



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2017

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 of the Stock Exchange (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\$63.97 million for the three months ended 31 March 2017 (three months ended 31 March 2016: approximately HK\$63.76 million), representing an increase of approximately 0.33% over the same period of 2016.
- The unaudited profit attributable to the equity holders of the Company for the three months ended 31 March 2017 was approximately HK\$4.18 million while that for the three months ended 31 March 2016 was approximately HK\$3.29 million, representing an increase of approximately 27.05% over the same period of 2016. The increase was mainly due to savings on staff costs and reduction in office utilities expenses and exchange loss during the three months ended 31 March 2017.
- The basic earnings per share for the three months ended 31 March 2017 was HK2.08 cents (three months ended 31 March 2016: HK1.64 cents).
- The board of directors of the Company did not recommend the payment of an interim dividend for the three months ended 31 March 2017 (three months ended 31 March 2016: Nil).

FIRST QUARTERLY RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated quarterly results (the “**Results**”) of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 31 March 2017 (the “**Period**”) together with the corresponding comparative figures as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (unaudited) For the three months ended 31 March 2017

	Notes	For the three months ended 31 March	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	63,971	63,762
Cost of sales		<u>(45,463)</u>	<u>(44,503)</u>
Gross profit		18,508	19,259
Other revenue		755	325
Other loss — net		(26)	(691)
Selling and distribution expenses		(2,764)	(3,048)
Administrative expenses		(9,886)	(10,577)
Finance costs		<u>(1,034)</u>	<u>(975)</u>
Profit before income tax	4	5,553	4,293
Income tax expenses	5	<u>(1,374)</u>	<u>(1,000)</u>
Profit for the period		<u>4,179</u>	<u>3,293</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		<u>842</u>	<u>653</u>
Other comprehensive income for the period		<u>842</u>	<u>653</u>
Total comprehensive income for the period attributable to equity holders of the Company		<u>5,021</u>	<u>3,946</u>
			(Restated)
Earnings per share (HK cents)	6		
— Basic		2.08	1.64
— Diluted		<u>—</u>	<u>—</u>

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the three months ended 31 March 2017

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2016 (audited)	1,600	59,825	29,819	—	3,940	(2,654)	22,595	115,125
Total comprehensive income for the period	—	—	—	—	—	653	3,293	3,946
Appropriation to statutory reserve	—	—	—	—	241	—	(241)	—
At 31 March 2016 (unaudited)	<u>1,600</u>	<u>59,825</u>	<u>29,819</u>	<u>—</u>	<u>4,181</u>	<u>(2,001)</u>	<u>25,647</u>	<u>119,701</u>
At 1 January 2017 (audited)	1,600	59,825	29,819	27,271	5,078	(6,664)	45,497	162,426
Total comprehensive income for the period	—	—	—	—	—	842	4,179	5,021
Appropriation to statutory reserve	—	—	—	—	1,162	—	(1,162)	—
At 31 March 2017 (unaudited)	<u>1,600</u>	<u>59,825</u>	<u>29,819</u>	<u>27,271</u>	<u>6,240</u>	<u>(5,822)</u>	<u>48,514</u>	<u>167,447</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 "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 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 ("PRC" or "China") 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 (the "BVI"), is the immediate and ultimate holding company of the Company.

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 Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (collectively the "HKFRSs") and the disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The Results have been prepared under the historical cost basis as modified by the revaluation of an investment property. 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 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 31 March 2017, the Group had net current liabilities of HK\$13.65 million. The Results have been prepared on a going concern basis due to the reasons that (i) as at 31 March 2017, the Group had unutilised banking facilities of approximately HK\$70.26 million; and (ii) the Directors expect that the Group is able to renew all banking facilities upon expiry.

After taking into consideration the banking facilities already in place as at 31 March 2017, and funds expected to be generated internally from operations based on the Directors' estimation on 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. REVENUE

Geographical information

	For the three months ended 31 March	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Africa	927	67
Hong Kong	14,155	15,736
Asia (except the PRC and Hong Kong)	8,149	7,302
Australia	2,544	2,296
PRC	17,331	12,287
Europe (except East Europe)	9,196	9,521
East Europe	1,080	1,903
Middle East	879	786
North America	6,874	9,912
South America	2,836	3,952
	<u>63,971</u>	<u>63,762</u>

4. PROFIT BEFORE INCOME TAX

	For the three months ended 31 March	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)

Profit before income tax is arrived after charging:

Finance costs

Bank loans interest	946	905
Interest on import loans	88	68
Bank overdraft interest	—	2
Total interest expenses	<u>1,034</u>	<u>975</u>

Other items

Depreciation of property, plant and equipment	2,995	3,114
Cost of inventories sold	<u>45,463</u>	<u>44,503</u>

5. INCOME TAX EXPENSES

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax — Hong Kong profits tax		
Provision for the period	541	156
Current tax — PRC enterprise income tax (“EIT”)		
Provision for the period	928	663
	1,469	819
Deferred taxation	(95)	181
Total income tax expenses	1,374	1,000

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits arising in Hong Kong for the three months ended 31 March 2017 and 2016, 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 three months ended 31 March 2017 and 2016, respectively.

6. EARNINGS PER SHARE

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

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit for the period attributable to equity holders of the Company	4,179	3,293
	'000	'000 (Restated)
Weighted average number of ordinary Shares for the purpose of calculating basic earnings per Share	200,976	200,976

Diluted earnings per Share has not been disclosed as no dilutive potential equity Shares has been in existence for the three months ended 31 March 2017 and 2016, respectively.

The weighted average number of ordinary shares for the three months ended 31 March 2016 for the purpose of the calculation of basic earnings per Share has been adjusted and restated after taking into account of the Rights Issue (as defined in note 8 below) which was completed on 21 April 2017.

7. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the three months ended 31 March 2017 (three months ended 31 March 2016: nil).

8. IMPORTANT EVENT AFTER THE REPORTING PERIOD

The following significant event took place subsequent to the end of the reporting period:

On 20 February 2017, the Company announced that it proposed to raise approximately HK\$32 million, before expenses, by issuing 80,000,000 rights shares (the “**Rights Shares**”) by way of rights issue (the “**Rights Issue**”) at the subscription price of HK\$0.4 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 21 April 2017, where an aggregate of 80,000,000 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), have been issued. The aggregate nominal amount of the Rights Shares is HK\$800,000.

For more details of the Rights Issue, please refer to the Rights Issue Prospectus dated 27 March 2017 (the “**Rights Issue Prospectus**”) and the announcement of the Company dated 20 April 2017 in relation to the results of the Rights Issue.

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 categorised into two segments (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 Period increased by approximately HK\$3.10 million to approximately HK\$45.79 million as compared to approximately HK\$42.69 million for the same period of 2016, representing an increase of approximately 7.26%. The increase in such revenue was mainly due to an increase in sales to Africa, India, Australia and Japan.

The revenue of micro-button cells and rechargeable batteries and other battery-related products for the Period decreased by approximately HK\$2.89 million to approximately HK\$18.18 million as compared to approximately HK\$21.07 million for the same period of 2016, representing a decrease of approximately 13.72%. The decrease in such revenue was mainly due to a drop of sales in the Europe and North America markets.

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 China, North America and South America markets are expected to increase in the second quarter of 2017, based on sales orders on hand and the more active enquires from our customers, due to market recovery. For the micro-button cells, the demand in North America is still active and the customers from this market would like to place orders for the second half of 2017 as per the management’s expectation. The Group will put more effort on promoting the sales of micro-button cells and concentrate on OEM market. On the other hand, the Group will continue to control the production overheads throughout the year.

FINANCIAL REVIEW

Revenue and Profit attributable to equity holders

Revenue for the Period was approximately HK\$63.97 million, representing an increase of approximately 0.33% as compared to the same period of 2016. Profit attributable to equity holders of the Company for the Period was approximately HK\$4.18 million whilst for the same period of 2016, the profit attributable to equity holders of the Company was approximately HK\$3.29 million, representing an increase of approximately 27.05% over the same period of 2016. The increase in profit for the Period was mainly due to savings on staff costs and reduction in office utilities expenses and exchange loss during the Period.

Gross Profit

The Group recorded a gross profit of approximately HK\$18.51 million for the Period (three months ended 31 March 2016: approximately HK\$19.26 million), representing a decrease of approximately 3.89%. The decrease in gross profit for the Period was mainly due to the difference in products mix being sold over the Period as compared with the corresponding period in 2016.

Expenses

During the Period, the selling and distribution expenses of the Group has decreased by approximately 9.51% to approximately HK\$2.76 million, as compared to approximately HK\$3.05 million for the corresponding period in 2016. The decrease in selling and distribution expenses was mainly contributed by a decrease in travelling expenses which was partially offset by an increase in marketing and promotion expenses. The Group's administrative expenses has dropped by approximately HK\$0.69 million to approximately HK\$9.89 million during the Period as compared to approximately HK\$10.58 million for the same period of 2016. The decrease in administrative expenses was mainly due to the reduction in office utilities expenses and miscellaneous costs during the Period.

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 31 March 2017 <i>HK\$'000</i> (unaudited)	At 31 December 2016 <i>HK\$'000</i> (audited)
Within 1 year		
— Short-term loans	33,996	22,163
— Current portion of long-term loans	16,326	16,830
	50,322	38,993
Over 1 year but within 2 years	16,799	20,224
Over 2 years but within 5 years	25,979	25,799
Over 5 years	1,984	2,260
	95,084	87,276

As at 31 March 2017, the Group had borrowings of approximately HK\$95.08 million (as at 31 December 2016: approximately HK\$87.28 million). The debt ratio, calculated as total liabilities over total assets, of the Group as at 31 March 2017 was approximately 0.50 (as at 31 December 2016: approximately 0.52).

As at 31 March 2017, the Group had cash and cash equivalents of approximately HK\$9.64 million (as at 31 December 2016: approximately HK\$21.80 million) which were mainly denominated in Hong Kong dollars and Renminbi.

The Group had capital expenditures contracted for approximately HK\$10.88 million for the acquisition of a newly designed and automatic production line and other machineries for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries. Save as disclosed, the Group had no material capital expenditures commitments as at 31 March 2017.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on 5 June 2015, and there has been no material changes in the capital structure of the Company since its Listing. The share capital of the Company comprises only ordinary shares. Total equity of the Group amounted to approximately HK\$167.45 million as at 31 March 2017 (as at 31 December 2016: approximately HK\$162.43 million).

SIGNIFICANT INVESTMENTS HELD

Except for (i) the Company's investment in various subsidiaries; and (ii) the investment in an investment property located at Flat B, 20/F., Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories, which is held by Golden Power Properties Limited (an indirect wholly-owned subsidiary of the Company) and leased to an independent third party under a two-year term tenancy agreement entered on 20 June 2016 for warehouse purpose with a monthly rental at market rate, the Group did not hold any significant investments as at 31 March 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or 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 2016 annual report of the Company, the Rights Issue Prospectus and herein, the Group did not have any plans for material investments or capital assets as at 31 March 2017.

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 31 March 2017, the Group had a total of 484 employees (as at 31 March 2016: 489 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK\$9.43 million during the Period (three months ended 31 March 2016: approximately HK\$10.10 million).

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

Interests in the Company

As at 31 March 2017, 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 position in the Shares

Name	Nature of interest	Total number of Shares held	Approximate percentage of shareholding (Note 1)
Chu King Tien	Interest in a controlled corporation (Note 2)	126,000,000 (Note 3)	52.50%

Note:

1. The percentage is calculated on the basis of the total number of Shares in issue immediately following the completion of the Rights Issue.
2. 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.
3. Among these Shares, 42,000,000 are the Rights Shares under the Rights Issue. Golden Villa Ltd. has given an irrevocable undertaking in favour of the Company to subscribe for these Rights Shares, and they were issued and allotted to Golden Villa Ltd. on 21 April 2017.

Interests in associated corporations of the Company

As at 31 March 2017, 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 position in the shares of the associated corporations

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

Save as disclosed above, as at 31 March 2017, none of the Directors nor the chief executive of the Company has registered an interest or short position 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 and 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 Rules 5.46 to 5.67 of 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 31 March 2017, the following persons (other than the Directors and the 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 position in the Shares

Name	Nature of interest	Total number of Shares held	Approximate percentage of shareholding (Note 1)
Golden Villa Ltd.	Beneficial owner	126,000,000 (Note 3)	52.50%
Ms. Mo Yuk Ling	Interest of spouse (Note 2)	126,000,000 (Note 3)	52.50%
Poon Tak Ching	Beneficial owner	17,410,000	7.25%

Note:

1. The percentage is calculated on the basis of the total number of Shares in issue immediately following the completion of the Rights Issue.
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.
3. Among these Shares, 42,000,000 are the Rights Shares under the Rights Issue. Golden Villa Ltd. has given an irrevocable undertaking in favour of the Company to subscribe for these Rights Shares, and they were issued and allotted to Golden Villa Ltd. on 21 April 2017.

Save as disclosed above, as at 31 March 2017, 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 has 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 2016 annual report of the Company. 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 of 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

On 20 February 2017, Golden Villa Ltd., which is wholly-owned by Mr. Chu King Tien (the executive Director and chairman of the Group), signed an irrevocable undertaking in favour of the Company to subscribe for 42,000,000 Rights Shares under the Rights Issue. Such Rights Shares were issued and allotted to Golden Villa Ltd. on 21 April 2017.

Save as disclosed above or in the Prospectus or elsewhere in this announcement, no Director had any material interests 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 or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2017 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 Group'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 the 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 May 2017

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