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GoldenPower®

GOLDEN POWER GROUP HOLDINGS LIMITED

金力集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3919)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES
HELD ON THE RECORD DATE**

Underwriters of the Rights Issue

RaffAello

Securities (HK) Ltd

Raffaello Securities (HK) Ltd.

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$39.6 million, before expenses, by issuing 120,000,000 Rights Shares by way of rights issue at the Subscription Price of HK\$0.33 per Rights Share, on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date.

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$36.3 million. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$20.0 million for fully repaying certain bank facilities; (ii) approximately HK\$12.7 million for upgrading its equipment and machines to produce mercury-free, cadmium-free and lead-free disposable cylindrical batteries; and (iii) the balance of HK\$3.6 million as general working capital of the Group.

The Rights Issue is only available to Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 6 May 2021.

Mr. Chu, the Controlling Shareholder, has given an irrevocable undertaking in favour of the Company to subscribe or procure his controlled corporation to subscribe for 43,600,000 Rights Shares, which will be provisionally allotted to Golden Villa under the Rights Issue.

Taking into account the Undertaken Shares, the Rights Issue will be fully underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement. Details of the Underwriting Agreement are set out in the paragraph headed “Underwriting arrangement and undertaking — The Underwriting Agreement” below in this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As the Rights Issue will not increase either the number of issued shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not conditional on approval by the Shareholders pursuant to Rule 7.19A(1) of the Listing Rules.

WARNING ON THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares are expected to be dealt in on an ex-right basis from Wednesday, 5 May 2021. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 18 May 2021 to Wednesday, 26 May 2021 (both dates inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares and any dealings in the Rights Shares in their nil-paid form from Tuesday, 18 May 2021 to Wednesday, 26 May 2021 (both dates inclusive) will accordingly bear the risk that the Right Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$39.6 million, before expenses, by issuing 120,000,000 Rights Shares by way of rights issue at the Subscription Price of HK\$0.33 per Rights Share, on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The details of the Rights Issue are set out as follows:

Issue statistics

Basis of the Rights Issue	: One (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	: HK\$0.33 per Rights Share
Number of Shares in issue as at the date of this announcement	: 240,000,000 Shares
Number of Rights Shares	: 120,000,000 Rights Shares
Number of Shares in issue immediately upon completion of the Rights Issue	: 360,000,000 Shares
Amount to be raised by the Rights Issue before expenses	: Approximately HK\$39.6 million
Underwriter	: Raffaello Securities (HK) Ltd.

As at the date of this announcement, the Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares.

Assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, the 120,000,000 Rights Shares to be issued and allotted pursuant to the Rights Issue (i) represent 50% of the existing issue share capital of the Company as at the date of this announcement; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.33 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or application for excess Rights Shares or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 21.4% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 20.7% to the average closing price of approximately HK\$0.416 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (c) a discount of approximately 19.6% to the average closing price of approximately HK\$0.4105 per Share for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (d) a discount of approximately 15.4% to the theoretical ex-rights price of approximately HK\$0.39 per Share based on the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price and trading liquidities of the Shares under the prevailing market conditions.

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to participate in the future growth of the Group. The Board considers that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.30.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (c) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms;
- (d) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement not being terminated in accordance with the terms thereof on or before the Latest Time for Termination; and
- (e) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remain true and accurate in all material respects.

The Company shall use all reasonable endeavours to procure the fulfilment or waiver (as the case may be) of all the above conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree.

The Underwriter may at any time by notice in writing to the Company waive the condition precedent set out in paragraph (e) above. Save and except the condition precedent set out in paragraph (e) above, the other conditions precedent are incapable of being waived. If the conditions precedent set out in paragraphs (a) to (e) above are not satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate (save and except the provisions regarding fees, notices and governing law and jurisdiction which shall remain in full force and effect) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Shares then in issue in all respects. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

Closure of register of members

The register of members of the Company will be closed from Friday, 7 May 2021 to Thursday, 13 May 2021, both dates inclusive, to determine entitlements of the Qualifying Shareholders to participate in the Rights Issue. No transfer of Shares will be registered during this period.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date.

To qualify for the Rights Issue, a Shareholder must (i) be registered as a member of the Company on the Record Date and (ii) have an address in Hong Kong as his address on the register of members of the Company on the Record Date.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

In order to be registered as members of the Company on the Record Date, **Shareholders must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 6 May 2021.**

The last day for dealing in the Shares on a cum-rights basis is Tuesday, 4 May 2021. The Shares will be dealt with on an ex-rights basis from Wednesday, 5 May 2021.

The latest time for acceptance of and payment for the Rights Shares and payment and for application and payment for excess Rights Shares is expected to be at 4:00 p.m. on Monday, 31 May 2021.

Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. The Company notes the requirements specified in section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules and will only exclude from the Rights Issue the Overseas Shareholders whom the Directors, after making enquiries, consider it necessary or expedient to exclude on account of either the legal restrictions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus. The Company will not offer the Rights Shares to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be sent to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus with the Overseas Letter to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not less than HK\$100. In view of administrative costs, the Company will retain individual amount of less than HK\$100 for its own benefit. Any unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders (if any) would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue pursuant to section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules subject to the results of the enquiries made by the Board. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas

Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution and consult their professional advisers when dealing in the Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Application for excess Rights Shares

Qualifying Shareholders may apply for, by way of excess application:

- (a) any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholder(s) (if any);
- (b) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and;
- (c) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares

(collectively referred to as “**Untaken Rights**”).

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (a) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (b) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (c) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (d) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any Controlling Shareholder or its associates (the “**Relevant Shareholders**”), whether in their own names or through nominees.

The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for. Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) whose name appears on the register of members of the Company (the “**Registered Nominee**”) as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

Investors whose Shares are held by a Registered Nominee and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for completion of the relevant registration by 4:30 p.m. on Thursday, 6 May 2021. The register of members of the Company will be closed from Friday, 7 May 2021 to Thursday, 13 May 2021, both dates inclusive.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited on or before the Latest Time for Acceptance.

Fractions of the Rights Shares

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for and paid for the Rights Shares on or before Tuesday, 8 June 2021 by ordinary post at their own risk. If the Rights Issue is terminated or for unsuccessful application for Rights Issue, refund cheques in respect of the acceptance for Rights Shares are expected to be posted on or before Tuesday, 8 June 2021 by ordinary post to the applicants at their own risk.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares per each board lot.

Dealings in the Rights Shares in both their nil-paid and fully paid forms, which are registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy, and any other applicable fees and charges in Hong Kong.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company and 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 (i.e. original equipment manufacturing) 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) microbutton cells. Other battery-related products include battery chargers, battery power packs and electric fans.

The Company is seeking to conduct the Rights Issue to repay some of its outstanding banking facilities, upgrading its equipment and machines, and replenish the future working capital of the Company so as to reduce the finance costs of the Group and improve the Group’s profitability and cash flow.

The gross proceeds from the Rights Issue will be approximately HK\$39.6 million. The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$36.3 million. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$20.0 million, representing approximately 55.2% of the net proceeds, for fully repaying certain bank facilities; (ii) approximately HK\$12.7 million, representing approximately 34.8% of the net proceeds, for upgrading its equipment and machines to produce mercury-free, cadmium-free and lead-free disposable cylindrical batteries; and (iii) the balance of HK\$3.6 million, representing 10% of the net proceeds, as general working capital of the Group.

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.30.

The Board is of the view that the Rights Issue will enable the Group to strengthen its competitiveness and capital base and improve its financial position.

In light of the tightened policies and regulations in the European Union and the PRC, the demand in international battery markets for hazardous substance-free batteries has been evolving. In response to the market trend towards a higher standard of environmental protection, the Group has developed hazardous substance-free batteries which are mercury-free, cadmium-free and lead-free, and the Group intends to continue its strategy of investing in production facilities and automation to increase cost efficiency and productivity in developing hazardous substance-free batteries in order to capture the business opportunities.

Despite the inherent dilutive nature of the Rights Issue in general if the Qualifying Shareholders do not take up their entitlements under the Rights Issue in full, it is the intention of the Company to set the Subscription Price at a discount to the current market price of the Shares in order to encourage the Shareholders to participate in the Rights Issue and reduce the possible dilution of approximately 33.3% to the shareholding of the existing Shareholders in case they decide not to take up their entitlements under the Rights Issue. Furthermore, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding in the Company and participate in the growth and development of the Group. Accordingly, the Directors are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.**

The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. The Board considers that the Rights Issue would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

In view of the above, the Board considered that raising funds by way of the Rights Issue is beneficial to the Company and its Shareholders as a whole.

UNDERWRITING ARRANGEMENT AND UNDERTAKING

Irrevocable Undertaking

Mr. Chu has given an irrevocable undertaking in favour of the Company to subscribe or procure his controlled corporation to subscribe for 43,600,000 Rights Shares which will be provisionally allotted to Golden Villa under the Rights Issue.

The Underwriting Agreement

Date	:	9 April 2021 (after trading hours)
Issuer	:	The Company
Underwriter	:	Raffaello Securities (HK) Ltd.
Number of Underwritten Shares	:	76,400,000 Rights Shares, representing all the Rights Shares to be issued pursuant to the Rights Issue other than the Undertaken Shares. Accordingly, taking into account the Undertaken Shares, the Rights Issue is fully underwritten.
Underwriting Commission	:	HK\$2.8 million, representing an underwriting commission at the rate of approximately 7.07% of the total Subscription Price of the Rights Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are independent of the Company and its connected persons. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

The said commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the commission rate) are fair and reasonable so far as the Company and the Shareholders are concerned.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement.

The Underwriter has undertaken to Company that, among other things, other than the transactions contemplated under the Underwriting Agreement and as disclosed (or will be disclosed) in this announcement and/or the Prospectus Documents, save with the prior consent of the Company, the Underwriter or any of its associates will not deal in the Shares or other securities of the Company from the date of the Underwriting Agreement to the completion of the Rights Issue, provided that the Underwriter may, before completion of the Rights Issue, enter into agreement with any other person(s) in respect of (a) the subunderwriting of the Rights Shares; and/or (b) the subscription of the Underwritten Shares not taken up, so long as such transactions are in compliance with applicable laws and regulations.

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the section headed “Proposed Rights Issue — Conditions of the Rights Issue” above.

Termination of the Underwriting Agreement

If, at any time prior to the Latest Time for Termination there occurs:

- (a) any of the following which, in the reasonable opinion of the Underwriter, will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
 - (ii) the occurrence, happening, coming into effect or becoming public knowledge of (1) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company’s securities on the Stock Exchange for more than ten consecutive Business Days (other than pending publication of the Announcement or any other document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in

commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or

- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (c) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, epidemic, terrorism, armed conflict, strike or lock-out; or
- (d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not *ejusdem generis* with any of the foregoing,

the Underwriter shall be entitled by notice in writing issued by the Underwriter to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If, at or prior to the Latest Time for Termination:

- (a) the Company commits any material breach of or omits to materially observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement, where, in the reasonable opinion of the Underwriter, such breach or omission will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (b) the Underwriter shall receive notification of, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated, and the Underwriter shall, in its reasonable discretion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

- (c) the Company's application to the Listing Committee of the Stock Exchange for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange; or
- (d) any condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused; or
- (e) any statement contained in this announcement or any Prospectus Document has been shown to be untrue, inaccurate, incomplete in any material respect or misleading with reference to the date on which such statement was made; or
- (f) the Company shall, after any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not bound) by notice in writing issued by it to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement and rescind the Underwriting Agreement. Any such notice shall only be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice referred to above, all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made if the Underwriting Agreement is terminated by the Underwriter.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after the Rights Issue (assuming all Rights Shares are subscribed for by the Qualifying Shareholders); and (iii) immediately after the Rights Issue (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders, other than the subscription of the Undertaken Shares):

	As at the date of this announcement		Immediately after completion of the Rights Issue			
			Assuming all Rights Shares are subscribed for by the Qualifying Shareholders		Assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders (other than the subscription of the Undertaken Shares) (Note 1)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Chu and his controlled corporations (Note 2)	140,000,000	58.3	183,600,000	51.0	183,600,000	51.0
Underwriter (Note 3)	—	—	—	—	76,400,000	21.2
Public Shareholders	<u>100,000,000</u>	<u>41.7</u>	<u>176,400,000</u>	<u>49.0</u>	<u>100,000,000</u>	<u>27.8</u>
Total	<u><u>240,000,000</u></u>	<u><u>100</u></u>	<u><u>360,000,000</u></u>	<u><u>100</u></u>	<u><u>360,000,000</u></u>	<u><u>100</u></u>

Notes:

1. Assuming no excess applications are made by Qualifying Shareholders and no Non-Qualifying Shareholder.
2. Mr. Chu, an executive Director, chairman and the Controlling Shareholder of the Company. Golden Villa is wholly and beneficially owned by Mr. Chu.
3. In the event that the Underwriting Agreement becoming unconditional and the Underwriter being called upon to subscribe for or procure subscriptions of the Underwritten Shares pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company that:
 - a. without affecting the Underwriter's obligation to underwrite all the Underwritten shares (whether to underwrite the same by itself or procure sub-underwriting of the same), the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares, which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) with it upon the completion of the Rights Issue;

- b. the Underwriter shall use all reasonable endeavours to ensure that each of the sub-underwriters or subscribers or purchasers of the Underwritten Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold such number of Underwritten Shares which will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of such sub-underwriters or subscribers or purchasers and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue; and
- c. the Underwriter shall use all reasonable endeavours to procure that the minimum public float requirement under the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares are expected to be dealt in on an ex-rights basis commencing from Wednesday, 5 May 2021. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 18 May 2021 to Wednesday, 26 May 2021 (both dates inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares and any dealings in the Rights Shares in their nil-paid form from Tuesday, 18 May 2021 to Wednesday, 26 May 2021 (both dates inclusive) will accordingly bear the risk that the Right Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and is subject to change. Any such change will be announced in a separate announcement by the Company as and when appropriate. All dates and times specified in this announcement refer to Hong Kong local dates and times.

2021

Last day of dealing in the Shares on a cum-rights basis	Tuesday, 4 May
First day of dealing in the Shares on an ex-rights basis.	Wednesday, 5 May
Latest time for lodging transfers of Shares in order to be qualified for the Rights Issue	4:30 p.m., Thursday, 6 May
Register of members closes (both dates inclusive).	Friday, 7 May to Thursday, 13 May
Record Date for determining entitlements under the Rights Issue	Thursday, 13 May
Register of members reopens	Friday, 14 May
Prospectus Documents to be posted	Friday, 14 May
First day of dealing in nil-paid Rights Shares	9:00 a.m., Tuesday, 18 May
Latest time for splitting nil-paid Rights Shares	4:30 p.m., Friday, 21 May
Last day of dealing in nil-paid Rights Shares.	4:00 p.m., Wednesday, 26 May
Latest time for acceptance of, and payment for the Rights Shares and payment and for application and payment for excess Rights Shares	4:00 p.m., Monday, 31 May
Rights Issue expected to become unconditional	4:00 p.m., Tuesday, 1 June
Announcement of results of acceptance of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company.	Monday, 7 June
Refund cheques for wholly and partially unsuccessful excess applications to be posted	Tuesday, 8 June

Certificates for fully-paid Rights Shares and refund
cheques (if any) expected to be despatched Tuesday, 8 June

First day of dealings in the fully-paid Rights Shares. Wednesday, 9 June

Effect of bad weather on the Latest Time for Acceptance of and Payment for The Rights Shares and for Application and Payment for Excess Rights Shares.

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place at 4:00 p.m. on Monday, 31 May 2021 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning, if such circumstances is:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the date of the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Golden Villa owns 140,000,000, representing 58.3% of the issued share capital of the Company and is one of the Controlling Shareholders of the Company. Therefore, Golden Villa is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. According to Rule 14A.92(1) of the Listing Rules, the issue of the Rights Shares to Golden Villa as its pro rata entitlement under the Rights Issue constitutes an exempt connected transaction of the Company.

As the Rights Issue will not increase either the number of issued shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not conditional on approval by the Shareholders pursuant to Rule 7.19A(1) of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Golden Power Group Holdings Limited (金力集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“controlled corporation(s)”	has the meaning as ascribed thereto under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Controlling Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

“EAF(s)”	the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue
“Golden Villa”	Golden Villa Ltd., a limited liability company incorporated in the British Virgin Islands on 24 January 2003, the entire issued share capital of which is owned by Mr. Chu and is one of the Controlling Shareholders of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertaking”	irrevocable undertaking given by Mr. Chu in favour of the Company to subscribe for or procure subscription for 43,600,000 Rights Shares which will be provisionally allotted to Golden Villa under the Rights Issue
“Last Trading Day”	8 April 2021, the last day on which the Existing Shares were traded on the Stock Exchange immediately preceding the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 31 May 2021 or such other time and date as may be agreed between the Company and the Underwriter, being the latest time for application for, acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on Tuesday, 1 June 2021 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Main Board”	the Main Board of the Stock Exchange
“Mr. Chu”	Mr. Chu King Tien, an executive Director, the Chairman and a Controlling Shareholder of the Company

“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s), to whom the Directors, based on legal opinion(s) provided by the legal adviser(s) to the Company, consider it necessary or expedient not to offer the Rights Issue on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholders”	Shareholders whose address on the register of members of the Company are outside Hong Kong
“PAL(s)” or “Provisional Allotment Letter(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Friday, 14 May 2021 (or such later date as may be agreed between the Underwriter and the Company) for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Thursday, 13 May 2021 or such other date as may be agreed between the Company and the Underwriter for determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong

“Rights Issue”	the proposed issue of one (1) Rights Share for every two (2) existing Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	120,000,000 new Shares proposed to be offered to the Qualifying Shareholders pursuant to the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.33 per Rights Share
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Undertaken Shares”	43,600,000 Rights Share to be provisionally allotted to Golden Villa under the Rights Issue, which Mr. Chu had undertaken to subscribe or procure his controlled corporation to subscribe
“Underwriter”	Raffaello Securities (HK) Ltd., a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities
“Underwriting Agreement”	the underwriting agreement dated Friday, 9 April 2021 entered into between the Company and the Underwriter in relation to the underwriting arrangement of the Rights Issue
“Underwritten Shares”	76,400,000 Rights Shares
“%”	per cent

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

Hong Kong, 9 April 2021

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 and the independent non-executive directors are Mr. Hui Kwok Wah, Mr. Ma Sai Yam and Mr. Chow Chun Hin Leslie.