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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately HK$270.28 million for the Year (2022: approximately HK$330.25 million), representing a decrease of approximately 18.16% as compared to that of the Last Year.
- Loss attributable to shareholders of the Company for the Year was approximately HK$10.92 million (2022: approximately HK$22.79 million), which was mainly attributable to the combined effects of (i) a decrease of gross profit of approximately HK$0.79 million as compared to that of the Last Year due to a decrease in revenue by approximately HK$59.97 million; which is offset by (ii) a decrease in exchange loss as compared to that of 2022; (iii) a decrease in fair value loss of investment properties interest held by the Group; and (iv) an increase of rental income from investment properties held by the Group.
- The basic loss per share for the Year was HK(2.26) cents (2022: HK(6.28) cents restated).
- The Directors resolved not to recommend payment of any dividend for the Year (2022: Nil).

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Golden Power Group Holdings Limited (the "**Company**") hereby announces the audited consolidated results (the "**Results**") of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 (the "**Year**") together with the comparative audited figures for the year ended 31 December 2022 (the "**Last Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Revenue	*3*	**270,279**	330,247
Cost of sales		**(199,532)**	(258,709)
Gross profit		**70,747**	71,538
Other revenue		**3,767**	3,959
Other gains and (losses)		**(7,363)**	(26,220)
Selling expenses		**(17,094)**	(18,603)
General and administrative expenses		**(50,632)**	(53,229)
Loss from operations		**(575)**	(22,555)
Finance costs		**(7,736)**	(5,160)
Loss before income tax	*4*	**(8,311)**	(27,715)
Income tax	*5*	**(2,608)**	4,921
Loss for the year attributable to the equity shareholders of the Company		**(10,919)**	(22,794)
			(restated)
Loss per share (HK cents)			
— Basic	*6*	**(2.26)**	(6.28)
— Diluted	*6*	**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
Loss for the year	**(10,919)**	(22,794)
Other comprehensive loss for the year, net of tax:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**(208)**	(4,915)
Hedging reserve reclassified to profit or loss	**—**	(8)
	(208)	(4,923)
Total comprehensive loss for the year attributable to the equity shareholders of the Company	**(11,127)**	(27,717)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**354,407**	345,011
Investment properties		**92,500**	97,000
Intangible assets		**3,590**	110
Prepaid land lease payments		**3,683**	3,958
Right-of-use assets		**2,752**	6,249
Deposits paid for acquisition of property, plant and equipment	*10*	**11,685**	9,841
Pledged deposit	*10*	**1,800**	1,945
Deferred tax assets		**10,774**	10,750
		481,191	474,864
CURRENT ASSETS			
Inventories	*8*	**49,962**	48,789
Trade and bills receivables	*9*	**37,522**	47,974
Deposits, prepayments and other receivables	*10*	**29,697**	31,210
Income tax recoverable		**453**	3,296
Pledged time deposit		**5,055**	—
Cash and bank balances		**28,671**	21,508
		151,360	152,777
DEDUCT:			
CURRENT LIABILITIES			
Bank overdraft, secured		**4,602**	—
Trade payables	*11*	**96,219**	84,581
Other payables and accruals	*12*	**21,684**	27,551
Contract liabilities	*13*	**2,421**	2,243
Bank and other borrowings	*14*	**182,421**	186,838
Lease liabilities		**932**	4,306
Income tax payable		**62**	2,774
		308,341	308,293
NET CURRENT LIABILITIES		**(156,981)**	(155,516)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**324,210**	319,348
DEDUCT:			
NON-CURRENT LIABILITIES			
Bank and other borrowings		**22,156**	27,106
Lease liabilities		**1,690**	1,738
Deferred tax liabilities		**5,525**	3,137
		29,371	31,981
NET ASSETS		**294,839**	287,367
REPRESENTING:			
CAPITAL AND RESERVES			
Share capital	*15*	**5,400**	3,600
Reserves		**289,439**	283,767
TOTAL EQUITY		**294,839**	287,367

NOTES

1. CORPORATE INFORMATION

Golden Power Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 7 June 2012 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's headquarters and principal place of business in Hong Kong is located at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong.

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

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

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

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of HKFRSs

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 and amendments to HKFRS 17	Insurance Contracts and Related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 17	Initial Application of HKFRS 17 and HKFRS 9 Comparative Information
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has assessed a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

Management performed an assessment and concluded that the change in accounting policy had no material impact on the Group and the catch-up profit or loss adjustment was immaterial.

(c) HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 December 2023 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 2023:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after a date to be determined.

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

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on a going concern basis notwithstanding that the Group incurred a net loss of approximately HK$10,919,000 for the year ended 31 December 2023 and at that date, the Group had net current liabilities of approximately HK$156,981,000. The Directors are of the opinion that the Group will have sufficient funds to meet its financial obligations when they fall due in the foreseeable future taking into account the followings:

(i) At 31 December 2023, the Group had unutilised banking facilities of approximately HK$26,829,000;

(ii) Subsequent to the end of the reporting period, the Group has successfully rolled over bank borrowings with an aggregate principal amount of approximately HK$52,066,000 maturing on or before the date when the consolidated financial statements are authorised for issuance;

(iii) For the borrowings which will be maturing before 31 December 2024, the Group will actively negotiate with the banks before they fall due to secure their renewals so as to ensure the Group will have necessary funds to meet the Group's working capital and financial requirements in the future. The Directors do not expect to experience significant difficulties in renewing these borrowings upon their maturities and there is no indication that its bankers will not renew the existing facilities upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings upon maturities;

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from customers and recognised at a point in time		
Sales of battery products:		
— Disposable batteries	**266,703**	325,043
— Rechargeable batteries	**3,549**	5,054
— Other battery-related products	**27**	150
	270,279	330,247

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

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

Segment information

The Group's operating business are organised and managed separately according to the nature of products. Each segment representing a strategic business segment that offers different products in the market. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented two reportable segments, namely i) disposable batteries, and ii) 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 2023 and 2022 is set out below:

Segment revenue from external customers

	2023	2022
	HK$'000	*HK$'000*
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	**145,178**	182,333
— Carbon	**35,809**	43,238
	180,987	225,571
(ii) Micro-button cells		
— Alkaline	**57,341**	65,695
— Other micro-button cells	**28,375**	33,777
	85,716	99,472
	266,703	325,043
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	**3,549**	5,054
(ii) Other battery-related products	**27**	150
	3,576	5,204
	270,279	330,247

Segment results

	2023	2022
	HK$'000	*HK$'000*
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	**24,451**	27,535
— Carbon	**7,155**	3,770
	31,606	31,305
(ii) Micro-button cells		
— Alkaline	**20,914**	20,372
— Other micro-button cells	**16,944**	18,357
	37,858	38,729
	69,464	70,034
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	**1,264**	1,427
(ii) Other battery-related products	**19**	77
	1,283	1,504
	70,747	71,538

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

	2023	2022
	HK$'000	*HK$'000*
Segment results	**70,747**	71,538
Unallocated other revenue	**3,767**	3,959
Unallocated other gains and losses	**(7,363)**	(26,220)
Unallocated corporate expenses	**(67,726)**	(71,832)
Finance costs	**(7,736)**	(5,160)
Loss before income tax	**(8,311)**	(27,715)

Segment revenue represents sales to external parties. There are no inter-segment transactions during the years ended 31 December 2023 and 2022. 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:

	2023	2022
	HK$'000	*HK$'000*
Depreciation and amortisation		
Disposable batteries		
— Cylindrical batteries	**6,783**	6,666
— Micro-button cells	**3,969**	5,045
Segment total	**10,752**	11,711
Unallocated depreciation and amortisation	**5,354**	5,974
	16,106	17,685
Additions to non-current assets excluding deferred tax assets	**33,957**	39,850
(Reversal of)/write-down of inventories		
Disposable batteries		
— Cylindrical batteries	**(170)**	170
— Micro-button cells	**(213)**	(485)
	(383)	(315)

Revenue from major customers

During the years ended 31 December 2023 and 2022, the revenue generated from the following customers accounted for over 10% of the Group's total revenue:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**41,210**	42,110
Customer B	**33,584**	35,092

Geographic information

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

	2023	2022
	HK$'000	*HK$'000*
The PRC	**68,175**	85,940
Hong Kong	**25,581**	24,666
Asia (except the PRC and Hong Kong)	**59,149**	71,942
Europe	**44,455**	45,901
Eastern Europe	**18,797**	16,953
North America	**29,955**	46,858
South America	**7,252**	13,078
Australia	**16,699**	24,485
Africa	**216**	136
Middle East	**—**	288
	270,279	330,247

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

	2023	2022
	HK$'000	*HK$'000*
The PRC	**305,743**	291,366
Hong Kong	**157,893**	165,198
Macau	**6,781**	7,550
	470,417	464,114

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

4. LOSS BEFORE INCOME TAX

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

		2023 HK$'000	2022 HK$'000
(a)	Finance costs:		
	Bank loans interest	**9,467**	6,606
	Interest on import and other loans	**3,264**	2,040
	Interest on lease liabilities	**161**	245
	Bank overdraft interest	**64**	1
	Total interest expense	**12,956**	8,892
	Less: interest expense capitalised into property, plant and equipment *(Note a)*	**(5,220)**	(3,732)
		7,736	5,160
(b)	Staff cost (excluding Directors' emoluments) *(Note b):*		
	Salaries, wages and other allowances	**27,931**	31,990
	Contributions to defined contribution plans	**3,728**	4,263
		31,659	36,253
(c)	Other items:		
	Amortisation of intangible assets	**73**	45
	Amortisation of prepaid lease payments	**204**	217
	Auditors' remuneration		
	— Audit services	**724**	762
	— Non-audit services	**54**	155
	Bad debt on trade receivables written off	**999**	—
	Cost of inventories recognised as expenses	**199,532**	258,709
	Depreciation		
	— Property, plant and equipment	**11,634**	13,221
	— Right-of-use assets	**4,195**	4,202
	Gain on disposals of property, plant and equipment:		
	— Proceeds from disposals of property, plant and equipment	**(8)**	(193)
	— Carrying amount of property, plant and equipment	**—**	101
		(8)	(92)
	Reversal of write-down of inventories	**(383)**	(315)
	Short-term lease expenses	**9**	88
	Rental income less outgoings of approximately HK$717,000 (2022: approximately HK$82,000)	**(692)**	(298)

Notes:

(a) The borrowing costs have been capitalised at a rate of 5.60% and 4.33% per annum for the years ended 31 December 2023 and 2022 respectively.

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

5. INCOME TAX

	2023	2022
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax:		
Provision for the year	**149**	271
Under-provision in prior years	**305**	23
Current tax — PRC enterprise income tax ("**EIT**"):		
Provision for the year	**—**	—
	454	294
Deferred taxation:		
Current year	**2,154**	(5,215)
Income tax expense/(credit)	**2,608**	(4,921)

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

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

For the aforesaid Hong Kong subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2022.

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

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 1 December 2020 and 28 December 2023, Goldtium (Jiangmen) Energy Products Company Limited ("**Goldtium Jiangmen**") was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for three years.

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

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

	2023	2022
	HK$'000	*HK$'000*
Loss before income tax	**(8,311)**	(27,715)
Tax effect at the Hong Kong profits tax rate of 16.5% (2022: 16.5%)	**(1,371)**	(4,573)
Tax effect of non-taxable income	**(35)**	(172)
Tax effect of non-deductible expenses	**2,124**	1,943
Tax effect of recognition of tax losses previously not recognised	**—**	(1,928)
Tax effect of unrecognised tax losses	**1,766**	349
Tax effect of utilisation of tax losses	**—**	(25)
Under-provision in prior years	**305**	23
Tax concession	**—**	(1,102)
Tax rate differential	**(181)**	564
Income tax expense/(credit)	**2,608**	(4,921)

6. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss for the year attributable to the equity holders of the Company	**(10,919)**	(22,794)
	'000	*'000* *(restated)*
Weighted average number of shares for the purpose of calculating basic loss per Share	**483,332**	363,214

Diluted loss per Share has not been disclosed as no dilutive potential equity shares has been in existence for the year ended 31 December 2023 and 2022, respectively.

The weighted average number of Share for the year ended 31 December 2023 for the purpose of the calculation of basic earnings per Share has been adjusted after taking into account of the rights issue on the basis of one right Share for every two existing Shares held on the record date, which was completed on 28 April 2023 ("**Rights Issue**"). The corresponding weighted average number of ordinary Shares for the year ended 31 December 2022 has been retrospectively adjusted to reflect the Right Issue.

7. DIVIDENDS

No dividends declared and paid or payable for the years ended 31 December 2023 and 2022.

8. INVENTORIES

	2023	2022
	HK$'000	*HK$'000*
Raw materials	**9,632**	10,806
Work in progress	**29,826**	31,525
Finished goods	**12,466**	8,843
	51,924	51,174
Less: Write-down to net realisable value	**(1,962)**	(2,385)
	49,962	48,789

Movements of write-down of inventories are as follows:

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**2,385**	2,940
Reversal of write-down of inventories for the year	**(383)**	(315)
Exchange adjustments	**(40)**	(240)
At 31 December	**1,962**	2,385

The reversal of write-down of inventories were recognised as a reduction in the amount of inventories recognised as an expense, occurring as the related inventories were sold during the year.

9. TRADE AND BILLS RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**36,102**	46,775
Bills receivables	**1,420**	1,199
	37,522	47,974

The Group normally allows credit terms to well-established customers ranging from 30 to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors of the Group.

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

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**20,803**	29,674
31–60 days	**11,640**	10,034
61–90 days	**2,380**	4,053
91–120 days	**1,291**	1,478
Over 120 days	**1,408**	2,735
	37,522	47,974

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for trade receivables.

10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Utilities and other deposits	**14,441**	12,550
Prepayments	**10,772**	14,011
Other receivables	**3,023**	2,566
VAT recoverable	**14,946**	13,869
	43,182	42,996
Less: Non-current portion		
— Deposits paid for acquisition of property, plant and equipment	**(11,685)**	(9,841)
— Pledged deposit *(Note)*	**(1,800)**	(1,945)
Current portion	**29,697**	31,210

Note: The amount represents deposit pledged to financial institution to secure other borrowing granted to the Group.

11. TRADE PAYABLES

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

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**24,252**	19,543
31–90 days	**27,720**	23,899
91–180 days	**33,214**	28,937
Over 180 days	**11,033**	12,202
	96,219	84,581

12. OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Other payables	**2,706**	3,358
Payables to acquire property, plant and equipment	**13,960**	17,517
Accruals	**4,672**	6,330
Provision for annual leave	**346**	346
	21,684	27,551

13. CONTRACT LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**2,243**	2,858
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(1,685)**	(2,210)
Increase as a result of billing in advance	**1,867**	1,641
Exchange adjustments	**(4)**	(46)
At 31 December	**2,421**	2,243

When the Group receives advance payment from customer, this will give rise to contract liabilities at the start of a contract, until the revenue recognised upon the satisfaction of the performance obligation.

14. BANK AND OTHER BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Secured bank loans	**160,705**	175,758
Secured bank import loans and other loans	**43,872**	38,186
Total secured bank and other loans	**204,577**	213,944
Less: Amount classified as current liabilities	**(182,421)**	(186,838)
Amount classified as non-current liabilities	**22,156**	27,106
The carrying amounts of the above borrowings are repayable*:		
Within one year	**173,879**	175,445
Within a period of more than one year but not exceeding two years	**15,643**	15,662
Within a period of more than two years but not exceeding five years	**15,055**	20,731
Within a period of more than five years	**—**	2,106
	204,577	213,944
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**182,421**	186,838
Within a period of more than one year but not exceeding two years	**10,283**	9,599
Within a period of more than two years but not exceeding five years	**11,873**	15,401
Within a period of more than five years	**—**	2,106
	204,577	213,944
Less: Amount due within one year shown under current liabilities	**(182,421)**	(186,838)
Amount shown under non-current liabilities	**22,156**	27,106

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes:

(a) The Group had the following banking facilities:

	2023	2022
	HK$'000	*HK$'000*
Total banking facilities granted	**236,008**	243,290
Less: banking facilities utilised by the Group	**(209,179)**	(213,944)
Unutilised banking facilities	**26,829**	29,346

At 31 December 2023, these banking facilities were secured by:

(i) bank loans of approximately HK$68,612,000 (2022: HK$69,557,000) were guaranteed by unlimited cross corporate guarantee executed by the Company and its subsidiaries;

(ii) bank loans of approximately HK$135,965,000 (2022: HK$144,387,000) were guaranteed by corporate guarantee of approximately HK$392,776,000 (2022: HK$412,128,000) executed by the Company;

(iii) certain property, plant and machinery, all investment properties and all prepaid land lease payments situated in Hong Kong, the PRC and Macau owned by the Group with aggregate carrying amount of HK$133,485,000 (2022: HK$141,282,000); and

(iv) pledged deposit of HK$1,800,000 (2022: HK$1,945,000) and pledged time deposit of HK$5,055,000 (2022: Nil).

(b) There was no financial covenant for the banking facilities at 31 December 2023 and 2022.

15. CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

Share capital

Details of the share capital of the Company are set out below:

	2023		2022	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	2,000,000,000	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
At beginning of year	360,000,000	**3,600**	360,000,000	3,600
Issue of shares *(Note)*	180,000,000	**1,800**	—	—
At end of year	540,000,000	**5,400**	360,000,000	3,600

Note: On 16 March 2023, the Company announced that it proposed to raise approximately HK$19.80 million, before share issue expenses of HK$1,201,000, by issuing 180,000,000 rights shares (the "Rights Shares") by way of Rights Issue at the subscription price of HK$0.11 per Rights Share, on the basis of one Rights Share for every two existing Shares held on the record date. Completion of the Rights Issue took place on 28 April 2023, where an aggregate of 180,000,000 Rights Shares, representing approximately 33.33% of the issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares), were issued. The aggregate nominal amount of the Rights Shares is HK$1,800,000.

OVERVIEW OF THE GROUP'S RESULTS

Revenue for the Year has decreased by approximately 18.16% to approximately HK$270.28 million from approximately HK$330.25 million for the Last Year. Loss attributable to the shareholders of the Company was approximately HK$10.92 million for the Year as compared to a loss of approximately HK$22.79 million in the Last Year. Loss per share was HK(2.26) cents, as compared to the loss per share of HK(6.28) cents (restated) for the Last Year.

REVIEW AND OUTLOOK

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

The year of 2023 is a challenging year for the Group. The economy recovery of PRC and Hong Kong market was not as strong as expected, which put pressure on the performance on PRC and Hong Kong markets. The on-going military hostilities between Russia and Ukraine and the import tariff levied in the American market during the year caused customers to take a conservative stock control behaviour and put pressure on customers' buying power, which affected the Group's sales order in the PRC, European and American markets during the Period. The Russia-Ukraine War further caused the fluctuation of exchange rates, interest rate, material price, energy price and cost of delivery of the goods, which all dampened the Group's performance.

On the other hand, in 2023, volatility of the exchange rates of foreign currencies, high inflation rates and rising interest rates in global economy cumulated into a slowdown of the global economy, especially in European and American markets, which resulted in dissipation of purchasing power of consumers in European and American markets. With higher interest rates in 2023, the Group also faced an increase in interest expense.

To maintain the sustainability and cost-saving aspect, the Group have implemented the paperless regime issued by the Stock Exchange and developed plastic-free packing material of the Group's products. The Group will continue to minimize the carbon emissions and energy consumption to the business.

As a future outlook of 2024, the military hostilities between Israel and Palestine and in the Middle East may cause potential uncertainty on economy and inflation rates, which may depress the consumption demand over the world. The armed conflict over the Red Sea may lead to an uncertainty on the logistics supply on the containers and cause unforeseeable disruption to shipping schedule. The Group will also continue to improve its financial performance by tightening cost control and enhancing production efficiency. As such, the Group will continue its strategy of investing in production facilities and automation to increase cost efficiency and productivity.

The said negative factors of macroeconomy in 2023 continue to exist in 2024 and may continue to cause uncertainties in the market in 2024. The Board will focus on taking actions to minimise the negative impact brought by the said unfavourable factors.

Following the conservative stock control behaviour over 2023, commercial buyers may find their stock depleted and start restocking. It may be a potential opportunity for Group to improve the sales turnover in 2024. The Group will plan to reinforce the marketing effort in China to capture the recovery on economy and it is predicted that Group's turnover from China market will have positive prospect.

The Group realized cost-saving in production by implementing new automatic production facilities. In the long run, by saving the production cost, the Group will be allowed to allocate more resources to enhance our research and development capability and to develop the new variety of products, which will contribute to the expansion of our business and ensure the sustainability of the Group.

In 2024, the Group will continue to streamline its operation structure in the PRC to maintain its competitiveness. The Group will continue to implement restructuring of the subsidiaries to achieve cost control over the cost of sales. The synergy effect is expected to bring better efficiency and save costs as a whole to the Group.

Despite the challenging condition of the market in 2023, the Group has continued to strive for enhancing the production efficiency of disposable batteries. We believe that the demand from our OEM customers for disposable batteries will grow steadily as the market demand for disposable batteries is generally increasing. The Group will also continue to improve the product performance, broadening our private label customer base, and expanding our retail market in 2024. The Group will also strive for expanding its product portfolio and upgrading the quality, reliability and durability of our products.

FUTURE DEVELOPMENT

Going forward, the Group will continue to strengthen its competitiveness in the market by increasing its research and development input and strengthen our products diversity, which will in turn enhance our products quality and production technology and secure our long-term success in the industry. A newly designed automatic production line for producing cylindrical battery has commenced commercial production in the late 2023.

The Group will closely monitor the possible fluctuation of the interest rates and the exchange rates, the increase in materials and labour costs and the change in market demand over battery products, in order for the Group to take timely and appropriate measures to minimize the possible negative impact which may be brought to the business of the Group.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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.

Revenue for the Year has decreased by approximately 18.16% to approximately HK$270.28 million from approximately HK$330.25 million in the Last Year. The revenue of cylindrical batteries for the Year decreased by approximately HK$44.58 million from approximately HK$225.57 million for the Last Year to approximately HK$180.99 million for the Year, which was equivalent to a decrease of approximately 19.76% in revenue of cylindrical batteries. Such decrease in revenue was mainly due to decrease in its general demand in China, Asia, North America and Australia during the Year.

The revenue of micro-button cells for the Year decreased by approximately HK$13.75 million from approximately HK$99.47 million for the Last Year to approximately HK$85.72 million for the Year, which was equivalent to a decrease of approximately 13.82% in revenue of micro-button cells. The revenue of rechargeable batteries and other battery-related products for the Year decreased by approximately HK$1.62 million from approximately HK$5.20 million for the Last Year to approximately HK$3.58 million for the Year, which was equivalent to a decrease of approximately 31.15% in revenue of rechargeable batteries and other battery-related products. Such decrease in revenue was mainly due to decease in its general demand except in the PRC, Asia and Europe markets.

The Company recorded a loss attributable to the shareholders of the Company of approximately HK$10.92 million for the Year, as compared to a loss of approximately HK$22.79 million in the Last Year. Loss per share were HK(2.26) cents, as compared to the loss per share of HK(6.28) cents (restated) for the Last Year.

FINANCIAL REVIEW

Revenue

Revenue for the Year was approximately HK$270.28 million (2022: approximately HK$330.25 million) representing a decrease of approximately 18.16% as compared to that of the Last Year. Such decrease was mainly attributable to the decrease in demand of cylindrical batteries from the PRC, Asia and America.

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

	2023	2022
	HK$'000	*HK$'000*
The PRC	**68,175**	85,940
Hong Kong	**25,581**	24,666
Asia (except the PRC and Hong Kong)	**59,149**	71,942
Europe	**44,455**	45,901
Eastern Europe	**18,797**	16,953
North America	**29,955**	46,858
South America	**7,252**	13,078
Australia	**16,699**	24,485
Africa	**216**	136
Middle East	**—**	288
	270,279	330,247

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

	2023	2022
	HK$'000	*HK$'000*
Cylindrical batteries	**180,987**	225,571
Micro-button cells	**85,716**	99,472
Rechargeable batteries and other battery-related products	**3,576**	5,204
	270,279	330,247

Gross Profit

The Group recorded a gross profit for the Year of approximately HK$70.75 million (2022: approximately HK$71.54 million), representing a slight decrease of approximately 1.10% as compared to that of the Last Year, which was mainly due to the decrease in cost of sales by approximately HK$59.18 million from approximately HK$258.71 million for the Last Year to approximately HK$199.53 million for the Year, representing a decrease of approximately 22.88%. The decrease was mainly attributable to the decrease in revenue, effective cost control measures in lowering the labour costs, increase in the level of automation in production and the depreciation in Renminbi ("**RMB**") during the Year, which resulted in the decrease in prices of raw materials and packaging materials.

Expenses

During the Year, the selling expenses of the Group decreased by approximately 8.12% to approximately HK$17.09 million as compared to approximately HK$18.60 million in the Last Year. The decrease was mainly due to the decrease in the promotion and travelling expenses. The Group's general and administrative expenses decreased by approximately HK$2.60 million to approximately HK$50.63 million, as compared to approximately HK$53.23 million for the Last Year. The decrease in general and administrative expenses was mainly due to the decrease in salaries expense.

Finance Costs

The finance costs of the Group has increased by approximately 50.00% to approximately HK$7.74 million for the Year as compared to approximately HK$5.16 million in the Last Year. The increase was mainly due to the increase in interest rates.

Income Tax

The income tax expense of the Group has increased by approximately HK$7.53 million to approximately HK$2.61 million tax expense for the Year as compared to tax credit of approximately HK$4.92 million for the Last Year. The increase was due to the decrease of the Group's loss in the Year.

Loss attributable to the Shareholders

As a result of the foregoing, the loss attributable to shareholders of the Company for the Year was approximately HK$10.92 million (2022: HK$22.79 million), which was mainly attributable to the combined effects of (i) a decrease of gross profit of approximately HK$0.79 million as compared to that of the Last Year due to the decrease in revenue by approximately HK$59.97 million; which is offset by (ii) a decrease in exchange loss as compared to that of 2022; (iii) a decrease in fair value loss of investment properties interest held by the Group; and (iv) an increase in rental income from investment properties held by the Group.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2023, the cash and bank balances were approximately HK$28.67 million, which was approximately HK$7.16 million more than HK$21.51 million as at 31 December 2022. The cash and bank balances held by the Group as at 31 December 2023 were principally denominated in Hong Kong Dollar, RMB and United States Dollar.

As at 31 December 2023, the Group has utilised banking facilities of approximately HK$209.18 million, which was approximately 88.63% of the total banking facilities available, as compared to the utilised amount of approximately HK$213.94 million as at 31 December 2022 which was approximately 87.94% of the total banking facilities available, which represents an decrease by approximately HK$4.76 million in the utilised banking facilities as at 31 December 2023 over 31 December 2022.

	2023 ***HK$'000***
The carrying amounts of the borrowings are repayable:	
Within one year	**173,879**
Within a period of more than one year but not exceeding two years	**15,643**
Within a period of more than two years but not exceeding five years	**15,055**
	204,577

The borrowings were principally denominated in Hong Kong Dollar and RMB and were at floating interest rates mainly with reference to the Hong Kong Interbank Offered Rate (HIBOR) and PRC loan prime rate (LPR) respectively.

The Directors believe that the utilisation rate of the banking facilities has been maintained at a reasonable level. The Directors also believe that the existing banking facilities are at a safe level to support the Group's operating needs.

CHARGES ON ASSETS

The Group's bank and other borrowings facilities were secured mainly by certain property, plant and equipment, all investment properties, all prepaid land lease payments, pledged deposit and pledged time deposit of the Group with carrying value of approximately HK$140.34 million as at 31 December 2023 (2022: approximately HK$143.23 million).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

During the year, the Group has not entered into any foreign exchange contracts to hedge against the fluctuation in exchange rates and the Group did not have any foreign currency investments which have been hedged by currency borrowing and the Group did not enter into any other hedging instruments. The Board would monitor the exposure to fluctuations in exchange rates so that the related risk would be controlled at an acceptable level.

FINANCIAL KEY PERFORMANCE INDICATORS

	2023	2022
Gross profit margin	**26.18%**	21.66%
Net loss margin	**(4.04)%**	(6.90)%
Gearing ratio	**0.79**	0.86

Gross Profit Margin

The gross profit margin increased by approximately 4.52 percentage points from approximately 21.66% for the Last Year to approximately 26.18% for the Year. It was mainly due to the effective cost control measures in lowering the labour costs, increase in the level of automation in production and the depreciation in RMB during the year resulting in the decrease in prices of raw materials and packaging materials.

Net Loss Margin

The net loss margin decreased by approximately 2.86 percentage points to approximately (4.04)% for the Year as compared to approximately (6.90)% for the Last Year. The decrease in the net loss margin was mainly attributable to decrease in the exchange loss recorded; decrease in fair value loss of investment properties interest held by the Group; and increase of rental income from investment properties held by the Group.

Gearing Ratio

The gearing ratio decreased by 0.07 to 0.79 for the Year as compared to 0.86 for the Last Year. The decrease was mainly due to the increase in the total equity during the Year as a result of the rights issue. Gearing ratio is defined as the total other payables and accruals, secured bank overdraft, bank and other borrowings and lease liabilities divided by total equity.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities (2022: nil).

CAPITAL STRUCTURE

Save and except for the right issue undertaken by the Company in 2023, which was announced on 16 March 2023, there has been no change in the issued share capital of the Company during the year. The capital structure of the Group consists of bank and other 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$294.84 million as at 31 December 2023 (2022: approximately HK$287.37 million). For further details in relation to the rights issue, please refer to the paragraph headed "The Rights Issue and Use of Proceeds" in this announcement below.

DIVIDEND

The Directors resolved not to recommend the payment of any dividend for the Year (2022: nil).

CAPITAL COMMITMENT

As at 31 December 2023, the Group had capital expenditures contracted for approximately HK$5.01 million on a newly designed and automatic production line and others auxiliary machineries for producing mercury-free, cadmium-free and lead-free disposable batteries. Other than the disclosed, the Group had no other capital expenditure commitment. The capital expenditures contracted for would be financed internally by the Group.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2023, the Group had the following significant investments: (i) the Company's investment in various subsidiaries; (ii) the investment in two investment properties located at Flat B and Flat D of 20/F., Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories, Hong Kong (the "**Tai Ping Properties**"), which are held by Golden Power Properties Limited (an indirect wholly-owned subsidiary of the Company) for leasing purpose and (iii) Shop 29, Ground Floor of Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories, Hong Kong (the "**Fortune Plaza Shop**"), which is held by China Scene Limited (an indirect wholly-owned subsidiary of the Company) for leasing purpose (collectively, the "**Investment Properties**").

All the Investment Properties were rented out to independent third parties as at 31 December 2023 except Fortune Plaza Shop, which was open to let. As at 31 December 2023, the fair value of the Investment Properties is approximately HK$92.50 million and the relative size of the Investment Properties to the total assets of the Group as at 31 December 2023 was approximately 15%. The Investment Properties recorded an fair value loss of HK$4.50 million for the Year. The rental income generated from the Investment Properties was HK$1.41 million during the Year. The investment strategy of the Company in respect of the Investment Properties is that, despite the recent slowdown of the Hong Kong property market, the Company aims to broaden the Company's fixed asset base with a positive and stable returns in the long-run, which can diversify the source of income of the Company and generate healthy income streams in to the Group.

Save as the above, the Group did not hold any other significant investments as at 31 December 2023.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

The Group has from time to time been exploring investment opportunities that would benefit the Shareholders as a whole. The Group had capital expenditures contracted for approximately HK$5.01 million for the acquisition of a newly designed and automatic production line and auxiliary and other machineries for producing mercury-free, cadmium-free and lead-free disposable batteries. The acquisition will be financed by the internal resources of the Group. Except for those disclosed in this announcement, the Group did not have any specific plans for material investment or capital asset as at 31 December 2023.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

EMPLOYEES AND REMUNERATION POLICY

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

As at 31 December 2023, the Group had a total of 421 employees (2022: 475 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK$42.27 million in the Year (2022: approximately HK$46.59 million) representing an decrease of approximately 9.27% for the Year. Directors' remuneration for the Year amounted to approximately HK$10.61 million (2022: approximately HK$10.33 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK$0.50 million (2022: approximately HK$0.50 million).

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

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

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

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

For more information in the Group's environmental policies, please refer to the ESG Report in the 2023 annual report of the Company, which is expected to be published in April 2024 in accordance with the requirements under the Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 (previously Appendix 14) to the Listing Rules.

During the Year, the Board is of the opinion that the Company has complied with all the applicable code provisions set out in the CG Codes. For further information, please refer to the Corporate Governance Report in the 2023 annual report of the Company, which is expected to be published in April 2024 in accordance with the requirements under the Listing Rules.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C2 (previously Appendix 10) to the Listing Rules as the required standards for securities transactions by Directors. The Company has made specific enquiries to each of the Director and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions throughout the Year.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

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

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

FUTURE DEVELOPMENT

The Group will continue to invest in its production facilities and upgrade the production lines in order to enhance the production capacity and efficiency in 2024. A newly designed automatic production line for producing cylindrical battery has commenced the trial-run in first half of 2023 and has commenced commercial production in the late 2023.

To achieve a wider sustainability, Group keeps put effort on aspect of Environmental, Social and Governance (ESG) in manufacturing process. Group will continue to enforce various measures for reducing the carbon emission and energy consumption. In order to maintain its market competitiveness and sustainability, the Group will continue to streamline its corporate structure in the PRC, potential business and investment opportunities in 2024.

THE RIGHTS ISSUE AND USE OF PROCEEDS

On 16 March 2023, the Company announced that it proposed to raise approximately HK$19.80 million, before expenses, by issuing 180,000,000 rights shares ("**Rights Share(s)**") with nominal value of HK$1,800,000 of HK$0.01 each, which after fully-paid would rank pari passu with the ordinary Shares, by way of rights issue (the "**2023 Rights Issue**") at the subscription price of HK$0.11 per Rights Share, on the basis of one rights share for every two existing Shares held on the record date by the Shareholders. The net price of each Right Share is approximately HK$0.104. The closing price of the shares on 16 March 2023, which is the date on which the underwriting agreement was signed, is HK$0.137 per share.

As disclosed in the 2023 Rights Issue prospectus dated 31 March 2023, the gross proceeds from the 2023 Rights Issue were approximately HK$19.80 million and the net proceeds from the 2023 Rights Issue, after deducting the related expenses and underwriting commission, were approximately HK$18.60 million. The reason for undertaking the 2023 Rights Issue was to raise funds for repayment of bank loan and for general working capital.

During the year ended 31 December 2023, the net proceeds from the 2023 Rights Issue of the Company had been applied as follows:

	Planned use of proceeds as stated in the 2023 Rights Issue Prospectus	**Actual use of proceeds during the year ended 31 December 2023**	**Remaining proceeds as at 31 December 2023**
	HK$'million	*HK$'million*	*HK$'million*
Repayment of bank loan	16.7	16.7	—
General working capital	1.9	1.9	—
	18.6	18.6	—

The net proceeds from the 2023 Rights Issue have been fully utilised in the manner set out in the disclosure in the 2023 Rights Issue prospectus during the Year.

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.

REVIEW BY AUDIT COMMITTEE

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

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company is scheduled to be held on Thursday, 23 May 2024 (the "**2024 AGM**"). A notice convening the 2024 AGM will be issued in accordance with the articles of association of the Company, the Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the identity of the Shareholders who will be eligible to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024 (both dates inclusive), during which no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 pm on Friday, 17 May 2024.

AUDITOR

The consolidated financial statements of the Group for the Year have been audited by PKF Hong Kong Limited, who will retire and, being eligible, offer themselves for re-appointment at the 2024 AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the 2024 AGM.

SCOPE OF AUDITOR'S WORK ON ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary annual results announcement have been agreed by the Company's auditor, PKF Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PKF Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PKF Hong Kong Limited on the preliminary annual results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.goldenpower.com and the website of the Stock Exchange at www.hkexnews.hk. The 2023 annual report of the Company will be issued and make available on the above websites according to the Listing Rules by April 2024.

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 2024

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. Kan Man Kim and Mr. Wong Ka Chun Matthew.