



# 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: 8038)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

#### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (collectively the “Directors” and individually a “Director”) of Golden Power Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## FINANCIAL HIGHLIGHTS

- Recorded a revenue of approximately HK\$303.20 million for the year ended 31 December 2016 (the “**Year**”) (2015: approximately HK\$311.50 million), representing a decrease of approximately 2.66% as compared with the year ended 31 December 2015 (the “**Last Year**”).
- Recorded a profit attributable to the shareholders of the Company of approximately HK\$24.04 million for the Year (2015: approximately HK\$3.40 million), representing an increase of approximately 607.06%.
- The profit attributable to the equity shareholders of the Company for the Year was approximately HK\$24.04 million while that for the Last Year when excluding the one-off listing expenses of approximately HK\$11.14 million being charged to the profit or loss for the Last Year would be approximately HK\$14.54 million, representing an increase of approximately 65.34% over the year of 2015. The increase was mainly due to (i) the reduction of production overheads, major raw material costs and finance costs and the savings on staff costs; and (ii) the absence of the one-off listing expenses recognised for the Year (2015: approximately HK\$11.14 million).
- The basic earnings per share for the Year was HK15.03 cents (2015: HK2.5 cents).
- The Directors do not recommend the payment of any dividend for the Year (2015: Nil).

## RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results (the “**Results**”) of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2016 (the “**Year**”) together with the comparative audited figures for the year ended 31 December 2015 (the “**Last Year**”) as follows:-

### Consolidated Statement of Profit or Loss

For the year ended 31 December 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenue	3	303,197	311,500
Cost of sales		<u>(207,082)</u>	<u>(235,054)</u>
Gross profit		96,115	76,446
Other revenue		3,040	3,302
Other (losses)/gains — net		(3,467)	987
Selling expenses		(15,784)	(12,477)
General and administrative expenses		<u>(43,382)</u>	<u>(55,027)</u>
Profit from operations		36,522	13,231
Finance costs	4(a)	<u>(3,729)</u>	<u>(5,880)</u>
Profit before income tax	4	32,793	7,351
Income tax expense	5	<u>(8,753)</u>	<u>(3,952)</u>
Profit for the year and attributable to the shareholders of the Company		<u>24,040</u>	<u>3,399</u>
Earnings per share (HK cents)			
— Basic	6	<u>15.03</u>	<u>2.50</u>
— Diluted	6	<u>N/A</u>	<u>N/A</u>

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year	<u>24,040</u>	<u>3,399</u>
Other comprehensive income/(loss):-		
Item that may be reclassified subsequently to profit or loss:-		
Exchange differences arising on translation of financial statements of foreign operations	<u>(4,010)</u>	<u>(4,716)</u>
Items that may not be reclassified subsequently to profit or loss:-		
Gain on revaluation of leasehold land and buildings upon transfer to investment properties	27,511	—
Deferred tax liability on revaluation of leasehold land and buildings upon transfer to investment properties	<u>(240)</u>	<u>—</u>
	<u>27,271</u>	<u>—</u>
Other comprehensive income/(loss) for the year, net of tax	<u>23,261</u>	<u>(4,716)</u>
Total comprehensive income/(loss) for the year and attributable to the shareholders of the Company	<u><u>47,301</u></u>	<u><u>(1,317)</u></u>

**Consolidated Statement of Financial Position***For the year ended 31 December 2016*

	Note	2016 HK\$'000	2015 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		184,498	170,508
Investment properties		29,500	—
Intangible assets		294	315
Prepaid land lease payments		4,964	5,489
Deposits paid for property, plant and equipment	10	2,786	4,994
Deferred tax assets		5,654	7,149
		<u>227,696</u>	<u>188,455</u>
<b>CURRENT ASSETS</b>			
Inventories	8	48,206	48,813
Trade and bills receivables	9	32,739	41,172
Deposits, prepayments and other receivables	10	10,333	12,438
Prepaid land lease payments		205	218
Income tax recoverable		1,122	1,712
Cash and bank balances		21,797	24,918
		<u>114,402</u>	<u>129,271</u>
<b>DEDUCT:-</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	11	68,674	77,774
Receipts in advance, other payables and accruals	12	17,109	26,993
Bank borrowings, secured	13	38,993	59,140
Income tax payable		3,161	286
		<u>127,937</u>	<u>164,193</u>
<b>NET CURRENT LIABILITIES</b>		<u>(13,535)</u>	<u>(34,922)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>214,161</u>	<u>153,533</u>
<b>DEDUCT:-</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings, secured	13	48,283	36,540
Deferred tax liabilities		3,452	1,868
		<u>51,735</u>	<u>38,408</u>
<b>NET ASSETS</b>		<u>162,426</u>	<u>115,125</u>
<b>REPRESENTING:-</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital		1,600	1,600
Reserves		160,826	113,525
<b>TOTAL EQUITY</b>		<u>162,426</u>	<u>115,125</u>

**Consolidated Statement of Changes in Equity**  
*For the year ended 31 December 2016*

	Share capital	Share premium	Statutory reserve	Exchange reserve	Capital reserve	Property revaluation reserve	Retained profits	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2015	—	—	3,411	2,062	9,819	—	19,725	35,017
Profit for the year	—	—	—	—	—	—	3,399	3,399
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(4,716)	—	—	—	(4,716)
Total comprehensive (loss)/income for the year	—	—	—	(4,716)	—	—	3,399	(1,317)
Appropriation to statutory reserve	—	—	529	—	—	—	(529)	—
Issue of shares	560	75,040	—	—	—	—	—	75,600
Capitalisation issue	1,040	(1,040)	—	—	—	—	—	—
Capital injection	—	—	—	—	20,000	—	—	20,000
Share issuing expense	—	(14,175)	—	—	—	—	—	(14,175)
At 31 December 2015 and 1 January 2016	<b>1,600</b>	<b>59,825</b>	<b>3,940</b>	<b>(2,654)</b>	<b>29,819</b>	—	<b>22,595</b>	<b>115,125</b>
Profit for the year	—	—	—	—	—	—	<b>24,040</b>	<b>24,040</b>
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(4,010)	—	—	—	(4,010)
Gain on revaluation of leasehold land and buildings upon transfer to investment properties	—	—	—	—	—	<b>27,511</b>	—	<b>27,511</b>
Deferred tax liability on revaluation of leasehold land and buildings upon transfer to investment properties	—	—	—	—	—	(240)	—	(240)
Total comprehensive (loss)/income for the year	—	—	—	(4,010)	—	<b>27,271</b>	<b>24,040</b>	<b>47,301</b>
Appropriation to statutory reserve	—	—	<b>1,138</b>	—	—	—	(1,138)	—
At 31 December 2016	<b>1,600</b>	<b>59,825</b>	<b>5,078</b>	<b>(6,664)</b>	<b>29,819</b>	<b>27,271</b>	<b>45,497</b>	<b>162,426</b>

# NOTES TO THE 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 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. The Company's shares has been listed and traded on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 5 June 2015.

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on GEM of the Stock Exchange, the 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 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.

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

## 2. BASIS OF PREPARATION

### (a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("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. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

### (b) Initial application of HKFRSs

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

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 28, HKFRS 10 and HKFRS 12	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulation Deferral Accounts
Annual Improvements to HKFRSs (2012–2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19

The initial application of these revised HKFRSs does not necessitate material changes in the Group's accounting policies and retrospective adjustments of the comparatives presented in the consolidated financial statements.

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

The following HKFRSs in issue at 31 December 2016 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 2016:-

HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>

<sup>1</sup> Effective for annual period beginning on or after 1 January 2017

<sup>2</sup> Effective for annual period beginning on or after 1 January 2018

<sup>3</sup> Effective for annual period beginning on or after 1 January 2019

<sup>4</sup> Effective for annual period beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these standards and amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

**(d) Adoption of going concern basis**

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. At 31 December 2016 and 2015, the Group had net current liabilities of HK\$13,535,000 and HK\$34,922,000 respectively. The consolidated financial statements have been prepared on a going concern basis due to the reasons that (i) at 31 December 2016 and 2015, the Group had unutilised banking facilities of HK\$81,519,000 and HK\$88,653,000 respectively; and (ii) the directors expect that the Group is able to renew all the banking facilities when expire.

After taking into consideration of the banking facilities already in place at 31 December 2016, 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.

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. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

Information regarding the Group's reportable segments for the years ended 31 December 2016 and 2015 is set out below:-

#### Segment revenue from external customers

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Disposable batteries</b>		
(i) Cylindrical batteries		
— Alkaline	147,861	139,665
— Carbon	60,721	71,412
	<u>208,582</u>	<u>211,077</u>
(ii) Micro-button cells		
— Alkaline	46,119	65,920
— Other micro-button cells	39,281	18,702
	<u>85,400</u>	<u>84,622</u>
	<u>293,982</u>	<u>295,699</u>
<b>Rechargeable batteries and other battery-related products</b>		
(i) Rechargeable batteries	8,531	14,879
(ii) Other battery-related products	684	922
	<u>9,215</u>	<u>15,801</u>
	<u><u>303,197</u></u>	<u><u>311,500</u></u>

## Segment results

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Disposable batteries</b>		
(i) Cylindrical batteries		
— Alkaline	41,495	32,183
— Carbon	7,927	5,009
	<u>49,422</u>	<u>37,192</u>
(ii) Micro-button cells		
— Alkaline	16,464	23,125
— Other micro-button cells	27,106	10,978
	<u>43,570</u>	<u>34,103</u>
	<u>92,992</u>	<u>71,295</u>
<b>Rechargeable batteries and other battery-related products</b>		
(i) Rechargeable batteries	3,080	4,729
(ii) Other battery-related products	43	422
	<u>3,123</u>	<u>5,151</u>
	<u>96,115</u>	<u>76,446</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Segment results	96,115	76,446
Unallocated other revenue	3,040	3,302
Unallocated other (losses)/gains — net	(3,467)	987
Unallocated corporate expenses	(59,166)	(67,504)
Finance costs	(3,729)	(5,880)
Profit before income tax	<u>32,793</u>	<u>7,351</u>

Segment revenue represents sales to external parties. There are no inter-segment transactions during the years ended 31 December 2016 and 2015. 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.

## Other segment information

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Depreciation and amortisation</b>		
Disposable batteries		
— Cylindrical batteries	8,542	8,648
— Micro-button cells	1,514	1,545
Segment total	10,056	10,193
Unallocated depreciation and amortisation	2,517	2,881
	<u>12,573</u>	<u>13,074</u>

## Revenue from major customers

During the years ended 31 December 2016 and 2015, the revenue generated from the following customers accounted for over 10% of the Group's total revenue:-

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A	<u>31,460</u>	<u>*</u>

\* The corresponding revenue did not contribute over 10% of the Group's total revenue.

## 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.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The PRC	74,886	89,167
Hong Kong	75,931	71,492
Asia (except the PRC and Hong Kong)	28,859	25,967
Europe	41,550	37,175
Eastern Europe	3,722	9,474
North America	39,972	22,143
South America	16,318	17,160
Australia	19,346	33,969
Africa	655	3,050
Middle East	1,958	1,903
	<u>303,197</u>	<u>311,500</u>

#### 4. PROFIT BEFORE INCOME TAX

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(a) Finance costs:-		
Bank loans interest	3,147	5,566
Interest on import loans	730	698
Bank overdraft interest	3	4
	<u>3,880</u>	<u>6,268</u>
Total interest expense	3,880	6,268
Less: interest expense capitalised into property, plant and equipment (Note)	(151)	(388)
	<u>3,729</u>	<u>5,880</u>
(b) Staff cost (excluding directors' emoluments):-		
Salaries, wages and other allowances	32,308	35,473
Contributions to defined contribution plans	3,562	4,673
	<u>35,870</u>	<u>40,146</u>
(c) Other items:-		
Amortisation of intangible assets	69	124
Amortisation of prepaid land lease payments	216	228
Auditors' remuneration	840	862
Cost of inventories recognised as expenses	207,082	235,054
Depreciation	12,288	12,722
Net exchange loss/(gain)	3,513	(1,388)
(Gain)/loss on disposals of property, plant and equipment:-		
— Proceeds from disposals of property, plant and equipment	(805)	(1,871)
— Carrying amount of property, plant and equipment	759	2,272
	(46)	401
Impairment loss on trade receivables	—	506
(Reversal of write-down)/write-down to net realisable value on inventories	(748)	498
Minimum lease payments paid under operating leases:-		
— Plant and machinery	592	638
— Buildings	3,212	3,981
Rental income less outgoings of HK\$151,000 (2015: Nil)	598	—

Note: The borrowing costs have been capitalised at a rate of 3.92% and 4.50% per annum for the years ended 31 December 2016 and 2015 respectively.

## 5. INCOME TAX EXPENSE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax — Hong Kong profits tax:-		
Provision for the year	1,176	1,984
Current tax — PRC enterprise income tax (“EIT”):-		
Provision for the year	4,938	1,230
	<u>6,114</u>	<u>3,214</u>
Deferred taxation		
Current year	2,639	738
	<u>8,753</u>	<u>3,952</u>

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.

## 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the shareholders of the Company of HK\$24,040,000 (2015: HK\$3,399,000) and the weighted average of 160,000,000 (2015: 136,219,178) ordinary shares in issue during the year.

The weighted average number of ordinary shares adopted in calculation of basic earnings per share for the year ended 31 December 2015 have been adjusted to reflect the impact of the share subdivision and capitalisation issue effected during the year ended 31 December 2015.

### Weighted average number of ordinary shares

	2016	2015
Issued ordinary shares at 1 January	160,000,000	100
Effect of capitalisation of shares	—	103,999,900
Effect of issue of new shares for cash	—	32,219,178
	<u>160,000,000</u>	<u>136,219,178</u>

Diluted earnings per share has not been disclosed as no dilutive potential equity shares in existence for the years ended 31 December 2016 and 2015.

## 7. DIVIDENDS

No dividends declared and paid or payable for the years ended 31 December 2016 and 2015.

## 8. INVENTORIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Raw materials	18,483	17,674
Work in progress	19,228	14,557
Finished goods	10,914	17,775
	<u>48,625</u>	<u>50,006</u>
Less : Write-down to net realisable value	(419)	(1,193)
	<u><u>48,206</u></u>	<u><u>48,813</u></u>

## 9. TRADE AND BILLS RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	31,618	41,054
Less : Impairment loss	(477)	(506)
	<u>31,141</u>	<u>40,548</u>
Bills receivables	1,598	624
	<u><u>32,739</u></u>	<u><u>41,172</u></u>

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.

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At 1 January	506	—
Impairment loss for the year	—	506
Exchange adjustments	(29)	—
	<u>477</u>	<u>506</u>
At 31 December	<u><u>477</u></u>	<u><u>506</u></u>

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	<b>18,600</b>	22,061
31–60 days	<b>8,697</b>	8,327
61–90 days	<b>3,383</b>	5,650
91–120 days	<b>1,307</b>	2,255
Over 120 days	<b>752</b>	2,879
	<b>32,739</b>	41,172

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Not past due	<b>23,842</b>	29,302
Past due for less than 3 months	<b>8,857</b>	10,768
Past due for 3 to 6 months	—	394
Past due for 6 months to 1 year	<b>35</b>	646
Past due for over 1 year	<b>5</b>	62
	<b>32,739</b>	41,172

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

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

#### 10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Utilities and other deposits	<b>3,607</b>	6,940
Prepayments	<b>3,922</b>	5,348
Other receivables	<b>5,590</b>	5,144
	<b>13,119</b>	17,432
Less: Non-current portion		
Deposits paid for property, plant and equipment	<b>(2,786)</b>	(4,994)
Current portion	<b>10,333</b>	12,438

## 11. TRADE PAYABLES

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0-30 days	19,043	17,953
31-90 days	31,021	31,901
91-180 days	13,638	21,594
Over 180 days	4,972	6,326
	<u>68,674</u>	<u>77,774</u>

## 12. RECEIPTS IN ADVANCE, OTHER PAYABLES AND ACCRUALS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loan from a former subsidiary ( <i>Note</i> )	—	11,000
Receipts in advance	6,866	6,219
Other payables	4,578	1,920
Accruals	4,985	7,174
Provision for long service payments	334	334
Provision for annual leave	346	346
	<u>17,109</u>	<u>26,993</u>

*Note:* There was a loan of HK\$19,000,000 to Goldtium (Hong Kong) Company Limited, a former subsidiary of the Group, from a non-controlling shareholder of the Group's former subsidiary, Goldtium (Jiangmen) Battery Company Limited. The amount was interest-free and unsecured, of which HK\$3,000,000 was repaid during the year ended 31 December 2014, HK\$5,000,000 was repaid during the year ended 31 December 2015 and HK\$11,000,000 was repaid during the year ended 31 December 2016.



### 13. BANK BORROWINGS

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Secured bank loans		<b>76,895</b>	67,854
Secured bank import loans and other loans		<b>10,381</b>	27,826
		<hr/>	<hr/>
	(a)	<b>87,276</b>	95,680
Less: Amount classified as current liabilities		<b>(38,993)</b>	(59,140)
		<hr/>	<hr/>
Amount classified as non-current liabilities		<b>48,283</b>	36,540
		<hr/> <hr/>	<hr/> <hr/>
The bank loans are repayable as follows:-			
Within 1 year			
— short-term loans		<b>22,163</b>	47,508
— current portion of long-term loans		<b>16,830</b>	11,632
		<hr/>	<hr/>
		<b>38,993</b>	59,140
Over 1 year but within 2 years		<b>20,224</b>	11,886
Over 2 years but within 5 years		<b>25,799</b>	21,312
Over 5 years		<b>2,260</b>	3,342
		<hr/>	<hr/>
		<b>87,276</b>	95,680
		<hr/> <hr/>	<hr/> <hr/>

Notes:-

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Total banking facilities granted	<b>168,795</b>	184,333
Less: banking facilities utilised by the Group	<b>(87,276)</b>	(95,680)
	<hr/>	<hr/>
Unutilised banking facilities	<b>81,519</b>	88,653
	<hr/> <hr/>	<hr/> <hr/>

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

- (i) bank loans of HK\$65,112,000 were guaranteed by unlimited corporate guarantee executed by the Company; and
- (ii) prepaid land lease payments, leasehold buildings and investment properties situated in Hong Kong, the PRC and Macau owned by the Group.

At 31 December 2015, these banking facilities are secured by:-

- (i) unlimited corporate guarantee executed by the Company; and
- (ii) prepaid land lease payments and leasehold buildings situated in Hong Kong, the PRC and Macau owned by the Group.

(b) The banking facilities granted to the Group requires the Group to meet the following financial covenant: to maintain net tangible assets of not less than HK\$15,000,000. If the Group was to breach the above covenant, the banks were contractually entitled to request early repayment of outstanding amount and/or the relevant banks enforced the relevant securities. The Group regularly monitors the compliance with the financial covenant.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Company's shares (the "Shares") were successfully listed on GEM of the Stock Exchange (the "Listing") on 5 June 2015 (the "Listing Date").

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

The revenue of cylindrical batteries for the Year dropped by approximately HK\$2.50 million from approximately HK\$211.08 million for the Last Year to approximately HK\$208.58 million for the Year, which was equivalent to approximately 1.18% decrease in revenue of cylindrical batteries. Such drop in revenue was mainly due to a slowdown of the demand in Australia, Eastern Europe and the PRC during the Year.

The revenue of micro-button cells for the Year increased by approximately HK\$0.78 million from approximately HK\$84.62 million for the Last Year to approximately HK\$85.40 million for the Year which was equivalent to approximately 0.92% increase in revenue of micro-button cells. The revenue of rechargeable batteries and other battery-related products for the Year decreased by approximately HK\$6.58 million from approximately HK\$15.80 million for the Last Year to approximately HK\$9.22 million for the Year which was equivalent to approximately 41.65% decrease in revenue of rechargeable batteries and other battery-related products.

### COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

#### **Business strategies and objectives as stated in the prospectus of the Company dated 29 May 2015 (the "Prospectus")**

#### **Actual progress up to 31 December 2016**

Expand our production capacity by acquiring a production line with higher designed production capacity and which is able to produce mercury-free, cadmium free and lead free batteries to increase our market share

The Group has acquired a production line in 2015 and the commercial production has commenced in the third quarter of 2016.

The Group has acquired a newly designed and automatic production line in 2016 for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries, which is expected to be delivered to us in the forth quarter of 2017.

Continue to expand and diversify the product portfolio to capture market opportunities and meet consumer needs

The Group has been exploring opportunities for expansion and diversification of its product portfolio.

Explore new sales platform

The Group has been exploring new electronic sales platform and has entered into the PRC retail market for products bearing its own brand "Golden Power".

## FINANCIAL REVIEW

### Revenue

Revenue for the Year was approximately HK\$303.20 million (2015: approximately HK\$311.50 million), representing a decrease of approximately 2.66% as compared to the Last Year. Such decrease was primarily attributable to the net effect of (i) a slowing down of demand in Australia, Eastern Europe and the PRC causing the decrease of revenue of cylindrical batteries and rechargeable batteries and other battery-related products; and (ii) partially offset by the increase in revenue of micro-button cells during the Year.

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

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
The PRC	<b>74,886</b>	89,167
Hong Kong	<b>75,931</b>	71,492
Asia (except the PRC and Hong Kong)	<b>28,859</b>	25,967
Europe	<b>41,550</b>	37,175
Eastern Europe	<b>3,722</b>	9,474
North America	<b>39,972</b>	22,143
South America	<b>16,318</b>	17,160
Australia	<b>19,346</b>	33,969
Africa	<b>655</b>	3,050
Middle East	<b>1,958</b>	1,903
	<b><u>303,197</u></b>	<u>311,500</u>

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

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Cylindrical batteries	<b>208,582</b>	211,077
Micro-button cells	<b>85,400</b>	84,622
Rechargeable batteries and other battery-related products	<b>9,215</b>	15,801
	<b><u>303,197</u></b>	<u>311,500</u>

### Gross Profit

The Group recorded a gross profit for the Year of approximately HK\$96.12 million (2015: approximately HK\$76.45 million), representing an increase of approximately 25.73% as compared to the Last Year which was mainly due to the decrease in cost of good sold by HK\$27.97 million from approximately HK\$235.05 million for the Last Year to approximately HK\$207.08 million for the Year, representing approximately 11.90% decrease. The decrease was mainly attributable to the decrease in wages and material consumptions as a result of improvement on automation.

## **Expenses**

During the Year, the selling expenses of the Group increased by 26.44% to approximately HK\$15.78 million as compared to approximately HK\$12.48 million in the Last Year. The increase was mainly due to the increase of the distribution, marketing and promotion expenses. The Group's general and administrative expenses decreased by approximately HK\$11.65 million to approximately HK\$43.38 million as compared to approximately HK\$55.03 million for the Last Year. The decrease in general and administrative expenses was mainly due to the absence of one-off listing expenses for the Year as compared to the one-off listing expenses of approximately HK\$11.14 million for the Last Year.

## **Finance Costs**

The finance costs of the Group has dropped by 36.56% to approximately HK\$3.73 million for the Year as compared to approximately HK\$5.88 million in the Last Year. The drop was mainly due to the savings in interest costs on bank loan facilities after the reduction in using the banking facilities during the Year.

## **Income Tax**

The income tax expense of the Group has increased by 121.52% to approximately HK\$8.75 million for the Year as compared to approximately HK\$3.95 million for the Last Year. The increase was generated from the increase in the Hong Kong profits tax and PRC enterprise income tax provision for the Year.

## **Profit attributable to the shareholders of the Company**

Profit attributable to shareholders of the Company for the Year was approximately HK\$24.04 million (2015: approximately HK\$3.40 million), representing an increase of approximately 607.06%.

The profit attributable to the equity shareholders of the Company for the Year was approximately HK\$24.04 million while that for the Last Year when excluding the one-off listing expenses of approximately HK\$11.14 million being charged to the profit or loss for the Last Year would be approximately HK\$14.54 million, representing an increase of approximately 65.34% over the year of 2015. The increase was mainly due to (i) the reduction of production overheads, major raw material costs and finance costs and the savings on staff costs; and (ii) the absence of the one-off listing expenses recognised for the Year (2015: approximately HK\$11.14 million).

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

The cash and bank balances was approximately HK\$21.80 million, which was approximately HK\$3.12 million lower than the Last Year (2015: HK\$24.92 million). The decrease was mainly due to an increase in property, plant and equipment acquisitions during the Year.

As at 31 December 2016, the Group has utilised banking facilities of approximately HK\$87.28 million which was equivalent to 51.71% of the total banking facilities available for the Year as compared to the utilised amount of HK\$95.68 million in the Last Year which was equivalent to approximately 51.91% of the total banking facilities available for the Last Year. The Directors believe that the utilisation rate of the banking facilities has been maintained at a stable level. The Directors also believe that the existing banking facilities are in safety level to support the Group's operating needs.

## CHARGES ON ASSETS

The Group's bank borrowing facilities were secured mainly by the Group's plant and office building (including investment properties) with carrying value of approximately HK\$65.39 million and approximately HK\$41.42 million as at 31 December 2016 and 2015, respectively.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

As at 31 December 2016, the Group did not have any foreign currency investments which have been hedged by currency borrowing and other hedging instruments.

## FINANCIAL KEY PERFORMANCE INDICATORS

	<b>2016</b>	2015
Gross profit margin	<b>31.70%</b>	24.54%
Net profit margin	<b>7.93%</b>	1.09%
Gearing ratio	<b>0.64</b>	0.97

### *Gross Profit Margin*

The gross profit margin increased by 7.16% from 24.54% for the Last Year to 31.70% for the Year. It was mainly due to improvement in control on the labour cost and production overhead throughout the Year.

### *Net Profit Margin*

The net profit margin increased by 6.84% to 7.93% for the Year as compared to 1.09% for the Last Year. Such increase was mainly due to (i) the absence of one-off listing expenses during the Year (ii) the reduction of production overheads, major raw materials costs and finance costs and the savings on staff costs.

### *Gearing Ratio*

The gearing ratio decreased by 0.33 to 0.64 for the Year as compared to 0.97 for the Last Year. The improvement was mainly the result of the reduction of the bank loan utilisation frequency during the Year.

## CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any material contingent liabilities.

## CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the Listing Date. The capital structure of the Group consists of bank borrowings net of bank balances and cash and equity attributable to shareholders of the Group comprising issued share capital and reserves. The issued share capital of the Group comprises ordinary shares only. Total equity of the Group amounted to approximately HK\$162.43 million as at 31 December 2016 (2015: approximately HK\$115.13 million).

## DIVIDEND

The Directors do not recommend the payment of any dividend for the Year (2015: Nil).

## CAPITAL COMMITMENT

At 31 December 2016, the Group had capital expenditures contracted for approximately HK\$10.88 million on a newly designed and automatic production line and others auxiliary machineries for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries.

## SIGNIFICANT INVESTMENTS HELD

Except for the Company's investment in various subsidiaries and the investment in an investment property in respect of which an indirect wholly-owned subsidiary of the Company namely Golden Power Properties Limited as landlord has entered into a two-year term tenancy agreement with an independent third party on 20 June 2016 for warehouse purpose located at Flat B, 20/F, Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories for a monthly rental at market rate, the Group did not hold any significant investment as at 31 December 2016.

## FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

Save as disclosed in the Prospectus or otherwise in this announcement, there was no specific plan for material investment or capital asset as at 31 December 2016.

## USE OF PROCEEDS FROM LISTING

The net proceeds from the Listing, after deducting related expenses, amounted to approximately HK\$40.16 million. After the Listing, the net proceeds have been applied in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the Listing up to 31 December 2016 is set out below:-

	<b>Planned use of the net proceeds as stated in the Prospectus up to 31 December 2016 <i>HK\$'million</i></b>	<b>Actual use of the net proceeds up to 31 December 2016 <i>HK\$'million</i></b>
Repayment of bank loan	36.14	36.14
General working capital	4.02	4.02
	<u>40.16</u>	<u>40.16</u>

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

## **FUTURE DEVELOPMENT**

The Group will continue to invest in its production lines in order to enhance the production capacity and efficiency in 2017. A newly designed and automatic production line has been acquired in 2016 for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries. It will improve the production efficiency and production quality to meet the Group's future expansion. We expect that this new production line will be delivered to us in the forth quarter of 2017. The Group is developing the retail markets for products bearing our own brand "Golden Power". We have started to enter into the PRC retail markets and will continue to expand our retail market shares in the PRC through our co-operation with some well-developed chain stores there. In 2017, we also target to enter into the Hong Kong retail market. By developing the retail markets in the PRC and Hong Kong, we hope to generate a new stream of revenue to add value for our shareholders.

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Year, the Company has established an indirect wholly-owned subsidiary in the British Virgin Islands, namely Merchant Port Limited. Save as disclosed, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures of the Group during the Year.

## **EMPLOYEES AND REMUNERATION POLICY**

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

As at 31 December 2016, the Group had a total of 492 employees (2015: 530 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK\$41.41 million in the Year (2015: approximately HK\$45.07 million). Directors' remuneration for the Year amounted to approximately HK\$5.54 million (2015: approximately HK\$4.93 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK\$0.42 million (2015: HK\$0.24 million).

## **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.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors (the "Model Code"). Having made specific enquiry of all the Directors, the Company was not aware of any non-compliance with the Model Code by the Directors during the Year.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the code principles of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Company is committed to ensuring a quality board and transparency and accountability to shareholders of the Company. During the Year, the Board is of the opinion that the Company has complied with all the applicable provisions set out in the CG Code.

## IMPORTANT EVENTS AFTER THE YEAR END

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

Subsequent to the Year, the Company has entered into a new master sales agreement on 1 February 2017 (the "2017 Agreement") which is subject to independent shareholders' approval. For details of the 2017 Agreement, please refer to the announcement of the Company dated 1 February 2017. A circular in relation to the 2017 Agreement and the forthcoming extraordinary general meeting will be despatched to the shareholders of the Company. As additional time is required for the Company to prepare and finalise the content of the circular, the despatch of the circular to the Shareholders is expected to be delayed to a date falling on or before 5 April 2017. Please refer to the announcements of the Company dated 21 February 2017 and 14 March 2017 for details.

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

## AUDIT COMMITTEE REVIEW

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

All members of the Audit Committee possess appropriate knowledge and financial experience to perform their duties. The composition of the Audit Committee meets the requirements of Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee, among other things, are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and oversee the independence and qualifications of the external auditors and objectivity and the effectiveness of the audit process in accordance with applicable standards.

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



## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company will be held on Tuesday, 9 May 2017 (the “**2017 AGM**”). A notice convening the 2017 AGM will be published and despatched to the shareholders of the Company in accordance with the articles of association of the Company, the GEM Listing Rules and other applicable laws and regulations.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the identity of the shareholders of the Company to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Tuesday, 2 May 2017 to Tuesday, 9 May 2017 both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2017 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 pm Friday, 28 April 2017.

## **AUDITOR**

The consolidated financial statements of the Group for the Year have been audited by PKF, who will retire and, being eligible, offer themselves for re-appointment at the 2017 AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the 2017 AGM.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the Company’s website at [www.goldenpower.com](http://www.goldenpower.com) and the GEM’s website at [www.hkgem.com](http://www.hkgem.com). The 2016 annual report of the Company will be despatched to the shareholders of the Company and available on the above websites.

## **APPRECIATION**

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

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

Hong Kong, 21 March 2017

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

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

*This announcement will be published on the GEM's website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at [www.goldenpower.com](http://www.goldenpower.com).*