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## **GOLDEN POWER GROUP HOLDINGS LIMITED**

### **金力集團控股有限公司**

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

**(Stock Code: 3919)**

### **DISCLOSEABLE TRANSACTION PURCHASE OF EQUIPMENT AND MACHINERY**

#### **PURCHASE OF EQUIPMENT AND MACHINERY**

The Board is pleased to announce that the Group, through an indirect wholly-owned subsidiary, entered into the Agreement with the Supplier on 28 August 2020, for the purchase of equipment and machinery in relation to a production line for the production of cylindrical batteries at an aggregate purchase price of RMB16,000,000 (equivalent to approximately HK\$17,600,000).

#### **LISTING RULES IMPLICATIONS**

As none of the applicable percentage ratio(s) in respect of each of the Previous Purchase Agreements exceed 5%, the entering into the Previous Purchase Agreements themselves does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the Group entered into the Previous Purchase Agreements and the Agreement with the Supplier within a 12-month period, the Previous Purchase Agreements and the Agreement are considered and aggregated as a series of transactions.

As one or more of the applicable percentage ratios in respect of the Purchase Agreements are more than 5% but less than 25%, the Purchase Agreements constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Group, entered into the Agreement with the Supplier on 28 August 2020, for the purchase of equipment and machinery at an aggregate purchase price of RMB16,000,000 (equivalent to approximately HK\$17,600,000).

## **THE PURCHASE AGREEMENTS**

### **The Purchase Agreement**

#### **1. *Date and Parties***

Date : 28 August 2020

Purchaser : the Purchaser

Supplier : the Supplier

#### **2. *Equipment and machinery to be acquired***

Pursuant to the Agreement, the Purchaser has agreed to purchase from the Supplier one set of a newly designed and automatic production line for producing mercury-free, cadmium-free and lead-free cylindrical batteries.

#### **3. *Consideration***

The total consideration for the purchase of the equipment and machinery under the Agreement shall be RMB16,000,000 (equivalent to approximately HK\$17,600,000), and shall be paid by the Purchaser by bank transfer. The payment shall be made according to the following schedule:

- (i) 25% of the consideration, being RMB4,000,000 (equivalent to approximately HK\$4,400,000), shall be paid upon the signing of the Agreement as deposit;
- (ii) 25% of the consideration, being RMB4,000,000 (equivalent to approximately HK\$4,400,000), shall be paid upon preliminary inspection after the production of the equipment and machinery;
- (iii) 20% of the consideration, being RMB3,200,000 (equivalent to approximately HK\$3,520,000), shall be paid upon delivery of the equipment and machinery to the Purchaser's factory;
- (iv) 20% of the consideration, being RMB3,200,000 (equivalent to approximately HK\$3,520,000), shall be paid upon passing of the tests of the equipment and machinery; and

- (v) final balance of 10% of the consideration, being RMB1,600,000 (equivalent to approximately HK\$1,760,000), shall be paid within six (6) months after passing of the tests of the equipment and machinery.

The total consideration of the Agreement was arrived after arm's length negotiations between the Purchaser and the Supplier on normal commercial terms with reference to the current market price of the equipment and machinery of similar functions and capabilities. Having considered the current market value and the functionality of the equipment and machinery to be acquired under the Agreement, the Directors are of the view that the consideration under the Agreement is fair and reasonable and in the interests of the Company as a whole.

#### **4. *Delivery terms***

The equipment and machinery under the Agreement shall be delivered within 390 days from the date of the Agreement and the Supplier shall be responsible to deliver a production line ready for commercial production within 480 days after the date of the Agreement. Acceptance tests will be done by the Group upon delivery and installation of the equipment and machinery.

### **THE PREVIOUS PURCHASE AGREEMENTS**

#### **The September 2019 Purchase Agreement**

##### **1. *Date and Parties***

Date : 23 September 2019  
Purchaser : the Purchaser  
Supplier : the Supplier

##### **2. *Equipment and machinery to be acquired***

Pursuant to the September 2019 Purchase Agreement, the Purchaser has agreed to purchase from the Supplier one set of machinery for one of the process involved in the production of cylindrical batteries.

##### **3. *Consideration***

The total consideration for the purchase of the machinery under the September 2019 Purchase Agreement was RMB389,700 (equivalent to approximately HK\$428,670), and shall be paid by the Purchaser by way of bank transfer. The payment was made according to the following schedule:

- (i) 20% of the consideration, being RMB77,940 (equivalent to approximately HK\$85,734), was paid upon the signing of the September 2019 Purchase Agreement as initial deposit;

- (ii) 30% of the consideration, being RMB116,910 (equivalent to approximately HK\$128,601), was paid within seven days after preliminary inspection of the machinery;
- (iii) 30% of the consideration, being RMB116,910 (equivalent to approximately HK\$128,601), was paid upon installation of the machinery; and
- (iv) final balance of 20% of the consideration, being RMB77,940 (equivalent to approximately HK\$85,734), was paid sixty (60) days after the machinery commencing commercial production.

The total consideration of the September 2019 Purchase Agreement was arrived after arm's length negotiations between the Purchaser and the Supplier on normal commercial terms with reference to the then market price of the equipment and machinery of similar functions and capabilities. The Directors were of the view that the consideration under the September 2019 Purchase Agreement was fair and reasonable.

#### **4. *Delivery terms***

The machinery was to be delivered within 210 days after the date of the September 2019 Purchase Agreement.

### **The December 2019 Purchase Agreement**

#### **1. *Date and Parties***

Date : 12 December 2019  
Purchaser : the Purchaser  
Supplier : the Supplier

#### **2. *Equipment and machinery to be acquired***

Pursuant to the December 2019 Purchase Agreement, the Purchaser has agreed to purchase from the Supplier one set of inspection equipment for quality control.

#### **3. *Consideration***

The total consideration for the purchase of the equipment and machinery under the December 2019 Purchase Agreement was RMB75,000 (equivalent to approximately HK\$82,500), and shall be paid in cash by the Purchaser. The payment was made according to the following schedule:

- (i) 50% of the consideration, being RMB37,500 (equivalent to approximately HK\$41,250), was paid upon the signing of the December 2019 Purchase Agreement as prepayment; and

- (ii) final balance of 50% of the consideration, being RMB37,500 (equivalent to approximately HK\$41,250), was paid within one (1) month after passing of the tests of the machinery.

The total consideration of the Agreement was arrived after arm's length negotiations between the Purchaser and the Supplier on normal commercial terms with reference to the then market price of the equipment and machinery of similar functions and capabilities. The Directors were of the view that the consideration under the December 2019 Purchase Agreement was fair and reasonable.

#### **4. *Delivery terms***

The machinery was to be delivered within 30 days after the date of the December 2019 Purchase Agreement.

### **The February 2020 Purchase Agreement**

#### **1. *Date and Parties***

Date : 12 February 2020  
Purchaser : the Purchaser  
Supplier : the Supplier

#### **2. *Equipment and machinery to be acquired***

Pursuant to the February 2020 Purchase Agreement, the Purchaser has agreed to purchase from the Supplier one set of equipment for one of the manufacturing process of cylindrical batteries.

#### **3. *Consideration***

The total consideration for the purchase of the equipment and machinery under the February 2020 Purchase Agreement was RMB2,380,000 (equivalent to approximately HK\$2,618,000), and shall be paid by the Purchaser by way of bank transfer. The payment was made according to the following schedule:

- (i) 20% of the consideration, being RMB476,000 (equivalent to approximately HK\$523,600), was paid upon the signing of the February 2020 Purchase Agreement as initial deposit;
- (ii) 25% of the consideration, being RMB595,000 (equivalent to approximately HK\$654,500), was paid within seven days after preliminary inspection of the equipment;

- (iii) 25% of the consideration, being RMB595,000 (equivalent to approximately HK\$654,500), was paid upon installation of the equipment; and
- (iv) final balance of 30% of the consideration, being RMB714,000 (equivalent to approximately HK\$785,400), was paid thirty (30) days after the equipment commenced production.

The total consideration of the February 2020 Purchase Agreement was arrived after arm's length negotiations between the Purchaser and the Supplier on normal commercial terms with reference to the then market price of the equipment and machinery of similar functions and capabilities. The Directors were of the view that the consideration under the February 2020 Purchase Agreement was fair and reasonable.

#### **4. *Delivery terms***

The equipment was to be delivered within 180 days after the date of the February 2020 Purchase Agreement.

#### **The March 2020 Purchase Agreement**

On 21 March 2020, the Purchaser entered into the March 2020 Purchase Agreement with the Supplier on identical terms as those set out in the December 2019 Purchase Agreement.

#### **SOURCE OF FUNDING**

The Agreement will be funded through internal resources of the Group and bank borrowing to be obtained by the Company, which is readily available for the Company to utilise for financing the purchase made under the Agreement.

#### **REASONS FOR AND BENEFITS OF THE PURCHASE AGREEMENTS**

The equipment and machinery to be acquired under the Agreement are mainly for the purpose of developing a new production line for the production of environmental friendly, mercury-free, cadmium-free and lead-free cylindrical batteries and upgrading the product quality of alkaline batteries. The Directors are of the view that the equipment and machinery to be acquired, upon their commencement of commercial production, will increase the production capacity and upgrade the technical specifications the alkaline batteries by the Group.

As mentioned in the 2019 annual report of the Company dated 16 April 2020, the Group will continue to invest in its production facilities and upgrade the production lines in order to enhance the production capacity and efficiency in 2020 and to improve the production efficiency and product quality to meet the Group's plan for future expansion. The Directors are of the view that it is critical for the Group to keep abreast with the technological advancement in the battery industry in order to compete with other battery

manufacturers in the long run. As such, the Directors believe that it is necessary to acquire the equipment and machinery under the Purchase Agreements for producing alkaline batteries with higher level of automation, improved cost efficiency and productivity to strengthen the competitiveness of the Group. The acquisition under the Agreement is one of the measures for the Group to upgrade its production process and increase its product range as well as production capacity in the production of alkaline batteries with the plan to increase the Group's market share in alkaline batteries.

In view of the above, the Directors are of the view that the terms of the Purchase Agreements are on normal commercial terms and are fair and reasonable. The Directors also consider that the Purchase Agreements are in the interests of the Company and the Shareholders taken as a whole.

### **INFORMATION RELATING TO THE COMPANY**

The Company is a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Company 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 of the Group 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.

### **INFORMATION OF THE PURCHASER**

The Purchaser is a limited liability company established under the laws of the PRC and is an indirect wholly-owned subsidiary of the Company and it is principally engaged in the development, production and trading of batteries and its related products, raw materials and electric devices.

### **INFORMATION RELATING TO THE SUPPLIER**

The Supplier is a limited liability company established under the laws of the PRC and is based in Jiangsu, China. The Supplier is principally engaged in the design and manufacturing of industrial machinery, and sale of other production equipment and machinery.

As at the date of this announcement, based on the information and confirmation provided by the Supplier and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Supplier and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## LISTING RULES IMPLICATIONS

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As the Group entered into the Previous Purchase Agreements and the Agreement with the Supplier within a 12-month period, the Previous Purchase Agreements and the Agreement are considered and aggregated as a series of transactions.

As one or more of the applicable percentage ratios in respect of the Purchase Agreements are more than 5% but less than 25%, the Purchase Agreements constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

“Agreement”	the purchase agreement dated 28 August 2020 entered into between the Purchaser and the Supplier pursuant to which the Purchaser has agreed to purchase certain equipment and machineries from the Supplier
“Board”	the board of directors of the Company
“Company”	Golden Power Group Holdings Limited (金力集團控股有限公司), a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3919)
“December 2019 Purchase Agreement”	the purchase agreement dated 12 December 2019 entered into between the Purchaser and the Supplier pursuant to which the Purchaser has agreed to purchase certain equipment and machinery from the Supplier
“Director(s)”	the director(s) of the Company
“February 2020 Purchase Agreement”	the purchase agreement dated 12 February 2020 entered into between the Purchaser as purchaser and the Supplier as seller pursuant to which the Purchaser has agreed to purchase certain equipment and machinery from the Supplier
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC



“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“March 2020 Purchase Agreement”	the purchase agreement dated 21 March 2020 entered into between the Purchaser and the Supplier pursuant to which the Purchaser has agreed to purchase certain equipment and machinery from the Supplier
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Previous Purchase Agreements”	the September 2019 Purchase Agreement, the December 2019 Purchase Agreement, the February 2020 Purchase Agreement and the March 2020 Purchase Agreement
“Purchase Agreements”	the Agreement and the Previous Purchase Agreements
“Purchaser”	Goldtium (Jiangmen) Energy Products Company Limited (江門金剛電源製品有限公司), a limited liability company established under the laws of the PRC on 20 May 2008 and is an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“September 2019 Purchase Agreement”	the purchase agreement dated 23 September 2019 entered into between the Purchaser and the Supplier pursuant to which the Purchaser has agreed to purchase certain equipment and machinery from the Supplier
“Shareholder(s)”	holder(s) of the ordinary share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	Danyang Qirui Machinery Co., Ltd (丹陽琦瑞機械有限公司), a limited liability company established under the laws of the PRC
“%”	per cent

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

Hong Kong, 28 August 2020

*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.*

*For the purpose of this announcement, the exchange rate of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of RMB1.0 equal to HKD1.1. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

*\* for identification purpose only*