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**GoldenPower®**

**GOLDEN POWER GROUP HOLDINGS LIMITED**

**金力集團控股有限公司**

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

**(Stock Code: 8038)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

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

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

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

*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 an unaudited revenue of approximately HK\$145.68 million for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately HK\$149.35 million), representing a decrease of approximately 2.46% over the same period of 2015.
- Recorded an unaudited profit attributable to the equity shareholders of the Company of approximately HK\$7.66 million for the six months ended 30 June 2016 (six months ended 30 June 2015: a loss of approximately HK\$9.54 million which included the one-off listing expenses of approximately HK\$10.85 million).
- The profit attributable to the equity shareholders of the Company excluding the listing expenses for the six months ended 30 June 2015 was approximately HK\$1.31 million as compared with that for the six months ended 30 June 2016 of approximately HK\$7.66 million, representing an increase of approximately 484.73% which was mainly due to savings on the staff costs, office utilities expenses, finance costs and production overheads and the fact that there was no listing expenses recognised for the six months ended 30 June 2016.
- The basic earnings per share for the six months ended 30 June 2016 was HK4.78 cents (six months ended 30 June 2015: basic loss per share of HK8.51 cents).
- The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## INTERIM RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim results (the “**Results**”) of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2016 (the “**Period**”) together with the corresponding comparative figures as follows:

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (unaudited)

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	145,682	149,353
Cost of sales		(104,236)	(117,022)
Gross profit		41,446	32,331
Other revenue		1,060	1,719
Other (losses)/gains — net		(2,174)	1,841
Selling and distribution expenses		(6,828)	(6,096)
Administrative expenses		(21,884)	(34,344)
Finance costs		(1,964)	(3,667)
Profit/(loss) before income tax	5	9,656	(8,216)
Income tax expenses	6	(2,001)	(1,324)
<b>Profit/(loss) attributable to the equity shareholders of the Company</b>		<b>7,655</b>	<b>(9,540)</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(1,336)	(1,122)
Items that may not be reclassified subsequently to profit or loss:			
Revaluation of investment properties		27,511	—
<b>Other comprehensive income/(loss)</b>		<b>26,175</b>	<b>(1,122)</b>
<b>Total comprehensive income/(loss) attributable to equity shareholders of the Company</b>		<b>33,830</b>	<b>(10,662)</b>
<b>Earnings/(loss) per Share (HK cents)</b>	7		
— Basic		4.78	(8.51)
— Diluted		—	—

## Condensed Consolidated Statement of Financial Position (unaudited)

As at 30 June 2016

		At 30 June 2016 <i>HK\$'000</i> (unaudited)	At 31 December 2015 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	9	171,043	170,508
Investment properties		29,500	—
Intangible assets		285	315
Prepaid land lease premium		4,792	5,489
Deposits paid for property, plant and equipment		9,513	4,994
Deferred tax assets		7,243	7,149
		<u>222,376</u>	<u>188,455</u>
<b>Current assets</b>			
Inventories		50,255	48,813
Trade and bill receivables	10	40,038	41,172
Deposits, prepayments, and other receivables		18,760	12,438
Prepaid land lease premium		737	218
Income tax recoverable		1,901	1,712
Cash and bank balances		15,672	24,918
		<u>127,363</u>	<u>129,271</u>
<b>Current liabilities</b>			
Trade payables	11	71,077	77,774
Receipts in advance, other payables and accruals		24,655	26,993
Bank borrowings, secured		53,824	59,140
Income tax payable		1,150	286
		<u>150,706</u>	<u>164,193</u>
<b>Net current liabilities</b>		<u>(23,343)</u>	<u>(34,922)</u>
<b>Total assets less current liabilities</b>		<u>199,033</u>	<u>153,533</u>
<b>Non-current liabilities</b>			
Bank borrowings, secured		48,230	36,540
Deferred tax liabilities		1,848	1,868
		<u>50,078</u>	<u>38,408</u>
<b>Net assets</b>		<u>148,955</u>	<u>115,125</u>
<b>Capital and reserves</b>			
Share capital		1,600	1,600
Reserves		147,355	113,525
<b>Total equity</b>		<u>148,955</u>	<u>115,125</u>

**Condensed Consolidated Statement of Cash Flows (unaudited)***For the six months ended 30 June 2016*

	<b>For the</b>	
	<b>six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net cash generated from/(used in) operating activities	<b>211</b>	(1,011)
Net cash used in investing activities	<b>(12,532)</b>	(6,093)
Net cash generated from financing activities	<b>4,411</b>	33,476
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	<b>(7,910)</b>	26,372
Cash and cash equivalents as at the beginning of the period	<b>24,918</b>	17,168
Effect of foreign exchange rate changes	<b>(1,336)</b>	(1,122)
	<hr/>	<hr/>
Cash and cash equivalents as at the end of the period	<b>15,672</b>	42,418
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents as at the end of the period comprise:		
Cash and bank balances	<b>15,672</b>	42,418
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## Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2016

	Share capital	Share premium	Capital reserve	Investment properties revaluation reserve	Statutory reserve	Exchange reserve	Retained earning	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (audited)	—	—	9,819	—	3,411	2,062	19,725	35,017
Issue of shares	560	75,040	—	—	—	—	—	75,600
Capitalisation issue	1,040	(1,040)	—	—	—	—	—	—
Capital injection	—	—	20,000	—	—	—	—	20,000
Share issuing expenses	—	(13,927)	—	—	—	—	—	(13,927)
Total comprehensive loss for the period	—	—	—	—	—	(1,122)	(9,540)	(10,662)
At 30 June 2015 (unaudited)	<u>1,600</u>	<u>60,073</u>	<u>29,819</u>	<u>—</u>	<u>3,411</u>	<u>940</u>	<u>10,185</u>	<u>106,028</u>
At 1 January 2016 (audited)	1,600	59,825	29,819	—	3,940	(2,654)	22,595	115,125
Profit for the year	—	—	—	—	—	—	7,655	7,655
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	(1,336)	—	(1,336)
Revaluation of investment properties	—	—	—	27,511	—	—	—	27,511
Total comprehensive income for the period	—	—	—	27,511	—	(1,336)	7,655	33,830
Appropriation to statutory reserve	—	—	—	—	241	—	(241)	—
At 30 June 2016 (unaudited)	<u>1,600</u>	<u>59,825</u>	<u>29,819</u>	<u>27,511</u>	<u>4,181</u>	<u>(3,990)</u>	<u>30,009</u>	<u>148,955</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

The Company was incorporated in the Cayman Islands on 7 June 2012 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The headquarters and principal place of business of the Company 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 (the "Share" or "Shares") have been listed and traded on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 5 June 2015 (the "Listing Date").

Pursuant to the reorganisation of the Group in connection with the listing of the Shares on GEM, 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.

## 2. BASIS OF PREPARATION

The Results have not been audited by the Company's auditor but have been reviewed by the Company's audit committee. The Results have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective.

When preparing the Results, the Group's ability to continue as a going concern has been assessed. As at 30 June 2016, the Group had net current liabilities of HK\$23.34 million. The Results have been prepared on a going concern basis due to the reasons that (i) as at 30 June 2016, the Group had unutilised banking facilities of approximately HK\$55.32 million; 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 as at 30 June 2016, and funds expected to be generated internally from operations based on the Directors' estimation on the future cash flows of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the Results 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. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared under the historical cost basis. The preparation of the financial statements was in conformity with the requirements of HKAS 34 which requires the use of certain critical accounting estimates. HKAS 34 also requires the Company's management to exercise judgement in the process of applying the Group's accounting policies. The accounting policies adopted in the preparation of the audited consolidated financial statements for the year ended 31 December 2015 of the Company have been consistently applied to the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2016 except that in the Period, the Group has applied for the first time certain new standards, amendments and interpretations to the Hong Kong Financial Reporting Standards (the "new HKFRSs") issued by the HKICPA which are relevant to and effective for the Group for the annual period beginning on 1 January 2016. The adoption of the new HKFRSs has no material impact on the Group's accounting policies, presentation of the Group's unaudited condensed consolidated financial statements and amounts reported for the Period and prior periods.

The Group has not applied the following new HKFRSs that have been issued at 30 June 2016 but are not yet effective for the annual period beginning on 1 January 2016.

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 7	Disclosure Initiative	1 January 2017
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 9 (2014)	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of the impact of the adoption of the above new HKFRSs upon initial application. As at the date of this announcement, the Group considered that these new HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

#### 4. REVENUE

##### Geographical information

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Africa	503	1,864
Hong Kong	35,482	37,240
Asia (except the PRC and Hong Kong)	12,669	12,519
Australia	9,002	12,992
PRC	35,406	41,472
Europe (except East Europe)	18,158	19,192
East Europe	2,083	7,542
Middle East	1,194	1,903
North America	23,758	7,814
South America	7,427	6,815
	<u>145,682</u>	<u>149,353</u>

#### 5. PROFIT/(LOSS) BEFORE INCOME TAX

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)

Profit/(loss) before income tax is arrived after charging:

##### Finance costs

Bank loans interest	1,669	3,154
Interest on import loans	292	513
Bank overdraft interest	3	—

##### Total interest expenses

	<u>1,964</u>	<u>3,667</u>
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##### Other items

Depreciation of property, plant and equipment	5,377	6,574
Cost of inventories sold	104,236	117,022
Listing expenses	—	10,855

## 6. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Current tax — Hong Kong profits tax</b>		
Provision for the period	204	1,314
<b>Current tax — PRC enterprise income tax (“EIT”)</b>		
Provision for the period	1,378	116
	<u>1,582</u>	<u>1,430</u>
<b>Deferred taxation</b>	419	(106)
	<u>419</u>	<u>(106)</u>
<b>Total income tax expenses</b>	<u>2,001</u>	<u>1,324</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2016 and 2015, respectively.

The PRC subsidiaries of the Group are subjected to EIT at the rate of 25%.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands for the six months ended 30 June 2016 and 2015, respectively.

## 7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per Share attributable to the equity shareholders of the Company is based on the following data:

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit/(loss) for the period attributable to equity shareholders of the Company	<u>7,655</u>	<u>(9,540)</u>
	'000	'000
<b>Weighted average number of ordinary Shares for the purpose of calculating basic earnings/(loss) per Share</b>	<u>160,000</u>	<u>112,044</u>

Diluted earnings/(loss) per Share has not been disclosed as no dilutive potential equity shares in existence for the six months ended 30 June 2016 and 2015, respectively.

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired approximately HK\$10.51 million (six months ended 30 June 2015: approximately HK\$6.09 million) property, plant and machinery to expand production capacity and improve production efficiency.

## 10. TRADE AND BILL RECEIVABLES

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

	At 30 June 2016 <i>HK\$'000</i> (unaudited)	At 31 December 2015 <i>HK\$'000</i> (audited)
<b>Trade and bills receivables</b>		
0–30 days	22,400	22,061
31–60 days	7,787	8,327
61–90 days	5,003	5,650
91–120 days	1,955	2,255
Over 120 days	2,893	2,879
<b>Total</b>	<b>40,038</b>	<b>41,172</b>

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.

## 11. TRADE PAYABLES

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

	At 30 June 2016 <i>HK\$'000</i> (unaudited)	At 31 December 2015 <i>HK\$'000</i> (audited)
<b>Trade payables</b>		
0–30 days	31,494	17,953
31–90 days	23,817	31,901
91–180 days	11,889	21,594
Over 180 days	3,877	6,326
<b>Total</b>	<b>71,077</b>	<b>77,774</b>

The Group is generally given credit terms from 60 days after monthly statement (“AMS”) to 150 days AMS.

## 12. RELATED PARTY TRANSACTIONS

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

	Relationship	For the six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Rental expenses paid to:</b>			
China Scene Limited	Fellow subsidiary	<u>88</u>	<u>80</u>

Remuneration for the key management personnel, including amounts paid to the Directors, are as follows:

	For the six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Salaries, allowances and other benefits in kind	3,193	2,927
Discretionary bonus	470	431
Contributions to defined contribution plan	<u>72</u>	<u>72</u>
	<u>3,735</u>	<u>3,430</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

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

The revenue of cylindrical batteries for the Period has dropped by approximately HK\$220,000 as compared to the same period of 2015, representing an approximately 0.2% decrease. The decrease in such revenue was mainly due to the weak Renminbi (“RMB”) exchange against Hong Kong dollar (“HK\$”) during the Period.

The revenue of micro-button cells and rechargeable batteries and other battery-related products for the Period decreased by approximately HK\$3.45 million as compared to the same period of 2015, representing an approximately 7.26% decrease. The decrease in such revenue was mainly due to a drop in sales in the PRC and South America.

Looking forward, the Group will continue to adopt stringent cost control and employ appropriate strategies to enhance its operation efficiency. Sales of cylindrical batteries to North American market is expected to increase in the second half of 2016, based on sales orders on hand and expected to receive, due to market recovery. For the micro-button cells, the demand in Europe is still lower than the management’s expectation due to the weak Euro against HK\$. The Group will put more effort on the sales of micro-button cells, concentrate on OEM market and continue to control the production overheads.

### COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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

#### Actual progress up to 30 June 2016

Expand the 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 the Group’s 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 electronic sales platform.

## FINANCIAL REVIEW

### Revenue and Profit attributable to equity shareholders

Revenue for the Period was approximately HK\$145.68 million, representing a decrease of approximately 2.46% as compared to the same period of 2015. Profit attributable to equity shareholders of the Company for the Period was approximately HK\$7.66 million whilst for the same period of 2015, the loss attributable to equity shareholders of the Company was approximately HK\$9.54 million which included the one-off listing expenses of approximately HK\$10.85 million. Excluding such listing expenses, the profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 was approximately HK\$1.31 million as compared with that for the Period of approximately HK\$7.66 million, representing an increase of approximately 484.73%. The increase in profit for the Period was mainly due to the reduction of staff cost, production overheads, office utilities expenses and finance costs and the fact that there was no listing expenses recognised during the Period.

### Gross Profit

The Group recorded a gross profit of approximately HK\$41.45 million for the Period (six months ended 30 June 2015: approximately HK\$32.33 million), representing an increase of approximately 28.19%. The increase in gross profit for the Period was mainly due to the implementation of cost control on production overheads.

### Expenses

During the Period, the selling and distribution expenses of the Group has increased by 12.01% to approximately HK\$6.83 million, as compared to approximately HK\$6.10 million in the corresponding period in 2015. The increase in selling and distribution expenses was mainly due to the increase in marketing and promotion expenses. The Group's administrative expenses has dropped by approximately HK\$12.46 million to approximately HK\$21.88 million during the Period as compared to approximately HK\$34.34 million for the same period of 2015. The decrease in administrative expenses was mainly due to the fact that no listing expenses has been recognised during the Period. The listing expenses recognised for the six months ended 30 June 2015 was approximately HK\$10.85 million.

### Net Current Liabilities

Net current liabilities as at 31 December 2015 was approximately HK\$34.92 million. After the repayment of the bank loans and restructuring of the short-term banking facilities, the net current liabilities reduced by approximately HK\$11.58 million to approximately HK\$23.34 million as at 30 June 2016.

## LIQUIDITY AND FINANCIAL RESOURCES

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

The bank borrowings are repayable as follows:

	At 30 June 2016 <i>HK\$'000</i> (unaudited)	At 31 December 2015 <i>HK\$'000</i> (audited)
Within 1 year		
— Short-term loans	40,140	47,508
— Current portion of long-term loans	13,684	11,632
	<u>53,824</u>	<u>59,140</u>
1–2 years	14,000	11,886
2–5 years	31,425	21,312
Over 5 years	2,805	3,342
	<u>102,054</u>	<u>95,680</u>

As at 30 June 2016, the Group had borrowings of approximately HK\$102.05 million (as at 31 December 2015: approximately HK\$95.68 million). The debt ratio, calculated as total liabilities over total assets, of the Group as at 30 June 2016 was approximately 0.57 (as at 31 December 2015: approximately 0.64).

As at 30 June 2016, the Group had cash and cash equivalents (the “**Liquidity Resources**”) of approximately HK\$15.67 million (as at 31 December 2015: approximately HK\$24.92 million) which were mainly denominated in HK\$ and RMB.

Save as disclosed in the Results, the Group has no material capital expenditure commitments as at 30 June 2016.

## **CAPITAL STRUCTURE**

The Shares were successfully listed on GEM on 5 June 2015, and there has been no material change in the capital structure of the Company since its listing. The share capital of the Company comprises only ordinary shares. Total equity of the Company amounted to approximately HK\$148.96 million as at 30 June 2016 (as at 31 December 2015: approximately HK\$115.13 million).

## **GEARING RATIO**

The Group expresses its gearing ratio as a percentage of total debts divided by total equity. As at 30 June 2016, the Group’s gearing ratio was approximately 0.76 (as at 31 December 2015: approximately 0.93).

## **CHARGE OF ASSETS**

As at 30 June 2016, the Group has charged its properties with a net book value of approximately HK\$38.15 million to secure the bank facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 June 2016 (as at 31 December 2015: Nil).

## **SIGNIFICANT INVESTMENTS HELD**

Except for investments in (i) its subsidiaries; and (ii) investment properties in respect of which the Group's subsidiary namely Golden Power Properties Limited as landlord has entered into a two-year term tenancy agreement with an independent third party on 20 June 2016 for a monthly rental at market rate, the Group did not hold any significant investment as at 30 June 2016.

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

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the Prospectus, the 2015 annual report of the Company and this announcement, the Group did not have any plans for material investments or capital assets as at 30 June 2016.

## **EMPLOYEES AND REMUNERATION POLICIES**

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

As at 30 June 2016, the Group had a total of 510 employees (as at 30 June 2015: 598 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK\$17.70 million during the Period (six months ended 30 June 2015: approximately HK\$20.71 million).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

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.

The Group's revenue was denominated in RMB, HK\$ and US dollars and the cost of sales was primarily denominated in RMB and the remaining denominated in HK\$, US dollars and Euros. The value of RMB against HK\$ and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in the PRC.

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

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 Prospectus.

### **FOREIGN CURRENCY RISK**

The reporting currencies of the Group is HK\$.

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 30 June 2016, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies, i.e. RMB and HK\$.

The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary.

### **USE OF PROCEEDS FROM LISTING**

The net proceeds from the Listing, after deducting related expenses, amounted to approximately HK\$40.16 million. Since the Listing and up to 31 December 2015, all of the net proceeds have been applied in accordance with the planned use as set out in the Prospectus. For details of such application, please refer to the 2015 annual report of the Company.

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

### Interests in the Company

As at 30 June 2016, the interests or short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the GEM Listing Rules, were as follows:

### Long positions in the Shares

Name	Nature of interest	Total number of Shares held	Approximate percentage of shareholding
Chu King Tien	Interest in a controlled corporation ( <i>Note 1</i> )	84,000,000 ordinary Shares	52.50%

*Note:*

1. These Shares are held by Golden Villa Ltd., which is wholly and beneficially owned by Mr. Chu King Tien. By virtue of the SFO, Mr. Chu King Tien is deemed to be interested in all the Shares held by Golden Villa Ltd. in the Company.

### Interests in associated corporations of the Company

As at 30 June 2016, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in, were as follows:

### Long positions in the shares of the associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of Shares (long position)	Approximate percentage of shareholding
Mr. Chu King Tien	Golden Villa Ltd.	Beneficial owner	50,000	100%

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV

of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the GEM Listing Rules.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

So far as the Directors are aware, as at 30 June 2016, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

### **Long positions in the Shares**

<b>Name</b>	<b>Nature of interest</b>	<b>Total number of Shares held</b>	<b>Approximate percentage of shareholding</b>
Golden Villa Ltd. ( <i>Note 1</i> )	Beneficial owner	84,000,000 ordinary Shares	52.50%
Ms. Mo Yuk Ling ( <i>Note 2</i> )	Interest of spouse	84,000,000 ordinary Shares	52.50%

#### *Notes:*

1. Golden Villa Ltd. is wholly and beneficially owned by Mr. Chu King Tien. By virtue of the SFO, Mr. Chu King Tien is deemed to be interested in all the Shares held by Golden Villa Ltd. in the Company.
2. Ms. Mo Yuk Ling is the spouse of Mr. Chu King Tien. Under the SFO, Ms. Mo Yuk Ling is deemed to be interested in the same number of Shares in which Mr. Chu King Tien is interested.

Save as disclosed above, as at 30 June 2016, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

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

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

## **SHARE OPTION SCHEME**

The Company has adopted a share option scheme on 15 May 2015 (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the section headed “D. Share Option Scheme” in Appendix V of the Prospectus. Since the Listing Date and up to the date of this announcement, no option has been granted, exercised or lapsed under the Share Option Scheme.

## **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.

## **CORPORATE GOVERNANCE CODE**

The Company’s corporate governance practices are based on the code principles of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules. The Company is committed to ensuring a quality board and transparency and accountability to shareholders of the Company. The Company has complied with the CG Code throughout the Period.

## **DIRECTORS’ MATERIAL INTERESTS IN CONTRACTS**

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

## **COMPETING BUSINESS**

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

## **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by the Company’s compliance adviser, RaffAello Capital Limited (the “**Compliance Adviser**”), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 25 September 2014, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Shares of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2016 or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) on 15 May 2015 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The duties of the Audit Committee are to, among other things, review relationship with the Company’s external auditors, review the Company’s financial information, oversee the Company’s financial reporting, risk management and internal control systems and oversee the Company’s continuing connected transactions. The Audit Committee comprises three independent non-executive Directors namely, Mr. Hui Kwok Wah, Mr. Ma Sai Yam and Mr. Chow Chun Hin Leslie. Mr. Hui Kwok Wah currently serves as the chairman of the Audit Committee. The Results have not been audited by the Company’s auditor but have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

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

Hong Kong, 9 August 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).*