



**GOLDEN POWER GROUP HOLDINGS LIMITED**

**金力集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8038)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

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

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

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

## FINANCIAL HIGHLIGHTS

- Recorded a revenue of approximately HK\$311.50 million for the Year (2014: approximately HK\$384.75 million), representing a decrease of 19.04% as compared with the Last Year.
- Recorded a profit attributable to the shareholders of the Company of approximately HK\$3.40 million for the Year (2014: approximately HK\$11.69 million).
- Excluding the one-off listing expenses of approximately HK\$11.14 million being charged to profit or loss for the Year (2014: approximately HK\$7.99 million), profit attributable to the shareholders of the Company would have been approximately HK\$14.54 million as compared to approximately HK\$19.68 million for the Last Year after the exclusion of the one-off listing expenses charged to profit or loss in the Last Year.
- The basic earnings per share for the Year was HK\$2.50 cents (2014: HK\$11.24 cents).
- The Directors do not recommend the payment of a final dividend for the Year (2014: HK\$2.00 million).

## RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results (the “**Results**”) of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2015 (the “**Year**”) together with the comparative audited figures for the year ended 31 December 2014 (the “**Last Year**”) as follows:-

### Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	3	311,500	384,752
Cost of sales		(235,054)	(296,446)
Gross profit		76,446	88,306
Other revenue		3,302	4,663
Other gains/(losses) — net		987	(738)
Selling expenses		(12,477)	(14,131)
General and administrative expenses		(55,027)	(54,143)
Profit from operations		13,231	23,957
Finance costs	4(a)	(5,880)	(7,137)
Profit before income tax	4	7,351	16,820
Income tax expense	5	(3,952)	(5,127)
Profit for the year and attributable to the shareholders of the Company		<u>3,399</u>	<u>11,693</u>
Earnings per share ( <i>HK cents</i> )			
— Basic	6	<u>2.50</u>	<u>11.24</u>
— Diluted	6	<u>N/A</u>	<u>N/A</u>

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year	3,399	11,693
Other comprehensive loss:-		
Item that may be reclassified subsequently to profit or loss:-		
Exchange differences arising on translation of financial statements of foreign operations	<u>(4,716)</u>	<u>(2,004)</u>
Other comprehensive loss for the year, net of tax	<u>(4,716)</u>	<u>(2,004)</u>
Total comprehensive (loss)/income for the year and attributable to the shareholders of the Company	<u><u>(1,317)</u></u>	<u><u>9,689</u></u>

**Consolidated Statement of Financial Position***For the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>170,508</b>	175,699
Intangible assets		<b>315</b>	305
Prepaid land lease payments		<b>5,489</b>	6,032
Deposits paid for property, plant and equipment	10	<b>4,994</b>	—
Deferred tax assets		<b>7,149</b>	7,737
		<b>188,455</b>	189,773
<b>CURRENT ASSETS</b>			
Inventories	8	<b>48,813</b>	59,351
Trade and bills receivables	9	<b>41,172</b>	66,901
Deposits, prepayments and other receivables	10	<b>12,438</b>	19,036
Prepaid land lease payments		<b>218</b>	231
Income tax recoverable		<b>1,712</b>	49
Cash and bank balances		<b>24,918</b>	17,168
		<b>129,271</b>	162,736
<b>DEDUCT:-</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	11	<b>77,774</b>	124,212
Receipts in advance, other payables and accruals	12	<b>26,993</b>	21,808
Bank borrowings, secured		<b>59,140</b>	125,695
Income tax payable		<b>286</b>	2,546
		<b>164,193</b>	274,261
<b>NET CURRENT LIABILITIES</b>		<b>(34,922)</b>	(111,525)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>153,533</b>	78,248
<b>DEDUCT:-</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings, secured		<b>36,540</b>	30,649
Other payables	12	<b>—</b>	11,000
Deferred tax liabilities		<b>1,868</b>	1,582
		<b>38,408</b>	43,231
<b>NET ASSETS</b>		<b>115,125</b>	35,017
<b>REPRESENTING:-</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>1,600</b>	—
Reserves		<b>113,525</b>	35,017
<b>TOTAL EQUITY</b>		<b>115,125</b>	35,017

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

The Company was incorporated in the Cayman Islands on 7 June 2012 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's headquarter and principal place of business in Hong Kong is located at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong. The Company's shares has listed and traded on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 5 June 2015.

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on GEM of the Stock Exchange, the Company became the holding company of the Group on 25 September 2014 (the "Reorganisation"). Details of the reorganisation were set out in the section headed "History, Development and Reorganisation — Reorganisation" of the prospectus of the Company dated 29 May 2015 (the "Prospectus").

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

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

## 2. BASIS OF PREPARATION

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

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

### (b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following revised Hong Kong Financial Reporting Standards:-

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual improvements (2010–2012)	Amendments to HKFRS 8, HKAS 16, HKAS 24 and HKAS 38
Annual improvements (2011–2013)	Amendments to HKFRS 3, HKFRS 13 and HKAS 40

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

**(c) Hong Kong Financial Reporting Standards in issue but not yet effective**

The following new and revised Hong Kong Financial Reporting Standards in issue at 31 December 2015 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 2015:-

HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 28, HKFRS 10 and HKFRS 12	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
Annual Improvements (2012–2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

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

<sup>3</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

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

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

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

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. At 31 December 2015 and 2014, the Group had net current liabilities of HK\$34,922,000 and HK\$111,525,000 respectively. The consolidated financial statements have been prepared on a going concern basis due to the reasons that (i) at 31 December 2015 and 2014, the Group had unutilised banking facilities of HK\$88,653,000 and HK\$74,383,000 respectively; and (ii) the directors expect that the Group is able to renew all the banking facilities when expire.

After taking into consideration of the banking facilities already in place at 31 December 2015, and funds expected to be generated internally from operations based on the directors' estimation on the future cash flows of the Group, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

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

### 3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

Information regarding the Group's reportable segments for the Year and the Last Year is set out below:-

#### Segment revenue from external customers

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	139,665	192,996
— Carbon	71,412	95,917
	<u>211,077</u>	<u>288,913</u>
(ii) Micro-button cells		
— Alkaline	65,920	52,951
— Other micro-button cells	18,702	24,333
	<u>84,622</u>	<u>77,284</u>
	<u>295,699</u>	<u>366,197</u>
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	14,879	15,835
(ii) Other battery-related products	922	2,720
	<u>15,801</u>	<u>18,555</u>
	<u><u>311,500</u></u>	<u><u>384,752</u></u>

## Segment results

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	32,183	47,329
— Carbon	5,009	10,735
	<u>37,192</u>	<u>58,064</u>
(ii) Micro-button cells		
— Alkaline	23,125	13,082
— Other micro-button cells	10,978	10,833
	<u>34,103</u>	<u>23,915</u>
	<u>71,295</u>	<u>81,979</u>
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	4,729	4,103
(ii) Other battery-related products	422	2,224
	<u>5,151</u>	<u>6,327</u>
	<u>76,446</u>	<u>88,306</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Segment results	76,446	88,306
Unallocated other revenue	3,302	4,663
Unallocated other gains/(losses) — net	987	(738)
Unallocated corporate expenses	(67,504)	(68,274)
Finance costs	(5,880)	(7,137)
Profit before income tax	<u>7,351</u>	<u>16,820</u>

Segment revenue represents sales to external parties. There are no inter-segment transactions during the Year and the Last Year. 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:-

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Depreciation and amortisation</b>		
Disposable batteries		
— Cylindrical batteries	8,648	7,636
— Micro-button cells	1,545	1,446
	<hr/>	<hr/>
Segment total	10,193	9,082
Unallocated depreciation and amortisation	2,881	3,800
	<hr/>	<hr/>
	<b>13,074</b>	<b>12,882</b>
	<hr/> <hr/>	<hr/> <hr/>

## Geographical information

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The PRC	89,167	131,420
Hong Kong	71,492	58,169
Asia (except the PRC and Hong Kong)	25,967	25,233
Europe	37,175	73,240
Eastern Europe	9,474	14,408
North America	22,143	32,258
South America	17,160	16,808
Australia	33,969	30,238
Africa	3,050	2,580
Middle East	1,903	398
	<hr/>	<hr/>
	<b>311,500</b>	<b>384,752</b>
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#### 4. PROFIT BEFORE INCOME TAX

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(a) Finance costs:-		
Bank loans interest	5,566	6,399
Interest on import loans	698	862
Bank overdraft interest	4	29
	<hr/>	<hr/>
Total interest expense	6,268	7,290
Less: interest expense capitalised into property, plant and equipment	(388)	(153)
	<hr/>	<hr/>
	<b>5,880</b>	<b>7,137</b>
	<hr/> <hr/>	<hr/> <hr/>
(b) Staff cost (excluding directors' emoluments):-		
Salaries, wages and other allowances	35,473	38,287
Contributions to defined contribution plans	4,673	5,427
	<hr/>	<hr/>
	<b>40,146</b>	<b>43,714</b>
	<hr/> <hr/>	<hr/> <hr/>
(c) Other items:-		
Amortisation of intangible assets	124	60
Amortisation of prepaid land lease payments	228	233
Auditors' remuneration	862	333
Cost of inventories recognised as expenses	235,054	296,446
Depreciation	12,722	12,589
Net exchange (gain)/loss	(1,388)	609
Loss on disposals of property, plant and equipment:-		
— Proceeds from disposals of property, plant and equipment	(1,871)	(257)
— Carrying amount of property, plant and equipment	2,272	386
	<hr/>	<hr/>
	<b>401</b>	<b>129</b>
Impairment loss on:-		
— Deposits paid for acquisition of plant and equipment	—	911
— Trade receivables	506	542
Write-down/(reversal of write-down) to net realisable value on inventories	498	(172)
Minimum lease payments paid under operating leases:-		
— Plant and machinery	638	648
— Buildings	3,981	3,749
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## 5. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax — Hong Kong profits tax:- Provision for the year	1,984	3,405
Current tax — PRC enterprise income tax (“EIT”):- Provision for the year	1,230	1,501
PRC withholding tax	—	192
Deferred taxation:- Current year	738	29
	<u>3,952</u>	<u>5,127</u>

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

Pursuant to Hong Kong and PRC rules and regulations, the Group entities incorporated in Hong Kong and the PRC are subject to Hong Kong profits tax at 16.5% and EIT at 25% on the estimated assessable profits respectively.

## 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the shareholders of the Company of HK\$3,399,000 (2014: HK\$11,693,000) and the weighted average of 136,219,178 (2014: 104,000,000) ordinary shares in issue during the Year.

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

### Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at 1 January	100	100
Effect of capitalisation of shares	103,999,900	103,999,900
Effect of issue of new shares for cash	32,219,178	—
Issued ordinary shares at 31 December	<u>136,219,178</u>	<u>104,000,000</u>

Diluted earnings per share has not been disclosed as no dilutive potential equity shares in existence for the Year and the Last Year.

## 7. DIVIDENDS

Dividends declared and paid or payable to the shareholders of the Company attributable to the profit for the year are as follows:-

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interim dividend declared and paid of Nil (2014: HK\$0.0192 per ordinary share) (adjusted for the effect of share subdivision and capitalisation issue on 15 May 2015 and 4 June 2015 respectively)	—	2,000

## 8. INVENTORIES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Raw materials	17,674	21,233
Work in progress	14,557	24,935
Finished goods	17,775	13,936
	50,006	60,104
Less : Write-down to net realisable value	(1,193)	(753)
	<u>48,813</u>	<u>59,351</u>

## 9. TRADE AND BILLS RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	41,054	64,644
Less : Impairment loss	(506)	—
	40,548	64,644
Bills receivables	624	2,257
	<u>41,172</u>	<u>66,901</u>

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

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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	—	—
Impairment loss for the year	506	542
Written off against trade receivables	—	(542)
At 31 December	<u>506</u>	<u>—</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–30 days	22,061	35,466
31–60 days	8,327	18,137
61–90 days	5,650	8,848
91–120 days	2,255	3,482
Over 120 days	2,879	968
	<u>41,172</u>	<u>66,901</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Not past due	29,302	49,885
Past due for less than 3 months	10,768	16,333
Past due for 3 to 6 months	394	492
Past due for 6 months to 1 year	646	191
Past due for over 1 year	62	—
	<u>41,172</u>	<u>66,901</u>

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

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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Utilities and other deposits	6,940	923
Prepayments	5,348	9,344
Other receivables	5,144	8,769
	<u>17,432</u>	<u>19,036</u>
Less: Non-current portion		
Deposits paid for property, plant and equipment	<u>(4,994)</u>	—
Current portion	<u>12,438</u>	<u>19,036</u>

## 11. TRADE PAYABLES

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

	2015 HK\$'000	2014 HK\$'000
0-30 days	17,953	35,430
31-90 days	31,901	60,868
91-180 days	21,594	22,943
Over 180 days	6,326	4,971
	<u>77,774</u>	<u>124,212</u>

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

	2015 HK\$'000	2014 HK\$'000
Loan from a former subsidiary ( <i>Note</i> ):-	11,000	16,000
Receipts in advance	6,219	5,627
Other payables	1,920	2,264
Accruals	7,174	8,209
Interest payable	—	28
Provision for long service payments	334	334
Provision for annual leave	346	346
	<u>26,993</u>	<u>32,808</u>
Repayable within 1 year	26,993	21,808
Over 1 year	—	11,000
	<u>26,993</u>	<u>32,808</u>

*Note:*

### Loan from a former subsidiary

There was a loan amounted to HK\$19,000,000 to Goldtium (Hong Kong) Company Limited (“**Goldtium (Hong Kong)**”), a former subsidiary of the Group, from a non-controlling shareholder of the Group’s former subsidiary (the “**Loan Provider**”), Goldtium (Jiangmen) Battery Company Limited (“**Goldtium (Jiangmen) Battery**”) (the “**Outstanding Indebtedness**”). The amount is interest-free and unsecured, of which HK\$3,000,000 is repayable on or before 31 December 2014, HK\$5,000,000 is repayable on or before 31 December 2015 and HK\$11,000,000 is repayable on or before 31 December 2016 (the “**Loan Prepayment Terms**”).

Upon the disposal of Techway (China) Limited, a subsidiary of the Group, on 23 July 2013 at a consideration of HK\$100,000, Goldtium (Jiangmen) Battery and Goldtium (Hong Kong) ceased to be the subsidiaries of the Group. Since the Outstanding Indebtedness was excluded in the determination of consideration for the disposal, the directors consider that, based on the substance of the transaction, the Group is ultimately responsible for the repayment of the Outstanding Indebtedness.

According to the repayment agreement signed on 8 September 2014, Goldtium (Hong Kong) was appointed as the repayment agent of the Group for the repayment of the Outstanding Indebtedness. The Group shall pay the relevant amounts to Goldtium (Hong Kong) 10 days before the relevant due dates set out in the Loan Repayment Terms. Goldtium (Hong Kong), as the repayment agent, shall forthwith pay the relevant amounts to the Loan Provider within 3 days upon receipt of funds from the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

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

The revenue of cylindrical batteries for the Year dropped by approximately HK\$77.83 million from approximately HK\$288.91 million for the Last Year to approximately HK\$211.08 million for the Year, which was equivalent to 26.94% decrease in revenue of cylindrical batteries. Such drop in revenue was mainly due to a slowdown of the demand in Europe and the PRC during the Year.

The revenue of micro-button cells for the Year increased by approximately HK\$7.34 million from approximately HK\$77.28 million for the Last Year to approximately HK\$84.62 million for the Year which was equivalent to 9.50% increase in revenue of micro-button cells. The increase was mainly generated from the sale of alkaline micro-button cells. The revenue of rechargeable batteries and other batteries-related products for the Year decreased by approximately HK\$2.76 million from approximately HK\$18.56 million for the Last Year to approximately HK\$15.80 million for the Year which was equivalent to 14.87% decrease in revenue of rechargeable batteries and other batteries-related products.

### COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

#### **Business strategies and objectives as stated in the Prospectus**

#### **Actual progress up to 31 December 2015**

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

The Group has acquired a production line in 2015 and it is expected that the commercial production will commence in around the third quarter of 2016.

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

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

Explore new sales platform

The Group has been exploring new sales platform.

## FINANCIAL REVIEW

### Revenue

Revenue for the Year was approximately HK\$311.50 million, representing a decrease of 19.04% as compared with the Last Year (2014: approximately HK\$384.75 million). Such decrease was primarily attributable to the net effect of (i) a slowing down of demand in Europe and the PRC causing the decrease of revenue of cylindrical batteries and rechargeable batteries and other batteries-related products; and (ii) the increase in revenue of micro-button cells during the Year.

Revenue for the six months ended 31 December 2015 was approximately HK\$162.15, representing an increase of 8.57% as compared with that of approximately HK\$149.35 million for the six months ended 30 June 2015 as disclosed in the interim results announcement and interim report of the Group for the six months ended 30 June 2015. The increase was mainly due to the fact that the Group's business is subject to seasonality.

As disclosed in the Prospectus under the section headed "Risks Factors", during the track record period as mentioned thereunder, the Group recorded relatively lower revenue in the first quarter of each year and the revenue generated during the month of Chinese New Year was significantly lower than the average.

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The PRC	<b>89,167</b>	131,420
Hong Kong	<b>71,492</b>	58,169
Asia (except the PRC and Hong Kong)	<b>25,967</b>	25,233
Europe	<b>37,175</b>	73,240
Eastern Europe	<b>9,474</b>	14,408
North America	<b>22,143</b>	32,258
South America	<b>17,160</b>	16,808
Australia	<b>33,969</b>	30,238
Africa	<b>3,050</b>	2,580
Middle East	<b>1,903</b>	398
	<b>311,500</b>	384,752

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cylindrical batteries	<b>211,077</b>	288,913
Micro-button cells	<b>84,622</b>	77,284
Rechargeable batteries and other battery-related products	<b>15,801</b>	18,555
	<b>311,500</b>	384,752

## **Gross Profit**

The Group recorded a gross profit for the Year of approximately HK\$76.45 million (2014: approximately HK\$88.31 million), representing a decrease of 13.43% as compared to the Last Year which was mainly due to decrease in revenue of 19.04%.

## **Expenses**

During the Year, the selling expenses of the Group has dropped by 11.68% to approximately HK\$12.48 million as compared to approximately HK\$14.13 million in the Last Year. The drop was mainly due to the decrease of the distribution and other import and export handling costs. The Group's general and administrative expenses increased by approximately HK\$0.89 million to approximately HK\$55.03 million as compared to approximately HK\$54.14 million for the Last Year. The general and administrative expenses included listing expenses of approximately HK\$11.14 million for the Year as compared to the listing expenses of approximately HK\$7.99 million for the Last Year. The increase in general and administrative expenses was mainly due to an increase in the listing expense of approximately HK\$3.15 million and a donation of approximately HK\$0.65 million made in the Year, which was partially offset by the decrease in depreciation of approximately HK\$0.48 million, bank charges of approximately HK\$0.37 million, travelling cost of approximately HK\$0.38 million and staff cost of approximately HK\$1.08 million.

## **Finance Costs**

The finance costs of the Group has dropped by 17.65% to approximately HK\$5.88 million as compared to approximately HK\$7.14 million in the Last Year. The drop was mainly due to the savings in interest costs on bank loan facilities after the repayment of the relevant loans using the net proceeds from the Listing.

## **Income Tax**

The income tax expense of the Group has dropped by 23% to approximately HK\$3.95 million in the Year as compared to approximately HK\$5.13 million in the Last Year. The savings was mainly generated from the reduction in the Hong Kong profits tax provision for the Year.

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

Profit attributable to shareholders of the Company for the Year was approximately HK\$3.40 million (2014: approximately HK\$11.69 million).

## **Liquidity and Financial Resources**

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

The cash and bank balances was approximately HK\$7.75 million higher than the Last Year, which was mainly benefit from the net proceeds raised from the Listing after the repayment of borrowings.

At 31 December 2015, the Group has utilised banking facilities of approximately HK\$95.68 million which was equivalent to 52% of the total banking facilities available in the Year as compared with the utilised amount of approximately HK\$156.34 million in the Last Year which was equivalent to 68% of the total banking facilities available in the Last Year, representing a decrease of 16% in total utilisation amount. The Directors believed that the existing banking facilities are in safety level to support the Group's operating needs.

## Charges on Assets

At 31 December 2015, the Group's bank borrowing facilities were secured by the Group's plant and office building with net book value of approximately HK\$41.42 million and approximately HK\$44.73 million as at 31 December 2015 and 2014, respectively.

## Exposure to Fluctuations in Exchange Rates and Related Hedges

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

At 31 December 2015, the Group did not have any foreign currency investments which have been hedged by currency borrowing and other hedging instruments.

## Financial Key Performance Indicators

	2015	2014
Gross profit margin	24.54%	22.95%
Net profit margin	1.09%	3.04%
Gearing ratio	0.97	4.92

### *Gross Profit Margin*

The gross profit margin increased by 1.59% from 22.95% in the Last Year to 24.54% in the Year. It was mainly due to improvement in control on the labour cost and production overhead throughout the Year.

### *Net Profit Margin*

The net profit margin decreased by 1.95% to 1.09% in the Year as compared to 3.04% in the Last Year. Such reduction was mainly due to the recognition of the one-off listing expenses during the Year.

### *Gearing Ratio*

The gearing ratio decreased by 3.95 to 0.97 for the Year as compared to 4.92 in the Last Year. The improvement was mainly the result of using the net proceeds from the Listing to repay the short term borrowings during the Year.

## Contingent Liabilities

At 31 December 2015, the Group did not have any material contingent liabilities.

## Capital Structure

There has been no change in the capital structure of the Group since the Listing Date. The capital structure of the Group consists of bank borrowings net of bank balances and cash, and equity attributable to shareholders of the Group which 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\$115.13 million as at 31 December 2015 (2014: approximately HK\$35.02 million).

## DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2014: HK\$2 million).

## CAPITAL COMMITMENT

At 31 December 2015, the Group does not have any significant capital commitment.

## SIGNIFICANT INVESTMENTS HELD

Except for investments in subsidiaries, the Group did not hold any significant investment as at 31 December 2015.

## FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

Save as disclosed in the Prospectus or this announcement, there was no specific plan for material investment or capital asset as at 31 December 2015.

## USE OF PROCEEDS FROM THE LISTING

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

An analysis of the utilisation of the net proceeds from the Listing as at 31 December 2015 is set out below:-

	<b>Planned use of the net proceeds as stated in the Prospectus up to 31 December 2015</b>	<b>Actual use of the net proceeds up to 31 December 2015</b>
	<i>HK\$'million</i>	<i>HK\$'million</i>
Repayment of bank loan	36.14	36.14
General working capital	4.02	4.02
	<u>40.16</u>	<u>40.16</u>

## FUTURE DEVELOPMENT

The Group will continue to invest in its production lines in order to enhance the production capacity and efficiency. A production line has been acquired in 2015 for producing mercury-free, cadmium-free and lead-free AA carbon cylindrical batteries with an annual designed production capacity of 276.76 million units, which has an annual designed production capacity of 103.78 million units more than the existing leased production line for AA carbon cylindrical batteries. We expect the new production line to commence commercial production in around the third quarter of 2016. The Group will continue to lease such production line until the new production line commences commercial production. The delay against our original plan to commence production in February 2016 was due to the technical issue on quantity control enhancement which affected the installation progress.

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

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

## **EMPLOYEES AND REMUNERATION POLICY**

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

As at 31 December 2015, the Group had a total of 530 employees (2014: 714 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK\$45.07 million in the Year (2014: approximately HK\$48.07 million). Directors' remuneration for the Year amounted to approximately HK\$4.93 million (2014: approximately HK\$4.35 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK\$0.24 million (2014: HK\$Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

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

The Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standards of dealings and its code of conduct regarding securities transactions by the Directors throughout the period from the Listing Date to 31 December 2015.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company's corporate governance practices are based on the code principles of the Corporate Governance Code (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to shareholders of the Company. The Company has complied with the Code throughout the period from the Listing Date to 31 December 2015.

## **EVENTS AFTER THE YEAR END**

Except as disclosed in this announcement, since 31 December 2015 and up to the date of this report, no important events has occurred affecting the Group.

## **AUDIT COMMITTEE REVIEW**

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

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

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

## **ANNUAL GENERAL MEETING**

It is proposed that the forthcoming annual general meeting of the Company will be held on Tuesday, 3 May 2016 (the “**2016 AGM**”). A notice convening the 2016 AGM will be published and despatched to the shareholders of the Company in accordance with the articles of association of the Company, the GEM Listing Rules and other applicable laws and regulations.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the identity of the shareholders of the Company to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Friday, 29 April 2016 to Tuesday, 3 May 2016 both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2016 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 pm Thursday, 28 April 2016.

## **AUDITOR**

The consolidated financial statements of the Group for the Year have been audited by PKF, who will retire and, being eligible, offer themselves for re-appointment at the 2016 AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the 2016 AGM.

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

This annual results announcement is published on the Company’s website at [www.goldenpower.com](http://www.goldenpower.com) and the GEM’s website at [www.hkgem.com](http://www.hkgem.com). The 2015 annual report of the Company will be despatched to the shareholders of the Company and available on the above websites.

## APPRECIATION

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

By Order of the Board  
**Golden Power Group Holdings Limited**  
**Chu King Tien**

*Chairman and Executive Director*

Hong Kong, 18 March 2016

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

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