Wah	4/4	Yes
Mr. Ma Sai Yam (*resigned on 31 May 2022)*	1/1	Yes
Mr. Chow Chun Hin, Leslie	4/4	Yes
Mr. Kan Man Kim *(appointed on 31 May 2022)*	3/3	N/A

The company secretary of the Company attended all the Board meetings held during the Year to report matters arising from corporate governance, risk management, statutory compliance, accounting and finance of the Group as well as the 2022 AGM.

Corporate Governance Functions and Conduct of Meetings
No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions as set out in provision A.2.1 of the Code, such as developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Provision C.5.3 of the Code stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are required to be given. An agenda and accompanying board papers are sent to all Directors at least three days before each Board meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Directors also have separate independent professional advice at the Company's expense to assist them in performing their duties to the Company.

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

Directors' continuous training and professional development
Pursuant to provision C.1.4 of the Code, all the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Year, all the Directors have participated in continuous professional development by attending training courses or reading relevant materials on the topics related to corporate governance and relevant update of the Listing Rules.

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

Name of Directors	**Attending seminar(s)/ reading relevant materials on the topics related to corporate governance and Listing Rules**
Executive Directors	
Mr. Chu King Tien *(Chairman)*	Yes
Ms. Chu Shuk Ching	Yes
Mr. Tang Chi Him	Yes
Mr. Chu Ho Wa	Yes
Independent non-executive Directors	
Mr. Hui Kwok Wah	Yes
Mr. Ma Sai Yam *(resigned on 31 May 2022)*	Yes
Mr. Chow Chun Hin, Leslie	Yes
Mr. Kan Man Kim *(appointed on 31 May 2022)*	Yes

Mechanism ensuring sufficient independence views to the Board

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

Board Composition

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of the Board members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time.

Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

Independence Assessment

The Nomination Committee shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors.

Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.

The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

Decision Making

All Directors (including independent non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

All Directors (including independent non-executive Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his close associates has a material interest.

The Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

BOARD COMMITTEES

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

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

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

The Audit Committee has reviewed the consolidated financial statements for the Year and the Audit Committee is of the opinion that the audited financial statements of the Group of the Year comply with the applicable accounting standards and the Listing Rules and adequate disclosures have been made therein.

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

Name of the Directors	**Attendance/ Number of Audit Committee meetings**
Independent non-executive Directors	
Mr. Hui Kwok Wah *(Chairman)*	3/3
Mr. Ma Sai Yam *(resigned on 31 May 2022)*	1/1
Mr. Chow Chun Hin, Leslie	3/3
Mr. Kan Man Kim *(appointed on 31 May 2022)*	2/2

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

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

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

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

D. reviewed the interim results announcement of 2022, interim report of 2022, the results announcement of the Year and annual report of the Year, and the financial statements for the relevant periods.

Remuneration Committee

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

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

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

Name of the Directors	Attendance/ Number of Remuneration Committee meetings
Executive Director	
Mr. Chu King Tien	1/1
Independent non-executive Directors	
Mr. Hui Kwok Wah *(Chairman)*	1/1
Mr. Ma Sai Yam (*resigned on 31 May 2022)*	1/1
Mr. Kan Man Kim *(appointed on 31 May 2022)*	N/A

During the Year, the Remuneration Committee has, among other things, reviewed the remuneration package of the Directors and senior management of the Group and recommendation was made to the Board in relation to their remuneration package.

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of the senior management (excluding Directors) by band during the year ended 31 December 2022 is set out below:

Remuneration band (HK$)	Number of person(s)
Nil to 1,000,000	5
1,000,001 to 1,500,000	1
1,500,001 to 2,000,000	—
2,000,001 to 2,500,000	—

The Remuneration Policy of Directors

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's remuneration policy of Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Group's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration is reviewed annually and are subject to shareholders' approval.

Nomination Committee

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

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

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

Name of the Directors	Attendance/ Number of Nomination Committee meetings
Executive Director	
Mr. Chu King Tien *(Chairman)*	1/1
Independent non-executive Directors	
Mr. Hui Kwok Wah	1/1
Mr. Ma Sai Yam (*resigned on 31 May 2022)*	1/1
Mr. Kan Man Kim *(appointed on 31 May 2022)*	N/A

During the Year, the Nomination Committee has, among other things, performed the following work during the Year:

- reviewed the structure, size, composition and diversity of the Board;
- considered the appointment or re-appointment of the Directors; and
- reviewed the independent non-executive Directors' annual confirmation on their independence and assessed their independence according to the independence criteria set out in Rule 3.13 of the Listing Rules.

The Nomination Committee will continue to review the necessity of recruiting more competent staff to join for the expansion of the Group.

During the Year, the Nomination Committee has reviewed and considered the skills, experience, qualifications, education background and independence of Mr. Kan Man Kim in relation to his appointment as an independent non-executive Director. The Nomination Committee and the Board formed the view that, with Mr. Kan Man Kim's rich experience in human resources management expertise, Mr. Kan would be a valuable addition to the Board and would further enrich the spectrum of skills, experience and diversity of perspectives of the Board, thereby enhancing the diversity and effectiveness of the Board.

The Company has adopted a nomination policy (the "**Nomination Policy**") which sets out the approach and procedures the Board adopts for the nomination and selection of Directors of the Company, including the appointment of additional Directors, replacement of Directors, and re-election of Directors. The Nomination Committee has been delegated with the overall responsibility for implementation, monitoring and periodic review of the policy, and the summary of which is set out below:

Nomination Criteria
In evaluating and selecting any candidate for the directorship, the following criteria would be considered by the Nomination Committee and the Board:

- the candidate's character and integrity;
- the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Procedures
The Company has put in place the following Director nomination procedures:

Appointment of New and Replacement Directors
(i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

(ii) Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee and/or the Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

Re-election of Directors and Nomination from Shareholders
(i) Where a retiring Director, being eligible, offers himself for re-election, the Nomination Committee and/or the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

(ii) Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the company secretary of the Company within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under the Listing Rules. Particulars of the candidate so proposed will be sent to all shareholders for information by a supplementary circular.

On 25 October 2018, the Nomination Policy was approved and adopted by the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Company has established a Environmental, Social and Governance Committee (the "**ESG Committee**") on 22 November 2021 in order to better manage the environmental, social and governance performance of the Group. The ESG Committee comprises two executive Directors, namely, Mr. Chu Ho Wa, an executive Director, Mr. Tang Chi Him, an executive Director and Mr. Liang Tao, Mr. Chen Ming and Mr. He Yong Xi, who are members of the senior management. Mr. Chu Ho Wa has been appointed as the chairman of the ESG Committee.

The primary duties of the ESG Committee are, among other things, to review and discuss with the Board of the Company to draw up the Company's ESG strategies, initiatives and policies; review any opportunities or investments in connection with the implementation of the ESG strategies, initiatives and policies, and approve any matters arising for such review; review and monitor the operational, regulatory, and reputational risks and impacts in respect of ESG on the Company and provide advice and guidance to the Board of such risks and impacts; provide advice and guidance with respect to communications with management, employees, investors, and other stakeholders, regarding the Company's position on or approach on ESG matters; review and assess the ESG performance of the Company annually and recommend any proposed changes for approval by the Board; report relevant matters of significance relating to sustainable development to the Board; review the environmental, social and governance report and make recommendation to the Board; and undertake other duties assigned by the Board.

The ESG Committee shall meet at least once a year and at such other times as the executive Director shall require. One meeting of the ESG Committee was held during the Year. The attendance record of each member of the ESG Committee at the said meeting are as follows:

	Attendance/ Number of ESG Committee meetings
Executive Director	
Mr. Chu Ho Wa *(Chairman)*	1/1
Mr. Tang Chi Him	1/1
Committee Members	
Mr. Tse Kar Keung (*resigned on 18 October 2022)*	N/A
Mr. Liang Tao	1/1
Mr. Chen Ming	1/1
Mr. He Yong Xi	1/1

During the Year, the ESG Committee has, among others, reviewed the ESG strategies, initiatives and policies of the Group, and made recommendations to the Board as to the ESG performance of the Group.

DIVIDEND POLICY

The Company has on 25 October 2018 adopted a divided policy (the "**Dividend Policy**"), the summary of which is set out below:

1) the Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company and also take into account the following factors of the Group when considering the declaration and payment of dividends:

    - financial results;
    - cash flow situation;
    - balance of distributable reserves;
    - business conditions and strategies;
    - future operations and earnings;
    - capital requirements and expenditure plans;
    - interests of shareholders;
    - any restrictions on the payment of dividends; and
    - any other factors that the Board may consider relevant;

2) depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate;

3) any final dividend for a financial year will be subject to shareholders' approval;

4) the Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate; and

5) any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Articles of Association.

The Board endeavours to strike a balance between the shareholders' interests and prudent capital management with a sustainable dividend policy. However, there is no assurance that a dividend will be proposed or declared in any specific periods. The Board will review the Dividend Policy as appropriate from time to time.

COMPANY SECRETARY

Mr. Chan Po Man was appointed as the company secretary of the Company on 19 October 2022. Mr. Chan meets the qualification requirements for company secretary under Rule 3.28 of the Listing Rules. During the year ended 31 December 2022, Mr. Chan confirmed that he complied with training requirements under Rule 3.29 of the Listing Rules by undertaking not less than 15 hours of relevant professional training. Mr. Chan is a practising solicitor of Hong Kong and a partner of ONC Lawyers, a solicitors' firm in Hong Kong. Although Mr. Chan is not an employee of the Company, he reports to the Chairman and advises the Board on the Listing Rules compliance and corporate governance matters. The Company has assigned Ms. Chu Shuk Ching, the chief executive officer and executive Director of the Company, as its primary corporate contact person whom Mr. Chan can contact.

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

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

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

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

AUDITOR'S REMUNERATION

For the Year, the fee paid/payable to the Group's external auditor, PKF Hong Kong Limited, for the audit and non-audit services provided amounted to approximately HK$0.76 million and HK$0.15 million, respectively. The non-audit services incurred consist of fees of approximately HK$0.12 million for technical support services for interim reporting and approximately HK$0.03 for taxation services.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and would conduct review on the effectiveness of such systems through the Audit Committee on an annual basis. The Audit Committee assists the Board in fulfilling its oversight and corporate roles in the Group's financial, operational, compliance, risk management and internal controls, while senior management designs, implements and monitors the risk management and internal control systems, and provides reports to the Board and the Audit Committee on the effectiveness of these systems. However, systems and internal controls can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage, rather than to eliminate the risk of failure to achieve the Group's business objectives. The Board conducted annual review and evaluation of the Group's internal control system and is satisfied with the effectiveness of the internal control system of the Group during the Year. The Audit Committee has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience of the Group's accounting and financial reporting function.

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

Although the Group does not have internal audit function, the Board has appointed an external internal control consultant to review the internal control system of the Group on an annual basis. Upon conducting the annual review, the Board considered the risk management and internal control systems of the Group for the Year were effective and adequate.

The Group has adopted a risk management policy, the main objectives of which is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business in order to guide decisions on risk related issues.

The specific objectives of the policy are:

1. to ensure that all the current and future material risk exposures of the Group are identified, assessed, quantified, appropriately mitigated, minimised and managed by adopting adequate systems for risk management;

2. to establish a framework for the Group's risk management process and to ensure its implementation;

3. to enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices; and

4. to assure business growth with financial stability.

SHAREHOLDERS' RIGHTS

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

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

General Meetings

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

The 2022 AGM was held on 27 May 2022. The 2023 AGM is scheduled to be held on Thursday, 25 May 2023. A circular containing, among other matters, further information relating to the 2023 AGM will be despatched to the shareholders of the Company in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

Rights and Procedures for Shareholders to Convene an Extraordinary General Meeting

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

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

Procedures for Shareholders to Propose for Election as a Director

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

Right to Put Enquiries to the Board

Shareholders of the Company have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories for the attention of the Board or the company secretary. Shareholders may also make enquiries with the Board at the general meetings of the Company.

INVESTOR RELATIONS

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

The Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy, details of which is summarised below:

Shareholders' Meetings

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

- Notices of the general meetings, related circulars and forms of proxy are provided within a prescribed time prior to the general meetings on Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.goldenpower.com) and by post to the Shareholders.

- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.

- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.goldenpower.com) subsequent to the close of the general meetings.

Corporate Communications

- The Company will send (by post or by electronic means as permitted by the Articles or the Listing Rules) corporate communications of the Company, which include annual reports, interim reports, notices of shareholders' meeting, listing documents, circulars, and proxy forms, to the Shareholders.

- Shareholders are encouraged to provide their up-to-date contact details to the Hong Kong branch share registrar of the Company in order to facilitate timely and effective communications.

Company's Website

- The Company's website (www.goldenpower.com) provides the Shareholders with corporate information on the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.

- In addition to the "Investor Relations" section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange's website (www.hkexnews.hk), press releases and newsletters issued by the Company from time to time are also available on the Company's website to facilitate communication between the Company, Shareholders and investment community.

- Information on the Company's website is updated on a regular basis.

Communication with the Company
Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kook Road, Tai Po, New Territories, Hong Kong, or by the following means:

Telephone number: (852) 3125 2288
Fax number: (852) 3125 2000
Email address: ir@goldenpowergroup.com

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The Company highly values the view and comment by the Shareholders' and relevant stakeholders to the Company and would invite the Shareholders' and relevant stakeholders to communicate with the Company by employing the abovementioned means. The Board is of the view that the shareholders' communication policy implemented during the Year was sufficient and effective.

CONSTITUTIONAL DOCUMENTS

Pursuant to resolutions of the shareholders passed on 15 May 2015, the Articles were adopted by the Company with effect from the Listing Date. On 24 March 2022, the Board announced its proposal to amend its Articles in order to bring the Articles in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022. At the 2022 AGM, a special resolution was passed to adopt the amendments to the Articles, which are summarised below:

(i) to specify that the Company shall hold an annual general meeting within six months after the end of the Company's financial year;

(ii) to provide that all Shareholders shall have the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a Shareholder is required, by the Listing Rules, or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration;

(iii) to provide that in addition to the right to convene an extraordinary general meeting on the requisition of one or more Shareholders holding not less than one tenth (1/10th) of the paid up capital of the Company having the right of voting at general meetings, such Shareholder(s) shall also have the right to add resolutions to the meeting agenda of a general meeting;

(iv) to provide that the branch register of Shareholders in Hong Kong may be closed on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws in Hong Kong); and

(v) to make other necessary amendments for updating the Articles and better aligning with the wording in the applicable laws of Cayman Islands and the Listing Rules.

For further information in relation to the amendments to the Articles, please refer to the announcement of the Company dated 24 March 2022 and the circular for the 2022 AGM dated 22 April 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

TABLE OF CONTENTS

1	**COMPANY PROFILE**	**35**
2	**ABOUT THIS REPORT**	**35**
	2.1 REPORTING STANDARD, PERIOD AND SCOPE	35
	2.2 CONTACT DETAILS	35
3	**MESSAGE FROM THE CHAIRMAN**	**36**
4	**SUSTAINABILITY GOVERNANCE**	**37**
5	**CONNECTING OUR STAKEHOLDERS**	**37**
	5.1 STAKEHOLDER ENGAGEMENT	37
	5.2 MATERIALITY ASSESSMENT	39
6	**OUR ENVIRONMENT**	**43**
	6.1 ENVIRONMENTAL POLICY	43
	6.2 CLIMATE CHANGE, EMISSION CONTROL AND ENERGY EFFICIENCY	44
	6.3 WATER CONSUMPTION AND WASTEWATER MANAGEMENT	46
	6.4 WASTE REDUCTION AND MANAGEMENT	47
	6.5 PACKAGING MATERIALS	48
7	**OUR PRODUCTION**	**48**
	7.1 RESPONSIBLE SOURCING	48
	7.2 STRINGENT QUALITY CONTROL	50
	7.3 CONTINUOUS PRODUCT DEVELOPMENT	51
	7.4 PRODUCT RESPONSIBILITY	52
8	**OUR WORKPLACE**	**53**
	8.1 EMPLOYMENT AND LABOUR STANDARDS	53
	8.2 BUSINESS ETHICS AND INTEGRITY	57
	8.3 OCCUPATIONAL HEALTH AND SAFETY	57
	8.4 MEASURES DURING THE PANDEMIC	58
	8.5 TRAINING AND DEVELOPMENT	59
9	**CONTRIBUTE TO THE COMMUNITY**	**60**
10	**LOOKING FORWARD**	**60**
11	**ESG CONTENT INDEX**	**61**

1 COMPANY PROFILE

Golden Power Group Holdings limited ("Golden Power") is a battery manufacturer selling a wide range of battery products globally, from PRC, Hong Kong to the international markets. The company has both its own brand "Golden Power" and the brands of its private label and OEM customers. Our products are diversified and mainly classified into two segments: (i) disposable batteries; and (ii) rechargeable batteries and other battery-related products.

Maintaining a stable energy supply is critical because energy consumption is a material topic in our lives and business development. Golden Power, as a leading company in the industry, takes pride of providing a series of environmental-friendly products with guaranteed quality. The Group is not only offering long-lasting products which are also eco-friendly. Taking an example, our hazardous substance- free batteries series, "Ecototal", are mercury-free, cadmium-free and lead-free. Furthermore, the Group has been running its business in compliance with all applicable local laws and regulations regarding environmental, labour and anti-corruption.

During the transition to a low-carbon economy, the Group has been investing in machine upgrades to maximize energy efficiency. Aside from energy savings, the Group is striving to use less plastic packaging for its products.

2 ABOUT THIS REPORT

2.1 REPORTING STANDARD, PERIOD AND SCOPE

This report was prepared in accordance with the Environmental, Social and Governance ("ESG") Reporting Guide ("the Guide") set out in Appendix 27 of the Listing Rules. The Group strictly adheres to the principles of materiality, quantitative, balance and consistency to report on the measures and performances during the reporting period. More in-depth information regarding corporate governance is addressed in the section of corporate governance in the annual report according to Appendix 14 of the Listing Rules. In additional, the Group's senior management team was proactively involved throughout the process of report preparation to guarantee its standards.

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

This report covers the Group's ESG-related activities from 1 January 2022 to 31 December 2022 (the "reporting period").

The Company has appointed an external consultant, Allied Environmental Consultants Limited (stock code: 8320), for the preparation of this ESG report.

2.2 CONTACT DETAILS

To continuously refine and reinforce the Group's sustainability strategy, we welcome any feedbacks and suggestions concerning this report and the Group's sustainability performance. If you have any comments or enquiries, please contact the Group at:

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

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

3 MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the sixth Environmental, Social and Governance Report (the "Report") of Golden Power Group Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2022. The report highlights the ESG performance of the company throughout the year.

To further integrate sustainability into our business, we established our ESG Committee to monitor sustainable-related issues during the reporting period. The Group has also set up several environmental targets in the hope of reducing the environmental impacts to nature. The Board takes full responsibility to oversee any ESG issues in the Group and track the progress of the targets. Regular meetings are conducted for ESG-related discussion under the steering of the Board. Besides, the Group has broadened the width and depth of stakeholder engagement in the reporting period. Stakeholder engagement is the key to understand their concerns and identify possible ESG risks. The Group is able to formulate effective strategies and steer towards a more sustainable and promising future by gathering stakeholders' opinions on various material issues and their feedback on ESG performance.

I hereby would like to express my sincere gratitude to our staff members, business partners, and clients for their support. Looking forward, the Group will keep exploring opportunities to enhance the ESG performance so as to promote the sustainable development of the Group.

Chu King Tien
Chairman and Executive Director

4 SUSTAINABILITY GOVERNANCE

The Group has a well-structured governance system that upholds a high standard for sustainable development. The Board monitors ESG risks as well as annually analyzes the Group's overall sustainable goals and initiatives. The Board would discuss with the stakeholders and confirm the material topics in response to the materiality assessment's findings. The Broad also prioritized the topics in order of importance and urgency to deciding how to allocate resources for the following year.

During the reporting period, Golden Power launched its ESG Committee for monitoring the sustainable-related issues. The Committee was composed of members from the Board and different departments, such as financial departments and operation-level departments. The diverse member composition can bring a wider perspective in decision making. The Committee is responsible for reporting the Group's ESG performance, latest market trend and any ESG-related issues to the Board for further decision.

For the recent year, the Board has also focused on the climate change issues and decarbonization. The Group has established a set of environmental targets to improve ESG performance following discussion with the Board and the ESG Committee.

5 CONNECTING OUR STAKEHOLDERS

5.1 STAKEHOLDER ENGAGEMENT

Golden Power holds an open attitude to communicate with its stakeholders in order to capture their opinions for the Group's strategy planning. Golden Power had numerous communication channels with its stakeholders and sought their first-hand suggestions for improving the environmental, social, and governance performance in order to maintain a continual dialogue with stakeholders and propagate sustainability ethics.

The table below shown the communication channels for the stakeholders from the Group. The Group is committed to maintain a regular contact with the significant stakeholders in hope of understanding their expectations and improving both of the product quality and services quality of the Group.

On top of the stakeholder surveys, the Group engaged its key stakeholders via various channels, such as local and international exhibitions to provide a platform to exchange their opinions. Golden Power is pleased to comprehend the stakeholders' concerns towards its products and services and seek improvements accordingly.

Stakeholders	Communication channels
Investors and shareholders	• Company website • Company's announcements • Annual general meeting • Annual and interim reports
Customers	• Company website • Customer direct communication • Customer feedback and complaints • Customer satisfaction surveys
Employees	• Training and orientation • Email and opinion box • Regular meetings • Employee performance evaluation • Employee activities
Suppliers and business partners	• Company website • Direct communication • Feedback and complaints • Satisfaction surveys
Media	• Company website • Company's announcements
Communities	• Company website • Community activities
Government authorities and regulators	• Documented information submission • Compliance inspections • Regular meetings/luncheons with local government representative • Forums, conferences and workshops

5.2 MATERIALITY ASSESSMENT

An internal stakeholder survey for Golden Power was conducted in September 2022. The Group invited one of its key internal stakeholders — employees to provide their views on the importance of various environmental, social and governance issues to Golden Power's long-term sustainability development.

Based on the 2022 survey result, internal stakeholders have identified the most important topics to Golden Power's long-term development as below:

Aspect	Topic important to Golden Power's long-term business development
Environment	1. Hazardous waste management 2. Energy usage and conservation 3. Wastewater management
Social	1. Occupational health and safety 2. Product quality assurance 3. Employment 4. Customer Privacy
Economics	1. Direct economic performance 2. Anti-corruption practices 3. Indirect economic performance
Sustainability	1. Reinforce ESG Committee's execution on managing relevant tasks and risks 2. Sustainability targets 3. On-going communication channels with all stakeholders

Environmental Issues

On environmental issues, the survey result showed that a majority of the employee viewed Hazardous waste management, Energy usage and conservation and Wastewater management as the most material issues to the Group's long-term development.

Social Issues

On social issues, the survey results showed that a majority of the respondents viewed Occupational health and safety, Product quality assurance, Employment and Customer Privacy as the most important issues to the Group's long-term development.

Economics Issues

On economic issues, the survey results showed that a majority of the respondents viewed Direct economic performance, Anti-corruption practices and Indirect economic performance as the most important issues to the Group's long-term development.

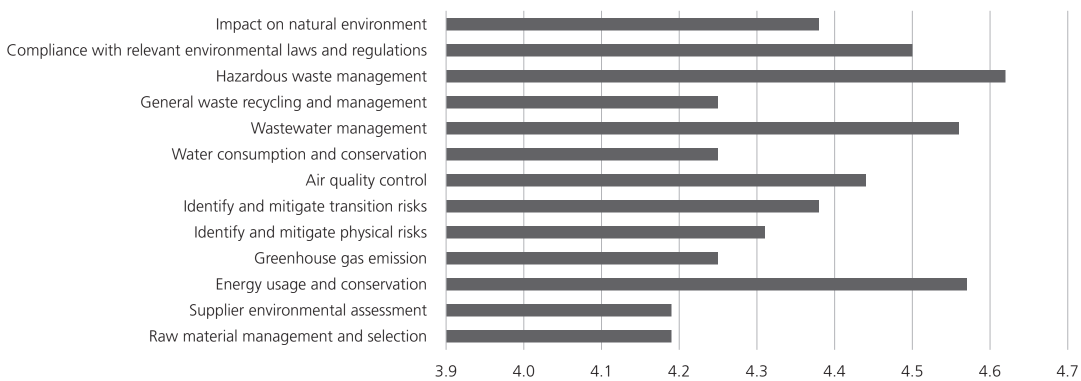
Sustainability Issues

On sustainability issues, the survey results showed that a majority of the respondents viewed Reinforce ESG Committee's execution on managing relevant tasks and risks, Sustainability targets and On-going communication channels with all stakeholders as the most important issues to the Group's long-term development.

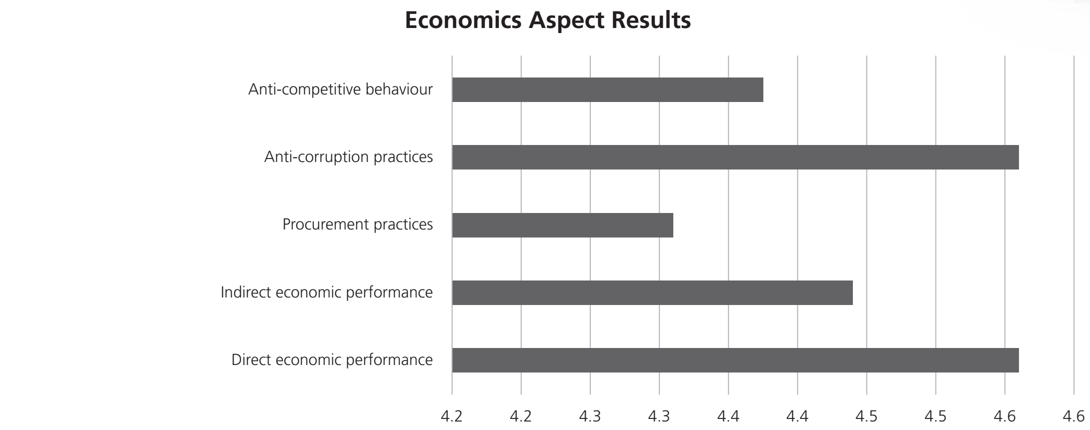
Golden Power — Survey outcome summary

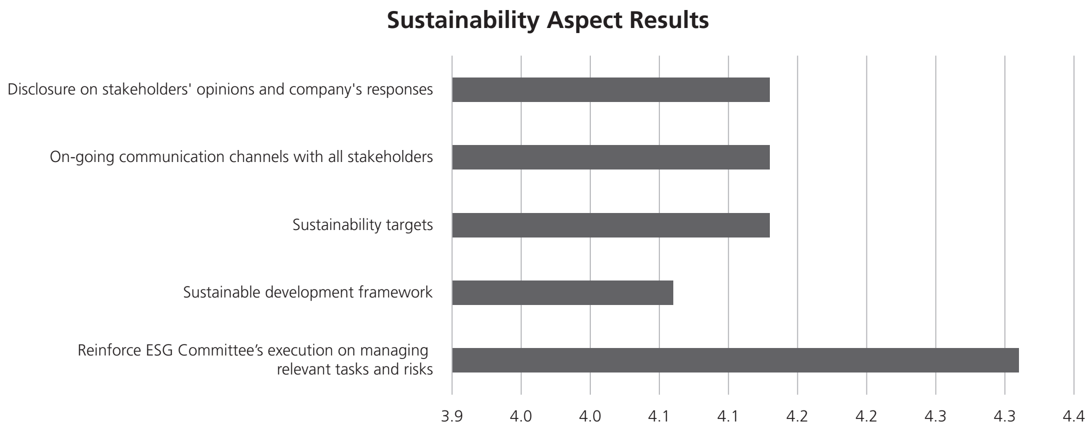
External stakeholders were asked to rate the following topics from 1 to 5 (1 is not important, 5 is very important). The scores below are the average score for each topic.

Environmental Aspect Results



Social Aspect Results


Economics Aspect Results
Anti-competitive behaviour
Anti-corruption practices
Procurement practices
Indirect economic performance
Direct economic performance
4.2
4.2
4.3
4.3
4.4
4.4
4.5
4.5
4.6
4.6


Sustainability Aspect Results
Disclosure on stakeholders' opinions and company's responses
On-going communication channels with all stakeholders
Sustainability targets
Sustainable development framework
Reinforce ESG Committee's execution on managing relevant tasks and risks
3.9
4.0
4.0
4.1
4.1
4.2
4.2
4.3
4.3
4.4

Materiality Assessment

Aspect	Item	Ranking	Level
Environmental	Hazardous waste management	1	High
	Energy usage and conservation	2	High
	Wastewater management	2	High
	Compliance with relevant environmental laws and regulations	4	High
	Air quality control	5	High
	Identify and mitigate transition risks	6	High
	Impact on natural environment	6	High
	Identify and mitigate physical risks	7	Medium
	Greenhouse gas emission	8	Medium
	Water consumption and conservation	8	Medium
	General waste recycling and management	8	Medium
	Raw material management and selection	9	Low
	Supplier environmental assessment	9	Low
Social	Employment	3	High
	Occupational health and safety	1	High
	Product quality assurance	1	High
	Customer privacy	3	High
	Compliance with relevant socioeconomic laws and regulations	3	High
	Development and training	5	High
	Customer health and safety	5	High
	Labour standard	5	High
	Supplier social assessment	8	Medium
	Anti-discrimination	9	Low
	Product marketing and labelling	10	Low
	Diversity and equal opportunity	12	Low
	Community involvement	12	Low
Economics	Direct economic performance	3	High
	Anti-corruption practices	3	High
	Indirect economic performance	5	High
	Anti-competitive behaviour	6	Medium
	Procurement practices	7	Medium
Sustainability	Reinforce ESG Committee's execution on managing relevant tasks and risks	7	Medium
	Sustainability targets	10	Low
	On-going communication channels with all stakeholders	10	Low
	Disclosure on stakeholders' opinions and company's responses	10	Low
	Sustainable development framework	34	Low

6 OUR ENVIRONMENT

Golden Power strives to minimize its environmental impact throughout routine operations. The Group is able to manage the environmental-related difficulties through the application of eco-friendly practices and rigorous adherence to local governmental laws during its operations.

The Group is dedicated to stewarding a low-carbon production business and considers the environment as a whole. Golden Power has improved the efficiency of its production equipment and reduced the use of plastic during the reporting period in order to fulfil its commitment. Golden Power awarded Nordic Swan Ecolabel Licence in honor of its dedication to environmental stewardship.

6.1 ENVIRONMENTAL POLICY

The Group upholds its environmental policies and practices its commitment to align with the Plan-Do-Check-Act cycle as epitomised in the standard of ISO 14001:2015 Environmental Management System. Moreover, the environmental policies not only applied to responsible staff for implementation and control of the Group's environmental measures, but also explained green operational practices that are applicable to all production and management units. The policies stipulated the following measures:

- Comply with local environmental laws and regulations;
- Adopt energy-efficient, low pollution materials, manufacturing design and equipment;
- Enhance environmental awareness in the workplace and promote optimisation of resource usage in manufacturing systems;
- Keep track of environmental performance and seek feasible solutions and methods for improvement; and
- Disseminate related environmental information to employees, suppliers, customers, factories in partnership and other stakeholders regularly

Considering environmental performance as one of the long-term improvement goals, Golden Power seeks to achieve an exceptional performance by putting various measures into place throughout its operations. Senior management staff members and department heads for the Group discussed potential environmental management solutions and analyzed the environmental performance. During the reporting period, the Group has strictly complied with the relevant laws relating to emission and waste disposal in all material aspects, including the Environmental Protection Law of the PRC.

6.2 CLIMATE CHANGE, EMISSION CONTROL AND ENERGY EFFICIENCY

Climate Change

One of the biggest challenges to humanity is climate change. Golden Power understands how important it is for its business continuity to mitigate and adapt to climate change. As a result, the Group has determined the business-related risks, both physical and transitional. The ESG Committee of the Group has considered the issue and established climate-related measures to be implemented on operations in accordance with the findings.

Golden Power's corporate headquarters are in Guangdong Province in the southern region of China. The premises had not suffered by flooding regarding to the previous record. The Group anticipated that the business would face a relatively low risk of flooding. However, the extreme weather conditions, including a violent storm and a lot of rain, had an impact on the location. The Group has already implemented some emergency measures to deal with changes, even though extreme weather will become more often as a result of climate change. For example, all the construction work should be suspended immediately and all the hoardings should be secured or dismantled during typhoon.

For the transition risks, the Group observed the environmental-related policies and regulations such as air emission requirements have become stricter and more demanding than before. It is believed that the tightening environmental policy will be one of the transition risks of Golden Power. As one of the leading businesses in the industry, Golden power complies with all policies and requirements, and also implements internal standards that go beyond. The Group also pays attention to the latest trend and will be prepared for any regulatory changes.

Air Quality Control

According to our stakeholders, emission and air quality control were rated as one of the top concerns to the Group's long term business development. In response to that, the Group's ESG Committee has reviewed the current ESG performance and measures in order to looking for rooms of improvements. The Committee has implemented various initiatives to monitor the air emissions from production and vehicles, as well as maintain both indoor and outdoor air quality in the workplace and neighbourhood.

To minimise the air emission from the Group's production facilities and vehicles, Golden Power has implemented various solutions to ensure an effective control. For instance, the production facilities in Jiangmen have installed exhaust filters that facilitate removal of air pollutants such as nitrogen dioxide and particulate matters from production and vehicles. Moreover, the production facilities in Jiangmen also adopted the green production practices under the guide from local government.

Golden Power aims to create a healthier working environment to the employees. Thus, the Group established various methods to enhance and monitor the indoor air quality. These included a carbon ventilation system to diminish the gaseous and vapor contaminants and harmful substances.

The air emissions (i.e. nitrogen oxides, sulphur oxides and particulate matter) mainly come from the vehicles that managed by the Group.

Air Emissions by Group

	2022	2021
Nitrogen oxides (in kilogram)	**140.59**	210.38
Sulphur oxides (in kilogram)	**1.34**	0.61
Particulate matter (in kilogram)	**13.75**	10.10

Energy Use and Greenhouse Gases Emission

The primary energy source of Golden Power, including the power equipment and facilities at Hong Kong headquarters, Dongguan and Jiangmen Production Facilities was electricity supplied by local grids. The Group is aware of the direct greenhouse gases ("GHG") emissions (Scope 1) generated from fuel consumption of vehicle, as well as the indirect GHG emission (Scope 2) incurred by electricity usage to Golden Power's operation.

Responsible energy management is the core value of the Group. Stewarding to a greener future, the Group had established an energy efficiency target that reduce 10% total energy intensity from 2018 baseline by 2030.

During the reporting period, the Group implemented a variety of measures to promote energy savings in the workplace and also encouraged employees to use less electricity in the workplace via a set of energy management mechanisms. Furthermore, the Jiangmen production facility has upgraded the original machines to automatic models. The upgrade included automatic packaging facilities, which effectively increased the efficacy for reducing energy consumption. Other benefits include lowering the likelihood of product defects when compared to manual production.

During the reporting period, the Group has recorded a 14% decrease in energy intensity. Golden Power will continue review energy consumption and implement reduction measures across different function.

Energy Consumption by Group[1]

	2022	2021
Electricity consumption (in '000kWh)	**7,652**	9,230
Fuel consumption (in litre)	**19,550**	40,197
Total energy consumption (in GJ)	**28,247**	34,680
Intensity (in '000kWh/million revenue)	**24**	28

1 Due to the Covid situation, energy consumption has declined along with the limited visitor activity.

The GHG emission of Golden power was mainly from the electricity consumption during production and fuel used from the company owned vehicles. Beyond proposing diverse ways to lower the electricity consumption and investigate the opportunities to execute energy saving plans, the Group has also dedicated to minimising the GHG emission during its operations. During the reporting period, the GHG emission intensity decreased by 14%. The Group will lower down the GHG emission from both emission sources through upgrading production facilities to enhance efficiency and applying energy management measures.

GHG Emission by Group

	2022	2021
Scope 1 GHG emission (in tonnes CO2 equivalent) [2, 3]	**52**	108
Scope 2 GHG emission (in tonnes CO2 equivalent)	**4,628**	5,586
GHG Emission (in tonnes CO2 equivalent)	**4,680**	5,694
Intensity (in tonnes CO2 equivalent/million revenue)	**14**	16

2 Golden Power's Scope 1 Greenhouse gas ("GHG") emission refers to direct emission via the fuel consumption by company-owned private cars and trucks during the reporting period in 2022.

3 The figure has been adjusted in alignment with the calculation method adopted in 2022.

6.3 WATER CONSUMPTION AND WASTEWATER MANAGEMENT

Water is Golden Power's crucial resources for its daily operation and production. As water is supplied by the local government as a provision of municipal services, Golden Power did not encounter any significant issues of water sourcing. The Group still established a water-saving culture in the workplace through implementing water saving guidelines. For instance, the Group built up water- saving facilities in the production premises water is reused and recirculated for cooling down its machines so as to significantly reduce water usage and discharge. Besides, regular water pipe checking is conducted in every business unit to prevent water leakage.

During the reporting period, the Group has set up its quantitative target on water consumption. The target is to reduce 25% of water intensity from 2018 baseline by 2030. This is a great leap for the Group to further commit to making a greener environment.

In order to achieve the water reduction target, the premise in Jiangmen has installed new reclaimed water facilities to minimise the water consumption during production during the reporting period. The facilities cannot only collect treated wastewater and reuse it in industrial washing, but also ensure that the effluents from the premise are well treated and meet the compliance requirement.

Water consumption by Group

	2022	2021
Water consumption (in '000m^3) [4]	**63.69**	75.20
Intensity (in '000m^3/million revenue)	**0.19**	0.22

4 The decrease of water consumption is due to less production produced in the early stage of pandemic outbreak in the reporting period.

As the production started to return to a normal level under the stable epidemic situation in the mainland, the total water consumption decreased by 15% during the reporting period, in comparison to 2021. The Group will constantly look out for ways to improve water efficiency.

Wastewater management is highly concerned by the Group's stakeholders. Therefore, beyond meeting the compliance requirements, the Group endeavours to seek for advanced wastewater treatment technologies to prevent water pollution. Focusing on the industrial wastewater that mainly came from the cleaning of chemical containers and surface run-off, the Production Facilities in Jiangmen have installed wastewater treatment facility such as sedimentation tank. The wastewater treatment facility is estimated to treat 10 cubic metres of wastewater per day prior to standardized discharge.

In addition, the Group also invested in design and implementation of a diffluence of rain and sludge facility in the Production Facilities in Jiangmen, technically separating drainage and sewage systems. Similar to the wastewater treatment facility, the rain and sludge separation facility is able to treat 10 cubic meters of rainwater and surface run-off per day. The construction of the separation facility in Dongguan Production Facility has commenced during the reporting period. Through handling the wastewater properly, the environmental impacts are mitigated.

6.4 WASTE REDUCTION AND MANAGEMENT

The majority source of waste was identified as hazardous and non-hazardous manufacturing waste generated at the Production Facilities. For Hong Kong headquarters, it mainly produced general office waste.

In accordance with local government regulations, the Group has designed a waste disposal manual to be applied on all production units. The manual shows a set of proper procedures for handling different types of wastes, including domestic refuse and recyclables, as well as giving a detailed guideline for waste management.

To avoid generation of damaged products as a result of malfunctioning machines and equipment, Golden Power has upgraded its production machines. The maintenance department is in charge of monitoring machinery and equipment condition. The Group also implemented initiatives for waste management, such as waste segregation and recycling from sources. On the other hand, the Group has continued its previous practices to hire reputable and qualified waste contractors for removing refuse and collection of recyclables such as metal, paper and plastics during the reporting period.

Hazardous waste is inevitable during the battery manufacturing and maintenance processes, which was also acknowledged by the Group and its stakeholders. Therefore, Golden Power takes the treatment of hazardous waste seriously and cautiously in accordance with designated steps. Hazardous wastes such as machine oil and batteries are treated carefully by seasoned employees in specific area and must comply with applicable regulations.

To achieve a greener future, the Group has taken its step to practices responsibly and pursuing a better performance. During the reporting period, a quantitative target was set. The Group has promised to increase the amount of recycled waste by 20% from 2018 baseline by 2030.

Waste generation and management by Group[5]

Type of waste	2022	2021
Non-hazardous waste disposed (tonnes)	**16**	17
Paper waste recycled (tonnes)	**59**	64
Plastic waste recycled (tonnes)	**41**	84
Metal waste recycled (tonnes)	**167**	348
Total Hazardous waste disposed (tonnes)	**6**	8
Total Non-hazardous waste generated (tonnes)[5]	**283**	495
Total waste recycled (tonnes)	**267**	470
Non-hazardous waste intensity (tonnes/million revenue)	**0.05**	0.05
Hazardous waste intensity (tonnes/million revenue)	**0.02**	0.02

5 Due to the Covid situation, waste generated has declined along with the decline in visitor activity.

During the reporting period, the ratio of total waste recycled to total non-hazardous waste maintained at 90% above. The Group will continue to explore feasible measures to minimise the amount of waste generated and maximise recycling.

6.5 PACKAGING MATERIALS

Packaging is an important component of battery products since it prevents damage during the transition from manufacturing units to retailers. The Group used various types of packaging materials for finished products, ranging from paper to plastic, based on customer requests. Customers can return packaging made of Polyethylene Terephthalate ("PET") plastic to the Group for further processing. For cell type identification, aluminum foil was used in packaging. The Group is working on a plan to switch from plastic to paper packaging because the Group understands that plastics take centuries to biodegrade.

Plastic accumulation in nature caused a severe environmental disaster, and broken plastics, microplastics, were discovered in the food chain and human embryos. The Group is looking for more environmentally friendly packaging materials as alternatives to reduce its environmental footprint on the planet.

Packaging Material Consumed by the Group

Type of packaging material	2022	2021
Paper (tonnes)	**1,428**	1,590
Plastic (tonnes)	**64**	74
Aluminium foil (tonnes)	**47**	21
Total (tonnes)	**1,540**	1,685
Packaging material intensity (tonnes/million revenue)	**4.66**	4.85

7 OUR PRODUCTION

Golden Power has placed a high emphasis on the policies of quality assurance and product responsibility. To ensure product safety and quality, the Group strictly monitors every production process, from material sourcing to after-sales services. To further enhance competitiveness, Golden Power recognises product innovation and invention as one of its key focuses. The Group is continuously enhancing new product development in order to cater to the market's needs.

The Group is proud to have received several notable qualifications from government bodies that recognize its cutting-edge battery manufacturing technology. In the meantime, Golden Power will keep its pace on exploring other possibilities to expand the product spectrum and maintaining a high standard. Below sets out the three qualifications obtained or held by the Group during the reporting period:

Qualification	Issuing Authority
High and New Technology Enterprise	Ministry of Science and Technology
Guangdong Jiangmen Engineering and Technology Research Centre	Jiangmen Science and Technology Bureau
Guangdong Environmental Protection High Performance Primary Battery Engineering and Technology Research Centre	Guangdong Science and Technology Department

7.1 RESPONSIBLE SOURCING

Golden Power accepts responsibility for managing the potential impacts of the Group's supply chain on the environment, society, and the economy. A professional procurement team has been assigned by the Group to oversee the entire procurement process, from supplier evaluation to raw material management.

Supplier Assessment

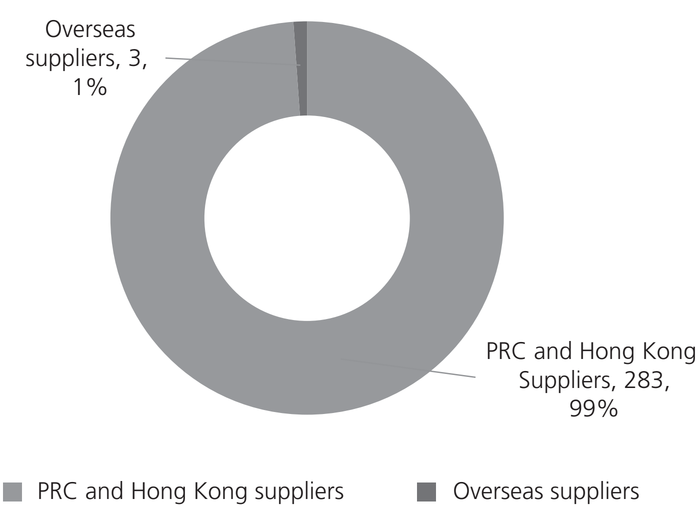
The Group has built a rigorous supply chain management system by integrating ESG-related factors into supplier selection and assessment. Under the frameworks of ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System, the Group prioritises suppliers according to their environmental performance, including chemical hazardous and non-hazardous waste management, as well as corporate social responsibility.

After reviewing the profiles of the suppliers, the Group requires them to provide a product sample and a third-party test report indicating whether the product materials meet environmental compliance. The steps were critical for ensuring quality before making a purchase. Material safety data sheets ("MSDS") are distributed to the suppliers to ensure that all the materials meet the Group's safety standards and do not contain any hazardous chemical substances.

To make sure that vendors adhere to the Social Accountability 8000 Standard (SA 8000), a supplier assessment is carried out annually. The procurement team shall offer corrective actions for suppliers to take in order to improve within a certain timeframe if any non-conformance is discovered. The Group may consider terminating the contracts with suppliers if no improvement has been made.

Apart from the above, the Group gives preference to local suppliers with the aim of minimising the carbon footprints incurred by long way transportation and supporting the local economy prosperity.

Geographical Distribution of Suppliers



Raw Material Management

Since hazardous chemicals compose the majority of the raw materials used to make batteries, it is necessary for Golden Power to handle the raw material in a cautious manner. The Group conducts on-site testing to make sure that the chemical characteristics are in accordance with the Group's standards before moving forward with manufacturing, in addition to gathering enough information about the safety level of materials in advance from MSDS.

To safeguard product quality and safety, technical supervisors are assigned to oversee the entire chemical mixing process in terms of proper procedures, right formula and high productivity. The supervision can help reduce the number of materials wasted throughout the operation.

Safety is the first priority when it comes to handling dangerous chemicals. All hazardous and toxic chemicals shall be distinguished by the material information sheets, managed in accordance with the guidelines with specific warning signs. Furthermore, to lessen workplace hazards brought on by inappropriate handling of raw materials, storage containers for material must be leak-proof and chemically inert.

7.2 STRINGENT QUALITY CONTROL

As a reputable battery manufacturer, Golden Power is dedicated to offering its cherished customers lengthy and high-quality goods by conducting strict quality control. The Group ensures that its products meet high standards in terms of energy efficiency, cost effectiveness, safety performance, and eco-friendly features by referring to international product quality standards such as ISO 9001:2015 Quality Management System, Restriction of Hazardous Substances ("RoHS"), and International Electrotechnical Commission ("IEC"). Our products comply with the Directive 2013/56/EU (2006/66/EC) and the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH").

Aside from international standards, an internal standardised quality control system is in place to ensure product quality and safety. To protect the batteries from moisture, all batteries must be covered with moisture proof paper, wrapped in plastic wrap, and stored at least 30cm away from the wall. An in-house laboratory is set up to supervise every step of the battery manufacturing process, from providing test instructions to conducting on-site supervisions and inspections. To ensure the durability and safety of our products, the Group performs twice as many weathering tests in the laboratory as required by the industry standards.

The Group goes through the production process on a regular basis to examined the need to refine its production workflows, upgrade its equipment and machines, and expand its production lines to enhance the operational efficiency and performance. The Group underwent routine inspections, machine upkeep, and engineering part replacements during the reporting period.

To achieve high productivity in battery manufacture, the Group is currently working to transition from labour-intensive production to automation. In order to expedite the packaging process, the Group has installed many shrinks warp machines for the start of the shift. Additionally, automated packaging equipment is utilized to enhance the packaging's appearance and detect damaged goods.

A capable research and development team at Golden Power is looking into new technologies and battery solutions in response to shifting consumer demands and expectations. The Group also conducts benchmarking analysis that enables comparison of leading industry standards.

Attributed to the Group's production monitoring mechanism, the Group achieved a 0% recall on products due to health and safety reasons and 6 complaints regarding the products that have been subjected to improper handling during transportation and storage during the reporting period. For more details, please refer to the part "7.4 Product Responsibility".

7.3 CONTINUOUS PRODUCT DEVELOPMENT

Eco-friendly battery

The Group is committed to increasing customers' understanding of environmental issues by offering environmentally friendly substitute products. "Ecototal" is one of the Group's eco-friendly series batteries without hazardous substances such as mercury, cadmium and lead. The battery is safe to both human and the environment. The Group will keep working tirelessly to create innovative eco-friendly battery products and reduce environmental impact throughout the entire production and disposal process.

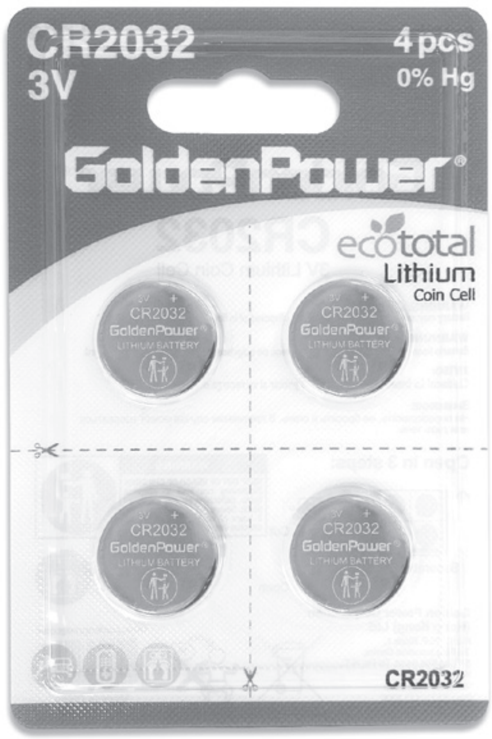
Powering healthcare and smart living products

In response to the growing demand for medical equipment resulting from an aging population and growing public health awareness. The Group has created specialized products with great long-term operation performance for use in the medical industry. They are designed for thermometer, hearing aid devices, insulin pump and glucose meter to provide better healthcare support.

Besides, the Group focuses on batteries of smart living products such as car keys, remotes and home security alarms to fulfil the various needs in the market. Golden Power aspires to make consumers' life easier, safer and more convenient.

Child resistant packaging battery

In order to prevent battery ingestion by new-borns and toddlers, the Group has adopted a new battery packaging for its lithium coin cell, namely "child resistant packaging". In the European Union, child-resistant packaging is greatly encouraged and in consideration of children safety. It is also predicted to be more popular among our target customers among different regions. The Group will continue to work tirelessly to modify the packaging and improve our products safety for our customers.



(the child resistant packaging of lithium coin cell.)

7.4 PRODUCT RESPONSIBILITY

Customers' feedback is the driving force behind Golden Power's continuous improvement of products and services, as well as its sustainable business.

The Group is committed to ensuring the products and services quality. We have an effective customer communication mechanism in place. We provide clear and accurate information to the customers. In case we receive opinions, we respond to the inquiries timely and resolve issues in a promptly and satisfactory manner. Customer's feedback will be further analysed and evaluated to assist the Group in knowing customers' expectations and requirements.

As a reliable battery manufacturer for customers, the Group is dedicated to providing after-sales service as a part of strategic brand loyalty development. The sales and marketing department is in charge of the after-sales support, ranging from processing complaints to handling product recalls in a timely manner. All complaints and product recalls were recorded in details and the Group would thereafter implement preventive measures to avoid similar incidents in the future.

During the reporting period, a total of 6 complaints were received, concerning the products that have been subjected to improper handling during transportation and storage. The Group deployed prompt follow-up actions, from redistributing batteries to clients and investigating the root causes, to implementing mitigation measures such as strengthening staff training.

To protect the intellectual property right of Golden Power, the Group has registered trademarks for its brands logo and products such as "G Device", "goldenpower" and "Greenergy" in the regions where Golden Power's products are merchandised. In order to prohibit any unauthorized use of the Group's brand, trademarks, and technology, the Group also registered patents for its recently produced items and technologies.

Customers' privacy and intellectual property rights are crucial to the Group's business integrity. In order to prevent intellectual property rights from being violated during the processes of research and development, procurement, production, sales, and external partnerships, the Group has adopted an intellectual property rights management system since 2017. As stated in the Employees' Manual, employees shall take the required procedures to avoid the risk of confidential data leakage and misuse.

8 OUR WORKPLACE

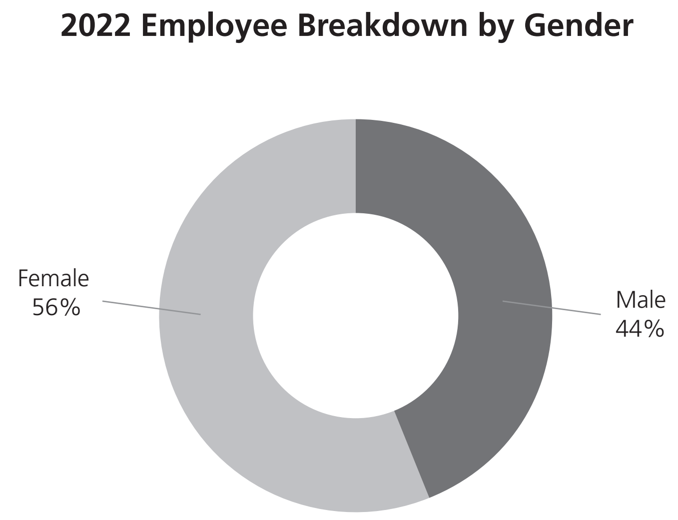
By adhering to the standards outlined in SA 8000, the Group demonstrates its commitment to creating a fair, moral, and peaceful workplace. The Group, meanwhile, places a high priority on personnel development, professional training, and safety procedures.

8.1 EMPLOYMENT AND LABOUR STANDARDS

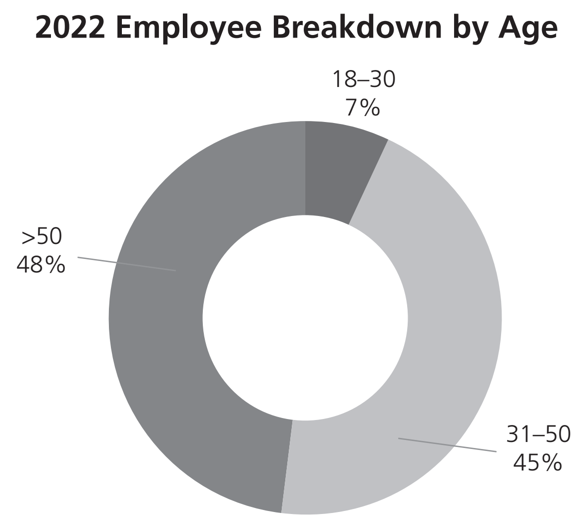
The Group attaches strict adherence to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability, or age.

Aside from strictly complying with relevant local laws and regulations during the reporting period, the Group offers a competitive remuneration package and welfare, reasonable work hours and leaves to attract and keep talents. Regular performance appraisals are also conducted to assess employees' performance and serve as a communication channel to motivate employees. During the reporting period, the Group had employed a total of 475 staff while the overall turnover rate was 6.74%. The employee compositions and details are as follows:

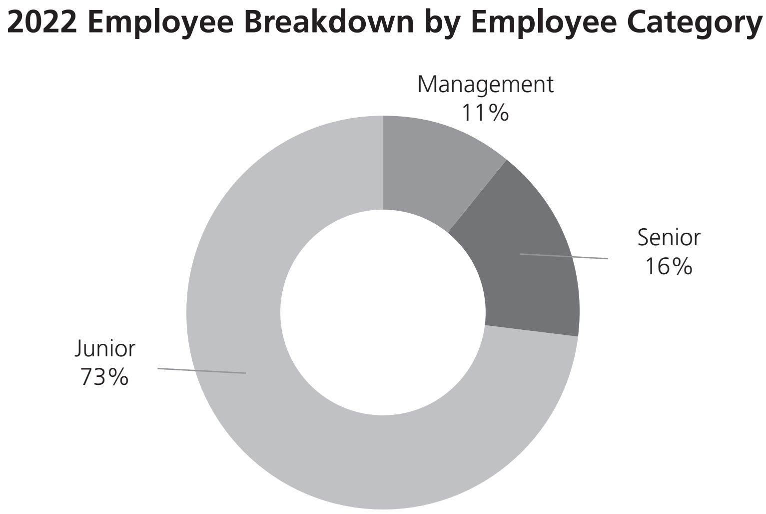
Employee Breakdown by Gender



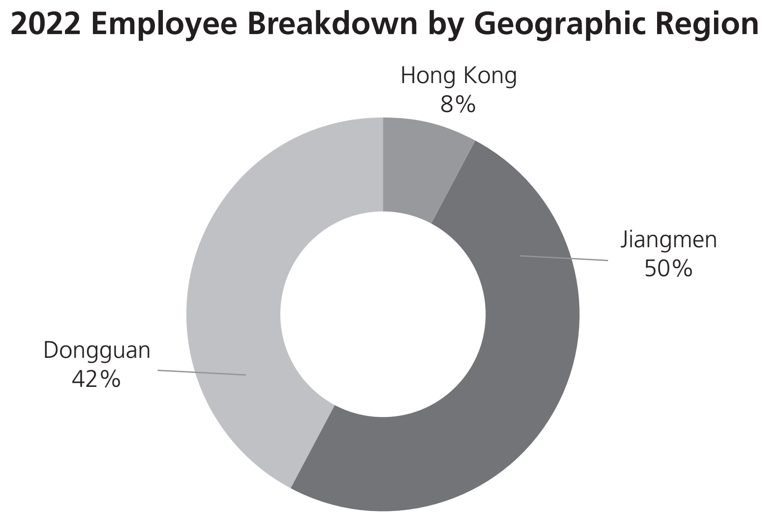
Employee Breakdown by Age



Employee Breakdown by Employment Category



Employee Breakdown by Geographical Region



2022 Turnover Rate		Percentage
Overall		6.74%
By Gender	Male	9.48%
	Female	4.55%
By Age Group	18–30	20.59%
	31–50	7.08%
	> 50	4.37%
By Geographical Region	Hong Kong	32.43%
	Jiangmen	3.77%
	Dongguan	5.53%

At Golden Power's operations, it is completely forbidden to use child or forced labor. The Human Resources Department is in charge of carrying out pertinent labor laws and procedures, like requiring legitimate identification documents for hiring. In case of employment of child and forced labour, the HR Department shall take prompt disciplinary actions, including terminating the employment contract and reporting to the local labour departments. The Group will also review the current practices to avoid similar cases from happening again. During the reporting period, the Group was not aware of any non-compliance in relation to employment and labour standard.

Golden Power believes that employees are one of the most treasurable assets and thus employees' opinions and feedbacks are highly valued. The Group offers a variety of contact channels so that employees can voice their opinions towards Golden Power. These viewpoints are discussed in staff meetings in an effort to enhance the Group as a whole.

The Group regularly arranged staff activities such as Lunar New Year celebration, 50th Anniversary Celebration, mooncakes and rice dumplings distribution etc, in order to build a strong bonding with employees and reward them for their hard work.

Descriptions	Photos
Lunar New Year Celebration	 

Descriptions	Photos
50th Anniversary Celebration	
Dragon boat festival	
Birthday Party	
	

8.2 BUSINESS ETHICS AND INTEGRITY

The Group places a high value on honesty and business ethnicity. All corrupting behaviours, including extortion, fraud, and money laundering, were absolutely forbidden, as specified in the Code of Conduct. All staff members would receive the Code of Conduct and sign their commitments to avoid and declare all possible conflict of interest and advantages or entertainment. The Group also established its whistle-blowing mechanisms to report any suspicious cases internally. The internal audit committee is charge of conducting immediate investigations of all cases and reporting directly to the Board for further actions.

During the reporting period, a one-hour anti-corruption training was arranged for the Board members, the HR and Administration Department to mitigate possible corruption risks. The Group was not aware of any complaint or reported or concluded case in relations to corrupt practices such as bribery, extortion, fraud, and money laundering during the reporting period.

8.3 OCCUPATIONAL HEALTH AND SAFETY

Golden Power cares about the health and wellness of its employees. The Group has prepared a safety contingency plan for every production unit that outlines occupational safety practices and incident handling processes in order to protect employees from workplace injury.

Besides, safety trainings in areas such as first aid, handling hazardous substances and fire safety are provided to all employees. Frontline employees at operating locations are required to wear self-protective equipment such helmets, safety goggles, and ear plugs in order to lower the potential occupational safety risk. The Production Facilities in Jiangmen built an on-site emergency pond for fire-fighting in accordance with municipal regulations.

The Group is aware of the occupational risks associated with the repetitive and manual wrapping procedure that occurs prior to shipment. Golden Power has introduced an automatic shrink wrap machine to automate the labour-intensive wrapping process and reduce the occupational risk. The Group periodically performs extensive maintenance inspections on the premises and manufacturing equipment to avoid any workplace accidents.

With the rigorous safety practices, the Group had achieved a zero-fatality rate in the past three-year, and recorded 5 work-related injury cases and 52 lost working days during the reporting period. If any cases occur, the cases will be handled and filed in accordance with internal accident handling procedures and will be reported to the relevant authority in compliance with the law. To increase employees' safety awareness and thereby assist in the avoidance of similar mishaps, the filed cases will be used as training materials.

8.4 MEASURES DURING THE PANDEMIC

The Group has implemented following measures in order to protect employees and clients from the pandemic outbreak.

- Body temperature checking was required whenever entering the workplace and office
- Conduct more frequent disinfection in working areas and provide masks, Rapid Antigen Test Kit and hand-sanitising products to the staff
- Using dry steam sterilizer to provide a clean and safe environment for our staff in the office
- Have enough protective resources such as disinfectant spray machine, alcohol sanitizers, hand washing and masks in the workplace
- Special work arrangement for our staff member during the epidemic situation
- Encourage employee to receive COVID-19 vaccine

In addition to the steps mentioned above, the Group had established an emergency procedure to stop and handle any infectious instances in a timely and effective manner. The Group will continue to monitor the epidemic and protect the health and safety of its employees.

8.5 TRAINING AND DEVELOPMENT

Employee capability and professionalism are essential to Golden Power's high-quality products and services. Golden Power is eager to provide its employees with variety of training and development programs for its employees in order to foster their abilities and skills.

With various internal and external professional training and educational subsidies, employees are able to acquire work-related knowledge and skills, and thus improve their performances in workplace. The training focused on four main categories: quality control, technical operational skills, occupational health and safety, and environmental protection. Golden Power organized a welcoming orientation program that covers the specifics and safety precautions of workflow for better absorption of newly hired personnel. In addition, the Group organized managerial trainings for senior-level employees that emphasized good project management and leadership.

After gathering the needs and willingness of the staff, the HR Department is responsible for arranging and promoting staff trainings with the support of department heads. The department heads keep track of their department members' individual training data, evaluate its effectiveness, and make recommendations during the annual performance appraisal. Talent development is an important component of Golden Power's talent attraction and retention strategy for long-term business growth.

Employee by category	Percentage of employees trained (%)	Average training hour (hour)
Male	91.47	4.95
Female	95.45	5.04
Management	94.00	1.25
Senior	91.03	2.82
Junior	94.24	5.98

9 CONTRIBUTE TO THE COMMUNITY

Golden Power is committed to creating positive impact to the community and society. The products from Golden Power are all human-oriented. The products not only improve healthcare, beauty, and smart-devices, but they also improve the living conditions of the elderly and disabled communities.

In addition to the above, the Group has made a charitable donation of a gift around HKD2,200 in a charity activity organised by Jiangmen Pengjiang District Baisha Commercial Society to elderly and support quality education of unprivileged children during the reporting period. The Group believes that education is a fundamental human right for everyone and is one of the most powerful tools in lifting unprivileged children out of poverty.

10 LOOKING FORWARD

The Group has set up various environmental targets this year. The Board will continue to monitor and oversee progress toward targets, ensuring that Golden Power fulfils its commitment through the promised practices and actions.

Apart from that, in order to obtain a more in-depth understanding of stakeholders' needs and expectations, Golden Power has broadened the width and depth of stakeholder engagement during the reporting period. In response to stakeholders' feedback, the Group will continuously invest in developing high-quality and eco-friendly battery products to adapt the everchanging market. The Group will keep working together with its key stakeholder to accurately define ESG material issues, which enables the Group to build a more thorough sustainability roadmap and be more resilient to difficulties in the future.

11 ESG CONTENT INDEX

Aspect	KPI	Description	Statement/Section
SUBJECT AREA (A) ENVIRONMENT			
A1: EMISSIONS			
A1	*General disclosure*	Information on: (a) the policies; and (b) compliance	(a) 6.1 Environmental Policy (b) There was no non-compliance noticed during the reporting period.
	A1.1	The types of emissions and respective emissions data.	6.2 Climate Change, Emission Control and Energy Efficiency
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.2 Climate Change, Emission Control and Energy Efficiency
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.4 Waste Reduction and Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.4 Waste Reduction and Management
	A1.5	Description of measures to mitigate emissions and results achieved.	6. Our Environment
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.4 Waste Reduction and Management
A2: USE OF RESOURCES			
A2	*General disclosure*	Policies	6.1 Environmental Policy
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	6.2 Climate Change, Emission Control and Energy Efficiency
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.3 Water Consumption and Wastewater Management
	A2.3	Description of energy use efficiency initiatives and results achieved.	6.2 Climate Change, Emission Control and Energy Efficiency
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	6.3 Water Consumption and Wastewater Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	6.5 Packaging Materials

Aspect	KPI	Description	Statement/Section
A3: THE ENVIRONMENT AND NATURAL RESOURCES			
A3	*General disclosure*	Policies	6.1 Environmental Policy
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Our Environment
A4: CLIMATE CHANGE			
A4	*General disclosure*	Policies	6.2 Climate Change, Emission Control and Energy Efficiency
	A4.1	Description of the significant climaterelated issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.2 Climate Change, Emission Control and Energy Efficiency
SUBJECT AREA (B) SOCIAL			
B1: EMPLOYMENT			
B1	*General disclosure*	Information on: (a) the policies; and (b) compliance	(a) 8.1 Employment and Labour Standards (b) There was no non-compliance noticed during the reporting period.
	B1.1	Total workforce by gender, employment type, age group and geographical region.	8.1 Employment and Labour Standards
	B1.2	Employee turnover rate by gender, age group and geographical region.	8.1 Employment and Labour Standards
B2: HEALTH AND SAFETY			
B2	*General disclosure*	Information on: (a) the policies; and (b) compliance	(a) 8.3 Occupational Health and Safety (b) There was no non-compliance noticed during the reporting period.
	B2.1	Number and rate of work-related fatalities.	8.3 Occupational Health and Safety
	B2.2	Lost days due to work injury.	8.3 Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	8.3 Occupational Health and Safety
B3: DEVELOPMENT AND TRAINING			
B3	*General disclosure*	Policies	8.5 Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	8.5 Training and Development
	B3.2	The average training hours completed per employee by gender and employee category.	8.5 Training and Development

Aspect	KPI	Description	Statement/Section
B4: LABOUR STANDARDS			
	General disclosure	Information on: (a) the policies; and (b) compliance	(a) 8.1 Employment and Labour Standards (b) There was no non-compliance noticed during the reporting period.
B4	*B4.1*	Description of measures to review employment practices to avoid child and forced labour.	8.1 Employment and Labour Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	8.1 Employment and Labour Standards
B5: SUPPLY CHAIN MANAGEMENT			
	General disclosure	Policies	7.1 Responsible Sourcing
	B5.1	Number of suppliers by geographical region.	7.1 Responsible Sourcing
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	7.1 Responsible Sourcing
B5	*B5.3*	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7.1 Responsible Sourcing
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	7.1 Responsible Sourcing
B6: PRODUCT RESPONSIBILITY			
	General disclosure	Information on: (a) the policies; and (b) compliance	(a) 7. Our Production (b) There was no non-compliance noticed during the reporting Period.
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	7.2 Stringent Quality Control
B6	*B6.2*	Number of products and service related complaints received and how they are dealt with.	7.4 Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	7.4 Product Responsibility
	B6.4	Description of quality assurance process and recall procedures.	7.2 Stringent Quality Control 7.4 Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	7.4 Product Responsibility

Aspect	KPI	Description	Statement/Section
B7: ANTI-CORRUPTION			
B7	*General disclosure*	Information on: (a) the policies; and (b) compliance	(a) 8.2 Business Ethics and Integrity (b) There was no non-compliance noticed during the reporting period.
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	8.2 Business Ethics and Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	8.2 Business Ethics and Integrity
B8: COMMUNITY INVESTMENT			
B8	*General disclosure*	Policies	9. Contribute to the Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	9. Contribute to the Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	9. Contribute to the Community

REPORT OF THE DIRECTORS

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

CORPORATE HISTORY

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

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

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

PRINCIPAL ACTIVITIES

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

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

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2022 are set out in Note 36 of the audited consolidated financial statements.

FINANCIAL STATEMENTS

The summary of the results, assets and liabilities of the Group for the year ended 31 December 2022 and the state of the Company's and the Group's affairs as at that date are set out in consolidated financial statement on page 79 to 142 of this annual report.

RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the audited consolidated statement of profit or loss and audited consolidated statement of comprehensive income on pages 79 and 80 of this report, respectively.

The Directors did not recommend the payment of any dividend for the Year (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the identity of the shareholders of the Company who will be eligible to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023 (both dates inclusive), during which no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 pm on Friday, 19 May 2023.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" on page 6 of this report. The business review forms part of this report.

SEGMENT INFORMATION

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

CHARITABLE DONATIONS
No charitable or other donations were made by the Group during the Year (2021: Nil).

MAJOR CUSTOMERS AND SUPPLIERS
During the Year, the largest and the top five customers of the Group accounted for 12.75% (2021: 11.37%) and 45.47% (2021: 37.72%) of the Group's revenue, respectively, for the Year.

During the Year, the Group's purchases from the largest and the top five suppliers accounted for 13.20% (2021: 8.83%) and 40.29% (2021: 33.46%) of the Group's purchases, respectively, for the Year.

To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any shareholder of the Company, who owns more than 5% of the issued share capital of the Company, had any interest in any of the Group's top five customers or suppliers of the Group for the Year.

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

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

SHARE CAPITAL
There was no change in the total number of issued Shares and the issued share capital during the Year.

Details of movements in the share capital of the Company during the Year are set out in Note 28 to the audited consolidated financial statements.

RESERVES
Movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 83 of this report.

DISTRIBUTABLE RESERVES
The Company's reserves as at 31 December 2022 are set out in Note 29(c) to the audited consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2022 are set out in Note 26 to the audited consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 143 of this report.

IMPORTANT EVENTS AFTER THE YEAR END

There are no important events subsequent to the end of the Year and up to the date of this report which requires disclosure.

DIRECTORS

The Directors since 1 January 2022 and up to the date of this report were:

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

Independent non-executive Directors
Mr. Hui Kwok Wah
Mr. Ma Sai Yam *(resigned on 31 May 2022)*
Mr. Kan Man Kim *(appointed on 31 May 2022)*
Mr. Chow Chun Hin Leslie

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 13 to 16 of this report.

DIRECTORS' RETIREMENT AND RE-ELECTION

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

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

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

In accordance with article 112 of the Articles, Mr. Kan Man Kim would hold office as Director only until the conclusion of the 2023 AGM and, being eligible, offered himself for re-election at the 2023 AGM. In accordance with article 108 of the Articles, the following Directors, namely, Mr. Tang Chi Him and Mr. Chu Ho Wa would retire from office by rotation and, being eligible to, offered themselves for re-election at the 2023 AGM.

No Director proposed for re-election at the 2023 AGM has or is proposed to have a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

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

DIRECTORS' SERVICE CONTRACTS

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

The Company has entered into a letter of appointment with each of the independent non-executive Directors for a fixed term of 2 years upon the expiry of the previous letters of appointment and commencing from June 2022, which may be terminated by either the Company or the Director in accordance with the terms thereof.

There is no director's service contract with the Company or any of its subsidiary which is not determinable by the Company or its subsidiary within one year without payment of compensation (other than statutory compensation) as at 31 December 2022.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

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

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

COMPETING INTERESTS

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

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

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

REMUNERATION OF THE DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

EMOLUMENT POLICY

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all the Directors and members of the senior management remuneration, having regard to market competitiveness, individual performance and achievement. The Remuneration Committee would conduct annual review of the emoluments of the Director and remuneration package of the members of the senior management or conduct ad hoc review when necessary. The Company has adopted a share option scheme for granting share option as part of the potential remuneration package to the Directors and the relevant eligible participants.

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

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save for those disclosed above or in this report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries nor any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year.

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

Interests in the Company

As at 31 December 2022, the interests or short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the Listing Rules, were as follows:

Long positions in the Shares

Name	Nature of interest	Total number of shares held (Long Position)	Approximate percentage of shareholding
Chu King Tien (Chairman and executive Director)	Interest in a controlled corporation (Note 1)	203,400,000 Shares	56.50%
Chu Shuk Ching (Executive Director and Chief Executive Officer)	Interest in a controlled corporation (Note 2)	43,600,000 Shares	12.11%
	Beneficial owner	3,000,000 Shares	0.83%

Note:

1. These Shares are held by Golden Villa, and Triumph Treasure Holdings Limited ("**Triumph Treasure**") which are wholly owned and owned as to 51% by Mr. Chu King Tien, respectively. By virtue of the SFO, Mr. Chu King Tien is deemed to be interested in all the Shares held by Golden Villa Ltd. and Triumph Treasure Holdings Limited in the Company.

2. These Shares are held by Triumph Treasure, which is owned as to 49% by Ms. Chu Shuk Ching. By virtue of the SFO, Ms. Chu Shuk Ching is deemed to be interested in all the Shares held by Triumph Treasure.

Interests in associated corporations of the Company

As at 31 December 2022, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in, were as follows:

Long positions in the shares of the associated corporation

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

Save as disclosed above, as at 31 December 2022, the interest or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the Listing Rules.

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

So far as the Directors are aware, as at 31 December 2022, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying Shares or debentures of the Company which were required to be recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions in the shares

Name	Nature of interest	Total number of shares held	Approximate percentage of shareholding
Golden Villa	Beneficial owner	159,800,000 Shares	44.39%
Ms. Mo Yuk Ling (Note)	Interest of spouse	203,400,000 Shares	56.50%
Triumph Treasure	Beneficial owner	43,600,000 Shares	12.11%

Note:

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

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was conditionally adopted by the written resolutions of the Company's sole shareholder passed on 15 May 2015 (the "**Adoption Date**"). Since the Listing Date and up to the date of this report, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme. In line with the amended Chapter 17 of the Listing Rules, which was effective from 1 January 2023, a summary of the terms of the Share Option Scheme is set out below:

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

2) Qualifying participants

Subject to the provisions in the Scheme, the Board shall be entitled at any time and from time to time within the period of ten years after the date of adoption of the Scheme to make an offer to any of the following classes of persons: (i) any employee (whether full time or part time, including Director) of the Company, its subsidiaries and any Invested Entity; and (ii) any Director (including any non-executive Director and independent non-executive Director) of the Company, any of its subsidiary or any Invested Entity.

3) Maximum number of the Shares

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

As at 31 December 2022 and the date of this report, no Share options has been granted by the Company and the outstanding number of Share options available for grant under the Scheme is 16,000,000 Share options to subscribe for the Shares, representing approximately 4.4% of the issued share capital of the Company, respectively. As at 1 January 2022 and 31 December 2022, the number of options available for grant under the scheme was 16,000,000 Shares, respectively. There was no service provider sublimit set under the Scheme during the Year.

4) Limit for each participant

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

5) Exercise of an option

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

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

6) Acceptance and payment on acceptance

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

7) Subscription price

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

8) **Remaining life of the Scheme**
The Scheme will remain valid and effective for a period of 10 years commencing from the Adoption Date (which will be on 15 May 2025) after which no further option shall be granted.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The related party transactions entered into by the Group during the Year are set out in Note 32 to the audited consolidated financial statements. The Directors consider that no related party transactions did fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 14A of the Listing Rules, which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

Connected Transactions and Continuing Connected Transactions

During the Year, there was no connected transaction or continuing connected transactions entered into by the Group which required reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to the Listing Rules.

The related party transactions in relation to key management personnel remuneration as disclosed in Note 32(b) to the audited consolidated financial statements are connected transactions exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to the Listing Rules.

CORPORATE GOVERNANCE

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

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 17 to 33 of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Please refer to the Environmental, Social and Governance Report (the "**ESG Report**") on pages 34 to 64 of this report.

MANAGEMENT CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the Year have been audited by PKF Hong Kong Limited, who will retire and, being eligible, offer themselves for re-appointment at the 2023 AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the 2023 AGM.

REVIEW BY AUDIT COMMITTEE

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

EVENT AFTER REPORTING PERIOD

On 16 March 2023, the Company announced that it proposed to raise approximately HK$19.80 million, before expenses, by issuing 180,000,000 rights shares (the "**Rights Share(s)**"), which after fully-paid would rank pari passu with the existing ordinary Shares, by way of rights issue (the "**2023 Rights Issue**") at the subscription price of HK$0.11 per Rights Share, on the basis of one Rights Share for every two existing Shares held on the record date by the Shareholders. The prospectus document of the 2023 Rights Issue were issued to qualifying Shareholders on 31 March 2023. For further details of the 2023 Rights Issue, please refer to the announcement of the Company dated 16 March 2023 and the 2023 Rights Issue prospectus dated 31 March 2023.

Save as the above, there is no other material event for disclosure subsequent to 31 December 2022 and up to the date of this annual report.

On behalf of the Board
Mr. Chu King Tien
Chairman

Hong Kong, 23 March 2023

PKF

大信梁學濂（香港）會計師事務所有限公司

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TO THE SHAREHOLDERS OF GOLDEN POWER GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Power Group Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 79 to 142, which comprise the consolidated statement of financial position at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the Group's consolidated financial position at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Valuation of investment properties

The Group holds a portfolio of investment properties in Hong Kong with a fair value of approximately HK$97,000,000 which accounted for approximately 15% of the Group's total assets at 31 December 2022. The fair value of investment properties at 31 December 2022 was based on a valuation performed by an independent firm of qualified external property valuers. An decrease in fair value of approximately HK$8,000,000 was recognised in profit or loss for the year ended 31 December 2022.

We identified valuation of the Group's investment properties as a key audit matter because of the significance of investment properties to the Group's total assets and the significance of changes of fair value on investment properties to the Group's profit before income tax and because the valuation of investment properties can be inherently subjective and requires significant judgement and estimation associated with determining the fair value.

Our major procedures in relation to assessing the valuation of investment properties included:

- Obtaining and inspecting the valuation reports prepared by the external property valuers engaged by the Group and on which the directors' assessment of the fair value of investment properties was based;

- Assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence;

- Discussing with the external property valuers independently for their valuation methodology and assessing the key estimates and assumptions adopted in the valuation;

- Evaluating the reasonableness of adjustments made by external property valuers by reference to the similar properties relating to location and size of properties; and

- Checking arithmetical accuracy of calculations.

OTHER INFORMATION

The directors are responsible for the other information which comprises the information included in the Group's annual report for the year ended 31 December 2022 ("**Annual Report**"), other than the consolidated financial statements and our auditor's report thereon.

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement director on the audit resulting in this independent auditor's report is Wan Tak Shing (Practising Certificate Number: P04844).

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong

23 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	5	**330,247**	347,218
Cost of sales		**(258,709)**	(273,731)
Gross profit		**71,538**	73,487
Other revenue	6	**3,959**	6,016
Other gains and (losses)	7	**(26,220)**	3,820
Selling expenses		**(18,603)**	(17,554)
General and administrative expenses		**(53,229)**	(56,018)
(Loss)/profit from operations		**(22,555)**	9,751
Finance costs	8(a)	**(5,160)**	(3,953)
(Loss)/profit before income tax	8	**(27,715)**	5,798
Income tax	10	**4,921**	(1,086)
(Loss)/profit for the year attributable to the equity shareholders of the Company		**(22,794)**	4,712
(Loss)/earnings per share (HK cents)			
— Basic	12	**(6.33)**	1.51
— Diluted	12	**N/A**	N/A

The notes on pages 86 to 142 form part of these consolidated financial statements. Detail of dividends paid or payable of the Company are set out in Note 13 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
(Loss)/profit for the year	**(22,794)**	4,712
Other comprehensive (loss)/income for the year, net of tax:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**(4,915)**	2,662
Fair value gain on hedging instrument designated in cash flow hedge	**—**	8
Hedging reserve reclassified to profit or loss	**(8)**	—
	(4,923)	2,670
Total comprehensive (loss)/income for the year attributable to the equity shareholders of the Company	**(27,717)**	7,382

The notes on pages 86 to 142 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**345,011**	343,577
Investment properties	15	**97,000**	105,000
Intangible assets	16	**110**	135
Prepaid land lease payments	17	**3,958**	4,558
Right-of-use assets	18	**6,249**	8,811
Deposits paid for acquisition of property, plant and equipment	21	**9,841**	14,856
Pledged deposit	21	**1,945**	1,945
Deferred tax assets	11	**10,750**	7,307
		474,864	486,189
CURRENT ASSETS			
Inventories	19	**48,789**	60,051
Trade and bills receivables	20	**47,974**	53,702
Deposits, prepayments and other receivables	21	**31,210**	29,638
Derivative financial instrument	22	**—**	8
Income tax recoverable		**3,296**	1,429
Cash and bank balances		**21,508**	36,630
		152,777	181,458
DEDUCT:			
CURRENT LIABILITIES			
Trade payables	23	**84,581**	78,576
Other payables and accruals	24	**27,551**	31,860
Contract liabilities	25	**2,243**	2,858
Bank and other borrowings	26	**186,838**	181,261
Lease liabilities	27	**4,306**	4,086
Income tax payable		**2,774**	208
		308,293	298,849
NET CURRENT LIABILITIES		**(155,516)**	(117,391)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**319,348**	368,798
DEDUCT:			
NON-CURRENT LIABILITIES			
Bank and other borrowings	26	**27,106**	44,911
Lease liabilities	27	**1,738**	4,534
Deferred tax liabilities	11	**3,137**	4,269
		31,981	53,714
NET ASSETS		**287,367**	315,084
REPRESENTING:			
CAPITAL AND RESERVES			
Share capital	28	**3,600**	3,600
Reserves	29	**283,767**	311,484
TOTAL EQUITY		**287,367**	315,084

Approved and authorised for issue by the Board of Directors on 23 March 2023.

Mr. Chu King Tien
EXECUTIVE DIRECTOR

Ms. Chu Shuk Ching
EXECUTIVE DIRECTOR

The notes on pages 86 to 142 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 Note 29(c)(i)	Exchange reserve HK$'000 Note 29(c)(ii)	Capital reserve HK$'000 Note 29(c)(iii)	Property revaluation reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2021	2,400	90,043	5,914	(1,679)	29,819	51,697	—	93,897	272,091
Profit for the year	—	—	—	—	—	—	—	4,712	4,712
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	2,662	—	—	—	—	2,662
Fair value gain on hedging instrument designated in cash flow hedge	—	—	—	—	—	—	8	—	8
Total comprehensive income for the year	—	—	—	2,662	—	—	8	4,712	7,382
Issue of shares, net of transaction cost (note 28)	1,200	34,411	—	—	—	—	—	—	35,611
At 31 December 2021 and 1 January 2022	**3,600**	**124,454**	**5,914**	**983**	**29,819**	**51,697**	**8**	**98,609**	**315,084**
Loss for the year	—	—	—	—	—	—	—	**(22,794)**	**(22,794)**
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	**(4,915)**	—	—	—	—	**(4,915)**
Hedging reserve reclassified to profit or loss	—	—	—	—	—	—	**(8)**	—	**(8)**
Total comprehensive loss for the year	—	—	—	**(4,915)**	—	—	**(8)**	**(22,794)**	**(27,717)**
At 31 December 2022	**3,600**	**124,454**	**5,914**	**(3,932)**	**29,819**	**51,697**	—	**75,815**	**287,367**

The notes on pages 86 to 142 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before income tax	(27,715)	5,798
Adjustments for:		
Amortisation of intangible assets	45	51
Amortisation of prepaid land lease payments	217	223
Depreciation of property, plant and equipment	13,221	13,632
Depreciation of right-of-use assets	4,202	4,470
Finance costs	5,160	3,953
(Gain)/loss on disposals of property, plant and equipment	(92)	107
Interest income	(19)	(17)
Fair value losses/(gains) on investment properties	8,000	(1,000)
Gain on termination of lease	—	(46)
(Reversal of)/write-down to net realisable value on inventories	(315)	128
Exchange differences	(2,494)	(16)
Operating profit before working capital changes	210	27,283
Decrease in inventories	20,712	263
Decrease/(Increase) in trade and bills receivables	4,192	(3,357)
Increase in deposits, prepayments and other receivables	(361)	(3,487)
Increase/(decrease) in trade payables	13,558	(11,458)
Decrease in other payables and accruals	(20,297)	(5,403)
Decrease in contract liabilities	(583)	(563)
Cash generated from operations	17,431	3,278
Interest received	19	17
Income tax refunded/(paid)	405	(4,398)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	17,855	(1,103)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(9,621)	(28,168)
Deposit paid for acquisition of property, plant and equipment	(1,029)	(8,096)
Payments to acquire intangible assets	(20)	—
Sale proceeds from disposals of property, plant and equipment	193	29
NET CASH USED IN INVESTING ACTIVITIES	(10,477)	(36,235)

	Note	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings raised	30	**172,330**	184,905
Repayment of bank and other borrowings	30	**(181,127)**	(148,126)
Placement of pledged bank deposits		**—**	(1,945)
Interest paid	30	**(8,647)**	(6,435)
Capital element of lease rentals paid	30	**(4,209)**	(4,172)
Interest element of lease rentals paid	30	**(245)**	(347)
Proceeds from issuing shares, net of transaction cost		**—**	35,611
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(21,898)**	59,491
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(14,520)**	22,153
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		**(602)**	25
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**36,630**	14,452
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**21,508**	36,630
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**21,508**	36,630

The notes on pages 86 to 142 form part of these consolidated financial statements.

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. BASIS OF PREPARATION *(continued)*

(c) HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 December 2022 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2022:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2024

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on a going concern basis notwithstanding that the Group incurred a net loss of approximately HK$22,794,000 for the year ended 31 December 2022 and at that date, the Group had net current liabilities of approximately HK$155,516,000. The Directors are of the opinion that the Group will have sufficient funds to meet its financial obligations when they fall due in the foreseeable future taking into account the followings:

(i) At 31 December 2022, the Group had unutilised banking facilities of approximately HK$29,346,000 and subsequent to the reporting period, the Group had a new banking facility of approximately HK$10,000,000;

(ii) Subsequent to the end of the reporting period, the Group has successfully rolled over bank borrowings with an aggregate principal amount of approximately HK$75,873,000 maturing on or before the date when the consolidated financial statements are authorised for issuance;

(iii) For the borrowings which will be maturing before 31 December 2023, the Group will actively negotiate with the banks before they fall due to secure their renewals so as to ensure the Group will have necessary funds to meet the Group's working capital and financial requirements in the future. The Directors do not expect to experience significant difficulties in renewing these borrowings upon their maturities and there is no indication that its bankers will not renew the existing facilities upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings upon maturities;

(iv) Given the Group maintained strong business relationship with its bankers and based on past experiences, the Directors expect that the Group is able to renew all the banking facilities when they expire;

(v) The Group, from time to time, reviews the portfolio of investment properties and may adjust the investment strategies in order to enhance the cash flow position of the Group whenever it is necessary; and

(vi) Refer to the announcement made on 16 March 2023, the Company proposes to raise approximately HK$19.8 million, before expenses, by issuing 180,000,000 rights shares by way of rights issue at the subscription price of HK$0.11 per rights share.

After taking into consideration of the above factors and funds expected to be generated internally from operations based on the Directors' estimation on the future cash flows of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis because there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

(b) Subsidiaries

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

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

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (Note 3(j)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Subsidiaries *(continued)*

(i) Business combinations under common control before Listing Date

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

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

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

(ii) Business combinations not under common control

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses (Note 3(j)(ii)). The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Category	Depreciation policy	Residual value
Leasehold land	Shorter of remaining lease term or useful life	0%
Leasehold buildings	4%	0%
Plant and machinery	5%	10%
Furniture, fixtures and office equipment	10%	10%
Moulds	10%	0%
Loose tools and instruments	10%	0%
Motor vehicles	25%	10%
Leasehold improvements	10%	0%
Right-of-use assets — Leased properties	Over the lease term	0%
Right-of-use assets — motor vehicles	Over the lease term	0%

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation (Note 3(c)) and impairment losses (Note 3(j)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Leased assets *(continued)*

As a lessee *(continued)*

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group's right-of-use assets presented and included "prepaid land lease payments" and "right-of-use assets" while the lease liabilities are separately presented in the statement of financial position.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 3(q).

(e) Investment properties

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Investment properties *(continued)*

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

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

(f) Intangible assets

Trademarks are stated at cost less accumulated amortisation and impairment losses (Note 3(j)(ii)). Amortisation of trademarks is charged to profit or loss on a straight-line basis over the estimated useful lives of 10 years. The period and method of amortisation are reviewed annually.

(g) Inventories

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

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

(h) Trade and other receivables

Trade and other receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses (Note 3(j)(i)).

(i) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term, highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 3(j)(i).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets

(i) Credit losses from financial assets

The Group applies the ECL model to financial assets measured at amortised cost, including cash and cash equivalent, trade receivables and other receivables. Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the end of reporting; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period.

For all other financial instruments (including cash and cash equivalents and other receivables), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial assets *(continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the end of reporting period with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at the end of each reporting period to reflect changes in the financial assets' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised (Note 3(q)) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial assets (continued)

Basis of calculation of interest income (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

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

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

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

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of non-financial assets

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

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

Calculation of recoverable amount

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

Recognition of impairment losses

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(ii) Impairment of non-financial assets *(continued)*

Reversals of impairment losses

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

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

(k) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurements to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

Hedging

The Group designates certain derivatives as hedging instrument to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates (cash flow hedge).

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognized).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Trade and other payables

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

(m) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (Note 3(q)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (Note 3(h)).

(n) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 3(o)).

(o) Borrowing costs

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

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

(p) Share capital

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

(q) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

— Revenue from the sales and distribution of products is recognised when control of the products has transferred, being at the point the products are delivered to the customer's premise and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts, rebates and returns.

  A receivable is recognised when the products are delivered and the customers accept the products, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Revenue recognition *(continued)*

— Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (Note 3(j)(i)).

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

— Services fee income and handling income are recognised at a point in time in the period when services are rendered.

— Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(r) Employee benefits

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

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

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

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

(s) Translation of foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Translation of foreign currencies *(continued)*

(iii) Group companies

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

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

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

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

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

(t) Income tax

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Income tax *(continued)*

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that is becomes probable that sufficient taxable profits will be available.

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

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

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

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

  — the same taxable entity; or

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

(v) Segment reporting

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Valuation of inventories

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

(b) Loss allowance for trade and other receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions used are disclosed in Note 34.

(c) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent external property valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in Note 15.

In relying on the valuation report, the Directors of the Company have exercised their judgment and are satisfied that the method valuation is reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

As at 31 December 2022, the carrying amount of the Group's investment properties is HK$97,000,000 (2021: HK$105,000,000).

(d) Current and deferred income taxes

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

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

5. REVENUE AND SEGMENT INFORMATION

Revenue

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

(i) Disaggregation of revenue from contracts with customers by product categories is as follows:

	2022 HK$'000	2021 HK$'000
Revenue from customers and recognised at a point in time		
Sales of battery products:		
— Disposable batteries	325,043	340,463
— Rechargeable batteries	5,054	6,080
— Other battery-related products	150	675
	330,247	347,218

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

All the revenue from contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

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

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

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

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

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment information *(continued)*

Information regarding the Group's reportable segments for the years ended 31 December 2022 and 2021 is set out below:

Segment revenue from external customers

	2022 HK$'000	2021 HK$'000
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	182,333	176,449
— Carbon	43,238	65,835
	225,571	242,284
(ii) Micro-button cells		
— Alkaline	65,695	68,817
— Other micro-button cells	33,777	29,362
	99,472	98,179
	325,043	340,463
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	5,054	6,080
(ii) Other battery-related products	150	675
	5,204	6,755
	330,247	347,218

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment results

	2022 HK$'000	2021 HK$'000
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	**27,535**	33,119
— Carbon	**3,770**	2,893
	31,305	36,012
(ii) Micro-button cells		
— Alkaline	**20,372**	21,023
— Other micro-button cells	**18,357**	14,814
	38,729	35,837
	70,034	71,849
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	**1,427**	1,503
(ii) Other battery-related products	**77**	135
	1,504	1,638
	71,538	73,487

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

	2022 HK$'000	2021 HK$'000
Segment results	**71,538**	73,487
Unallocated other revenue	**3,959**	6,016
Unallocated other gains and losses	**(26,220)**	3,820
Unallocated corporate expenses	**(71,832)**	(73,572)
Finance costs	**(5,160)**	(3,953)
(Loss)/profit before income tax	**(27,715)**	5,798

Segment revenue represents sales to external parties. There are no inter-segment transactions during the years ended 31 December 2022 and 2021. Segment results represent the gross profit of each type of products. This is the measure reported to the senior executive management for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Other segment information

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

	2022 HK$'000	2021 HK$'000
Depreciation and amortisation		
Disposable batteries		
— Cylindrical batteries	6,666	7,100
— Micro-button cells	5,045	5,729
Segment total	11,711	12,829
Unallocated depreciation and amortisation	5,974	5,547
	17,685	18,376

Revenue from major customers

During the years ended 31 December 2022 and 2021, the revenue generated from the following customers accounted for over 10% of the Group's total revenue:

	2022 HK$'000	2021 HK$'000
Customer A	—	39,494
Customer B	42,110	—
Customer C	35,092	—

Geographic information

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

	2022 HK$'000	2021 HK$'000
The PRC	85,940	113,342
Hong Kong	24,666	42,327
Asia (except the PRC and Hong Kong)	71,942	51,560
Europe	45,901	65,270
Eastern Europe	16,953	16,756
North America	46,858	40,887
South America	13,078	14,762
Australia	24,485	523
Africa	136	513
Middle East	288	1,278
	330,247	347,218

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Geographic information *(continued)*

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

	2022 HK$'000	2021 HK$'000
The PRC	291,366	297,719
Hong Kong	165,198	172,831
Macau	7,550	8,332
	464,114	478,882

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

6. OTHER REVENUE

	2022 HK$'000	2021 HK$'000
Sales of scrap materials	2,139	3,338
Services fee income	14	22
Interest income	19	17
Rental income	380	1,768
Handling income	286	345
Written off of account payables (Note)	550	—
Sundry income	571	526
	3,959	6,016

Note: They were written off after the time bar has elapsed.

7. OTHER GAINS AND (LOSSES)

	2022 HK$'000	2021 HK$'000
Net exchange (losses)/gains, net	(12,270)	2,881
Gain/(loss) on disposals of property, plant and equipment	92	(107)
Fair value (losses)/gains on investment properties	(8,000)	1,000
Gain on termination of lease	—	46
Loss on derivatives financial instruments — foreign currency forward contracts	(6,042)	—
	(26,220)	3,820

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

		2022 HK$'000	2021 HK$'000
(a)	Finance costs:		
	Bank loans interest	6,606	5,653
	Interest on import and other loans	2,040	751
	Interest on lease liabilities	245	347
	Bank overdraft interest	1	31
	Total interest expense	8,892	6,782
	Less: interest expense capitalised into property, plant and equipment (Note a)	(3,732)	(2,829)
		5,160	3,953
(b)	Staff cost (excluding Directors' emoluments) (Note b):		
	Salaries, wages and other allowances	31,990	38,250
	Contributions to defined contribution plans	4,263	4,734
		36,253	42,984
(c)	Other items:		
	Amortisation of intangible assets	45	51
	Amortisation of prepaid lease payments	217	223
	Auditors' remuneration		
	— Audit services	762	712
	— Non-audit services	155	53
	Cost of inventories recognised as expenses	258,709	273,731
	Depreciation		
	— Property, plant and equipment	13,221	13,632
	— Right-of-use assets	4,202	4,470
	(Gain)/loss on disposals of property, plant and equipment:		
	— Proceeds from disposals of property, plant and equipment	(193)	(29)
	— Carrying amount of property, plant and equipment	101	136
		(92)	107
	(Reversal of)/write-down to net realisable value on inventories	(315)	128
	Short-term lease expenses	88	83
	Rental income less outgoings of approximately HK$82,000 (2021: approximately HK$245,000)	(298)	(1,523)

Note:

(a) The borrowing costs have been capitalised at a rate of 4.33% and 3.81% per annum for the years ended 31 December 2022 and 2021 respectively.

(b) In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the HKSAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. The amount of HK$1,032,000 was received and net off the staff cost recognised during the year ended 31 December 2022.

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

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

	Year ended 31 December 2022				
Name of Directors	**Fees HK$'000**	**Salaries, allowances and other benefits in kind HK$'000**	**Discretionary bonus HK$'000**	**Contribution to defined contribution plans HK$'000**	**Total HK$'000**
Executive Directors:					
Mr. Chu	—	3,600	450	—	4,050
Ms. Chu Shuk Ching	—	3,600	450	18	4,068
Mr. Chu Ho Wa	—	456	57	18	531
Mr. Tang Chi Him	—	1,034	129	18	1,181
Independent non-executive Directors:					
Mr. Hui Kwok Wah	—	216	—	—	216
Mr. Chow Chun Hin, Leslie	—	144	—	—	144
Mr. Ma Sai Yam[(i)]	—	60	—	—	60
Mr. Kan Man Kim[(ii)]	—	84	—	—	84
	—	9,194	1,086	54	10,334

	Year ended 31 December 2021				
Name of Directors	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Discretionary bonus HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Executive Directors:					
Mr. Chu	—	3,480	600	—	4,080
Ms. Chu Shuk Ching	—	3,480	600	18	4,098
Mr. Chu Ho Wa	—	450	57	18	525
Mr. Tang Chi Him	—	1,019	129	18	1,166
Independent non-executive Directors:					
Mr. Hui Kwok Wah	—	212	—	—	212
Mr. Chow Chun Hin, Leslie	—	141	—	—	141
Mr. Ma Sai Yam	—	141	—	—	141
	—	8,923	1,386	54	10,363

Notes:

(i) Mr. Ma Sai Yam resigned on 31 May 2022.

(ii) Mr. Kan Man Kim was appointed as independent non-executive director on 31 May 2022.

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

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

Among the five highest paid individuals of the Group, three of them are Directors of the Company for the years ended 31 December 2022 and 2021. Details of their emoluments have already been disclosed above.

The emoluments of the remaining two (2021: two) individual are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and other benefits in kind	1,773	1,686
Discretionary bonuses	140	245
Contributions to defined contribution plans	36	36
	1,949	1,967

The emoluments of two (2021: two) individual with the highest emoluments are fall within the following bands:

	2022	2021
Nil to HK$1,000,000	1	1
HK$1,000,001 to HK$1,500,000	1	1
	2	2

For the years ended 31 December 2022 and 2021, no emoluments were paid by the Group to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

	2022 HK$'000	2021 HK$'000
Current tax — Hong Kong profits tax:		
Provision for the year	271	692
Under/(over)-provision in prior years	23	(149)
Current tax — PRC enterprise income tax ("**EIT**"):		
Provision for the year	—	—
	294	543
Deferred taxation (Note 11):		
Current year	(5,215)	543
Income tax (credit)/expense	(4,921)	1,086

10. INCOME TAX *(continued)*

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

Pursuant to Hong Kong and PRC rules and regulations, the Group entities incorporated in Hong Kong and the PRC are subject to Hong Kong profits tax at 16.5% and EIT at 25% on the estimated assessable profits respectively except for one Hong Kong subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2021.

The provision for Hong Kong Profits Tax for 2022 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2022/2023 subject to a maximum reduction of $6,000 for each business (2021: a maximum reduction of $10,000 was granted for the year of assessment 2021/2022).

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 9 November 2017 and 1 December 2020, respectively, Goldtium (Jiangmen) Energy Products Company Limited ("**Goldtium Jiangmen**") was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years commencing from 1 January 2017 and from 1 January 2020, respectively.

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 28 November 2018 and 20 December 2021, respectively. Dongguan Victory Battery Industries Company Limited ("**Dongguan Victory**") was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years commencing from 1 January 2018 and from 1 January 2021, respectively.

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

	2022 HK$'000	2021 HK$'000
(Loss)/profit before income tax	**(27,715)**	5,798
Tax effect at the Hong Kong profits tax rate of 16.5% (2021: 16.5%)	**(4,573)**	956
Tax effect of non-taxable income	**(172)**	(248)
Tax effect of non-deductible expenses	**1,943**	1,874
Tax effect of recognition of tax losses previously not recognised	**(1,928)**	(1,297)
Tax effect of unrecognised tax losses	**349**	185
Tax effect of utilisation of tax losses	**(25)**	(151)
Under/(over)-provision in prior years	**23**	(149)
Tax concession	**(1,102)**	(165)
Tax rate differential	**564**	81
Income tax (credit)/expense	**(4,921)**	1,086

11. DEFERRED TAXATION

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

	2022 HK$'000	2021 HK$'000
Deferred tax assets	10,750	7,307
Deferred tax liabilities	(3,137)	(4,269)
	7,613	3,038

The following is deferred tax assets/(liabilities) recognised by the Group and movements hereon during the years ended 31 December 2022 and 2021:

	Unutilised tax losses HK$'000	Accelerated tax allowances HK$'000	Impairment losses on inventories HK$'000	Revaluation of investment properties HK$'000	Other HK$'000	Total HK$'000
At 1 January 2021	4,592	(511)	333	(830)	72	3,656
(Charged)/credited to profit or loss for the year	2,593	(2,708)	82	—	(510)	(543)
Exchange adjustments	143	(220)	10	—	(8)	(75)
At 31 December 2021 and 1 January 2022	7,328	(3,439)	425	(830)	(446)	3,038
(Charged)/credited to profit or loss for the year	5,576	(637)	(171)	—	447	5,215
Exchange adjustments	(781)	153	(30)	—	18	(640)
At 31 December 2022	12,123	(3,923)	224	(830)	19	7,613

At 31 December 2022, the Group had unused tax losses of approximately HK$83,777,000 (2021: HK$49,572,000), available to offset against future profits. Deferred tax assets have been recognised in respect of such losses of HK$80,171,000 (2021: HK$48,296,000) at 31 December 2022. No deferred tax asset has been recognised in respect of the remaining HK$3,606,000 (2021: HK$1,276,000) as at 31 December 2022 due to the unpredictability of future profits streams. Such unrecognised tax losses may be carried forward indefinitely.

According to the EIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company. At 31 December 2022 and 2021, temporary differences relating to the undistributed profits of the Company's subsidiaries in the PRC were approximately RMB11,439,000 and approximately RMB26,109,000 respectively (equivalent to approximately HK$12,784,000 and approximately HK$31,934,000 respectively). The related deferred tax liabilities of approximately HK$639,000 and approximately HK$1,597,000 at 31 December 2022 and 2021 respectively have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of the subsidiaries and the Directors have determined that these retained profits are not likely to be distributed in the foreseeable future.

12. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per Share attributable to the equity holders of the Company is based on the following data:

	2022 **HK$'000**	2021 HK$'000
(Loss)/profit for the year attributable to the equity holders of the Company	**(22,794)**	4,712
	'000	'000
Weighted average number of shares for the purpose of calculating basic (loss)/earnings per Share	**360,000**	312,522

Diluted (loss)/earnings per Share has not been disclosed as no dilutive potential equity shares has been in existence for the year ended 31 December 2022 and 2021, respectively.

The weighted average number of Share for the year ended 31 December 2021 for the purpose of the calculation of basic earnings per Share has been adjusted after taking into account of the rights issue on the basis of one right Share for every two existing Shares held on the record date, which was completed on 9 June 2021 ("**Rights Issue**").

13. DIVIDENDS

No dividends declared and paid or payable for the years ended 31 December 2022 and 2021.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Moulds HK$'000	Loose tools and instruments HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:									
At 1 January 2021	60,556	377,016	30,192	9,751	2,520	13,261	24,336	61,010	578,642
Additions	—	78	30	—	—	1,223	72	55,368	56,771
Disposals	—	(293)	(136)	—	—	(1,092)	—	—	(1,521)
Transfer	—	1,106	49	—	—	—	—	(1,155)	—
Exchange adjustments	727	4,797	101	—	—	93	185	2,303	8,206
At 31 December 2021	61,283	382,704	30,236	9,751	2,520	13,485	24,593	117,526	642,098
Accumulated depreciation:									
At 1 January 2020	27,945	201,975	22,243	8,807	2,520	9,408	12,089	—	284,987
Charge for the year	2,327	6,931	664	283	—	1,482	1,945	—	13,632
Written-off on disposals	—	(293)	(109)	—	—	(983)	—	—	(1,385)
Exchange adjustments	292	711	87	—	—	92	105	—	1,287
At 31 December 2021	30,564	209,324	22,885	9,090	2,520	9,999	14,139	—	298,521
Net book value:									
At 31 December 2021	30,719	173,380	7,351	661	—	3,486	10,454	117,526	343,577
Cost:									
At 1 January 2022	**61,283**	**382,704**	**30,236**	**9,751**	**2,520**	**13,485**	**24,593**	**117,526**	**642,098**
Additions	**—**	**420**	**444**	**5,782**	**—**	**295**	**4,354**	**25,421**	**36,716**
Disposals	**—**	**—**	**—**	**—**	**—**	**(1,162)**	**—**	**—**	**(1,162)**
Transfer	**—**	**3,391**	**126**	**—**	**—**	**—**	**—**	**(3,517)**	**—**
Reclassification to inventories	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,205)**	**(4,205)**
Exchange adjustments	**(2,700)**	**(16,221)**	**(344)**	**—**	**—**	**(317)**	**(616)**	**(6,869)**	**(27,067)**
At 31 December 2022	**58,583**	**370,294**	**30,462**	**15,533**	**2,520**	**12,301**	**28,331**	**128,356**	**646,380**
Accumulated depreciation:									
At 1 January 2021	**30,564**	**209,324**	**22,885**	**9,090**	**2,520**	**9,999**	**14,139**	**—**	**298,521**
Charge for the year	**2,289**	**6,603**	**617**	**680**	**—**	**1,111**	**1,921**	**—**	**13,221**
Written-off on disposals	**(3)**	**—**	**—**	**—**	**—**	**(1,058)**	**—**	**—**	**(1,061)**
Exchange adjustments	**(1,430)**	**(6,944)**	**(300)**	**—**	**—**	**(261)**	**(377)**	**—**	**(9,312)**
At 31 December 2022	**31,420**	**208,983**	**23,202**	**9,770**	**2,520**	**9,791**	**15,683**	**—**	**301,369**
Net book value:									
At 31 December 2022	**27,163**	**161,311**	**7,260**	**5,763**	**—**	**2,510**	**12,648**	**128,356**	**345,011**

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

Certain Group's property, plant and equipment were pledged to banks to secure banking facilities granted to the Group (Note 26), with the following net book values:

	2022 HK$'000	2021 HK$'000
Leasehold land and buildings in Hong Kong	6,796	7,120
Leasehold land and buildings in Macau	7,491	8,260
Buildings in the PRC	11,244	13,479
Plant and machinery	14,793	16,403
	40,324	45,262

15. INVESTMENT PROPERTIES

	2022 HK$'000	2021 HK$'000
At 1 January	105,000	104,000
Fair value adjustment	(8,000)	1,000
At 31 December, at fair value	97,000	105,000

Notes:

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

(b) The Group has pledged all of its investment properties to banks to secure banking facilities granted to the Group (Note 26).

(c) Fair value hierarchy

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

	Fair value at 31 December HK$'000	**Quoted market price Level 1** HK$'000	**Using observable inputs Level 2** HK$'000	**With significant unobservable inputs Level 3** HK$'000
Recurring fair value measurement of investment properties				
2022	97,000	—	—	97,000
2021	105,000	—	—	105,000

15. INVESTMENT PROPERTIES *(continued)*

Notes: *(continued)*

(c) Fair value hierarchy *(continued)*

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

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

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

Level 3: Fair value measured using significant unobservable inputs.

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

The fair value of the investment properties as at 31 December 2022 and 2021 have been arrived at on the basis of a valuation carried out on the respective dates by HG Appraisal & Consulting Ltd ("HG"), independent qualified professional valuers not connected to the Group. The director of HG, Chartered Surveyor, is fellow of the Hong Kong Institute of Surveyors.

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

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

	2022 HK$'000	2021 HK$'000
At 1 January	105,000	104,000
Fair value adjustment	(8,000)	1,000
At 31 December	97,000	105,000

Information about Level 3 fair value measurements

	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment properties located in Hong Kong	Direct comparison/income capitalisation approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the properties, which ranged from HK$3,262 to HK$89,063 (2021: HK$3,210 to HK$3,782)	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
		Capitalisation rate, taking into account the capitalisation of rental potential, nature of property, and prevailing market condition, of 0% (2021: 2.71%)	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.

16. INTANGIBLE ASSETS

	2022 HK$'000	2021 HK$'000
Trademarks		
Cost:		
At 1 January	1,035	1,035
Additions	20	—
At 31 December	1,055	1,035
Accumulated amortisation:		
At 1 January	900	849
Amortisation for the year	45	51
At 31 December	945	900
Net book value:		
At 31 December	110	135

17. PREPAID LAND LEASE PAYMENTS

	2022 HK$'000	2021 HK$'000
Cost:		
At 1 January	7,710	7,511
Exchange adjustments	(666)	199
At 31 December	7,044	7,710
Accumulated amortisation:		
At 1 January	3,152	2,851
Amortisation for the year	217	223
Exchange adjustments	(283)	78
At 31 December	3,086	3,152
Net book value:		
At 31 December	3,958	4,558

The prepaid land lease payments located in PRC under medium-term leases.

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

At 31 December 2022 and 2021, all prepaid land lease payments with net book values of approximately HK$3,958,000 and approximately HK$4,558,000 respectively were pledged to banks to secure banking facilities granted to the Group (Note 26).

18. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:			
At 1 January 2021	—	3,571	3,571
Additions	13,150	—	13,150
Termination of lease	(2,955)	—	(2,955)
Exchange adjustments	169	—	169
At 31 December 2021 and 1 January 2022	10,364	3,571	13,935
Additions	—	2,085	2,085
Exchange adjustments	(895)	—	(895)
At 31 December 2022	9,469	5,656	15,125
Depreciation and impairment:			
At 1 January 2021	—	595	595
Charge for the year	3,577	893	4,470
Exchange adjustments	59	—	59
At 31 December 2021 and 1 January 2022	3,636	1,488	5,124
Charge for the year	3,209	993	4,202
Exchange adjustments	(450)	—	(450)
At 31 December 2022	6,395	2,481	8,876
Net book value:			
At 31 December 2022	3,074	3,175	6,249
At 31 December 2021	6,728	2,083	8,811

	2022 HK$'000	2021 HK$'000
Expenses related to short-term leases (included in cost of goods and administrative expenses)	88	83
Total cash outflow for lease	4,542	4,602

For both years, the Group leases factories and motor vehicle for its operations. Lease contracts are entered into for fixed term of 3 to 5 years (2021: 3 to 4 years) with no extension and termination options (2021: with no extension and termination options). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these properties interest, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

18. RIGHT-OF-USE ASSETS *(continued)*

The leasehold land located in the PRC owned by the Group is recognised as right of use assets and presented as 'prepaid lease payment" in Note 17.

As at 31 December 2022 and 2021, the Group had no lease with variable lease payment. The lease agreements do not impose any extension and termination options which are exercisable only by the Group and not by the respective lessors.

19. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials	10,806	18,020
Work in progress	31,525	27,684
Finished goods	8,843	17,287
	51,174	62,991
Less: Write-down to net realisable value	(2,385)	(2,940)
	48,789	60,051

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

	2022 HK$'000	2021 HK$'000
At 1 January	2,940	4,050
(Reversal of)/write-down to net realisable value for the year	(315)	128
Written off	—	(1,325)
Exchange adjustments	(240)	87
At 31 December	2,385	2,940

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

20. TRADE AND BILLS RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	46,775	53,377
Less: Loss allowance	—	—
	46,775	53,377
Bills receivables	1,199	325
	47,974	53,702

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

20. TRADE AND BILLS RECEIVABLES *(continued)*

Movements of allowance for credit losses of trade receivables are as follows:

	2022 HK$'000	2021 HK$'000
At 1 January	—	512
Written off against trade receivables	—	(517)
Exchange adjustments	—	5
At 31 December	—	—

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

	2022 HK$'000	2021 HK$'000
0–30 days	29,674	26,563
31–60 days	10,034	15,778
61–90 days	4,053	7,229
91–120 days	1,478	2,040
Over 120 days	2,735	2,092
	47,974	53,702

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for trade receivables. Further details on the Group's credit policy and credit risk arising from trade and bill receivables are set out in Note 34.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Utilities and other deposits	12,550	17,593
Prepayments	14,011	12,865
Other receivables	2,566	2,585
VAT recoverable	13,869	13,396
	42,996	46,439
Less: Non-current portion		
— Deposits paid for acquisition of property, plant and equipment	(9,841)	(14,856)
— Pledged deposit (Note)	(1,945)	(1,945)
Current portion	31,210	29,638

Note: The amount represent deposit pledged to financial institution to secure other borrowing granted to the Group.

22. DERIVATIVE FINANCIAL INSTRUMENT

	2022 HK$'000	2021 HK$'000
Foreign currency forward contract under cash flow hedge — Derivative financial asset	—	8

22. DERIVATIVE FINANCIAL INSTRUMENT *(Continued)*

During the year ended 31 December 2022, the Group entered certain foreign currency forward contracts to sell HK$ and purchase RMB in order to manage the Group's foreign currency exposure in relation to foreign currency denominated purchase. Loss from foreign currency forward contracts approximately HK$6,042,000 was recognised in profit or loss.

As at 31 December 2021, the Group designates foreign exchange forward contract as highly effective hedging instrument in order to manage the Group's foreign currency exposure in relation to foreign currency highly probable forecast purchase denominated in Renminbi ("**RMB**") by entering into foreign exchange forward contract to sell HK$ and purchase RMB. Management considers the hedge from the Group's perspective is effective hedging. The foreign exchange forward contract with an aggregate notional amount of HK$12,186,000 that require the Group to sell HK$ and purchase RMB at exchange rates 1.2186 for RMB1 was matured on 14 April 2022 and the fair value gain recognised of approximately HK$8,000 was reclassified to profit or loss during the year.

23. TRADE PAYABLES

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

	2022 HK$'000	2021 HK$'000
0–30 days	**19,543**	17,991
31–90 days	**23,899**	31,522
91–180 days	**28,937**	22,455
Over 180 days	**12,202**	6,608
	84,581	78,576

24. OTHER PAYABLES AND ACCRUALS

	2022 HK$'000	2021 HK$'000
Other payables	**20,875**	24,126
Accruals	**6,330**	7,388
Provision for annual leave	**346**	346
	27,551	31,860

25. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
At 1 January	**2,858**	3,416
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(2,210)**	(2,666)
Increase as a result of billing in advance	**1,641**	2,089
Exchange adjustments	**(46)**	19
At 31 December	**2,243**	2,858

When the Group receives advance payment from customer, this will give rise to contract liabilities at the start of a contract, until the revenue recognised upon the satisfaction of the performance obligation.

26. BANK AND OTHER BORROWINGS

	Note	2022 HK$'000	2021 HK$'000
Secured bank loans		175,758	180,822
Secured bank import loans and other loans		38,186	45,350
Total secured bank and other loans	(a)	213,944	226,172
Less: Amount classified as current liabilities		(186,838)	(181,261)
Amount classified as non-current liabilities		27,106	44,911
The carrying amounts of the above borrowings are repayable*:			
Within one year		175,445	166,425
Within a period of more than one year but not exceeding two years		15,662	29,697
Within a period of more than two years but not exceeding five years		20,731	24,041
Within a period of more than five years		2,106	6,009
		213,944	226,172
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:			
Within one year		186,838	181,261
Within a period of more than one year but not exceeding two years		9,599	23,118
Within a period of more than two years but not exceeding five years		15,401	15,784
Within a period of more than five years		2,106	6,009
		213,944	226,172
Less: Amount due within one year shown under current liabilities		(186,838)	(181,261)
Amount shown under non-current liabilities		27,106	44,911

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

26. BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) The Group had the following banking facilities:

	2022 HK$'000	2021 HK$'000
Total banking facilities granted	**243,290**	255,756
Less: banking facilities utilised by the Group	**(213,944)**	(226,172)
Unutilised banking facilities	**29,346**	29,584

At 31 December 2022, these banking facilities were secured by:

(i) bank loans of approximately HK$69,557,000 (2021: HK$73,451,000) were guaranteed by unlimited cross corporate guarantee executed by the Company and its subsidiaries;

(ii) bank loans of approximately HK$144,387,000 (2021: HK$152,721,000) were guaranteed by corporate guarantee of approximately HK$412,128,000 (2021: HK$321,089,000) executed by the Company; and

(iii) certain property, plant and machinery, all investment properties and all prepaid land lease payments situated in Hong Kong, the PRC and Macau owned by the Group with aggregate carrying amount of HK$141,282,000 (2021: HK$154,820,000).

(b) There was no financial covenant for the banking facilities at 31 December 2022 and 2021.

27. LEASE LIABILITIES

Lease liabilities payable:

	2022 HK$'000	2021 HK$'000
Within one year	**4,306**	4,086
Within a period of more than one year but not exceeding two years	**732**	4,212
Within a period of more than two years but not exceeding five years	**1,006**	322
	6,044	8,620
Less: Amount due for settlement within 12 months shown under current liabilities	**(4,306)**	(4,086)
Amount due for settlement after 12 months shown under non-current liabilities	**1,738**	4,534

28. CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

Share capital

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

	Number of shares	2022 HK$'000	2021 HK$'000
Authorised:			
Ordinary shares of HK$0.01 each	2,000,000,000	20,000	20,000
Issued and fully paid:			
At beginning of year	360,000,000	3,600	2,400
Issue of shares (Note)	—	—	1,200
At end of year	360,000,000	3,600	3,600

Note: On 9 April 2021, the Company announced that it proposed to raise approximately HK$39.60 million, before share issue expenses of HK$3,989,000, by issuing 120,000,000 rights shares (the "Rights Shares") by way of Rights Issue at the subscription price of HK$0.33 per Rights Share, on the basis of one Rights Share for every two existing Shares held on the record date. Completion of the Rights Issue took place on 9 June 2021, where an aggregate of 120,000,000 Rights Shares, representing approximately 33.33% of the issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares), were issued. The aggregate nominal amount of the Rights Shares is HK$1,200,000.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged during the years ended 31 December 2022 and 2021.

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

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

28. CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY *(continued)*

Capital risk management *(continued)*

The gearing ratio of the Group at the end of the reporting period was as follows:

	2022 HK$'000	2021 HK$'000
Debt (i)	**247,539**	266,652
Equity (ii)	**287,367**	315,084
Net debt to equity ratio	**0.86**	0.85

(i) Debt is defined as other payables and accruals, bank borrowings and lease liabilities.

(ii) Equity includes all capital and reserves of the Group.

29. RESERVES

(a) The Group

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

(b) The Company

	Share premium HK$'000	**Capital reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2021	90,043	20,000	(22,160)	87,883
Profit and total comprehensive income for the year	—	—	3	3
Issue of shares, net of transaction cost	34,411	—	—	34,411
At 31 December 2021 and 1 January 2022	**124,454**	**20,000**	**(22,157)**	**122,297**
Profit and total comprehensive income for the year	**—**	**—**	**62**	**62**
At 31 December 2022	**124,454**	**20,000**	**(22,095)**	**122,359**

29. RESERVES *(continued)*

(c) Nature and purpose of reserves

(i) Statutory reserve

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

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

(ii) Exchange reserve

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

(iii) Capital reserve

The capital reserve of the Group represents the following:

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

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

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

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

(iv) At 31 December 2022, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to approximately HK$102,359,000 (2021: approximately HK$102,297,000).

30. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financial activities

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

	Lease liabilities HK$'000	**Bank and other borrowings** HK$'000	**Total** HK$'000
At 1 January 2021	2,531	188,307	190,838
Changes from financing cash flows:			
New bank and other borrowings raised	—	184,905	184,905
Repayment of bank and other borrowings	—	(148,126)	(148,126)
Capital element of lease rentals paid	(4,172)	—	(4,172)
Interest element of lease rentals paid	(347)	—	(347)
Interest paid for bank and other borrowings	—	(6,435)	(6,435)
	(1,988)	218,651	216,663
Exchange adjustments	112	1,086	1,198
Interest expenses	347	6,435	6,782
Termination of lease	(3,001)	—	(3,001)
New lease entered	13,150	—	13,150
At 1 January 2022	**8,620**	**226,172**	**234,792**
Changes from financing cash flows:			
New bank and other borrowings raised	**—**	**172,330**	**172,330**
Repayment of bank and other borrowings	**—**	**(181,127)**	**(181,127)**
Capital element of lease rentals paid	**(4,209)**	**—**	**(4,209)**
Interest element of lease rentals paid	**(245)**	**—**	**(245)**
Interest paid for bank and other borrowings	**—**	**(8,647)**	**(8,647)**
	4,166	**208,728**	**212,894**
Exchange adjustments	**(452)**	**(3,431)**	**(3,883)**
Interest expenses	**245**	**8,647**	**8,892**
New lease entered	**2,085**	**—**	**2,085**
At 31 December 2022	**6,044**	**213,944**	**219,988**

31. COMMITMENTS

Operating lease commitments

The Group as lessor:

At 31 December 2022, the Group's future minimum lease receipts in respect of buildings under non-cancellable operating lease are receivable as follows:

	2022 HK$'000	2021 HK$'000
Within one year	—	534
	—	534

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

Capital commitments

At 31 December 2022, the Group had outstanding capital commitments as follows:

	2022 HK$'000	2021 HK$'000
Contracted but not provided for:		
Plant and machinery	4,376	7,549
Furniture and fixtures	—	1,323
Motor vehicle	—	147
	4,376	9,019

32. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) Outstanding balances with related parties

Apart from disclosed elsewhere in these consolidated financial statements, the Group had no other outstanding balances with related parties at 31 December 2022 and 2021.

(b) Key management personnel remuneration

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

	2022 HK$'000	2021 HK$'000
Salaries, allowances and other benefits in kind	11,545	11,202
Discretionary bonuses	1,230	1,633
Contributions to defined contribution plans	131	126
	12,906	12,961

33. RETIREMENT BENEFIT COSTS

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

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

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

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

	2022 **HK$'000**	2021 HK$'000
MPF Scheme	**602**	611
Social Insurance Scheme	**3,715**	4,177
	4,317	4,788

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

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

Credit risk

Carrying amounts of financial assets at 31 December 2022 and 2021, which represented the amounts of maximum exposure to credit risk, were as follows:

	2022 HK$'000	2021 HK$'000
Trade and bills receivables	47,974	53,702
Deposits and other receivables	19,144	18,718
Derivative financial instrument	—	8
Cash and bank balances	21,508	36,630
	88,626	109,058

The Group's credit risk is primarily attributable to trade and bills receivables, deposits and other receivables, derivative financial instrument, and cash and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amounts of those assets as stated above. As at 31 December 2022 and 2021, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

With respect to trade receivables, the Group has adopted credit policy under which individual credit evaluations are performed on all customers' credit limit. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group has also purchased insurance policy to avoid the credit loss on certain major customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs prescribed by HKFRS 9, which is calculated using a provision matrix based on shared credit risk characteristics with reference to repayment histories and current past due exposure for customers taking into consideration forward-looking information that is reasonable and supportable available without undue cost or effort. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The Group assesses the trade receivables that are individually significant separately. The Group makes periodic assessments on the recoverability of those individually significant trade receivables based on the background and reputation of the customers, historical settlement records and past experience.

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

Credit risk *(continued)*

At 31 December 2022 and 2021, 19% and 14% of the total trade and bills receivables were due from the Group's largest customer; 53% and 44% of the total trade and bills receivables were due from the Group's five largest customers respectively.

In view of the history of business dealings with the debtors, the sound collection history of the receivables due from them and the insurance policy, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these debtors. The Directors consider the Group's credit risk of these receivables to be low.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 December 2022 and 2021.

	At 31 December 2022			
	Lifetime expected credit loss rate HK$'000	**Gross carrying amount HK$'000**	**Lifetime expected credit loss HK$'000**	**Net carrying amount HK$'000**
Provision on individual basis	**0%**	**—**	**—**	**—**
Provision on collective basis	**0%**	**46,775**	**—**	**46,775**
		46,775	**—**	**46,775**

	At 31 December 2021			
	Lifetime expected credit loss rate HK$'000	Gross carrying amount HK$'000	Lifetime expected credit loss HK$'000	Net carrying amount HK$'000
Provision on individual basis	0%	—	—	—
Provision on collective basis	0%	53,377	—	53,377
		53,377	—	53,377

The credit risk of the deposits and other receivables is low due to the sound collection history of the receivables due from them and no historical default record. ECL rate of deposits and other receivables is assessed to be close to zero and no provision was made at 31 December 2022 and 2021.

The credit risks on derivative financial instrument, bank balances and bills receivables are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Liquidity risk

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

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

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

In addition, the following tables detail the Group's liquidity analysis for its derivative financial instrument. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instrument that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivative that require gross settlement. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivative.

	At 31 December 2022				
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Less than 1 year or on demand HK$'000	In 2 to 5 years HK$'000	Over 5 years HK$'000
Non-derivative financial instruments					
Total amounts of contractual undiscounted obligations:					
Trade payables	84,581	84,581	84,581	—	—
Other payables and accruals	27,205	27,205	27,205	—	—
Lease liabilities	6,044	6,294	4,450	1,844	—
Bank and other borrowings	213,944	222,292	192,588	27,560	2,144
	331,774	340,372	308,824	29,404	2,144

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

Liquidity risk *(continued)*

	At 31 December 2021				
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Less than 1 year or on demand HK$'000	In 2 to 5 years HK$'000	Over 5 years HK$'000
Non-derivative financial instruments					
Total amounts of contractual undiscounted obligations:					
Trade payables	78,576	78,576	78,576	—	—
Other payables and accruals	31,514	31,514	31,514	—	—
Lease liabilities	8,620	8,905	4,290	4,615	—
Bank and other borrowings	226,172	232,241	185,068	41,022	6,151
	344,882	351,236	299,448	45,637	6,151
Derivative-gross settlement					
Foreign exchange forward contract					
— inflow	(12,194)	(12,194)	(12,194)	—	—
— outflow	(12,186)	12,186	12,186	—	—
	(8)	(8)	(8)	—	—

Currency risk

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

Recognised financial assets and liabilities

Carrying amounts of financial assets and financial liabilities of the Group at 31 December 2022 and 2021 exposed to currency risk were as follows:

	2022 HK$'000	2021 HK$'000
Financial assets denominated in foreign currencies:		
Trade and bills receivables	31,821	32,502
Deposits	1,945	1,945
Cash and bank balances	12,568	18,338
	46,334	52,785
Financial liabilities denominated in foreign currencies:		
Trade payables	(2,886)	(5,793)
Other payables	(933)	—
Bank and other borrowings	(8,850)	(18,677)
	(12,669)	(24,470)
Net financial assets exposed to currency risk	33,665	28,315

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

Currency risk *(continued)*

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

Entities with functional currency in Hong Kong dollars

	2022 HK$'000	2021 HK$'000
United States dollars	34,001	29,572
Japanese Yen	27	(816)
Euro	100	106
RMB	109	(613)
Other currencies	58	66
	34,295	28,315

Entities with functional currency in RMB

	2022 HK$'000	2021 HK$'000
Japanese Yen	(634)	(851)
Other currencies	4	4
	(630)	(847)

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

Currency risk *(continued)*

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

The Group's entities in Hong Kong and the PRC adopt Hong Kong dollars and Renminbi as their functional currency respectively. Since Hong Kong dollars is pegged to United States dollars, material fluctuation in the exchange rate of Hong Kong dollars against United States dollars is remote, and therefore no sensitivity analysis has been prepared. The principal and notional amounts of derivative financial instrument which expose the Group to foreign currency risk at 31 December 2021 are disclosed in note 22.

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

	Year ended 31 December 2022		Year ended 31 December 2021	
	Appreciation/ (depreciation) in foreign exchange rates	**Increase/ (decrease) in profit after tax and retained profits HK$'000**	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits HK$'000
Japanese Yen/ RMB	**6%**	**(32)**	6%	(43)
	(6%)	**32**	(6%)	43

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

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

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

Interest rate risk

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

In respect of the Group's interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their weighted average effective interest rates and balances at 31 December 2022 and 2021:

	Effective interest rate %	2022 HK$'000
Variable rate financial assets		
Bank balances	0.00%–0.75%	5,754
Fixed rate financial liabilities		
Lease liabilities	1.99%–3.10%	(6,044)
Variable rate financial liabilities		
Secured bank loans	2.50%–8.02%	(175,758)
Secured bank import loans and other loans	5.46%–7.58%	(38,186)
		(214,234)

	Effective interest rate %	2021 HK$'000
Variable rate financial assets		
Bank balances	0.00%–0.35%	9,160
Fixed rate financial liabilities		
Lease liabilities	2.7520%–3.10%	(8,620)
Variable rate financial liabilities		
Secured bank loans	1.58%–5.94%	(180,822)
Secured bank import loans and other loans	2.22%–2.85%	(45,350)
		(225,632)

At 31 December 2022 and 2021, certain bank balances earning variable interests and all secured bank borrowings bearing variable interests were exposed to interest rate risk.

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

	2022 HK$'000	2021 HK$'000
Decrease in net profit and retained profits for the year	(432)	(458)

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

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

Market price risk

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

The Group has no significant exposure to market price risk.

Commodity price risk

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

Fair value estimation

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

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

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

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

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

For valuation technique using discounted cash flows, the discount rates used take into consideration the credit risk of the relevant counterparties of the contract or the Group, as appropriate.

Financial assets	Fair value as at 31 December 2021	Fair Value hierarchy	Valuation techniques and key inputs
Foreign exchange forward contract	HK$8,000	Level 2	Forward exchange rates, contracted exchange rate and discount rate

There are no transfers between level 1 and 2 for both years.

The carrying amounts of the Group's other financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2022 and 2021.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSET			
Investments in subsidiaries	36	—	—
CURRENT ASSETS			
Prepayments and other receivables		1,649	215
Amounts due from subsidiaries		124,597	123,338
Income tax recoverable		—	19
Cash at bank		160	2,804
		126,406	126,376
CURRENT LIABILITIES			
Other payables and accruals		437	479
Amounts due to subsidiaries		10	—
		447	479
NET CURRENT ASSETS		125,959	125,897
NET ASSETS		125,959	125,897
REPRESENTING:			
CAPITAL AND RESERVES			
Share capital	28	3,600	3,600
Reserves	29	122,359	122,297
TOTAL EQUITY		125,959	125,897

36. INVESTMENTS IN SUBSIDIARIES

	2022 HK$	2021 HK$
Unlisted shares, at cost	16	8

36. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of subsidiaries comprising the Group

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

Name of company*	Place of incorporation/ establishment and operation	Legal form of entity	Issued and fully paid share capital/ registered capital	Effective interest held At 31 December 2022	2021	Principal activities
Best Kind	BVI	Limited liability company	USD1	100%	100%	Investment holding
Golden Power Corporation (Hong Kong) Limited	Hong Kong	Limited liability company	HK$1,000,000	100%	100%	Trading of batteries and battery-related products
Golden Power Industries	Hong Kong	Limited liability company	Ordinary shares HK$100	100%	100%	General trading and investment
			Deferred non-voting shares HK$1,800,000 (Note)	100%	100%	
Dongguan Victory ("東莞勝力電池實業有限公司")	PRC	Wholly-owned foreign enterprise	USD500,000	100%	100%	Manufacture and sale of batteries
Gain Smart Limited	BVI	Limited liability company	USD1	100%	100%	Investment holding
Champ Profit Development Limited	Hong Kong	Limited liability company	HK$1	100%	100%	Investment holding
Giant Moral Limited	Hong Kong	Limited liability company	HK$1	100%	100%	General trading and investment
Goldtium Jiangmen ("江門金剛電源製品有限公司")	PRC	Wholly-owned foreign enterprise	HK$10,000,000	100%	100%	Manufacture and sale of batteries
Big Power	Hong Kong	Limited liability company	HK$1	100%	100%	Property holding
Golden Pilot	BVI	Limited liability company	USD50,000	100%	100%	Holding intellectual property
Pointway	Hong Kong	Limited liability company	HK$10,000	100%	100%	Holding intellectual property
Ample Top	BVI	Limited liability company	USD1	100%	100%	Investment holding
Golden Power Properties	Hong Kong	Limited liability company	Ordinary shares HK$100	100%	100%	Property investment
			Deferred non-voting shares HK$1,000,000 (Note)			
Merchant Port Limited	BVI	Limited liability company	USD1	100%	100%	Dormant
Nice Mega International Limited	Hong Kong	Limited liability company	HK$1	100%	100%	Dormant
China Scene	Hong Kong	Limited liability company	HK$22,000,000	100%	100%	Property investment

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

36. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of subsidiaries comprising the Group *(continued)*

Notes:

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

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

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

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

FINANCIAL SUMMARY

The financial results of the Group for the years 2018 to 2022 and the assets and liabilities of the Group as at 31 December 2018, 2019, 2020, 2021 and 2022 are as follows:

	Years ended 31 December				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022 HK$'000**
Revenue	323,529	314,203	315,415	347,218	**330,247**
Gross profit	65,198	74,212	80,824	73,487	**71,538**
(Loss)/profit before income tax	3,780	6,860	16,525	5,798	**(27,715)**
Net (loss)/profit attributable to equity shareholders of the Company	6,195	7,380	12,340	4,712	**(22,794)**
Non-current assets	372,562	408,035	421,045	486,189	**474,864**
Current assets	156,601	128,788	150,710	181,458	**152,777**
Current liabilities	(230,323)	(231,495)	(252,316)	(298,849)	**(308,293)**
Non-current liabilities	(47,950)	(50,533)	(47,348)	(53,714)	**(31,981)**
Total equity attributable to equity shareholders of the Company	250,890	254,795	272,091	315,084	**287,367**
Financial key performance indicators					
Gross profit margin	20.15%	23.62%	25.62%	21.16%	**21.66%**
Net (loss)/profit margin	1.91%	2.35%	3.91%	1.36%	**6.90%**
Gearing ratio (Note)	0.80	0.81	0.76	0.85	**0.86**

Note: Gearing ratio is financial ratio that compare from debt to owners' equity.

GROUP'S PROPERTIES

PROPERTIES HELD FOR INVESTMENT

Location	Existing use	Term of lease
Factory B, 20/F, Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories	Warehouse	Medium
Factory D, 20/F, Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories	Warehouse and office	Medium
Shop 29, Ground Floor, Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories	Commercial	Medium