

GoldenPower®

Golden Power Group Holdings Limited

金力集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3919

2023 Interim Report



FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$123.82 million for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$164.10 million), representing an decrease of approximately 24.55% over the same period in 2022.
- The unaudited loss attributable to the equity holders of the Company for the six months ended 30 June 2023 was approximately HK\$10.28 million, as compared to an unaudited loss attributable to the equity holders of the Company for the six months ended 30 June 2022 of approximately HK\$6.55 million. The loss for the Period is attributable to the depreciation of Renminbi (“**RMB**”) against Hong Kong Dollar, which led to the Group recording a foreign exchange loss during the Period, as the reporting currency of the Group is in Hong Kong Dollar, while a substantial part of the Group’s assets is denominated in RMB.
- The decrease in gross profit for the Period was mainly due to decline in sales. Although the amount of gross profit decreased, the gross profit margin increased by approximately 1.82 percentage points from approximately 22.22% for the six months ended 30 June 2022 to approximately 24.04% for the Period. The increase in gross profit margin was due to the decrease in production costs, which was mainly attributable to the commencement of commercial production of the new production line and depreciation of RMB during the Period.
- The basic loss per share for the six months ended 30 June 2023 was HK(2.41) cents (six months ended 30 June 2022: basic loss per share of HK(1.80) cents restated).
- The board of directors of the Company resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).



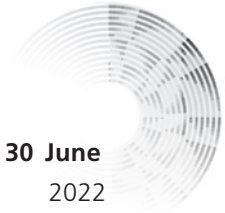
INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Golden Power Group Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results (the “**Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”) together with the corresponding comparative figures of the six months ended 30 June 2022 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

		For the six months ended 30 June	
	Notes	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	5	123,822	164,098
Cost of sales		(94,061)	(127,629)
Gross profit		29,761	36,469
Other revenue		1,163	1,696
Other gain/(losses) — net		(4,979)	(5,914)
Selling expenses		(7,542)	(9,143)
General and administrative expenses		(24,407)	(27,199)
Finance costs		(6,005)	(3,583)
Loss before income tax	6	(12,009)	(7,674)
Income tax credit	7	1,734	1,120
Loss for the period attributable to the equity holders of the Company		(10,275)	(6,554)



**For the
six months ended 30 June**

	Note	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(935)	(2,269)
Other comprehensive expense for the period, net of tax		(935)	(2,269)
Total comprehensive expense for the period attributable to equity holders of the Company		(11,210)	(8,823)
Loss per Share (HK cents)			(restated)
— Basic	8	(2.41)	(1.80)
— Diluted		N/A	N/A



Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	339,500	345,011
Investment properties		97,000	97,000
Intangible assets		89	110
Prepaid land lease payments		3,729	3,958
Right-of-use assets		3,984	6,249
Deposits paid for acquisition of property, plant and equipment		8,332	9,841
Pledged deposit		1,945	1,945
Deferred tax assets		10,436	10,750
		465,015	474,864
Current assets			
Inventories		58,215	48,789
Trade and bill receivables	11	44,928	47,974
Deposits, prepayments, and other receivables		35,031	31,210
Derivative financial instrument		—	—
Income tax recoverable		2,832	3,296
Cash and bank balances		37,359	21,508
		178,365	152,777
Current liabilities			
Trade payables	12	89,326	84,581
Other payables and accruals		22,872	27,551
Contract liabilities		3,492	2,243
Bank borrowings		194,648	186,838
Lease liabilities		2,642	4,306
Income tax payable		303	2,774
		313,283	308,293
Net current liabilities		(134,918)	(155,516)
Total assets less current liabilities		330,097	319,348
Non-current liabilities			
Bank borrowings		31,112	27,106
Lease liabilities		1,214	1,738
Deferred tax liabilities		3,016	3,137
		35,342	31,981
Net assets		294,755	287,367
Capital and reserves			
Share capital	14	5,400	3,600
Reserves		289,355	283,767
Total equity		294,755	287,367



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(7,034)	1,651
Net cash generated from/(used in) investing activities	1,597	(2,125)
Net cash generated from/(used in) financing activities	22,223	(13,594)
Net increase/(decrease) in cash and cash equivalents	16,786	(14,068)
Cash and cash equivalents as at beginning of the period	21,508	36,630
Effect of foreign exchange rate changes	(935)	(2,269)
Cash and cash equivalents as at the end of the period	37,359	20,293
Cash and cash equivalents as at the end of the period comprise:		
Cash and bank balances	37,359	20,293

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital	Share premium	Statutory reserve	Exchange reserve	Capital reserve	Property revaluation reserve	Hedging reserve	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	3,600	124,454	5,914	983	29,819	51,697	8	98,609	315,084
Loss for the period	—	—	—	—	—	—	—	(6,554)	(6,554)
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(2,269)	—	—	—	—	(2,269)
Total comprehensive expense for the period	—	—	—	(2,269)	—	—	—	(6,554)	(8,823)
At 30 June 2022 (unaudited)	3,600	124,454	5,914	(1,286)	29,819	51,697	8	92,055	306,261
At 1 January 2023 (audited)	3,600	124,454	5,914	(3,932)	29,819	51,697	—	75,815	287,367
Loss for the period	—	—	—	—	—	—	—	(10,275)	(10,275)
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(935)	—	—	—	—	(935)
Total comprehensive expense for the period	—	—	—	(935)	—	—	—	(10,275)	(11,210)
Issue of shares (note 14)	1,800	16,798	—	—	—	—	—	—	18,598
At 30 June 2023 (unaudited)	5,400	141,252	5,914	(4,867)	29,819	51,697	—	65,540	294,755

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

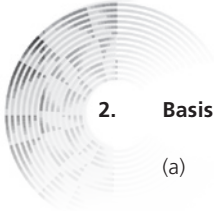


1. General

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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The headquarters and principal place of business of the Company in Hong Kong are located at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong. The shares in the share capital of the Company (the “**Share(s)**”) have been listed and traded on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 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 People’s Republic of China (the “**PRC**” or “**China**”), 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 Group manufactures and sells different battery models in different sizes which can be applied to a wide range of electronic devices, such as battery-operated toys, watches and clocks, remote controls, alarms, healthcare products and calculators. With the policies and regulations in the European Union and the PRC, the trend in the global battery market evolving towards hazardous substance-free batteries has continued. The Group has therefore developed hazardous substance-free batteries under the Group’s “ecototal” series which are mercury-free, cadmium-free and lead-free.



2. Basis of preparation of financial statements

- (a) The unaudited condensed consolidated financial statements (“**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).


The Interim Financial Statements should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2022, except for the adoption of the new and revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA that are initially adopted for the current periods financial statements.

- (1) The Group has initially adopted the following new and revised HKFRSs for the financial period beginning on or after 1 January 2023:

Amendments to HKFRS17	Insurance contracts
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates

The adoption of the new and revised HKFRSs did not have any significant financial impacts on the Interim Financial Statements.

- (2) The HKICPA has issued certain new and revised HKFRSs. For those which are not yet effective and have not been early adopted in prior and current accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

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- (b) When preparing the Results, the Group's ability to continue as a going concern has been assessed. As at 30 June 2023, the Group had net current liabilities of HK\$134.92 million. The Results have been prepared on a going concern basis due to the reasons that (i) as at 30 June 2023, the Group had unutilized banking facilities of HK\$23.93 million; (ii) 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; and (iii) 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.

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 Results 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. Critical accounting estimates and judgement

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

4. Segment information

For the purposes of assessing segment performance and allocating resources, the Group's senior executive management monitors the results attributable to each reportable segment. Revenue and expenses are allocated to the reportable segments with reference to sales generated by the respective segments and the expenses incurred by the respective segments or which otherwise arise from the depreciation or amortisation of assets attributable to the respective 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.

For the six months ended 30 June 2023 (unaudited)	Cylindrical batteries <i>HK\$'000</i>	Micro-button cells <i>HK\$'000</i>	Rechargeable batteries and other battery- related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	79,184	41,985	2,653	123,822
Segment results	11,882	16,998	881	29,761
Unallocated other revenue				1,163
Unallocated other loss — net				(4,979)
Unallocated corporate expenses				(31,949)
Finance costs				(6,005)
Loss before income tax				(12,009)
Income tax credit				1,734
Loss for the period				(10,275)

For the six months ended 30 June 2022 (unaudited)	Cylindrical batteries <i>HK\$'000</i>	Micro-button cells <i>HK\$'000</i>	Rechargeable batteries and other battery- related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	104,539	54,974	4,585	164,098
Segment results	13,791	21,359	1,319	36,469
Unallocated other revenue				1,696
Unallocated other loss — net				(5,914)
Unallocated corporate expenses				(36,342)
Finance costs				(3,583)
Loss before income tax				(7,674)
Income tax credit				1,120
Loss for the period				(6,554)



5. Revenue

Geographical information

	For the six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Africa	—	84
Hong Kong	10,805	13,292
Asia (except the PRC and Hong Kong)	23,844	31,954
Australia	12,207	2,237
The PRC	34,183	51,069
Europe (except Eastern Europe)	15,631	26,090
East Europe	11,012	12,493
Middle East	—	204
North America	13,735	18,705
South America	2,405	7,970
	123,822	164,098

6. Loss before income tax

	For the six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss before income tax is arrived at after charging:		
Finance costs		
Bank loans interest	4,853	3,213
Interest on import loans	1,079	276
Interest on lease liabilities	39	94
Bank overdraft interest	34	—
Total interest expenses	6,005	3,583
Other items		
Depreciation of property, plant and equipment	6,019	6,446
Depreciation of right-of-use assets	2,051	1,917
Cost of inventories recognised as expenses	94,061	127,629



7. Income tax credit

	For the six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax — Hong Kong profits tax		
Provision for the period	(1,185)	192
Current tax — PRC enterprise income tax (“EIT”)		
Provision for the period	(521)	(1,314)
	(1,706)	(1,122)
Deferred taxation	(28)	2
Total income tax credit	(1,734)	(1,120)

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 Enterprise Income Tax (“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.

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 1 December 2020, Goldtium (Jiangmen) Energy Products Company Limited was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years from 1 January 2020 to 31 December 2022.

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 20 December 2021, Dongguan Victory Battery Industries Company Limited was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years from 1 January 2021 to 31 December 2023.



8. Loss per Share

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

	For the six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited) (restated)
Loss for the period attributable to equity holders of the Company	(10,275)	(6,554)
	'000	'000
Weighted average number of Shares for the purpose of calculating basic loss per Share	425,724	363,214

Diluted loss per Share has not been disclosed as no dilutive potential equity shares has been in existence for the six months ended 30 June 2023 and 2022, respectively.

The weighted average number of Share for the six months ended 30 June 2022 for the purpose of the calculation of basic loss 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 28 April 2023 (“**Right Issue**”). The corresponding weighted average number of ordinary Shares for the period ended 30 June 2022 has been retrospectively adjusted to reflect the Right Issue. For further information in relation to the Rights Issue, please refer to the paragraph headed “Capital Structure” below in this report.

9. Dividends

The Board resolved not to declare any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

10. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired plant and machinery of approximately HK\$1.60 million (six months ended 30 June 2022: approximately HK\$10.34 million). The acquisition of plant and machinery can expand production capacity and improve production efficiency.



11. Trade and bill receivables

An ageing analysis of trade and bill receivables, based on the invoice date and net of loss allowance on trade receivables, is as follows:

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Trade and bill receivables		
0–30 days	26,720	29,674
31–60 days	13,543	10,034
61–90 days	2,130	4,053
91–120 days	695	1,478
Over 120 days	1,840	2,735
Total	44,928	47,974

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.

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 by reference to repayment histories and current pass 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.

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.



12. Trade payables

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

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Trade payables		
0-30 days	39,156	19,543
31-90 days	30,434	23,899
91-180 days	12,851	28,937
Over 180 days	6,885	12,202
Total	89,326	84,581

13. Related party transactions

The Group had the following material transactions and balances with related parties during the relevant periods:

Remuneration for the key management personnel, including amounts paid to the Directors and certain of the highest paid employees, are as follows:

	For the six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Salaries, allowances and other benefits in kind	5,874	6,104
Discretionary bonuses	860	894
Contributions to defined contribution plans	72	72
	6,806	7,070



14. Share capital

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 Shares**”) by way of 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.

Completion of the Rights Issue took place on 28 April 2023, where an aggregate of 180,000,000 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\$1,800,000.

For more details of the Rights Issue, please refer to the Company’s announcement dated 16 March 2023, the Rights Issue prospectus dated 31 March 2023 (the “**Rights Issue Prospectus**”) and the announcement of the Company dated 26 April 2023 in relation to the results of the Rights Issue. Other than the Rights Issue, there was no change in the share capital of the Company during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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 both under its own brand “Golden Power” and the brands of its private label and OEM customers. The products of the Group are mainly categorised into two segments (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 Period has decreased by approximately HK\$25.36 million as compared to the same period in 2022, representing a decrease of approximately 24.25%. The decrease in such revenue was mainly due to the decrease in sales in the Asia, Europe and America during the Period.

The revenue of micro-button cells and rechargeable batteries and other battery-related products for the Period decreased by approximately HK\$12.99 million as compared to the same period in 2022, representing a decrease of approximately 23.63%. The decrease in such revenue was mainly due to the decrease in sales in Asia, Europe and America.

The Group recorded a gross profit for the Period of approximately HK\$29.76 million (2022: approximately HK\$36.47 million), representing a decrease of approximately HK\$6.71 million or 18.40% as compared to the same period in 2022, which was mainly due to the decrease in sales revenue by approximately HK\$40.28 million from approximately HK\$164.10 million for the six months ended 30 June 2022 to approximately HK\$123.82 million for the Period, representing a decrease of approximately 24.55%. Although the gross profit decreased, the gross profit margin increased by 1.82 percentage points from 22.22% for the six months ended 30 June 2022 to 24.04% for the Period. The increase in gross profit margin was due to the decrease in production costs, which was mainly attributable to the decrease in direct labour cost by improving production efficiency from the commencement of commercial production of the new production line and decrease in material cost, which resulted from the depreciation of RMB during the Period.



The unaudited loss attributable to the shareholders of the Company for the six months ended 30 June 2023 was approximately HK\$10.28 million, as compared to an unaudited loss attributable to the equity holders of the Company for the six months ended 30 June 2022 of approximately HK\$6.55 million. The loss for the Period is attributable to the depreciation of RMB against Hong Kong Dollar, which led to the Group recording a foreign exchange loss during the Period, as the reporting currency of the Group is in Hong Kong Dollar, while a substantial part of the Group's assets is denominated in RMB.

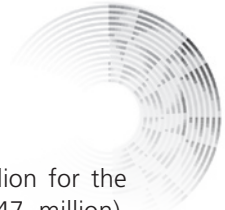
The outbreak of the COVID-19 pandemic (the “**Pandemic**”) in the PRC in the first quarter, the on-going military hostilities between Russia and Ukraine and the import tariff levied in the American market during the Period may cause customers taking a conservative stock control behaviour and putting pressure on customers' buying power, which affected the Group's sales order in the PRC, European and American markets during the Period. The management will closely monitor the situation from time to time and will take the appropriate actions.

Going forward, the Group will put more effort in developing Asian markets like Japanese, Vietnamese, Malaysian, Singaporean, Korean markets, etc. The Group will continue to adopt stringent cost control and appropriate strategies to enhance its operation efficiency. With the newly acquired automation production lines commencing commercial production, the Group has achieved cost-saving in production.

FINANCIAL REVIEW

Revenue

Revenue for the Period was approximately HK\$123.82 million (six months ended 30 June 2022: approximately HK\$164.10 million), representing an decrease of approximately 24.55% as compared to the same period in 2022. The revenue decrease mainly affected by outbreak of the Pandemic in the PRC during the first quarter, continuation of the military hostilities between Russia and Ukraine and the import tariff levied in USA, which caused a drop of sales in PRC and Hong Kong, European markets and American markets.



Gross Profit

The Group recorded a gross profit of approximately HK\$29.76 million for the Period (six months ended 30 June 2022: approximately HK\$36.47 million), representing a decrease of approximately 18.40%. The decrease in gross profit for the Period was mainly due to decline in sales. Although the amount of gross profit decreased, the gross profit margin increased by approximately 1.82 percentage points from approximately 22.22% for the six months ended 30 June 2022 to approximately 24.04% for the Period. The increase in gross profit margin was due to the decrease in production costs, which was mainly attributable to the decrease in direct labour cost by improving production efficiency from the commencement of commercial production of the new production line and decrease in material cost, which resulted from the depreciation of RMB during the Period.

Expenses

During the Period, the selling expenses of the Group has decreased by 17.51% to approximately HK\$7.54 million, as compared to approximately HK\$9.14 million for the corresponding period in 2022. The decrease in selling expenses was mainly due to the decrease in marketing and promotion and distribution expenses during the Period. The Group's general and administrative expenses has decreased by approximately HK\$2.79 million to approximately HK\$24.41 million during the Period, as compared to approximately HK\$27.20 million for the same period in 2022. The decrease in general and administrative expenses was mainly due to the decrease in staff welfare and professional expenses during the Period.

Loss attributable to equity holders of the Company

Loss attributable to equity holders of the Company for the Period was approximately HK\$10.28 million, as compared to an unaudited loss attributable to the equity holders of the Company of approximately HK\$6.55 million for the corresponding period of 2022.



LIQUIDITY AND FINANCIAL RESOURCES

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group's assets. Save as the foreign currency contracts as disclosed in the paragraph headed "Foreign Currency Risk" in this report, no investment in financial instruments other than cash or bank deposits was used during the Period.

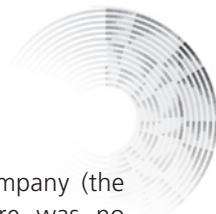
The bank borrowings are repayable as follows:

	At 30 June 2023 <i>HK\$'000</i> (unaudited)	At 31 December 2022 <i>HK\$'000</i> (audited)
Within 1 year		
— Short-term loans	154,837	146,107
— Current portion of long-term loans	39,811	40,731
	194,648	186,838
Over 1 year but within 2 years	16,297	9,599
Over 2 years but within 5 years	9,874	15,401
Over 5 years	4,941	2,106
	225,760	213,944

As at 30 June 2023, the Group had borrowings of approximately HK\$225.76 million (as at 31 December 2022: approximately HK\$213.94 million), which is principally denominated in Hong Kong Dollar. The debt ratio, calculated as total liabilities over total assets, of the Group as at 30 June 2023 was approximately 0.54 (as at 31 December 2022: approximately 0.54).

As at 30 June 2023, the Group had cash and cash equivalents (the "**Liquidity Resources**") of approximately HK\$37.36 million (as at 31 December 2022: approximately HK\$21.51 million) which were mainly denominated in HKD and RMB.

Save as disclosed in this report, the Group had no material capital expenditure commitments as at 30 June 2023.



CAPITAL STRUCTURE

During the Period, save as the rights issue undertaken by the Company (the “**Rights Issue**”), which was completed on 27 April 2023, there was no change in the capital structure of the Company. The capital structure of the Group consists of bank borrowings, net of bank balances and cash and equity attributable to shareholders of the Company comprising issued share capital and reserves. The issued share capital of the Company comprises Shares only. Total equity of the Company amounted to approximately HK\$294.76 million as at 30 June 2023 (as at 31 December 2022: approximately HK\$287.37 million). For further information in relation to the Rights Issue, please refer to the paragraph headed “Rights Issue” below in this Report.

GEARING RATIO

The Group expresses its gearing ratio as a percentage of total debts divided by total equity. As at 30 June 2023, the Group’s gearing ratio was approximately 0.86 (as at 31 December 2022: approximately 0.86).

CHARGES ON ASSETS

The Group’s bank borrowing facilities were secured mainly by the Group’s plant and office building (including investment properties) with carrying value of approximately HK\$139.59 million as at 30 June 2023 (as at 31 December 2022: approximately HK\$141.28 million).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 (as at 31 December 2022: nil).



SIGNIFICANT INVESTMENTS HELD

As at 30 June 2023, 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**"). As at 30 June 2023, all of tenancies of the Investment Properties had expired and were open to let. As at 30 June 2023, the 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 30 June 2023 was approximately 15.08%. Due to the sluggish property market in Hong Kong in recent months, the Investment Properties yielded no return during the Period and were open to let. The Group had engaged properties agents to look for suitable tenants for the Investment Properties. The investment strategy of the Company in respect of the Investment Properties is that 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. Other than those disclosed above, the Group did not hold any significant investment as at 30 June 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.



FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have any plans for material investments or capital assets as at 30 June 2023.

EMPLOYEES AND REMUNERATION POLICIES

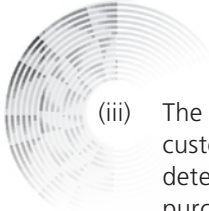
The Directors believe that the quality of the employees is an important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market.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

As at 30 June 2023, the Group had a total of 438 employees (as at 30 June 2022: 476 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK\$22.35 million during the Period (six months ended 30 June 2022: approximately HK\$25.05 million).


PRINCIPAL RISKS AND UNCERTAINTIES

The followings are some principal risks and uncertainties faced by 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;
- (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 the major customers. If the business relationships with the major customers deteriorates or if any of the major customers reduces substantially its purchases from the Group or terminates its business relationship with the Group entirely, the business, results of operations and financial condition may be adversely affected;
- (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. Furthermore, 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 was denominated in RMB, HKD and US Dollar and the cost of sales was primarily denominated in RMB and the remaining denominated in HKD, US Dollar and Euro. The value of RMB against HKD 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, so that the first quarter of a year may record relatively lower revenue. In particular, the revenue generated during the month of Chinese New Year may be significantly lower than the average revenue generated during a year; 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 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 Prospectus of the Company dated 29 May 2015.

FOREIGN CURRENCY RISK


The reporting currencies of the Group is HKD.

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 30 June 2023, the Group had an exchange rate exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies, i.e. RMB and HKD, while the Group's revenue from overseas sales were mainly denominated in US Dollar.

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. To control the foreign exchange risk to an acceptable level, the Group ensures that it would be able to obtain sufficient amount of RMB at acceptable exchange rates for meeting payment obligations arising from business operations in terms of RMB against other foreign currencies. During the Period, the Group did not enter into any financial instruments for hedging purpose or enter into any foreign currency hedging transactions.

RIGHTS ISSUE

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, which after fully-paid would rank pari passu with the ordinary Shares, by way of 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 Rights Issue was over-subscribed by 10,951,495 Rights Shares, representing an over-subscription of approximately 6.1% of the number of Rights Shares available for subscription. Completion of the Rights Issue took place on 27 April 2023, where an aggregate of 180,000,000 Rights Shares, representing approximately 33.3% of the issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares), were issued. Upon completion of the Rights Issue, the number of issued share capital of the Company increased to 540,000,000 Shares. The aggregate nominal amount of the Rights Shares is HK\$1,800,000 of nominal value of HK\$0.01 per Share.



The subscription price of the Right Share of HK\$0.11 per Rights Share (the “**Subscription Price**”) represents a discount of approximately 19.7% to the closing price of HK\$0.137 per Share as quoted on the Stock Exchange on the date of announcement of the Rights Issue on 16 March 2023. The net Subscription Price is approximately HK\$0.104 per Rights Share. The reasons for the Rights Issue were to raise funds for (i) repayment of bank loan; and (ii) general working capital. For details of the use of proceeds, please refer to the paragraph headed “Use of Proceeds from the Rights Issue” below in this report.

For more details of the Rights Issue, please refer to the Company’s announcement dated 16 March 2023, the Rights Issue Prospectus dated 31 March 2023 and the announcement of the Company dated 24 April 2023 in relation to the results of the Rights Issue.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

As disclosed in the Rights Issue Prospectus on 31 March 2023, the gross proceeds from the Rights Issue were approximately HK\$19.80 million and the net proceeds from the Rights Issue, after deducting the related expenses and underwriting commission, were approximately HK\$18.60 million.

From the completion of the Rights Issue to 30 June 2023, the net proceeds from the Rights Issue of the Company had been applied as follows:

	Planned use of proceeds as stated in the Rights Issue Prospectus <i>HK\$'million</i>	Actual use of proceeds up to 30 June 2023 <i>HK\$'million</i>	Remaining balance of the net proceeds as at 30 June 2023 <i>HK\$'million</i>	Intended timeline for the use of the proceeds
Repayment of bank loan	16.7	3.0	13.7	before 31 December 2023
General working capital	1.9	1.9	—	—
	18.6	4.9	13.7	

The net proceeds from the Rights Issue have been and will be applied in accordance with the disclosure in the Rights Issue Prospectus.

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



Interests in the Company

As at 30 June 2023, 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)	273,100,000 Shares	50.57%
Chu Shuk Ching (Executive Director and Chief Executive Officer)	Interest in a controlled corporation (Note 2)	32,000,000 Shares	5.93%
	Beneficial owner	4,500,000 Shares	0.83%



Notes:


1. These Shares are held by Golden Villa Ltd., which is wholly-owned by Mr. Chu King Tien. By virtue of the SFO, Mr. Chu King Tien is deemed to be interested in all the Shares held by Golden Villa Ltd.
2. These Shares are held by Triumph Treasure Holdings Limited (“**Triumph Treasure**”), which is wholly-owned 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 30 June 2023, the interests 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 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 the Listing Rules, were as follows:

Long positions in the shares of the associated corporations

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 Ltd.	Beneficial owner	50,000	100%



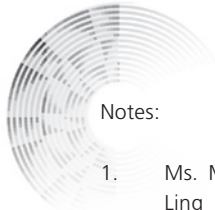
Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other interest or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) (i) 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 30 June 2023, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying Shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions in the Shares

Name	Nature of interest	Total number of Shares held (long position)	Approximate percentage of shareholding
Golden Villa Ltd.	Beneficial owner	273,100,000 Shares	50.57%
Ms. Mo Yuk Ling	Interest of spouse (Note 1)	273,100,000 Shares	50.57%
Triumph Treasure	Beneficial owner (Note 2)	32,000,000 Shares	5.93%



Notes:

1. Ms. Mo Yuk Ling is the spouse of Mr. Chu King Tien. Under the SFO, Ms. Mo Yuk Ling is deemed to be interested in the same number of shares in which Mr. Chu King Tien is interested.
2. Triumph Treasure was wholly-owned by Ms. Chu Shuk Ching.

Save as disclosed above, as at 30 June 2023, 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 recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

SUBSEQUENT EVENT

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Period.

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 terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The principal terms of the Scheme are summarised in the paragraph headed "Share Option Scheme" in the report of the Directors in the annual report of the Company for the year ended 31 December 2022. Since the date of adoption of the Scheme and up to the date of this report, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.



MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors’ securities transactions throughout the Period and up to the date of this report.

CORPORATE GOVERNANCE CODE

The Company has adopted the code principles of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules. The Company is committed to ensuring a high corporate governance standard and transparency and accountability to shareholders of the Company. The Board is of the opinion that the Company has complied with the applicable code provisions under the CG Code throughout the Period and up to the date of this report.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

Save as disclosed above or in the Prospectus or the Rights Issue Prospectus dated 31 March 2023, no Director had any material interests in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

COMPETING BUSINESS

During the Period, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.



AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) on 15 May 2015 with written terms of reference in compliance with the Listing Rules. The Audit Committee has three members comprising all the independent non-executive Directors, namely, Mr. Hui Kwok Wah (who act as the chairman of the Audit Committee), Mr. 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 listing requirements and oversee the independence and qualifications of the external auditors and objectivity and the effectiveness of the audit process in accordance with applicable standards.

The Results have not been audited by the Company’s auditor but have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

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

Hong Kong, 18 August 2023

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