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 on Main Board: 3919)
(Stock Code on GEM: 8038)

TRANSFER OF LISTING FROM THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Financial adviser to the Company

富強金融資本
FORTUNE FINANCIAL CAPITAL

On 31 May 2017, the Company made an application to the Stock Exchange for the transfer of listing from GEM to the Main Board. The Company has applied for the listing of, and permission to deal in (i) 240,000,000 Shares in issue; and (ii) up to 16,000,000 Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Main Board by way of transfer of the listing from GEM to the Main Board.

The Board announces that the approval-in-principle for the Transfer of Listing was granted by the Stock Exchange on Thursday, 2 November 2017. The last day of dealings in the Shares on GEM (Stock code: 8038) will be Friday, 3 November 2017. Dealings in the Shares on the Main Board (Stock code: 3919) will commence at 9:00 a.m. on Monday, 6 November 2017 and the Shares will be delisted from GEM according to Rule 9A.09(6) of the Listing Rules. The Board confirms that all pre-conditions for a transfer of listing under Rule 9A.02 of the Listing Rules have been fulfilled in relation to the Company and its Shares as at the date of this announcement.

INTRODUCTION

Reference is made to the announcement made by the Company on 31 May 2017 in relation to the Transfer of Listing. On 31 May 2017, the Company made an application to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of, and permission to deal in (i) 240,000,000 Shares in issue; and (ii) up to 16,000,000 Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Main Board by way of transfer of the listing from GEM to the Main Board.

The Board announces that the approval-in-principle for the Transfer of Listing was granted by the Stock Exchange on Thursday, 2 November 2017.

REASONS FOR THE TRANSFER OF LISTING

The Group manufactures and sells a broad range of batteries for various electronic devices to the PRC, Hong Kong and international markets under both its own brand "Golden Power" and the brands of its private label and OEM customers. Further details of the business of the Group are set out in the paragraph headed "Business of the Group" below.

The Shares have been listed and traded on GEM since 5 June 2015. The Board believes that the Transfer of Listing will enhance the profile and recognition of the Group by the public and investors and will therefore increase the trading liquidity of the Shares and financing flexibility of the Group. The Board also considers that the Transfer of Listing will strengthen the Group's position in the industry and enhance the Group's competitive strength in maintaining current customers and attracting potential customers which will be beneficial to the future growth and business development of the Group. The Board therefore believes that the Transfer of Listing will be in the interest of the Company and the Shareholders as a whole. There is no intention of the Board to change the nature of business of the Group following the Transfer of Listing. The Transfer of Listing will not involve the issue of any new Shares by the Company.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of the Listing. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (Stock code: 8038) will be on Friday, 3 November 2017. Dealings in the Shares on the Main Board (Stock code: 3919) will commence at 9:00 a.m. on Monday, 6 November 2017 and the Shares will be delisted from GEM according to Rule 9A.09(6) of the Listing Rules.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in board lot size of 2,000 Shares each and are traded in Hong Kong Dollar. The principal share registrar of the Company in the

Cayman Islands remains to be Estera Trust (Cayman) Limited and the branch share registrar of the Company in Hong Kong remains to be Tricor Investor Services Limited. No change will be made to the Chinese and English stock short names of the Company, the existing share certificates, board lot size, trading currency and share registrars of the Shares in connection with the Transfer of Listing.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 15 May 2015 for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The Share Option Scheme will expire on 14 May 2025. As at the date of this announcement, the Share Option Scheme fully complies with the requirements of Chapter 17 of the Listing Rules. Thus, the Share Option Scheme will remain effective upon the Transfer of Listing.

As at the date of this announcement, no option has been granted under the Share Option Scheme and, pursuant to the Share Option Scheme, the Company may during the remaining term of the Share Option Scheme grant options in respect of a total of 16,000,000 Shares, representing 10% of the share capital of the Company in issue upon the Listing. The listing of the Shares issued and to be issued pursuant to the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Listing Rules.

As at the date of this announcement, the Company has not issued any options under the Share Option Scheme, warrants or convertible equity securities of which will be transferred to the Main Board.

PUBLIC FLOAT

The Directors confirm that at least 25% of the total issued share capital of the Company was held by the public (as defined under the Listing Rules) as at the Latest Practicable Date. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Listing Rules.

COMPETING INTERESTS

As at the date of this announcement, to the best of knowledge of the Directors, none of the Directors or controlling Shareholders or their respective close associates has any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group pursuant to Rule 9A.09(10) of the Listing Rules.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Listing Rules, the general mandates granted by the Shareholders to the Directors to allot and issue new Shares and repurchase Shares on 9 May 2017 will continue to be valid and remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; or

(c) the passing of an ordinary resolution of the Shareholders in general meeting revoking or varying such mandate.

BIOGRAPHICAL INFORMATION OF DIRECTORS

The below sets forth the biographical information of each of the Directors:

Executive Directors

Mr. Chu King Tien, aged 63, an executive Director and chairman of the Group, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as the executive Director and chairman of the Group since 1 April 2013. He is also the chairman of the nomination committee of the Company. He is responsible for the overall corporate development and strategic planning of the Group. Mr. Chu has extensive experience in the disposable battery industry and has been engaged in such business for over 41 years.

In January 1983, Mr. Chu became a director of Golden Power Industries Limited ("**Golden Power Industries**"), an indirect wholly-owned subsidiary of the Company, and has been holding the position since then. From May 1993 to April 2000, Mr. Chu had been the executive director of China Oil and Gas, the holding company of Golden Power Industries at the time, which was listed on the Stock Exchange, and was mainly responsible for assisting in corporate planning, marketing and overall administration. In July 2003, Mr. Chu, together with an Independent Third Party, acquired Golden Power Investments (B.V.I.) Limited and its subsidiaries at that time through Golden Villa Ltd. In April 2005, Mr. Chu was appointed as the chairman and managing director of Golden Power Corporation (Hong Kong) Limited ("**Golden Power Corporation**"), an indirect wholly-owned subsidiary of the Company and has been holding the positions since then.

Pursuant to the service agreement entered into between the Company and Mr. Chu, Mr. Chu was appointed as an executive Director for an initial term of three years commencing from the date of the Listing, subject to renewal and termination in accordance with the terms thereof and retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. He is entitled to a fixed salary of HK$1,820,000 per annum and a discretionary management bonus. Such remuneration was determined in accordance with and covered by the said service agreement.

Mr. Chu and Golden Villa Ltd., which is wholly-owned by Mr. Chu, are the controlling Shareholders of the Company. As at the date of this announcement, Mr. Chu is deemed to be interested in 126,000,000 Shares held through Golden Villa Ltd.(representing 52.50% of the issued share capital of the Company) pursuant to Part XV of the SFO. Mr. Chu also serves as a director of all the subsidiaries of the Company. Mr. Chu is the father of Mr. Chu Ho Wa, an executive Director of the Company.

Ms. Chu Shuk Ching, aged 55, an executive Director and chief executive officer of the Group, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as an executive Director and the chief executive officer of the Group since 1 April 2013. She is responsible for the overall management, administration and implementation of policy of the Group. Ms. Chu has been engaging in the disposable battery industry for over 29 years.

Ms. Chu graduated from the York University in Canada with a bachelor degree of Administrative Studies in November 1985. From December 1985 to May 1987, Ms. Chu worked in Swank International Optical Company Limited with her last position as an executive trainee. In May 1987, Ms. Chu joined Golden Power Industries as an assistant to the managing director and office manageress. In November 1993, she became the deputy general manager of Golden Power Industries and in March 1994, Ms. Chu was promoted to be the executive director and general manager of China Oil and Gas and served in the position until April 2000. Ms. Chu had served as the general manager of Golden Power Industries from March 2000 to March 2005 and she has become a director of Golden Power Industries since July 2003. Ms. Chu has also become the director and general manager of Golden Power Corporation since April 2005.

Pursuant to the service agreement entered into between the Company and Ms. Chu, Ms. Chu was appointed as an executive Director for an initial term of three years commencing from the date of the Listing, subject to renewal and termination in accordance with the terms thereof and retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. She is entitled to a fixed salary of HK$1,820,000 per annum and a discretionary management bonus. Such remuneration was determined in accordance with and covered by the said service agreement.

Ms. Chu is currently the director of twelve subsidiaries of the Company, namely Best Kind Holdings Limited, Golden Power Corporation, Gain Smart Limited, Giant Moral Limited, Golden Power Industries, Champ Profit Development Limited, Big Power Limited, Golden Pilot Limited, Pointway Corporation Limited, Ample Top Enterprises Limited, Golden Power Properties Limited and Merchant Port Limited. She is also the younger sister of Ms. Chu Suk Man, the deputy general manager of Golden Power Corporation.

Mr. Tang Chi Him, aged 46, an executive Director, has been serving as an executive Director since 1 April 2013 and is also the general manager of the Group. He is mainly responsible for overseeing the overall management of the Group's production facilities located in Dongguan and Jiangmen and administrating the manufacturing operations of the production facility in Dongguan. Mr. Tang graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1994 with a higher diploma in manufacturing engineering. He further acquired a bachelor degree of manufacturing engineering in 1999 and a master of science in engineering management in 2005 from the City University of Hong Kong. Mr. Tang joined Golden Power Industries in 1995 as an engineer and assistant superintendent. He left the Group in 2000 and rejoined Golden Power Industries in 2005 as a manager and was later transferred and become the general manager of Golden Power Corporation since 2012.

Pursuant to the service agreement entered into between the Company and Mr. Tang, Mr. Tang was appointed as an executive Director for an initial term of three years commencing from the date of the Listing, subject to renewal and termination in accordance with the terms thereof and retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. He is entitled to a fixed salary of HK$914,550 per annum and a discretionary management bonus. Such remuneration was determined in accordance with and covered by the said service agreement.

Mr. Chu Ho Wa, aged 33, an executive Director, has been serving as an executive Director since 1 April 2013 and is also the marketing manager and corporate business development manager of the Group, who is mainly responsible for developing and implementing the strategic sales and marketing plans, looking for new marketing opportunities and liaising with existing customers.

Mr. Chu acquired the bachelor of science degrees in Mathematics and Chemistry from the Imperial College of Science, Technology and Medicine of the University of London in the United Kingdom in 2006 and 2009, respectively. Mr. Chu joined the Group in 2009 as an assistant to director in Golden Power Corporation and had been its senior marketing executive from 2011 to 2014 and a manager of its corporate business development department since 2013.

Pursuant to the service agreement entered into between the Company and Mr. Chu, Mr. Chu was appointed as an executive Director for an initial term of three years commencing from the date of the Listing, subject to renewal and termination in accordance with the terms thereof and retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. He is entitled to a fixed salary of HK$650,000 per annum and a discretionary management bonus. Such remuneration was determined in accordance with and covered by the said service agreement.

Mr. Chu is currently the director of Merchant Port Limited, a subsidiary of the Company. Mr. Chu Ho Wa is the son of Mr. Chu King Tien.

Independent Non-Executive Directors

Mr. Hui Kwok Wah, aged 44, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015, and serves as the chairman of the audit committee and remuneration committee of the Company. He is responsible for giving independent advice to the Group. Mr. Hui has extensive experience in the accountancy field and has been engaging in such profession for over 20 years.

Mr. Hui obtained a bachelor of arts degree in accountancy from the City University of Hong Kong in 1996. After graduation, Mr. Hui worked for international accounting firms, including Moores Rowland and KPMG. He founded Kenny K. W. Hui & Co., CPA in May 2013 and has been its sole proprietor since then.

Mr. Hui is a member of the Hong Kong Institute of Certified Public Accountants since 2000 and has been a practicing member since May 2013. Being a certified tax adviser, Mr. Hui is also a fellow member of the Taxation Institute of Hong Kong since 2010.

Pursuant to the letter of appointment entered into between the Company and Mr. Hui, he was appointed as an independent non-executive Director for a fixed term of three years commencing from the date of the Listing, subject to termination in accordance with the terms thereof and retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. Mr. Hui is entitled to a remuneration of HK$198,000 per annum. Such remuneration was determined in accordance with and covered by the said letter of appointment.

Mr. Ma Sai Yam, aged 54, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015. He is responsible for giving independent advice to the Group. Mr. Ma has extensive experience in the legal field and has been engaging in such profession for over 18 years.

Mr. Ma obtained a bachelor of science degree in economics from the University of London in the United Kingdom as an external student in 1991. He subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong and a master degree in laws from Renmin University of China in the PRC in 2012.

Mr. Ma was admitted to practise law as a solicitor in Hong Kong in 1997 and has been a member of The Law Society of Hong Kong since then. From September 1997 to June 2000, Mr. Ma worked in Augustine C. Y. Tong & Co. as assistant solicitor. From June 2000 to March 2002, Mr. Ma was a consultant of Messrs. Tang, Lai & Leung. In March 2002, Mr. Ma founded Messrs. Ma Tang & Co. and has been its partner since then. Mr. Ma has been an independent non-executive director of Jiande International Holdings Limited, a company listed on the Stock Exchange (stock code: 865), since 25 October 2016.

Pursuant to the letter of appointment entered into between the Company and Mr. Ma, he was appointed as an independent non-executive Director for a fixed term of three years commencing from the date of the Listing, subject to termination in accordance with the terms thereof and retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. Mr. Ma is entitled to a remuneration of HK$132,000 per annum. Such remuneration was determined in accordance with and covered by the said letter of appointment.

Mr. Chow Chun Hin Leslie, aged 33, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015. He is responsible for giving independent advice to the Group. Mr. Chow has extensive experience in financial advising and has been engaging in such profession for over 10 years.

Mr. Chow graduated from the University of California in the United States in 2005 with a bachelor of arts degree in business economics. From October 2005 to March 2009, Mr. Chow worked in Deloitte & Touche LLP in the United States with last position as audit senior. From May 2009 to August 2015, Mr. Chow worked in Albeck Financial Services, a financial consulting firm in the United States, with last position as partner, mainly responsible for technical Generally Accepted Accounting Principles consulting, Sarbanes Oxley Act compliance and work paper preparation for United States listed companies in the PRC. In August 2015, Mr. Chow joined Takung Art Company Limited, a company listed on the New York Stock Exchange (stock code: TKAT) and is currently its chief financial officer, his responsibilities include planning, implementing, managing and controlling all financial-related activities of the company, which includes the accounting, finance, forecasting, strategic planning, investor and public relationships, and private and institutional financing functions. From 23 September 2015 to 25 April 2016, Mr. Chow had been an independent non-executive director of PPS International (Holdings) Limited, a company listed on the Stock Exchange (stock code: 8201).

Pursuant to the letter of appointment entered into between the Company and Mr. Chow, he was appointed as an independent non-executive Director for a fixed term of three years commencing from the date of the Listing, subject to termination in accordance with the terms thereof and retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. Mr. Chow is entitled to a remuneration of HK$132,000 per annum. Such remuneration was determined in accordance with and covered by the said letter of appointment.

Disclosure Required under Rule 13.51(2)(l) of the Listing Rules

Mr. Chu King Tien, our executive Director, was a director of the following dissolved companies, which were incorporated in Hong Kong, prior to their respective dissolution:

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
China Favour Engineering Limited (中輝工程有限公司)	Investment	11 May 2001	Deregistration	Cessation of business
Elegant Art Investment Limited (秀麗雅投資有限公司)	Property holding	8 November 2002	Striking off	Disposal of all properties held under its name
Take Mind Limited (再思有限公司)	Property holding	23 March 2007	Deregistration	Disposal of all properties held under its name
Union Shine (Hong Kong) Limited (合輝(香港)有限公司)	Property holding	2 May 2003	Deregistration	Disposal of all properties held under its name

Mr. Chow Chun Hin Leslie, our independent non-executive Director, was a director of the following dissolved companies, which were incorporated in Hong Kong, prior to their respective dissolution:

Name of company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
L & C Consultant Co. Limited (熙譽顧問有限公司)	Accounting services	12 December 2014	Deregistration	Cessation of business
LAC Accounting Services Limited	Accounting services	20 November 2015	Deregistration	Cessation of business
Chows & Poon Corporate Services Limited (駿傑會計及秘書服務有限公司)	Accounting services	19 August 2016	Deregistration	Cessation of business

Mr. Chu and Mr. Chow confirmed that the above companies were solvent at the time when they were being dissolved by deregistration or striking off and that the respective dissolution or striking off of the above companies were not caused by any of their unlawful acts and had not resulted in any liability or obligation against them.

General

Save as disclosed in this announcement, none of the Directors (i) held other positions in the Group as of the Latest Practicable Date; (ii) had any other relationship with any Directors, senior management or substantial shareholders or controlling Shareholders of the Company as of the Latest Practicable Date; or (iii) held any other directorships in other listed public companies in the last three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in this announcement, each of the Directors did not have any interest in the Shares or underlying Shares of the Company and the associated corporations of the Company within the meaning of Part XV of the SFO.

Save as disclosed in this announcement, there are no other matters concerning any of the Directors that need to be brought to the attention of the Shareholders.

REGULAR PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of quarterly reporting of its financial results and will follow the relevant requirements of the Listing Rules which include publishing its interim results within two months and annual results within three months from the end of the relevant periods or financial year ends, respectively. The Board is of the view that investors and Shareholders will continue to have access to relevant information of the Company following the reporting requirements under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the Track Record Period and 6M2017, Nan Hua Jin Li, being one of the top five customers of the Group, is legally and beneficially owned as to 71% by Mr. Zhu, who is a nephew of Mr. Chu, the executive Director and controlling Shareholder of the Group, and as to 29% by Independent Third Parties. Therefore, Mr. Zhu is a connected person under Rule 14A.21(1)(a) of the Listing Rules. As Nan Hua Jin Li is a majority-controlled company (as defined under the Listing Rules) of Mr. Zhu, it is also a connected person under Rule 14A.21(1)(b) of the Listing Rules. In addition, Suenglh is legally and beneficially owned as to 100% by Mr. Zhu. Suenglh, being a majority-controlled company of Mr. Zhu, is therefore also a connected person under Rule 14A.21(1)(b) of the Listing Rules.

On 1 February 2017, the Company entered into the Master Sales Agreement with Nan Hua Jin Li and Suenglh, pursuant to which, the Company agreed to sell, and Nan Hua Jin Li and Suenglh agreed to purchase, batteries products for a term of three years commencing retrospectively from 1 January 2017 and ending on 31 December 2019, subject to the terms and conditions provided therein. The Master Sales Agreement is a renewal of the previous master sales agreement dated 31 December 2013 (as supplemented by a supplemental agreement dated 15 September 2014), which had expired on 31 December 2016.

The Directors confirm that the Company has complied with the requirements under the GEM Listing Rules as to its continuing connected transactions with Nan Hua Jin Li and Suenglh and the Directors have confirmed that the Group's transactions with Nan Hua Jin Li and Suenglh were conducted in the ordinary course of business of the Group and on normal commercial terms. The Master Sales Agreement and the sale and purchase caps under the Master Sales Agreement were duly approved by the Shareholders in an extraordinary general meeting of the Company held on 29 May 2017.

Following the Transfer of Listing, the Group's transactions with Nan Hua Jin Li and Suenglh will continue and constitute continuing connected transactions under the Listing Rules. The Company will continue to comply with the relevant rules governing continuing connected transactions under the Listing Rules. For further information on the continuing connected transaction between the Group and Nan Hua Jin Li and Suenglh, please refer to the circular of the Company dated 10 May 2017.

COMPLIANCE WITH THE LISTING RULES

The Board confirms that all pre-conditions for a transfer of listing under Rule 9A.02 of the Listing Rules have been fulfilled in relation to the Company and the Shares as at the date of this announcement.

BUSINESS OF THE GROUP

The Group manufactures and sells 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.

Products of the Group

The products are mainly divided into two segments, namely (i) disposable batteries; and (ii) rechargeable batteries and other battery-related products. The disposable batteries are divided 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 Group manufactures and sells different battery models in different sizes which can be applied to a wide range of electronic devices, such as battery-operated toys, watches and clocks, remote controls, alarms, healthcare products and calculators. With the policies and regulations in the European Union and the PRC, the trend of the global battery market evolving towards hazardous substance-free batteries has continued. The Group has therefore developed hazardous substance-free batteries under the Group's "ecototal" series which are mercury-free, cadmium-free and lead-free.

Production facilities of the Group and utilisation rate

As at the Latest Practicable Date, the Group had two production facilities respectively located in Dongguan ("**Dongguan Production Facility**") and Jiangmen ("**Jiangmen Production Facility**") in Guangdong Province of the PRC. The Group operates a total of 31 production lines in Dongguan Production Facility and Jiangmen Production Facility. All 31 production lines are equipped with semi-automated machines and equipment. Particulars of the Dongguan Production Facility and Jiangmen Production Facility are set forth below.

Facility	**Location**	**Approximate gross floor area** *(sq. m.)*	**Number of production line**	**Principal usage**
Dongguan Production Facility	Qishi Town, Dongguan	28,554	20	Manufacturing of alkaline micro-button cells, other micro-button cells and carbon cylindrical batteries
Jiangmen Production Facility	Pengjiang District, Jiangmen City	28,918	11	Manufacturing of alkaline cylindrical batteries and carbon cylindrical batteries

The major production equipment and machinery include power press, transfer press, zinc gel filling machines, electrolyte filling machines, separator winding machines, cathode ring moulding machines, crimping machines and conductive film spraying machines. The engineering department of the Group carries out regular inspections and maintenance for the Group's major equipment and machinery in accordance with their respective maintenance requirements and conditions so as to ensure that they can function properly.

The following table sets forth the annual designed production capacity, the actual annual production volume and the utilisation rate of the Group's production facilities for FY2014, FY2015 and FY2016.

	FY2014			FY2015			FY2016		
Product	**Annual designed production capacity** *(Note 1)* *(million units)*	**Actual annual production volume** *(million units)*	**Utilisation rate** *(Note 2)*	**Annual designed production capacity** *(Note 3)* *(million units)*	**Actual annual production volume** *(million units)*	**Utilisation rate** *(Note 2)*	**Annual designed production capacity** *(Note 3)* *(million units)*	**Actual annual production volume** *(million units)*	**Utilisation rate** *(Note 2)*
Disposable batteries									
Cylindrical batteries									
Alkaline	297.90	210.23	70.57%	297.90	183.31	61.53%	297.90	197.79	66.39%
Carbon	290.21	195.83	67.48%	290.21	142.42	49.07%	290.21	147.50	50.83%
Sub-total of cylindrical batteries	588.11	406.06	69.04%	588.11	325.73	55.39%	588.11	345.29	58.71%
Micro-button cells									
Alkaline	791.83	462.71	58.44%	791.83	436.88	61.49%	791.83	301.39	38.06%
Silver oxide	38.44	3.24	8.43%	38.44	1.08	2.81%	38.44	8.00	20.81%
Sub-total of micro-button cells	830.27	465.95	56.12%	830.27	437.96	52.75%	830.27	309.39	37.26%
Total	1,418.38	872.01	61.48%	1,418.38	763.69	53.84%	1,418.38	654.68	46.16%

Notes:

1. For FY2014, the annual designed production capacity of each production line is calculated by multiplying its daily production capacity by the number of days in a calendar year that such production line is expected to operate. Save for the Group's production lines for AA alkaline cylindrical batteries, AAA alkaline cylindrical batteries and AA carbon cylindrical batteries which the Company assumes to operate 21 hours (i.e. 3 shifts of 7 hours each) a day for a total of 286 days during the relevant periods, the Company assumes that the Group's production lines operated 14 hours (i.e. 2 shifts of 7 hours each) a day for a total of 286 days during the relevant periods, taking into account downtime for regular maintenance, public holidays and meal arrangement of the Group's staff. The Company also assumes that all of the Group's production lines have a machine efficiency of 80%, which the Directors believe is the industry norm, taking into account factors such as set-up time, materials loading time, machine downtime, availability of labour and rest time of the staff.

2. Utilisation rates are calculated by dividing the actual annual production volume over the annual designed production capacity.

3. For FY2015 and FY2016, the annual designed production capacity of each production line is calculated by multiplying its daily production capacity by the number of days in a calendar year that such production line is expected to operate. Save for the Group's production lines for AA alkaline cylindrical batteries, AAA alkaline cylindrical batteries and AA carbon cylindrical batteries which the Company assumes to operate 17.5 hours (i.e. 2.5 shifts of 7 hours each) a day for a total of 286 days during the relevant periods, the Company assumes that the Group's production lines operated 14 hours (i.e. 2 shifts of 7 hours each) a day for a total of 286 days during the relevant periods, taking into account downtime for regular maintenance, public holidays and meal arrangement of the Group's staff. The Company also assumes that all of the Group's production lines have a machine efficiency of 81% and 63% for alkaline and carbon batteries respectively, which the Directors believe is the industry norm, taking into account factors such as set-up time, materials loading time, machine downtime, availability of labour and rest time of the staff.

The change in production lines operating hours assumptions in calculation of the annual designed production capacity in FY2015 and FY2016 is due to the decrease in working hours of labour in production line in FY2015 and FY2016 as compared to FY2014. The decrease in production lines operating hours is due to the reduction of night shifts which is attributed to (i) shortage of labour willing to work in night shifts; (ii) general tendency of employees calling for shorter working hours due to increasing awareness of quality of life; and (iii) the general policy to reduce working hours of the employees for enhancing production safety. Also, the Group acquired a production line in 2015 and the commercial production was commenced in the third quarter of 2016. As the trials for adoption of new materials and provision of on line training to staff in relation to such production line were required, the production volume decreased accordingly.

Therefore, as the assumptions in calculation of the designed production capacity changed to fewer operating hours per working day, although the new production line commenced its production in FY2016, the Group's annual designed production capacity stayed flat and the actual production volume decreased.

Since the commencement of commercial production of the new production line in the third quarter of 2016, the Group was able to produce battery products with new and more advanced specifications in order to cope with the technological advancement in the battery industry and the increasing market demand for mercury-free, cadmium-free and lead-free alkaline batteries. In addition, the new production line is able to produce batteries of higher capacity, higher voltage, more stable discharge of electricity or longer standby life. With the new production line, the Group launched four new series of batteries, namely "MaxiPro", "Power Stay", "Power P+US" and "Super P+US", of which the Group received positive feedback from the Group's customers. 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 against other battery manufacturers in the long run. As such, a newly designed and automatic production line for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries will be delivered to us in the fourth quarter of 2017 for producing batteries with more advanced specification and higher quality.

Sales, marketing and distribution

The Group has been manufacturing and selling batteries and battery-related products under the Group's own brand "Golden Power" and the brands of the Group's private label and OEM customers.

Branded business

The Group manufactures and sells batteries under "Golden Power" brand. The customers of branded business of the Group include industrial customers and distributors. The Group had registered trademarks for the Group's "Golden Power"' brand worldwide, including in Japan, the United States, Russia as well as in the PRC and Hong Kong.

Private label business

The Group also manufactures and sells batteries under its own original design and specifications to its private label customers, which are eventually sold under the brand names of the Group's private label customers.

OEM business

The Group also manufactures and sells batteries to other battery manufacturers on an OEM basis. The OEM customers require the Group to manufacture batteries in accordance with their design and specifications and these customers will sell such products under their own brand names.

The table below sets forth the revenue generated by the sale of batteries and battery-related products under the Group's branded business, private label business and OEM business during the Track Record Period and 6M2017:

	FY2014		**FY2015**		**FY2016**		**6M2017**	
		Approx.		*Approx.*		*Approx.*		*Approx.*
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Branded business	132,872	34.53%	123,198	39.55%	119,730	39.49%	59,969	41.01%
Private label business	216,212	56.20%	149,703	48.06%	154,662	51.01%	64,718	44.26%
OEM business	35,668	9.27%	38,599	12.39%	28,805	9.50%	21,533	14.73%
Total	384,752	100.00%	311,500	100.00%	303,197	100.00%	146,220	100.00%

EMPLOYEES AND REMUNERATION POLICY

The following table sets forth the number of employees of the Group as at the end of FY2014, FY2015 and FY2016 and 6M2017:

	FY2014	**FY2015**	**FY2016**	**6M2017**
Number of employees of the Group	714	530	492	509

The decrease in the number of employees was attributable to the improvement on automation. The Group spent a significant amount on acquiring equipment and machinery in 2013 and the Group acquired a new production line in May 2015, which commenced commercial production in the third quarter of 2016. The effect brought about by the increased automation as a result of the new equipment, machinery and production line gradually reflected in the subsequent years by reducing the number of staff members required to operate the production lines. In addition, the reduction in the required manpower to operate the production lines is achieved by continuous improvement, upgrade and overhaul of the existing production facilities. There was an increase of number of employees in 6M2017 as the Group hired more employees for the new packaging requirements requested by the new customers. The Directors are of the view that the quality of the employees is an important factor in sustaining the Group's business growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salary and mandatory provident fund, staff benefits include medical coverage scheme and the Share Option Scheme.

For further information on the remuneration of the Directors and employees, please refer to the paragraph headed "Key financial information — Remunerations of the Directors and employees" of this announcement below.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's business is subject to the relevant PRC national and local environmental laws and regulations, such as the Environmental Protection Law of the PRC (中華人民共和國環境保護法). These laws and regulations govern a broad range of environmental matters, including discharge of wastewater and disposal of hazardous waste. A summary of the environmental protection laws and regulations applicable to the Group is set out below.

According to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) adopted by the Standing Committee of the National People's Congress of the PRC (the "**Standing Committee**") on 26 December 1989 and amended on 24 April 2014, any entity which discharges pollutants should implement environmental protection methods and procedures to control and properly treat waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise vibrations and electromagnetic radiation and other hazards it produces.

In addition, according to the Law on Prevention and Control of Water Pollution of the PRC (中華人民共和國水污染防治法) promulgated by the Standing Committee on 11 May 1984 and amended on 15 May 1996 and 28 February 2008, the discharge of pollutants shall not exceed the national or local standards for discharging water pollutants and the standard of total discharge of major pollutants.

According to the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) promulgated by the Standing Committee on 30 October 1995 and amended on 29 December 2004 and 29 June 2013, the State follows the principle whereby the polluter is held responsible for the environmental pollution caused by its solid waste discharge in accordance with law. Manufactures, sellers, importers and users of products shall, in accordance with law, be responsible for preventing and controlling pollution by solid waste generated by their products.

According to the Law of the PRC on Prevention and Control of Pollution by Environmental Noise (中華人民共和國環境噪聲污染防治法) promulgated by the Standing Committee on 29 October 1996 which became effective from 1 March 1997, enterprises and institutions that produce environmental noise pollution must maintain normal operation of the facilities for prevention and control of such pollution, and pay fees for excessive emission of such pollution according to the regulations of the State.

According to the Measures for the Administration of Collection Standards for Pollutant Discharge Fees (排污費徵收標準管理辦法) jointly promulgated by the State Development Planning Commission, the Ministry of Finance, the State Environmental Protection Administration and the State Economic and Trade Commission adopted as of 1 July 2003, environmental protection administrative department at or above the county level shall collect pollutant discharge fees from polluter in respect of discharging waste water, waste gas, solid wastes, hazardous wastes and excessive noise.

According to the Measures for the Prevention and Control of Environment Pollution by Discarded Dangerous Chemicals (廢棄危險化學品污染環境防治辦法) promulgated by the State Environmental Protection Administration on 30 August 2005 which became effective from 1 October 2005, the manufactures, sellers, importers and users of dangerous chemicals shall be responsible for the prevention and control of disposed dangerous chemicals. The sellers, importers and users of dangerous chemicals shall recycle, utilized dispose discarded dangerous chemicals by themselves or entrust any entity that has the corresponding class of business and business scale and holds the permit for operation of dangerous waste.

To ensure compliance with the applicable environmental regulations and laws, the Group has entered into several service contracts with professional waste disposal service companies for the disposal of hazardous waste produced in the Group's production process. These professional waste disposal service companies have obtained operation permits of hazardous waste for the disposal of hazardous waste listed in the national catalogue of hazardous waste. They have also obtained operation permits of road transport for the transportation of hazardous waste or have entrusted qualified transportation service companies to carry out the transportation of hazardous waste according to law. Prior to entering into waste disposal service agreements with the waste disposal service companies, the Group generally requires them to provide copies of the relevant permits, which would be checked against the originals and attached as appendices to the relevant agreements. The Group also conduct regular review of the validity and renewal status of such permits held by the waste disposal service companies engaged by the Group. The Group has also appointed Mr. Liang Tao, the general manager of Goldtium (Jiangmen) Energy Products Company Limited* (江門金剛電源製品有限公司), an indirect wholly-owned subsidiary of the Company, and one of the senior management members of the Company, to supervise and monitor compliance with statutory regulations and the Group's internal standard in respect of environmental matters.

Our PRC legal adviser have confirmed and to the best knowledge of the Directors, there has not been any material new laws, regulations or policies on environmental protection which are applicable to the Group since the date of the Listing and up to the Latest Practicable Date.

For the legal compliance of the Group, please refer to the paragraph headed "Legal compliance" of this announcement.

RESEARCH AND DEVELOPMENT

The Group puts great emphasis on product research and development. The Group was recognised as the Engineering Research Centre of Jiangmen City, Guangdong* (廣東省江門市工程技術研究中心), which was awarded by the Jiangmen Science and Technology Bureau and demonstrates the high-level of research and development capability of the Group. During the Track Record Period, the Group developed 13 new battery models. The research and development achievement of the Group has contributed to the Group's holding of 22 patents in the PRC and one patent in Hong Kong as at the Latest Practicable Date. The Group had also made application for registration of 3 patents in the PRC as at the Latest Practicable Date to the relevant patent registration authorities.

The Group did not separately itemise the expenses incurred in research and development in the accounts of the Group. However, during the Track Record Period, the relevant costs relating to the research and development of the Group are set out below:

	FY2014	**FY2015**	**FY2016**
	HK$ million	*HK$ million*	*HK$ million*
Costs incurred in the development of production lines which were capitalised as construction in progress under fixed assets	17.12	8.73	29.68
Aggregate annual salaries of the staff members who principally engaged in research and development	3.55	4.02	4.11
Total	20.67	12.75	33.79

AWARDS AND RECOGNITIONS

In recognition of the quality management system, the Group has obtained certification of ISO 9001: 2008. The Group has also passed the sample product characteristics tests conducted by National Battery Inspection & Testing Center, showing that the Group's batteries are in accordance with international standards such as IEC 60086 of International Electrotechnical Commission and GB 24427 of Guo Biao (National Standard (People's Republic of China)). In recognition of the Group's environmental management system, the Group has obtained certification of ISO 14001: 2004. The Group has also passed the sample product characteristics tests conducted by SGS-CSTC Standards Technical Services Co., Ltd., showing that the batteries produced by the Group are in accordance with the Directive 2006/66/EC of the European Parliament and of the Council and the regulation concerning Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). As stated above, the Group was recognised as the Engineering Research Centre of Jiangmen City, Guangdong* (廣東省江門市工程技術研究中心) awarded by the Jiangmen Science and Technology Bureau.

MAJOR RISKS ASSOCIATED WITH THE BUSINESS OF THE GROUP

The Board considers that the material risks associated with the business of the Group include the following:

The costs of raw materials account for a significant portion of the cost of sales of the Group and any fluctuations in their prices may affect its profitability

The major raw materials used in the Group's products are steel, zinc, electrolytic manganese dioxide, copper, separator and plastics. In particular, the steel, zinc and electrolytic manganese dioxide in aggregate constituted over 43.46%, 46.04% and 54.29% of the total material costs of the Group in FY2014, FY2015 and FY2016, respectively. The table below sets forth the change in prices of major raw materials used by the Group during the Track Record Period.

Raw Material	FY2014	FY2015	FY2016
Steel coil	3.37%	0.29%	4.24%
Steel can	–15.97%	10.45%	–5.95%
Steel sheet	0.42%	–2.35%	–5.68%
Zinc	4.31%	–16.11%	–6.46%
Electrolytic manganese dioxide	18.97%	–18.89%	–4.18%

During the Track Record Period, except the price of steel can, the prices for steel coil, steel sheet, zinc and electrolytic manganese dioxide were of an increasing trend in general in FY2014. However, in FY2015, the majority of the prices in raw materials other than steel coil and steel can recorded a decreasing trend. In FY2016, all major raw materials other than steel coil continued to record a decrease in prices. As at the Latest Practicable Date, the Directors were not aware of any matter which would materially increase the costs of the major raw materials in the near future.

During the Track Record Period, the Group mainly sourced the raw materials within the PRC. The raw materials of the Group sourced within the PRC accounted for approximately 94.73%, 94.72% and 85.58% of the total costs of raw materials of the Group for FY2014, FY2015 and FY2016, respectively. Thus, the Group is exposed to fluctuation in the exchange rate of RMB in relation to the purchase of raw materials and the decreasing trend of raw material price during the Track Record Period was also affected by the change in RMB to Hong Kong Dollar currency exchange rate for the past years.

The prices of raw materials may be subject to fluctuations as a result of various factors beyond the Group's control, such as global economic and financial conditions. Therefore, the Group is exposed to the fluctuation in the exchange rate of RMB which in turn affects the prices of those raw materials in term of Hong Kong Dollar, as well as the effect of the changes in prices of the raw materials.

In addition, since the Group has no long term supply contracts with its suppliers, prices of raw materials are subject to market fluctuations from time to time. Since the products of the Group face keen competition, it may not be able to pass on the increase in raw materials costs to its customers, and its business operations and financial performance may be adversely affected.

The Group has no long-term sales contracts with its major customers

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

The Group manufactures some of the products on a made-to-stock basis with reference to its sales forecast which may not be accurate

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

If the Group is unable to successfully develop new technology or new products, the business, results of operations and prospects of the Group may be adversely and materially affected

The PRC's disposable battery manufacturers are developing the technology for mercury-free batteries. The Group's competitors continuously search for ways to improve the quality and specifications of the batteries they produce and to make them more environmentally friendly, which, if successful, could render the Group's products uncompetitive or obsolete. As a result, the Group continues to invest human and capital resources in research and development to improve the existing products and to develop new products. However, there is no assurance that the Group will be successful in developing and manufacturing environmentally friendly products with improved quality and specifications in a timely manner or at all in the future. Even if the Group is successful in developing such products, there is no assurance that they will be sold in volumes and at prices that will generate expected returns on its research and development investments, and it could materially and adversely affect the Group's financial condition, results of operations and prospects.

Any problems with product quality or performance could result in a loss of customers and sales and may subject the Group to product liability claims, which could result in significant costs or negatively affect the reputation of the Group

The success of the Group's business depends on its ability to consistently deliver products with high quality and reliability. If the quality or performance of any of its products deteriorates for any reason, the Group may face returns or cancellations of orders and customer complaints. Moreover, as the Group's products contain chemical substances, such as potassium hydroxide, any defects or improper performance of its products may directly or indirectly result in harm to the environment and human health, safety and daily lives.

The Group does not have express contractual protection from its suppliers which would entitle the Group to compensation in relation to product quality. Further, if there is any property damage or personal injury resulted from any defects or improper performance of its products, the Group may be subject to product liability claims. The costs and resources required to defend such claims may be substantial and, if such claims are successful, the Group could be liable to paying some or all of the costs and/or damages awarded to the claimants. Although the Group maintains product liability insurance, the coverage is limited to a fixed amount and may not be sufficient to cover all costs and/or damages for which the Group is held liable. Accordingly, any problems with product quality or performance may have a material and adverse effect on the Group's reputation, profitability and future growth.

The Group's business may be affected by seasonality

The Group's business is subject to seasonality. During the Track Record Period, the Group recorded relatively lower revenue in the first quarter of each year. The Group believes that it is mainly due to the fact that (i) our production staff would be on leave for around ten days during the Chinese New Year holiday so that the production was suspended during the said period; and (ii) the production facilities of the Group conducted annual maintenance for around 14 days during the Chinese New Year holiday in 2014, 2015 and 2016, respectively, which lowered the production output of the Group during the relevant periods. As a result, the revenue of the Group generated in the first quarter of FY2014, FY2015 and FY2016 accounted for only 18.84%, 22.72% and 21.03% of the total revenue during the respective financial years.

KEY FINANCIAL INFORMATION

The following table sets forth selected information of the Group's consolidated statement of profit and loss for the Track Record Period and 6M2017:

	FY2014	**FY2015**	**FY2016**	**6M2016**	**6M2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	384,752	311,500	303,197	145,682	146,220
Cost of sales	(296,446)	(235,054)	(207,082)	(104,236)	(106,495)
Gross profit	88,306	76,446	96,115	41,446	39,725
Other revenue	4,663	3,302	3,040	1,060	1,968
Other (losses)/gains	(738)	987	(3,467)	(2,174)	923
Selling expenses	(14,131)	(12,477)	(15,784)	(6,828)	(5,995)
General and administrative expenses	(54,143)	(55,027)	(43,382)	(21,884)	(22,060)
Profit from operations	23,957	13,231	36,522	11,620	14,561
Finance costs	(7,137)	(5,880)	(3,729)	(1,964)	(1,818)
Profit before income tax	16,820	7,351	32,793	9,656	12,743
Income tax expense	(5,127)	(3,952)	(8,753)	(2,001)	(3,129)
Profit attributable to equity holders	11,693	3,399	24,040	7,655	9,614

For further information in relation to the audited financial information of the Group for FY2014, FY2015 and FY2016, please refer to Appendix I of the Prospectus, pages 36 to 95 of the annual report dated 18 March 2016 and pages 52 to 110 of the annual report dated 21 March 2017, respectively.

Revenue

Revenue for FY2014, FY2015, FY2016 and 6M2017 were approximately HK$384.75 million, HK$311.50 million, HK$303.20 million and HK$146.22 million, representing a decrease of approximately 19.04% as compared between FY2014 to FY2015 and 2.66% as compared between FY2015 and FY2016, respectively, but an increase of approximately 0.37% as compared between 6M2017 and 6M2016. Such decrease in FY2015 and FY2016 was primarily attributable to the net effect of (i) a slowing down of demand in Australia, Eastern Europe and the PRC causing the decrease of revenue of cylindrical batteries and rechargeable batteries and other battery-related products; and (ii) partially offset by the increase in revenue of micro-button cells during FY2016. During the Track Record Period, one of the top five customers of the Group in Australia launched a promotional campaign for cylindrical batteries in FY2014 and FY2015, which contributed to the revenue of the Group approximately HK$9 million and HK$9.8 million in FY2014 and FY2015, respectively. As such promotional campaign was discontinued in FY2016 which affected the sales of the cylindrical batteries of the Group. For East Europe market, the fluctuation in currency exchange rates of the Eastern European countries affected the demand of cylindrical batteries, as customers tended to be more conservative in inventory control in contemplation of the depreciation on its local currency against the U.S. dollars, and the Company tended to select the customers with better creditworthiness in East Europe. The customers would take a more conservative approach in inventory control in contemplation of the depreciation in local currencies against U.S. dollars because (i) depreciation in local currencies would usually be coupled with slowing down of the customers' local economy, which would generally reduce their demand for industrial production as well as general merchandise consumption, including the demand for the Group's batteries; (ii) customers tend to preserve their capital in contemplation of the slowing down of the economy and reduce their orders with the Group batteries; and (iii) fluctuations in local currencies would increase currency risk involved in international trading and generally shrink the customers' demand for foreign currency denominated imported goods, including the Group's batteries. In addition, one of the top five customers of the Group changed the destination of delivery of products from the PRC to Hong Kong, which in result showing a downwards trend in cylindrical batteries in the PRC. The increase in revenue in 6M2017 as compared to 6M2016 was mainly attributable to the increase in sales to North America in micro-button cells and rechargeable batteries and other battery-related products.

As the trading currencies of the Group are mainly RMB, U.S. dollars and Hong Kong Dollar while the presentation currency of the Group is Hong Kong Dollar, the change in currency exchange rate between RMB and Hong Kong Dollar has an impact on the revenue of the Group. During the Track Record Period, the average exchange rate of the Group was one RMB to 1.2601, 1.2355 and 1.1704 Hong Kong Dollar in FY2014, FY2015 and FY2016, respectively.

There are in total of 31 new customers from 1 January 2017 up to the end of 6M2017 with an aggregated order amount for approximately HK$7.16 million. With (i) the Company's plan to expand its retail markets in Japan, Canada, Europe and the PRC; (ii) new batteries series being launched in 6M2017 of which positive feedback was received from the customers of the Company; and (iii) the Company actively seeking new business opportunities with details set out in the paragraph headed "Recent Development — Other business development" of this announcement below, the Directors are of the view that Group will be able to attract new customers and retain its major customers, despite that the volume of the sales may be affected by the business strategies of the Group's customers.

As shown in the table below, although the change of product mix of the Group that the revenue of cylindrical batteries was in decline while the revenue of micro-button cells was in an upward trend, the Group will continue to produce the cylindrical batteries, micro-button cells, rechargeable batteries and other battery related products. The Directors consider that the products of the Group are not obsolete and are daily consumables. The Directors also believe that there is no material adverse change which will cause a sudden decrease in demand of any type of the products. The Company targets to expand its retail markets in Japan, Canada, Europe and the PRC. For further information on the marketing plans of the Group, please refer to the paragraph headed "Recent development — Other business development" of this announcement below.

Revenue by segments

The following table sets out the Group's revenue by the Group's product segments:

	FY2014		**FY2015**		**FY2016**		**6M2017**	
		Approximate		*Approximate*		*Approximate*		*Approximate*
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*
Revenue								
Cylindrical batteries	288,913	75.09%	211,077	67.76%	208,582	68.79%	99,608	68.12%
Micro-button cells	77,284	20.09%	84,622	27.17%	85,400	28.17%	43,845	29.99%
Rechargeable batteries and other battery-related products	18,555	4.82%	15,801	5.07%	9,215	3.04%	2,767	1.89%
Total	384,752	100.00%	311,500	100.00%	303,197	100.00%	146,220	100.00%

The drop in revenue of rechargeable batteries and other battery-related products of the Group in FY2016 was mainly because the orders of rechargeable battery by Customer E, being one of the top five customers of the Group in FY2015, decreased, which in turn affected the revenue in this segment. For the reason for drop of revenue in cylindrical batteries, please refer to the paragraph headed "Key financial information — Revenue" of this announcement above. The increase of the revenue of micro-button cells was mainly due to the increase of its unit selling price as shown below.

The following table sets out the Group's average selling price by products during the Track Record Period and 6M2017:

	FY2014	**FY2015**	**FY2016**	**6M2017**
	HK$	*HK$*	*HK$*	*HK$*
Cylindrical batteries	0.6339	0.6471	0.5933	0.5434
Micro-button cells	0.1788	0.2187	0.3885	0.3803
Rechargeable batteries and other battery-related products	2.9371	3.4899	5.7885	4.9677
Average price of the products	0.4302	0.4341	0.5291	0.4888

In FY2014 and FY2015, micro-button cells average unit price increased from HK$0.18 to HK$0.22 which was equivalent to approximately 22.22% upside. The average unit price of the micro-button cells increased from HK$0.22 in FY2015 to HK$0.39 in FY2016 which was equivalent to approximately 77.27% upside and slightly decreased from HK$0.39 in FY2016 to HK$0.38 in 6M2017. Therefore, although the actual annual production volume of micro-button cells dropped during the Track Record Period, due to the increasing selling price of the alkaline micro button cell battery as evidenced by the increase in average selling price, the revenue attributable to micro-button cells continued to grow during the Track Record Period. Due to the strict enforcement of the directive of 2006/66/EC issued by the European Union in October 2015 and the regulation in the PRC regarding the limitation of mercury content for micro button cells which was introduced in 2013 and strictly enforced in January 2016, the customers of the Group are willing to change their purchasing behaviour from batteries containing hazardous substances to hazardous substance-free batteries which are sold at a higher average unit price in the market.

The following table sets out information about the geographical location of the Group's revenue from customers and the geographical location of customers is based on the location at which the goods are delivered during the Track Record Period and 6M2017:

	FY2014	**FY2015**	**FY2016**	**6M2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
The PRC	131,420	89,167	74,886	46,196
Hong Kong	58,169	71,492	75,931	33,826
Asia (except the PRC and Hong Kong)	25,233	25,967	28,859	13,569
Europe (except Eastern Europe)	73,240	37,175	41,550	14,997
Eastern Europe	14,408	9,474	3,722	2,510
North America	32,258	22,143	39,972	19,327
South America	16,808	17,160	16,318	8,324
Australia	30,238	33,969	19,346	4,729
Africa	2,580	3,050	655	976
Middle East	398	1,903	1,958	1,766
Total	384,752	311,500	303,197	146,220

A downward trend in the revenue in the PRC, Eastern Europe and Australia was mainly due to (a) the change of delivery destination of products from the PRC to Hong Kong by one of the top five customers of the Group; (b) the change in the currency exchange rates between the local currencies in the Eastern Europe against the U.S. dollars; and (c) a marketing campaign in the Australia launched by one of the top five customers of the Group in FY2014 and FY2015 did not continue in FY2016. In particular, the drop in the revenue in the PRC during the Track Record Period was attributable to (i) slowdown of the economy in the PRC which in turn caused a decreased demand for cylindrical batteries in FY2015 and FY2016; (ii) the decrease in sales to Nan Hua Jin Li and Suenglh in FY2016 and (iii) depreciation of RMB against Hong Kong Dollar since the third quarter in 2015. For more details, please refer to the paragraph headed "Key financial information — Revenue" of this announcement above.

The following table sets out the Group's revenue by the Group's customer types during the Track Record Period and 6M2017:

	FY2014	FY2015	FY2016	6M2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Distributor	26,566	22,491	17,490	9,675
Industrial	154,621	129,317	118,384	65,811
Retailer and Wholesaler	203,565	159,692	167,323	70,734
Total	384,752	311,500	303,197	146,220

The decrease in the revenue from distributor was mainly due to a decrease in the revenue from Nan Hua Jin Li, which was affected by (a) the fluctuation in the currency exchange rate between RMB and Hong Kong Dollar and (b) the decrease in sales amounts. For more information in relation to such currency exchange rate, please refer to the paragraph headed "Key financial information — Revenue" of this announcement above.

Customer E, being one of the major customers of the Group, is also an industrial customer. As disclosed in this announcement, the orders for rechargeable battery placed by Customer E decreased and the revenue in the respective aspect decreased accordingly.

During the Track Record Period, the decrease in revenue from the retailers and wholesalers of the Group was mainly due to (a) a promotional campaign in selling batteries launched by one of the retailers of the Group in Australia, being one of the top five customers of the Group, in FY2014 and FY2015 and such campaign ceased in FY2016; and (b) conservative inventory control of our retail and wholesale customers as in contemplation of the expected depreciation of their local currencies against U.S. dollars.

Cost of sales

The Group recorded the cost of sales for FY2014, FY2015, FY2016 and 6M2017 of approximately HK$296.45 million, HK$235.05 million, HK$207.08 million and HK$106.50 million, respectively. The cost of sales decreased by approximately 20.71% comparing the figures in FY2014 and FY2015 and decreased by approximately 11.90% comparing the figures in FY2015 and FY2016 but increased by approximately 2.17% in 6M2017 as compared to 6M2016. The decrease in cost of sales was mainly attributable to the reduction in the production overheads and the costs in purchasing the major raw materials. The factors contributed to the reduction of production overheads include (a) decrease in approximately 4.76% in labour costs and staff related expenses from HK$20.60 million in FY2014 to HK$19.62 million in FY2015 and approximately 20.13% from HK$19.62 million in FY2015 to HK$15.67 million in FY2016; and (b) decrease in approximately 5.11% in sub-contracting fees for the packaging, electroplating and printing process from HK$9.99 million in FY2014 to HK$9.48 million in FY2015 and approximately 16.56% from HK$9.48 million in FY2015 to HK$7.91 million in FY2016. The increase in cost of sales in 6M2017 was mainly due to the higher purchase price on packaging materials during 6M2017. For more information about the changes in purchase price of the major raw materials, please refer to the paragraph headed "Major risks associated with the business of the Group — The costs of raw materials account for a significant portion of the cost of sales of the Group and any fluctuations in their prices may affect its profitability" of this announcement.

Gross Profit

The Group recorded a gross profit for FY2014, FY2015, FY2016 and 6M2017 of approximately HK$88.31 million, HK$76.45 million, HK$96.12 million, HK$39.73 million respectively. The gross profit decreased by 13.43% as compared between FY2014 and FY2015 which was mainly due to the decrease in revenue of approximately 19.04%. The gross profit of FY2016 recorded an increase of approximately 25.73% as compared to FY2015 which was mainly due to the decrease in cost of sales by HK$27.97 million from approximately HK$235.05 million for the FY2015 to approximately HK$207.08 million for FY2016, representing a decrease of approximately 11.90%. The decrease was mainly attributable to the decrease in wages and material consumptions as a result of improvement on automation. The gross profit decreased by approximately 4.15% in 6M2017 as compared to 6M2016 and such decrease mainly due to the higher purchase price on packaging materials during 6M2017.

Expenses

During FY2015, the selling expenses of the Group dropped by 11.68% to approximately HK$12.48 million as compared to approximately HK$14.13 million in FY2014 and the drop was mainly due to the decrease of the distribution and other import and export handling costs. During FY2016, the selling expenses of the Group increased by 26.44% to approximately HK$15.78 million as compared to FY2015. The increase was mainly due to the increase of the distribution, marketing and promotion expenses. The changes in the distribution, marketing and promotion expenses of the Group did not have material impact on the revenue of the Group during the relevant periods.

The Group's general and administrative expenses in FY2015 increased by approximately HK$0.89 million to approximately HK$55.03 million as compared to approximately HK$54.14 million for FY2014. The increase in general and administrative expenses was mainly due to an increase in the Listing Expenses of approximately HK$3.15 million and a donation of approximately HK$0.65 million made in FY2015, which was partially offset by the decrease in depreciation of approximately HK$0.48 million, bank charges of approximately HK$0.37 million, travelling cost of approximately HK$0.38 million and staff cost of approximately HK$1.08 million. The Group's general and administrative expenses in FY2016 decreased by approximately HK$11.65 million to approximately HK$43.38 million as compared to FY2015. The decrease in general and administrative expenses was mainly due to the absence of one-off Listing Expenses for FY2016 as compared to the one-off Listing Expenses in FY2015.

During 6M2017, the selling and distribution expenses of the Group has decreased by 12.15% to approximately HK$6.00 million, as compared to approximately HK$6.83 million for 6M2016. The decrease in selling and distribution expenses was mainly due to the reduction of marketing and promotion expenses. The Group's administrative expenses increased to approximately HK$22.06 million during 6M2017 as compared to approximately HK$21.88 million for 6M2016. The increase in administrative expenses was mainly due to the increase in professional fees despite the savings on office utilities, travelling and miscellaneous expenses.

Listing Expenses

The Listing Expenses of approximately HK$7.99 million and HK$11.14 million were charged in FY2014 and FY2015 respectively, which were recognised as the Group's general and administrative expenses for FY2014 and FY2015. The Company did not incur any Listing Expenses for FY2016.

The following table illustrates the amount of the Listing Expenses charged to the profit and loss account of the Group during the Track Record Period and 6M2017:

	FY2014	**FY2015**	**FY2016**	**6M2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)
Listing Expenses charged to the profit and loss account of the Group in each financial year/period	7,990	11,140	Nil	Nil

Finance Costs

The finance costs of the Group for FY2014, FY2015, FY2016 and 6M2017 were approximately HK$7.14 million, HK$5.88 million, HK$3.73 million and HK$1.82 million, which represents a decrease of 17.65% and 36.56% in finance costs in FY2015 and FY2016 as comparing to its respective previous financial year. The drop of finance costs in FY2015 and FY2016 was mainly due to the saving in interest costs on bank loan facilities after the repayment of the relevant loans using the net proceeds from the Listing in FY2015 and the reduction in using the banking facilities during FY2016. The financial costs were further reduced from approximately HK$1.96 million in 6M2016 to approximately HK$1.82 million in 6M2017. The decrease in financial costs in 6M2017 was attributable to the repayment of bank loan facilities by using the net proceeds from the Rights Issue.

Income Tax

The income tax expense of the Group was approximately HK$5.13 million, HK$3.95 million, HK$8.75 million and HK$3.13 million for FY2014, FY2015, FY2016 and 6M2017, respectively. The income tax expense dropped by 23% in FY2015 as comparing to FY2014 while it increased by 121.52% in FY2016 as comparing to FY2015. The decrease in income tax expense in FY2015 was mainly generated from the reduction in the Hong Kong profits tax provision for FY2015 while the increase in FY2016 was generated from the increase in the Hong Kong profits tax and PRC enterprise income tax provision for FY2016. Such increase was mainly due to increase in taxable profits from HK$16.8 million in FY2015 to HK$24.1 million in FY2016. The increase in taxable profits was mainly generated from the group entities of HK$12.3 million incorporated in the PRC, which were subject to PRC enterprise income tax rate at 25%, while partially offset by the decrease in taxable profits generated from the group entities of HK$5.0 million incorporated in Hong Kong, which were subject to Hong Kong profits tax rate at 16.5%. The increase in taxable profits of the PRC group entities was mainly due to increase in the gross profit margin resulted from the decrease in major raw material costs and labour costs. The decrease in taxable profits of the Hong Kong group entities was mainly due to the increase in sales staff costs, and distribution, marketing and promotion expenses. The income tax expense of the Group increased to approximately HK$3.13 million in 6M2017 from approximately HK$2.00 million in 6M2016, which was mainly due to the increased profit in Hong Kong.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company was approximately HK$11.69 million, HK$3.40 million and HK$24.04 million in FY2014, FY2015 and FY2016, respectively. Comparing with FY2014, profit attributable to equity holders of the Company decreased by 70.92% in FY2015 while it increased by 607.06% in FY2016 as comparing with FY2015. The increase in FY2016 was mainly due to (i) the reduction of production overheads, major raw material costs and finance costs and the savings on staff costs; and (ii) the absence of the one-off Listing Expenses recognised for FY2016. Excluding the one-off Listing Expenses of approximately HK$11.14 million being charged to the profit or loss for FY2015, profit attributable to equity holders of the Company increased in FY2016 by approximately 65.34% over the FY2015. However, there may be a drop in profit attributable to equity holders of the Company in FY2017 as compared to FY2016 in light of a possible increase in cost of sales in FY2017, which is attributable to the expected increase in the purchase costs of packing materials and expected increase in subcontracting charges in packaging process due to the increase in labour wages in the PRC.

Profit attributable to equity holders of the Company for 6M2017 was approximately HK$9.61 million while for 6M2016, the profit attributable to equity holders of the Company was approximately HK$7.66 million, representing an increase of approximately 25.46% over the same period in 2016. The increase was mainly due to RMB fluctuation in 6M2017 as compared with the same period in 2016.

Consolidated Statement of Financial Position

The following table illustrates the consolidated statement of financial position of the Group during the Track Record Period and 6M2017:

	FY2014	FY2015	FY2016	6M2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)
Non-current assets				
Property, plant and equipment	175,699	170,508	184,498	183,021
Investment properties	—	—	29,500	59,500
Intangible assets	305	315	294	261
Prepaid land lease payments	6,032	5,489	4,964	5,026
Deposits paid for property, plant and equipment	—	4,994	2,786	2,879
Deferred tax assets	7,737	7,149	5,654	5,999
	189,773	188,455	227,696	256,686
Current assets				
Inventories	59,351	48,813	48,206	48,910
Trade and bills receivables	66,901	41,172	32,739	47,684
Deposits, prepayments and other receivables	19,036	12,438	10,333	14,888
Prepaid land lease payments	231	218	205	212
Income tax recoverable	49	1,712	1,122	151
Cash and bank balances	17,168	24,918	21,797	20,221
	162,736	129,271	114,402	132,066
Current liabilities				
Trade payables	124,212	77,774	68,674	67,883
Receipts in advance, other payables and accruals	21,808	26,993	17,109	16,751
Bank borrowings, secured	125,695	59,140	38,993	28,945
Income tax payable	2,546	286	3,161	1,094
	274,261	164,193	127,937	114,673
Net current (liabilities)/assets	(111,525)	(34,922)	(13,535)	17,393
Total assets less current liabilities	78,248	153,533	214,161	274,079

	FY2014	FY2015	FY2016	6M2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Non-current liabilities				
Bank borrowings, secured	30,649	36,540	48,283	40,600
Other payables	11,000	—	—	—
Deferred tax liabilities	1,582	1,868	3,452	4,139
	43,231	38,408	51,735	44,739
Net assets	35,017	115,125	162,426	229,340
Representing:				
Capital and reserves				
Share capital	—	1,600	1,600	2,400
Reserves	35,017	113,525	160,826	226,940
Total equity	35,017	115,125	162,426	229,340

As at 31 December 2014, 2015 and 2016, the Group had net current liabilities of approximately HK$111.53 million, HK$34.92 million and HK$13.54 million, respectively. The net current liabilities were primarily attributable to a significant amount of short-term bank borrowings of approximately HK$125.70 million, HK$59.14 million and HK$38.99 million that accounted for approximately 45.83%, 36.02% and 30.48% of the total current liabilities as at 31 December 2014, 2015 and 2016, respectively. Such net current liabilities were recorded as the Group principally financed its operation and capital expenditure with short-term bank borrowings. For further information in relation to the net current liabilities and the bank borrowings of the Group for FY2014, FY2015 and FY2016, please refer to the annual reports dated 18 March 2016 and 21 March 2017, respectively.

The net current liabilities were reduced by (i) approximately HK$76.61 million from approximately HK$111.53 million in FY2014 to approximately HK$34.92 million in FY2015, and (ii) by approximately HK$21.38 million from approximately HK$34.92 million in FY2015 to approximately HK$13.54 million in FY2016. The reduction is mainly due to the reduction of short-term bank borrowings of (a) approximately HK$66.56 million from approximately HK$125.70 million in FY2014 to approximately HK$59.14 million in FY2015 and (b) approximately HK$20.15 million from approximately HK$59.14 million in FY2015 to approximately HK$38.99 million in FY2016. In addition, the Company raised funds from the Rights Issue which was completed in April 2017. Upon completion of the Rights Issue, the Company received net proceeds of approximately HK$31 million. As at 30 June 2017, the net current financial position of the Group was turned to an unaudited net current asset of approximately HK$17.39 million.

As at the Latest Practicable Date, the unutilized and unrestricted banking facilities of the Company were HK$67.08 million and HK$8.0 million, respectively. The unrestricted banking facilities of HK$8.0 million were included in the unutilized banking facilities of the Company.

The following table shows the profit attributable to equity holders of the Group and net profit margin during the Track Record Period after excluding the part of the Listing Expenses charged to the respective profit and loss account in FY2014 and FY2015 of the Group:

	FY2014 *(HK$'000)*	**FY2015** *(HK$'000)*	**FY2016** *(HK$'000)*
Profit attributable to equity holders of the Group after excluding Listing Expenses charged to the profit and loss account in each financial year	19,683	14,539	24,040

	FY2014	**FY2015**	**FY2016**
Net profit margin after excluding Listing Expenses in each financial year	5.12%	4.67%	7.93%

Financial key performance indicators

	FY2014	**FY2015**	**FY2016**	**6M2017** (unaudited)
Gross profit margin	22.95%	24.54%	31.70%	27.17%
Net profit margin	3.04%	1.09%	7.93%	6.58%
Gearing ratio	4.92	0.97	0.64	0.38

Gross Profit Margin

The gross profit margin increased by 1.59% from 22.95% in FY2014 to 24.54% in FY2015 and further increased by 7.16% to 31.70% for FY2016 and the gross profit margin for 6M2017 was 27.17%. The increase in gross profit margin during the Track Record Period was mainly due to improvement in control on the labour costs and production overheads. However, there may be a drop in the gross profit margin in FY2017 as compared to FY2016 in light of a possible increase in cost of sales in FY2017, which is attributable to the expected increase in the purchase costs of packing materials and expected increase in subcontracting charges in packaging process due to the increase in labour wages in the PRC.

Net Profit Margin

The net profit margin decreased by 1.95% from 3.04% in FY2014 to 1.09% in FY2015 but increased by 6.84% to 7.93% for FY2016 and the net profit margin for 6M2017 was 6.58%. The decrease in net profit margin in FY2015 was mainly due to the recognition of the one-off Listing Expenses during FY2015 while the increase in FY2016 was mainly due to (i) the absence of one-off Listing Expenses charged to the profit and loss account for FY2016 and (ii) the reduction of production overheads, major raw materials costs, finance costs and the savings on staff costs.

Gearing Ratio

The gearing ratio decreased from 4.92 in FY2014 to 0.97 in FY2015 and decreased to 0.64 in FY2016 and further decreased to 0.38 in 6M2017. The improvement of gearing ratio was mainly the result of using the net proceeds from the Listing to repay the short term bank borrowings during FY2015 and the reduction of the bank loan utilisation on frequency during FY2016. The further decrease of the gearing ratio in 6M2017 is attributable to the use of the net proceeds from the Rights Issue for repayment of the relevant bank loan facilities in 6M2017.

Capital Structure

Other than the allotment of 80,000,000 Shares upon completion of the Rights Issue on 21 April 2017, there has been no change in the capital structure of the Group since the date of the Listing. The capital structure of the Group consists of bank borrowings, net of bank balances and cash and equity attributable to shareholders of the Group comprising issued share capital and reserves. The issued share capital of the Group comprises ordinary shares only. Total equity of the Group amounted to approximately HK$35.02 million, HK$115.13 million, HK$162.43 million and HK$229.34 million as at the end of FY2014, FY2015, FY2016 and 6M2017.

Trade and bills receivables

The trade and bills receivables of the Group as at the respective year-end represented the outstanding amounts receivable by the Group from the customers who have been granted with credit periods. The following table sets forth the total Group's trade and bills receivables as at the end of each financial year/period indicated below:

	FY2014 *HK$'000*	**FY2015** *HK$'000*	**FY2016** *HK$'000*	**6M2017** *HK$'000* (unaudited)
Trade receivables	64,644	40,548	31,141	45,331
Bills receivables	2,257	624	1,598	2,353
Total	66,901	41,172	32,739	47,684

The Group normally allows credit terms to well-established customers ranging from 30 to 120 days. The trade receivables of approximately HK$39.91 million (approximately 88.05% of the balance of trade receivables) as at 30 June 2017 have been subsequently settled as at the Latest Practicable Date.

The decrease in trade receivables during the Track Record Period was mainly attributable to the decrease in revenue and the increased effort of the Group in collecting trade receivables.

Trade payables

The trade payables of the Group mainly relate to the purchase of raw materials from the suppliers with credit terms generally ranging from 30 to 150 days after monthly statement ("**AMS**"). The following table sets forth the Group's trade payables as at the end of each financial year/period indicated below:

	FY2014	**FY2015**	**FY2016**	**6M2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Trade payables	124,212	77,774	68,674	67,883

The trade payables of approximately HK$53.53 million (approximately 78.86% of the balance of trade payables) as at 30 June 2017 have been subsequently settled as at the Latest Practicable Date.

Major customers

For FY2014, FY2015, FY2016 and 6M2017, the sales of the Group to its top five customers amounted to approximately HK$133.13 million, HK$71.24 million, HK$93.98 million and HK$45.79 million, respectively, representing approximately 34.60%, 22.87%, 31.00% and 31.32% of the Group's total revenue for the respective periods. The sales to the Group's single largest customer accounted for approximately 12.58%, 7.22%, 10.38% and 11.69% of the Group's total revenue, respectively, during the Track Record Period and 6M2017.

During the Track Record Period and 6M2017, Nan Hua Jin Li, being one of the top five customers, is a connected person of the Company. Following the Transfer of Listing, the Group's sales of products to Nan Hua Jin Li will continue. For further information in this respect, please refer to the paragraph headed "Continuing connected transactions" of this announcement.

The following table sets forth information on the Group's five largest customers for FY2014, FY2015, FY2016 and 6M2017:

FY2014

Customer	**Background**	**Credit period**	**Year commencing relationship**	**Approximate percentage of sales**
Customer A	A manufacturer and retailer of electrical appliances such as audio and visual products, personal care products, household products and healthcare products	90 days AMS	2011	12.58%
Nan Hua Jin Li	A battery wholesaler	60 days AMS	1999	6.90%
Customer B	A manufacturer and trader of electrical appliances such as remote controls	30 days AMS	2011 *(Note)*	5.55%
Customer C	A supplier of batteries, battery chargers and lighting	Letter of credit 30 days deferred payment	2012	4.83%
Customer D	A retail store operator	Telegraph transfer 90 days	2013	4.74%

FY2015

Customer	**Background**	**Credit period**	**Year commencing relationship**	**Approximate percentage of sales**
Nan Hua Jin Li	A battery wholesaler	60 days AMS	1999	7.22%
Customer A	A manufacturer and retailer of electrical appliances such as audio and visual products, personal care products, household products and healthcare products	90 days AMS	2011	4.01%
Customer E	A manufacturer and exporter of digital transmitters, receivers and control panels for security systems, security product and equipment	90 days	2008	3.91%
Customer D	A retail store operator	Telegraph transfer 90 days	2013	3.91%
Customer F	A consumer electronics manufacturer supplying remote controls to many global electronics brands	30 days AMS	2001 *(Note)*	3.82%

FY2016

Customer	Background	Credit period	Year commencing relationship	Approximate percentage of sales
Customer G	An international retail store operator	Upon presentation of letters of credit	2011	10.38%
Customer B and Customer F	Manufacturers and traders of electrical appliances such as remote controls	30 days AMS	2011 and 2001 *(Note)*	5.91%
Nan Hua Jin Li	A battery wholesaler	60 days AMS	1999	5.77%
Customer C	A supplier of batteries, battery chargers and lighting	45 days after bill of lading date	2012	4.98%
Customer H	A member of an international company with headquarter in Japan	30 days AMS	2004	3.96%

Note: Customer F is the holding company of Customer B.

6M2017

Customer	Background	Credit period	Year commencing relationship	Approximate percentage of sales
Customer G	An international retail store operator	Upon presentation of letters of credit	2011	11.69%
Nan Hua Jin Li	A battery wholesaler	60 days AMS	1999	6.77%
Customer B and Customer F	Manufacturers and traders of electrical appliances such as remote controls	30 days AMS	2011 and 2001 *(Note)*	6.15%
Customer I	Manufacturer and seller of batteries	60 days AMS	2014	3.44%
Customer H	A member of an international company with headquarter in Japan	30 days AMS	2004	3.27%

Note: Customer F is the holding company of Customer B.

The Group had a total of 406, 406, 396 and 325 customers who placed formal sales orders with us as at the end of FY2014, FY2015 and FY2016 and 6M2017, respectively. In addition, the Group had 333, four, three and two customers who placed trial orders with us in FY2014, FY2015, FY2016 and 6M2017, respectively.

Apart from the Master Sales Agreement, the Group generally does not enter into other long term sales and purchase agreements with the Group's customers. The customers of the Group place orders with the Group on a transaction basis.

Save as disclosed above, the Directors confirm that none of the Directors, their associates or Shareholders who, to the best knowledge and information of the Directors, owned more than 5% of the Company's issued share capital, had any interest in any of the Group's top five customers during the Track Record Period and 6M2017.

Major suppliers

The major suppliers of the Group include suppliers of raw materials and packaging materials. The Group has established on average more than five years of business relationships with a majority of the Group's major suppliers and the Group is generally given credit periods of 60 to 150 days after monthly statement for the purchase and makes payments to such suppliers by wire transfer.

For FY2014, FY2015, FY2016 and 6M2017, total purchases of raw materials from the Group's five largest suppliers represented approximately 31.58%, 27.27%, 33.32% and 35.46%, respectively, of the total purchases of the Group. The purchase of the Group's from single largest supplier accounted for approximately 7.70%, 8.14%, 8.25%, 9.30% of the Group's total purchases, respectively, during the Track Record Period and 6M2017.

The following table sets forth information on the Group's five largest suppliers for FY2014, FY2015, FY2016 and 6M2017:

FY2014

Suppliers	Nature of the main business of the supplier	Production materials purchased	Year commencing relationship	Approximate percentage of purchase
Supplier A	A manufacturer of batteries and raw materials for batteries	Sundries alkaline products and raw materials	2010	7.70%
Supplier B	A manufacturer and distributor of manganese dioxide	Electrolytic manganese dioxide	2009	7.19%
Supplier C	A manufacturer and distributor of zinc powder and zinc products	Zinc products	2009	6.38%
Supplier D	A manufacturer, of zinc products	Zinc products	2008	5.63%
Supplier E	A manufacturer and distributor company of battery components and materials	Steel products	2010	4.68%

FY2015

Suppliers	Nature of the main business of the supplier	Production materials purchased	Year commencing relationship	Approximate percentage of purchase
Supplier B	A manufacturer and distributor of manganese dioxide	Electrolytic manganese dioxide	2009	8.14%
Supplier E	A manufacturer and distributor company of battery components and materials	Steel products	2010	5.81%
Supplier C	A manufacturer and distributor of zinc powder and zinc products	Zinc products	2009	5.02%
Supplier D	A manufacturer of zinc products	Zinc products	2008	4.91%
Supplier F	A manufacturer, distributor and trading company of zinc powder and zinc products	Zinc products	2011	3.39%

FY2016

Suppliers	Nature of the main business of the supplier	Production materials purchased	Year commencing relationship	Approximate percentage of purchase
Supplier B	A manufacturer and distributor of manganese dioxide	Electrolytic manganese dioxide	2009	8.25%
Supplier E	A manufacturer and distributor of battery components and materials	Steel products	2010	7.85%
Supplier D	A manufacturer, of zinc products	Zinc products	2008	6.21%
Supplier C	A manufacturer and distributor of zinc powder and zinc products	Zinc products	2009	6.01%
Supplier G	A manufacturer, distributor and trading company of iron parts and products	Steel products	2008	5.00%

6M2017				
Suppliers	**Nature of the main business of the supplier**	**Production materials purchased**	**Year commencing relationship**	**Approximate percentage of purchase**
Supplier D	A manufacturer, of zinc products	Zinc products	2008	9.30%
Supplier C	A manufacturer and distributor of zinc powder and zinc products	Zinc products	2009	7.49%
Supplier B	A manufacturer and distributor of manganese dioxide	Electrolyte manganese dioxide	2009	7.32%
Supplier E	A manufacturer and distributor of battery components and materials	Steel products	2010	6.65%
Supplier G	A manufacturer, distributor and trading company of iron parts and products	Steel products	2008	4.70%

Save as disclosed above, the Directors confirm that none of the Directors, their associates or Shareholders who, to the best knowledge and information of the Directors, owned more than 5% of the Company's issued share capital, had any interest in any of the Group's top five suppliers during the Track Record Period and 6M2017.

Remuneration of Directors and employees

The Group's staff costs, including Directors' emoluments, amounted to approximately HK$48.07 million, HK$45.07 million, HK$41.41 million and HK$19.82 million for FY2014, FY2015, FY2016 and 6M2017 respectively. The Directors' remuneration for FY2014, FY2015, FY2016 and 6M2017 amounted to approximately HK$4.35 million, HK$4.93 million, HK$5.54 million and HK$2.93 million respectively, which included remuneration of the independent non-executive Directors for a total amount of approximately HK$0.24 million in FY2015, HK$0.42 million in FY2016 and HK$0.22 million in 6M2017. There was no remuneration paid to independent non-executive Directors in FY2014.

RECENT DEVELOPMENT

Material Acquisitions and Disposals

The Group underwent reorganisation (the "**Reorganisation**") in preparation of the Listing in FY2014. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Development and Reorganisation" of the Prospectus. Save as disclosed above, there were no material acquisitions or disposals of the Group during the Track Record Period and 6M2017.

Rights Issue

On 20 February 2017, the Company announced that it proposed to raise HK$32 million, before expenses, by issuing 80,000,000 rights shares (the "**Rights Share(s)**") by way of 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 24 March 2017. The Rights Issue Prospectus was issued on 27 March 2017 and a total of 80,000,000 Rights Shares were allotted on 21 April 2017 and dealings in the fully-paid Rights Shares commenced on 24 April 2017.

The net proceeds from the Rights Issue after deducting the expenses in relation to the Rights Issue were approximately HK$31.0 million. The Company intended to use the net proceeds from the Rights Issue as to (i) approximately HK$18.0 million for fully repaying certain bank facilities and (ii) the balance of approximately HK$13.0 million as general working capital of the Group. As at the Latest Practicable Date, the net proceeds have been used in repaying bank facilities of HK$18.51 million and HK$10.22 million have been used as general working capital of the Company.

Other business development

On 17 January 2017, the Company entered into a memorandum of understanding (the "**MOU**") with an U.S. based international battery manufacturer (the "**US Manufacture**"), which is an Independent Third Party of the Company, whereby the Company will produce and supply mainly mercury free alkaline button cells to the manufacturer on an OEM basis. The Company has commenced its production under MOU since the second quarter of 2017. On 20 June 2017, the Company entered into an amended memorandum of understanding with the US Manufacturer for an extension of the contractual period under the MOU.

The Group expects that a newly designed and automatic production line for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries will be delivered to us in the fourth quarter of 2017. The expected commencement date for commercial production of a new production line will be in the second quarter of 2018. The expected increase in production capacity in cylindrical battery will be approximately 15 million units, 22.5 million units and 30 million units in the second, third and fourth quarter of 2018, respectively.

The new production line is mainly for the production of four new alkaline cylindrical battery of "MaxiPro", "Power Stay" "Power P+US" and "Super P+US" series of which the Company commenced its marketing introduction since April 2017. Up to the Latest Practicable Date, the Company received positive feedback from the retail markets in Japan, Canada, Europe and the PRC for "MaxiPro" and "Power Stay" series. The Directors consider that the new production line could cater for the expansion of the retail markets of the Group for new series of alkaline batteries.

The Directors believe that the new production line will be able to produce total four series of alkaline cylindrical battery. With the company's own development of new anode material formation as well as the re-designed electronic control system in the new production line, it will improve the product quality and production efficiency.

The Group will also continue to expand into international retail markets as the new source of business. The Group has implemented a number of marketing plans to expand its international retail markets by:

(i) sourcing more local retail and wholesale channels in both PRC and Hong Kong including some well-developed chain stores. Since 1 January 2017 up to the Latest Practicable Date, the Company sourced four new retail customers in the PRC and other countries and one in Hong Kong;

(ii) joining trade exhibitions to attract customers from the PRC and overseas; and

(iii) engaging in e-commerce platforms in the PRC and Hong Kong.

The Group therefore introduced new series of alkaline batteries, namely "MaxiPro" and "Power Stay", in the second quarter of 2017, which are mercury-free, cadmium-free and lead-free alkaline cylindrical batteries, for expanding the range of products of the Group under its own brand name as well as other private label customers.

Change of auditor

On 9 August 2017, the Group announced that PKF (大信梁學濂(香港)會計師事務所) resigned as auditor of the Group with effect from 9 August 2017 due to its internal reorganisation which resulted in its change of entity status from a partnership to a limited company under the name of PKF Hong Kong Limited (大信梁學濂(香港)會計師事務所有限公司). The Board, with the recommendation of the audit committee of the Company, resolved to appoint PKF Hong Kong Limited (大信梁學濂(香港)會計師事務所有限公司) as the new auditor of the Company with effect from 9 August 2017 to fill the casual vacancy left by the resignation of PKF (大信梁學濂(香港)會計師事務所) until the conclusion of the next annual general meeting of the Company.

No material adverse change

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up. Save for the fluctuation in the prices of raw materials and staff cost from time to time, the Directors consider that there is no other unfavourable trend or development which may have a material adverse impact on the Group's business and financial performance subsequent to 30 June 2017.

PROSPECTS AND BUSINESS STRATEGIES

Prospects

Following the prohibition of the marketing of button cells with a mercury content exceeding 0.0005% by weight under the directive of 2006/66/EC issued by the European Union, and the directive of 2013/56/EU issued by the European Union which took effect in October 2015, the business of the Group on micro-button cells has been benefited from these since the fourth quarter of 2016. There were active product enquiries from customers for new specifications of the mercury-free micro-button cells. It is a good opportunity for the Group to increase its market share because the Group can produce mercury-free micro-button cells by making use of the Group's PRC invention patent. This invention patent was also registered in Hong Kong. The Group will continue to innovate the Group's production processes and products to meet the international standards.

Business Strategies

The goals of the Group are to strengthen its overall competitiveness and business growth in the battery manufacturing industry in the PRC and expand and increase its market share both in the PRC and internationally. The Group aims to achieve these goals by implementing the following strategies:

Expand the Group's 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

In order to maximise the Group's production effectiveness and efficiency, increase the Group's market share and as the global battery market is evolving towards hazardous substance-free batteries with the introduction of policies and regulations in the European Union and the PRC, the Directors intend to expand the Group's production capacity through acquiring a self-owned production line with higher designed production capacity and which is able to produce mercury-free, cadmium-free and lead-free alkaline cylindrical batteries to cater for the increasing demand of hazardous substance-free batteries market and the Company is expanding its business for selling these types of batteries for the business development of the Group.

The table below sets forth the breakdown of the Group's revenue by hazardous substance-free batteries and non-hazardous substance-free batteries during the Track Record Period and 6M2017:

	FY2014		FY2015		FY2016		6M2017	
	HK$'000	*Approximate %*	*HK$'000*	*Approximate %*	*HK$'000*	*Approximate %*	*HK$'000*	*Approximate %*
Hazardous substance-free batteries	240,204	62.43%	210,481	67.57%	303,197	100.00%	146,220	100.00%
Non-hazardous substance-free batteries	144,548	37.57%	101,019	32.43%	—	—	—	—
Total	384,752	100.00%	311,500	100.00%	303,197	100.00%	146,220	100.00%

In addition, the Group has successfully developed hazardous substance-free batteries under the "ecototal" series, which are free from harmful substances, and made use of the PRC invention patent of the Group and utility model patents to produce mercury-free alkaline and silver oxide micro-button cells. The Company introduced the "ecototal" series of alkaline and silver oxide micro-button cells in January 2016 and no non-hazardous substance-free battery had been manufactured and/or sold by the Company since then.

The Company also intends to increase the level of automation in the Group's production lines by improving and enhancing the Group's existing equipment and machinery, which will in turn help us to enhance the efficiency of the Group's production processes and lower the costs.

To fulfil this strategy, the Group acquired a new production line in 2015 and the commercial production was commenced in the third quarter of 2016. The Group has also acquired a newly designed and automatic production line in 2016 for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries, which is expected to be delivered to us in the fourth quarter of 2017.

Together with launching of the new production lines and strengthening of the research and development capability, the Group targets to produce more high-end batteries products with specifications and qualities comparable to major international brands. The Directors believe that tapping into the high-end batteries market will provide new opportunity and further room of development of the Group.

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

The Directors believe that the Group's ability to enhance existing products and to develop new ones in anticipation of consumer needs and market demand is essential to the long term success of the Group. In this connection, the Group will continue to leverage on its research and development capabilities and enhance and develop commercially successful products in the target markets.

To achieve the above strategy, the Group will continue to:

(i) apply the Group's expertise and experience to enhance the batteries for wider applications, to develop batteries with new specifications or upgraded performance that the Group currently does not manufacture;

(ii) enhance and develop hazardous substance-free batteries, in particular, micro-button cells to capture market opportunities in the micro-button cell product segment. The Directors believe that the hazardous substance-free micro-button cells produced by the Group can capture the potential market demand and will provide the Group with a larger coverage of the micro-button cell market in the PRC as well as higher revenue for the Group as they generally have a higher average selling price than other batteries with the same battery capacities; and

(iii) maintain a close dialogue amongst the research and development committee and the sales and marketing teams so that the latter's direct observations on consumer utilisation and preference can be promptly integrated in new product development efforts. As at the Latest Practicable Date, the research and development committee of the Group comprised a total of 12 staff members, including two management team members of the Group, four chemical engineers, three mechanical engineers and three production and quality control team members. The management team members are responsible for overseeing the overall manufacturing operations while the other team members focus on researching and developing new products and production technologies as well as improving existing products and production technologies.

Exploring and expanding new sales platforms

The Group has entered into the PRC retail market for products bearing its own brand "Golden Power" and has been exploring new electronic sales platform. The Group also targets to enter into the Hong Kong retail market and to establish an online store in a well-known online sales platform in the PRC. By developing the retail markets in the PRC and Hong Kong, the Group hopes to generate a new stream of revenue to the Group. The Group will also continue to expand into international retail markets as the new source of business of the Group. The Group therefore introduced new series of alkaline batteries, namely "MaxiPro" and "Power Stay" in the second quarter of 2017, which are all mercury-free, cadmium-free and lead-free alkaline cylindrical batteries for expanding the range of products of the Group under its own brand name as well as other private label customers.

USE OF PROCEEDS

Use of proceeds from the Listing

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

An analysis of the utilisation of the net proceeds from the Listing up to the 31 December 2016 is set out below:

	Planned use of the net proceeds as stated in the Prospectus *(HK$ million)*	**Actual use of the net proceeds up to 31 December 2016** *(HK$ million)*
Repayment of bank loans	36.14	36.14
General working capital	4.02	4.02
	40.16	40.16

Use of proceeds from the Rights Issue

The net proceeds from the Rights Issue, after deducting related expenses, amounted to approximately HK$31 million. After the Rights Issue, the net proceeds have been applied in accordance with the intended use of proceeds as set out in the Rights Issue Prospectus.

An analysis of the utilisation of the net proceeds from the completion of the Rights Issue to the Latest Practicable Date is set out below:

	Planned use of net proceeds as stated in the Rights Issue Prospectus *(HK$ million)*	**Actual use of the net proceeds up to the Latest Practicable Date** *(HK$ million)*
Repayment of bank loans	18.00	18.51
General working capital	13.00	10.22
Net proceeds remaining to be applied	—	2.27
	31.00	31.00

LEGAL COMPLIANCE

As advised by the Company's PRC legal adviser, as at the Latest Practicable Date, each of the subsidiaries of the Company in the PRC had obtained all material licences, permits and approvals from the relevant regulatory authorities in the PRC in relation to its establishment and business operations which are material to the Group's business operation.

As advised by the Company's PRC legal adviser, during the Track Record Period and up to the Latest Practicable Date, the Group had complied with all the applicable laws and regulations in relation to its business operations in all material aspects. Given such, the Directors are of the view that the Group has fully complied with applicable laws and regulations in relation to its business operations in all material aspects as at the Latest Practicable Date.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the websites of the Company (www.goldenpower.com) and the Stock Exchange at (www.hkexnews.hk) (where appropriate):

(a) the amended and restated memorandum of association of the Company and the Articles;

(b) the interim report of the Company for the six months ended 30 June 2016;

(c) the Directors' report and annual report of the Company for the year ended 31 December 2016;

(d) the first quarterly report of the Company for the three months ended 31 March 2017;

(e) the circular of the Company dated 30 March 2016 in relation to the general mandates to issue and repurchase Shares and re-election of retiring Directors and notice of annual general meeting;

(f) the circular of the Company dated 27 March 2017 in relation to the general mandates to issue and repurchase Shares, re-appointment of auditor and re-election of retiring Directors and notice of annual general meeting;

(g) the prospectus of the Company dated 27 March 2017 in relation to the Rights Issue;

(h) the circular of the Company dated 10 May 2017 in relation to the Master Sale Agreement of the continuing connected transactions between the Company, Nan Hua Jin Li and Suenglh;

(i) the interim report of the Company for the six months ended 30 June 2017; and

(j) each of the announcements and other corporate communications made by the Company prior to the date of this announcement as required under the Listing Rules and the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"6M2016"	six months ended 30 June 2016
"6M2017"	six months ended 30 June 2017
"Articles"	the articles of association of the Company as adopted by the Company from time to time
"associate(s)"	having the meaning ascribed to them in the Listing Rules
"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China Oil and Gas"	China Oil and Gas Group Limited (formerly known as Golden Power International Holdings Limited, Hikari Tsushin International Limited, China City Natural Gas Holdings Limited, Nippon Asia Investments Holdings Limited) (stock code: 603), the securities of which are listed on the Main Board of the Stock Exchange
"Company"	Golden Power Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
"controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"cylindrical battery(ies)"	a disposable battery with cylindrical geometry where the overall height is equal to or greater than the diameter
"Director(s)"	director(s) of the Company
"disposable battery(ies)"	a battery which cannot be recharged and is discarded when it has delivered its useful capacity
"FY2014"	the financial year ended 31 December 2014
"FY2015"	the financial year ended 31 December 2015
"FY2016"	the financial year ended 31 December 2016
"FY2017"	the financial year ending 31 December 2017
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended from time to time
"Group"	the Company and its subsidiaries from time to time

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$" or "Hong Kong Dollar"	Hong Kong dollar, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Independent Third Party(ies)"	a party which is not connected (as defined in the Listing Rules) to the directors, substantial shareholders or chief executive of the Company or its subsidiaries and their respective associates
"ISO"	the International Organisation for Standardization, a non-governmental organisation which sets the ISO standards, which are worldwide industrial and commercial standards
"Latest Practicable Date"	23 October 2017, being the latest practicable date prior to the publication of this announcement for the purpose of ascertaining certain information contained in this announcement
"Listing"	listing of the Shares on GEM on 5 June 2015
"Listing Expenses"	the expenses incurred by the Company in connection with the Listing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
"Master Sales Agreement"	the master sales agreement entered into between the Company, Nan Hua Jin Li and Suenglh dated 1 February 2017
"micro-button cell(s)"	a disposable small round battery, where the overall height is less than the diameter
"Mr. Chu"	Mr. Chu King Tien, an executive Director, the chairman of the Company, the ultimate shareholder of the entire issued share capital of Golden Villa Ltd. and one of the controlling Shareholders of the Company
"Mr. Zhu"	Mr. Zhu Chengxian, a nephew of Mr. Chu
"Nan Hua Jin Li"	廣州市南華金力電子有限公司 (Guangzhou Nan Hua Jin Li Electronics Limited*), a limited liability company established under the laws of the PRC on 14 May 1998
"OEM"	acronym for original equipment manufacturing, whereby products are manufactured in accordance with the customer's design and specification and are marketed and sold under the customer's brand name

"PRC"	the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Prospectus"	prospectus of the Company dated 29 May 2015 in relation to placing of 56,000,000 new Shares
"rechargeable battery(ies)"	a battery that after discharge may be restored to its charged state by passage of an electric current through the cell
"Rights Issue"	the issue of one rights share for every two existing shares held on 24 March 2017 at the subscription price of HK$0.4 per rights share
"Right Issue Prospectus"	prospectus of the Company dated 27 March 2017 in relation to the Rights Issue of 80,000,000 rights shares
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	ordinary share(s) of par value HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on 15 May 2015
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Suenglh"	Suenglh Corporation Limited (動能(香港)有限公司), a limited liability company incorporated in Hong Kong on 17 May 2012, the entire issued share capital of which is owned by Mr. Zhu
"Track Record Period"	FY2014, FY2015 and FY2016
"Transfer of Listing"	the transfer of listing of the Shares from GEM to the Main Board pursuant to the Listing Rules

"U.S."	the United States of America
"%"	per cent

*Any name in this announcement marked with an * denotes an English translation of a Chinese name and is for identification purposes only. If there is any inconsistency between the Chinese name and the English translation, the Chinese version shall prevail.*

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

Hong Kong, 2 November 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.

This announcement will be published on the GEM's website at 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.