GOLDEN POWER GROUP HOLDINGS LIMITED

金 力 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3919)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

- Recorded a revenue of approximately HK$304.21 million for the year ended 31 December 2017 (the "**Year**") (2016: approximately HK$303.20 million), representing an increase of approximately 0.33% as compared with the year ended 31 December 2016 (the "**Last Year**").
- Recorded a profit attributable to the shareholders of the Company of approximately HK$23.32 million for the Year (2016: approximately HK$24.04 million), representing a decrease of approximately 3.00%.
- The profit attributable to the shareholders of the Company for the Year was approximately HK$23.32 million. The decrease was mainly from the combined effects of profit from operations decreased by 13.64% to approximately HK$31.54 million for the Year as compared to approximately HK$36.52 million for the Last Year as a result of the increase in the cost of sales due to the increase in wages and cost of material and subcontracting fee; which was partially offset by (i) finance costs decreased by 35.39% to approximately HK$2.41 million for the Year as compared to approximately HK$3.73 million for the Last Year which was primarily attributable to reducing the usage of the banking facilities; and (ii) the income tax expense decreased by 33.60% to approximately HK$5.81 million for the Year as compared to approximately HK$8.75 million for the Last Year which was primarily attributable to Goldtium (Jiangmen) Energy Products Company Limited ("**Goldtium Jiangmen**") being accredited as an enterprise of High and New Technology Enterprise which was granted tax concession by having the preferential corporate income tax rate of 15% for the Year.
- The basic earnings per share for the Year was HK10.22 cents (2016: HK11.96 cents (restated)).
- The Directors did not recommend the payment of any dividend for the Year (2016: Nil).

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of the Company is pleased to announce the audited consolidated results (the "**Results**") of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2017 (the "**Year**") together with the comparative audited figures for the year ended 31 December 2016 (the "**Last Year**") as follows:-

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	3	**304,214**	303,197
Cost of sales		**(224,163)**	(207,082)
Gross profit		**80,051**	96,115
Other revenue		**5,995**	3,040
Other gains/(losses) — net		**8,718**	(3,467)
Selling expenses		**(14,424)**	(15,784)
General and administrative expenses		**(48,803)**	(43,382)
Profit from operations		**31,537**	36,522
Finance costs	4(a)	**(2,408)**	(3,729)
Profit before income tax	4	**29,129**	32,793
Income tax expense	5	**(5,808)**	(8,753)
Profit for the year and attributable to the shareholders of the Company		**23,321**	24,040
Earnings per share *(HK cents)*			Restated
— Basic	6	**10.22**	11.96
— Diluted	6	**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**23,321**	24,040
Other comprehensive income:-		
Item that may be reclassified subsequently to profit or loss:-		
Exchange differences arising on translation of financial statements of foreign operations	**4,512**	(4,010)
Items that may not be reclassified subsequently to profit or loss:-		
Gain on revaluation of leasehold land and buildings upon transfer to investment properties	**25,016**	27,511
Deferred tax liability on revaluation of leasehold land and buildings upon transfer to investment properties	**(590)**	(240)
	24,426	27,271
Other comprehensive income for the year, net of tax	**28,938**	23,261
Total comprehensive income for the year and attributable to the shareholders of the Company	**52,259**	47,301

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**189,779**	184,498
Investment properties		**62,300**	29,500
Intangible assets		**234**	294
Prepaid land lease payments		**5,135**	4,964
Deposits paid for property, plant and equipment	10	**5,712**	2,786
Deferred tax assets		**6,405**	5,654
		269,565	227,696
CURRENT ASSETS			
Inventories	8	**57,394**	48,206
Trade and bills receivables	9	**47,621**	32,739
Deposits, prepayments and other receivables	10	**27,200**	10,333
Prepaid land lease payments		**222**	205
Income tax recoverable		**1,781**	1,122
Cash and bank balances		**16,933**	21,797
		151,151	114,402
DEDUCT:-			
CURRENT LIABILITIES			
Trade payables	11	**89,467**	68,674
Receipts in advance, other payables and accruals	12	**14,654**	17,109
Bank borrowings, secured	13	**19,084**	38,993
Income tax payable		**2,987**	3,161
		126,192	127,937
NET CURRENT ASSETS/(LIABILITIES)		**24,959**	(13,535)
TOTAL ASSETS LESS CURRENT LIABILITIES		**294,524**	214,161

	Note	**2017** HK$'000	2016 HK$'000
DEDUCT:-			
NON-CURRENT LIABILITIES			
Bank borrowings, secured	13	**44,185**	48,283
Deferred tax liabilities		**4,636**	3,452
		48,821	51,735
NET ASSETS		**245,703**	162,426
REPRESENTING:-			
CAPITAL AND RESERVES			
Share capital		**2,400**	1,600
Reserves		**243,303**	160,826
TOTAL EQUITY		**245,703**	162,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on GEM of the Stock Exchange (the "**Listing**"), the Company became the holding company of the Group on 25 September 2014 (the "**Reorganisation**"). Details of the Reorganisation were set out in the section headed "History, Development and Reorganisation — Reorganisation" of the prospectus of the Company dated 29 May 2015 (the "**Prospectus**"). The Company's shares were listed and traded on GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 June 2015 (the "**Listing Date**"). On 10 November 2017, the listing of shares of the Company was transferred from GEM to the Main Board of the Stock Exchange.

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

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

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**HK(IFRIC)-Int**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Initial application of HKFRSs

In the current year, the Group initially applied the following revised HKFRSs:-

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs (2014–2016)	Amendments to HKFRS 12

Except for Amendments to HKAS 7 disclosed below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial statements for the current and prior years.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has provided the information for the current period in the consolidated financial statements.

(c) HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 December 2017 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2017:-

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Annual Improvements to HKFRSs (2014–2016)	Amendments to HKFRS 1 and HKAS 28[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after a date to be determined

The Group's assessment of the impact of these new standards, amendments to standards and interpretations is set out below.

HKFRS 9 "Financial Instruments"

HKFRS 9 contains three principal classification and measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss ("**FVTPL**").

- The classification for debt securities is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt security is classified as FVOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.

- For equity instruments, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity instrument is not held for trading and the entity irrevocably elects to designate that instrument as FVOCI. If an equity instrument is designated as FVOCI then only dividend income on that instrument will be recognised in profit or loss. Gains, losses and impairments on that instrument will be recognised in other comprehensive income without recycling.

The Directors of the Company do not anticipate that above changes will have material impact on the Group's financial assets as the Group did not have any debt securities and equity instruments as at 31 December 2017.

HKFRS 9 only affects the accounting for financial liabilities that are designated at FVTPL. The Group did not have any financial liabilities designated at FVTPL as at 31 December 2017.

There is a change in hedge accounting rules that more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group did not have any such hedging instruments as at 31 December 2017.

HKFRS 9 requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It will apply to financial assets measured at amortised cost and debt securities measured at FVOCI. The Group has assessed how its impairment provisions would be affected by the new model. So far it has concluded that there would be no material impact for the application of the new impairment requirements.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change. The standard will affect primarily the accounting for Group's operating leases as a lessee. As at the end of the reporting period, the Group has non-cancellable operating lease commitments of approximately HK$1,711,000. The Group estimates those related to payments for short-term and low value lease which will be recognised on straight-line basis as an expense in profit or loss are insignificant.

The Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

The adoption of this standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Amendments to HKAS 40 "Transfers of Investment Property"

The HKICPA issued amendments to HKAS 40 in April 2017 to clarify that, to transfer to or from investment properties, there must be a change in use. A change in use would involve (i) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (ii) supporting evidence that a change in use has occurred. The amendments also re-characterised the list of circumstances in HKAS 40.57(a)–(d) as a non-exhaustive list of examples to allow for other circumstances to be accounted for as a transfer, as long as that change is supported by appropriate evidence. The amendments are effective for annual periods beginning on or after 1 January 2018. The Group has assessed the impact of the amendments and expects that the amendments will not have significant impact, when applied, on the consolidated financial statements of the Group.

Save as discussed above, all other new standards, amendments to standards and interpretations issued but not yet effective are not likely to have significant impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

Information regarding the Group's reportable segments for the years ended 31 December 2017 and 2016 is set out below:-

Segment revenue from external customers

	2017	2016
	HK$'000	*HK$'000*
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	**147,479**	147,861
— Carbon	**51,121**	60,721
	198,600	208,582
(ii) Micro-button cells		
— Alkaline	**62,040**	46,119
— Other micro-button cells	**38,225**	39,281
	100,265	85,400
	298,865	293,982
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	**5,022**	8,531
(ii) Other battery-related products	**327**	684
	5,349	9,215
	304,214	303,197

Segment results

	2017	2016
	HK$'000	*HK$'000*
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	**30,742**	41,495
— Carbon	**2,418**	7,927
	33,160	49,422
(ii) Micro-button cells		
— Alkaline	**19,377**	16,464
— Other micro-button cells	**26,110**	27,106
	45,487	43,570
	78,647	92,992
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	**1,390**	3,080
(ii) Other battery-related products	**14**	43
	1,404	3,123
	80,051	96,115

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

	2017	2016
	HK$'000	*HK$'000*
Segment results	**80,051**	96,115
Unallocated other revenue	**5,995**	3,040
Unallocated other gains/(losses) — net	**8,718**	(3,467)
Unallocated corporate expenses	**(63,227)**	(59,166)
Finance costs	**(2,408)**	(3,729)
Profit before income tax	**29,129**	32,793

Segment revenue represents sales to external parties. There are no inter-segment transactions during the years ended 31 December 2017 and 2016. Segment results represent the gross profit of each type of products. This is the measure reported to the senior executive management for the purposes of resource allocation and performance assessment.

Other segment information

Amounts included in the measure of segment results are as follows:-

	2017	2016
	HK$'000	*HK$'000*
Depreciation and amortisation		
Disposable batteries		
— Cylindrical batteries	**7,963**	8,542
— Micro-button cells	**1,307**	1,514
Segment total	**9,270**	10,056
Unallocated depreciation and amortisation	**3,400**	2,517
	12,670	12,573

Revenue from major customers

During the years ended 31 December 2017 and 2016, the revenue generated from the following customers accounted for over 10% of the Group's total revenue:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**35,547**	31,460

Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers and the geographical location of customers is based on the location at which the goods are delivered.

	2017	2016
	HK$'000	*HK$'000*
The PRC	**88,840**	74,886
Hong Kong	**70,350**	75,931
Asia (except the PRC and Hong Kong)	**31,522**	28,859
Europe	**40,780**	41,550
Eastern Europe	**4,418**	3,722
North America	**42,062**	39,972
South America	**15,229**	16,318
Australia	**5,618**	19,346
Africa	**1,196**	655
Middle East	**4,199**	1,958
	304,214	303,197

The Group's non-current assets (excluding deferred tax assets) are located in the following regions:

	2017	2016
	HK$'000	*HK$'000*
The PRC	**167,097**	152,717
Hong Kong	**84,591**	57,060
Macau	**11,472**	12,265
	263,160	222,042

The geographical location of the non-current assets is based on the physical location of the operation to which they are allocated.

4. PROFIT BEFORE INCOME TAX

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

	2017	2016
	HK$'000	*HK$'000*
(a) Finance costs:-		
Bank loans interest	**2,501**	3,147
Interest on import loans	**178**	730
Bank overdraft interest	**3**	3
Total interest expense	**2,682**	3,880
Less: interest expense capitalised into property, plant and equipment *(Note)*	**(274)**	(151)
	2,408	3,729
(b) Staff cost (excluding Directors' emoluments):-		
Salaries, wages and other allowances	**33,525**	32,308
Contributions to defined contribution plans	**3,778**	3,562
	37,303	35,870
(c) Other items:-		
Amortisation of intangible assets	**67**	69
Amortisation of prepaid land lease payments	**212**	216
Auditors' remuneration	**827**	840
Cost of inventories recognised as expenses	**224,163**	207,082
Depreciation	**12,391**	12,288
Net exchange (gain)/loss	**(2,298)**	3,513
Gain on disposals of property, plant and equipment:-		
— Proceeds from disposals of property, plant and equipment	**(6,615)**	(805)
— Carrying amount of property, plant and equipment	**2,995**	759
	(3,620)	(46)
Write-down/(reversal of write-down) to net realisable value on inventories	**108**	(748)
Minimum lease payments paid under operating leases:-		
— Plant and machinery	**576**	592
— Buildings	**3,059**	3,212
Rental income less outgoings of HK$282,000 (2016: HK$151,000)	**1,928**	598

Note: The borrowing costs have been capitalised at a rate of 3.40% and 3.92% per annum for the years ended 31 December 2017 and 2016 respectively.

5. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax:-		
Provision for the year	**3,292**	1,176
Under-provision in prior years	**953**	—
Current tax — PRC enterprise income tax ("**EIT**"):-		
Provision for the year	**1,287**	4,938
Under-provision in prior years	**200**	—
	5,732	6,114
Deferred taxation:-		
Current year	**76**	2,639
	5,808	8,753

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

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

Pursuant to the announcement published by relevant government authority, on 9 November 2017, Goldtium Jiangmen was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years commencing from 1 January 2017. The certificate of High and New Technology Enterprise is in the final stage of certain administrative procedures. The Directors of the Company do not foresee any obstacles for issuing the relevant certificate.

The income tax expense for the year can be reconciled to the profit before income tax per consolidated statement of profit or loss as follows:-

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax	**29,129**	32,793
Tax on profit before income tax, calculated at the applicable tax rates	**5,546**	7,398
Tax effect of non-taxable income	**(1,683)**	(9)
Tax effect of non-deductible expenses	**1,326**	1,061
Tax effect of unrecognised tax losses	**86**	303
Under-provision in prior years	**1,153**	—
Tax concession	**(620)**	—
Income tax expense	**5,808**	8,753

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the shareholders of the Company of HK$23,321,000 (2016: HK$24,040,000) and the weighted average of 228,239,225 (2016: 200,976,000) ordinary shares in issue during the year ended 31 December 2017.

The weighted average number of shares for the year ended 31 December 2016 for the purpose of the calculation of basic earnings per share has been adjusted and restated after taking into account of the rights issue on the basis of one rights share for every two existing shares held on the record date as more particularly described in the rights issue prospectus of the Company dated 27 March 2017 (the "**Rights Issue**"), which was completed on 21 April 2017.

Diluted earnings per share has not been disclosed as no dilutive potential equity shares in existence for the years ended 31 December 2017 and 2016.

7. DIVIDENDS

No dividends declared and paid or payable for the years ended 31 December 2017 and 2016.

8. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Raw materials	**21,674**	18,483
Work in progress	**21,074**	19,228
Finished goods	**15,207**	10,914
	57,955	48,625
Less: Write-down to net realisable value	**(561)**	(419)
	57,394	48,206

Movements of write-down to net realisable value on inventories are as follows:-

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**419**	1,193
Write-down/(reversal of write-down) to net realisable value for the year	**108**	(748)
Exchange adjustments	**34**	(26)
At 31 December	**561**	419

The write-down/(reversal of write-down) to net realisable value were included in the cost of inventories recognised as expenses.

The reversal of write-down to net realisable value made in prior year was mainly due to utilisation of obsolete raw materials and sale of substandard batteries arising from unexpected subsequent orders placed by customers during the year ended 31 December 2016.

9. TRADE AND BILLS RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**47,231**	31,618
Less: Impairment loss	**(515)**	(477)
	46,716	31,141
Bills receivables	**905**	1,598
	47,621	32,739

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

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

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

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**477**	506
Exchange adjustments	**38**	(29)
At 31 December	**515**	477

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

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**28,088**	18,600
31–60 days	**9,760**	8,697
61–90 days	**5,456**	3,383
91–120 days	**3,432**	1,307
Over 120 days	**885**	752
	47,621	32,739

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

	2017	2016
	HK$'000	*HK$'000*
Not past due	**32,740**	23,842
Past due for less than 3 months	**14,745**	8,857
Past due for 3 to 6 months	**17**	—
Past due for 6 months to 1 year	**119**	35
Past due for over 1 year	**—**	5
	47,621	32,739

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

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

10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Utilities and other deposits	**6,556**	3,607
Prepayments	**9,022**	3,922
Other receivables	**17,334**	5,590
	32,912	13,119
Less: Non-current portion Deposits paid for property, plant and equipment	**(5,712)**	(2,786)
Current portion	**27,200**	10,333

11. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**32,289**	19,043
31–90 days	**39,289**	31,021
91–180 days	**15,622**	13,638
Over 180 days	**2,267**	4,972
	89,467	68,674

12. RECEIPTS IN ADVANCE, OTHER PAYABLES AND ACCRUALS

	2017	2016
	HK$'000	*HK$'000*
Receipts in advance	**3,600**	6,866
Other payables	**3,327**	4,578
Accruals	**7,047**	4,985
Provision for long service payments	**334**	334
Provision for annual leave	**346**	346
	14,654	17,109

13. BANK BORROWINGS

	Note	**2017** *HK$'000*	2016 *HK$'000*
Secured bank loans		**63,269**	76,895
Secured bank import loans and other loans		**—**	10,381
	(a)	**63,269**	87,276
Less: Amount classified as current liabilities		**(19,084)**	(38,993)
Amount classified as non-current liabilities		**44,185**	48,283
The bank loans are repayable as follows:-			
Within 1 year			
— short-term loans		**—**	22,163
— current portion of long-term loans		**19,084**	16,830
		19,084	38,993
Over 1 year but within 2 years		**19,776**	20,224
Over 2 years but within 5 years		**23,274**	25,799
Over 5 years		**1,135**	2,260
		63,269	87,276

Notes:-

(a) The Group had the following banking facilities:-

	2017 *HK$'000*	2016 *HK$'000*
Total banking facilities granted	**172,469**	168,795
Less: banking facilities utilised by the Group	**(63,269)**	(87,276)
Unutilised banking facilities	**109,200**	81,519

At 31 December 2017, these banking facilities are secured by:-

(i) bank loans of HK$63,269,000 were guaranteed by unlimited corporate guarantee executed by the Company; and

(ii) prepaid land lease payments, leasehold buildings and investment properties situated in Hong Kong, the PRC and Macau owned by the Group.

At 31 December 2016, these banking facilities are secured by:-

(i) bank loans of HK$65,112,000 were guaranteed by unlimited corporate guarantee executed by the Company; and

(ii) prepaid land lease payments, leasehold buildings and investment properties situated in Hong Kong, the PRC and Macau owned by the Group.

(b) There was no financial covenant for the banking facilities at 31 December 2017. At 31 December 2016, the banking facilities granted to the Group required the Group to meet the following financial covenant: to maintain net tangible assets of not less than HK$15,000,000. If the Group was to breach the above covenant, the banks were contractually entitled to request early repayment of outstanding amount and/or the relevant banks enforced the relevant securities. The Group regularly monitored the compliance with the financial covenant.

In the opinion of the Directors, none of the financial covenant had been breached at 31 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company's shares (the "**Shares**") were listed on GEM of the Stock Exchange on 5 June 2015 (the "**Listing Date**") and were successfully transferred to the Main Board of the Stock Exchange (the "**Transfer of Listing**") on 10 November 2017.

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

The revenue of cylindrical batteries for the Year dropped by approximately HK$9.98 million from approximately HK$208.58 million for the Last Year to approximately HK$198.60 million for the Year, which was equivalent to approximately 4.78% decrease in revenue of cylindrical batteries. Such drop in revenue was mainly due to a slowdown of the demand in Australia, Europe, and America during the Year.

The revenue of micro-button cells for the Year increased by approximately HK$14.87 million from approximately HK$85.40 million for the Last Year to approximately HK$100.27 million for the Year which was equivalent to approximately 17.41% increase in revenue of micro-button cells. The revenue of rechargeable batteries and other battery-related products for the Year decreased by approximately HK$3.87 million from approximately HK$9.22 million for the Last Year to approximately HK$5.35 million for the Year which was equivalent to approximately 41.97% decrease in revenue of rechargeable batteries and other battery-related products. Such drop in revenue was mainly from Hong Kong market.

Revenue for the Year has increased by approximately 0.33% to approximately HK$304.21 million from approximately HK$303.20 million in the Last Year. Profit attributable to the shareholders of the Company was approximately HK$23.32 million for the Year as compared to a profit of approximately HK$24.04 million in the Last Year, representing a decrease of approximately 3.00%. Earnings per share were HK10.22 cents, as compared to the earnings per share of HK11.96 cents (restated) for the Last Year.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business strategies and objectives as stated in the Prospectus and the transfer of listing announcement dated 2 November 2017 (the "Transfer of Listing Announcement")	Actual progress up to 31 December 2017
Expand our production capacity by acquiring a production line with higher designed production capacity and which is able to produce mercury-free, cadmium free and lead free batteries to increase our market share	The Group has acquired a production line in 2015 and the commercial production has commenced in the third quarter of 2016. The Group has acquired a newly designed and automatic production line in 2017 for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries, which is expected to be delivered to us in the second quarter of 2018.
Continue to expand and diversify the product portfolio to capture market opportunities and meet consumer needs	The Group has been exploring opportunities for expansion and diversification of its product portfolio.
Explore and expand new sales platforms	The Group has been exploring new electronic sales platform and has entered into the PRC retail market for products bearing its own brand "Golden Power" and other private label customer.

FINANCIAL REVIEW

Revenue

Revenue for the Year was approximately HK$304.21 million (2016: approximately HK$303.20 million) representing an increase of approximately 0.33% as compared to the Last Year. Such increase was primarily attributable to the net effect of (i) a slowing down of demand in Australia, Europe, Hong Kong and South America causing the decrease of revenue of cylindrical batteries and rechargeable batteries and other battery-related products; and (ii) by the increase in revenue of micro-button cells during the Year.

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

	2017	2016
	HK$'000	*HK$'000*
The PRC	**88,840**	74,886
Hong Kong	**70,350**	75,931
Asia (except the PRC and Hong Kong)	**31,522**	28,859
Europe	**40,780**	41,550
Eastern Europe	**4,418**	3,722
North America	**42,062**	39,972
South America	**15,229**	16,318
Australia	**5,618**	19,346
Africa	**1,196**	655
Middle East	**4,199**	1,958
	304,214	303,197

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

	2017	2016
	HK$'000	*HK$'000*
Cylindrical batteries	**198,600**	208,582
Micro-button cells	**100,265**	85,400
Rechargeable batteries and other battery-related products	**5,349**	9,215
	304,214	303,197

Gross Profit

The Group recorded a gross profit for the Year of approximately HK$80.05 million (2016: approximately HK$96.12 million), representing a decrease of approximately 16.72% as compared to the Last Year which was mainly due to the increase in cost of sales by approximately HK$17.08 million from approximately HK$207.08 million for the Last Year to approximately HK$224.16 million for the Year, representing approximately 8.25% increase. The increase was mainly attributable to the increase in sub-contracting fees and material costs as a whole.

Expenses

During the Year, the selling expenses of the Group decreased by 8.62% to approximately HK$14.42 million as compared to approximately HK$15.78 million in the Last Year. The decrease was mainly due to the decrease in the distribution, marketing and promotion expenses. The Group's general and administrative expenses increased by approximately HK$5.42 million to approximately HK$48.80 million as compared to approximately HK$43.38 million for the Last Year. The increase in general and administrative expenses was mainly due to the increase in legal and professional fees, donation and staff welfare expenses.

Finance Costs

The finance costs of the Group has dropped by 35.39% to approximately HK$2.41 million for the Year as compared to approximately HK$3.73 million in the Last Year. The drop was mainly due to the savings in interest costs on bank loan facilities after reducing the use of banking facilities during the Year.

Income Tax

The income tax expense of the Group has decreased by 33.60% to approximately HK$5.81 million for the Year as compared to approximately HK$8.75 million for the Last Year. The decrease was mainly from the reduction in PRC EIT provision for the year and due to an indirect wholly-owned subsidiary, Goldtium Jiangmen, being accredited as an enterprise of High and New-Tech Enterprises, which was granted tax concession by having the preferential EIT rate at 15% in the three financial years ended 31 December 2017, 2018 and 2019 respectively.

Profit attributable to the shareholders of the Company

Profit attributable to shareholders of the Company for the Year was approximately HK$23.32 million (2016: approximately HK$24.04 million), representing a decrease of approximately 3.00%.

The decrease was mainly from the combined effects of i) profit from operations decreased by 13.64% to approximately HK$31.54 million for the Year as compared to approximately HK$36.52 million for the Last Year, which was primarily attributable to increase in the cost of sales due to the increase in wages and cost of material and subcontracting fee; ii) finance costs decreased by 35.39% to approximately HK$2.41 million for the Year as compared to approximately HK$3.73 million for the Last Year, which was primarily attributable to reducing the usage of the banking facilities; and iii) the income tax expense decreased by 33.60% to approximately HK$5.81 million for the Year as compared to approximately HK$8.75 million for the Last Year, which was primarily attributable to Goldtium Jiangmen being accredited as an enterprise of High and New-Tech Enterprise and tax concession at the preferential EIT rate of 15% for the year having been granted to it.

LIQUIDITY AND FINANCIAL RESOURCES

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

The cash and bank balances was approximately HK$16.93 million, which was approximately HK$4.87 million lower than the Last Year (2016: HK$21.80 million). The decrease was mainly due to an increase in property, plant and equipment acquisitions during the Year.

As at 31 December 2017, the Group has utilised banking facilities of approximately HK$63.27 million which was equivalent to 36.68% of the total banking facilities available for the Year as compared to the utilised amount of HK$87.28 million in the Last Year which was equivalent to approximately 51.71% of the total banking facilities available for the Last Year, which represents a decrease in HK$24.01 million in the utilised banking facilities as at 31 December 2017 over Last Year. The Directors believe that the utilisation rate of the banking facilities has been maintained at a stable level. The Directors also believe that the existing banking facilities are at a safe level to support the Group's operating needs.

CHARGES ON ASSETS

The Group's bank borrowing facilities were secured mainly by the Group's plant and office building (including investment properties) with carrying value of approximately HK$98.16 million and approximately HK$65.39 million as at 31 December 2017 and 2016, respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

As at 31 December 2017, the Group did not have any foreign currency investments which have been hedged by currency borrowing and other hedging instruments.

FINANCIAL KEY PERFORMANCE INDICATORS

	2017	2016
Gross profit margin	**26.31%**	31.70%
Net profit margin	**7.67%**	7.93%
Gearing ratio	**0.32**	0.64

Gross Profit Margin
The gross profit margin decreased by 5.39% from 31.70% for the Last Year to 26.31% for the Year. It was mainly due to the increase in the cost in raw materials, labour cost and production overhead throughout the Year.

Net Profit Margin
The net profit margin decreased by 0.26% to 7.67% for the Year as compared to 7.93% for the Last Year.

Gearing Ratio
The gearing ratio decreased by 0.32 to 0.32 for the Year as compared to 0.64 for the Last Year. The improvement was mainly the result of the reduction of the utilisation of the bank loan during the Year.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any material contingent liabilities (2016: nil).

CAPITAL STRUCTURE

Other than the allotment of 80,000,000 Shares upon the completion of the Rights Issue on 21 April 2017, there has been no change in the capital structure of the Group since the Listing Date. The capital structure of the Group consists of bank borrowings, net of bank balances and cash and equity attributable to shareholders of the Group 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$245.70 million as at 31 December 2017 (2016: approximately HK$162.43 million).

DIVIDEND

The Directors did not recommend the payment of any dividend for the Year (2016: nil).

CAPITAL COMMITMENT

As at 31 December 2017, the Group had capital expenditures contracted for approximately HK$16.72 million on a newly designed and automatic production line and others auxiliary machineries for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries.

SIGNIFICANT INVESTMENTS HELD

Except for (i) the Company's investment in various subsidiaries; and (ii) the investment in two investment properties located at Flat B and Flat D, respectively, of 20/F., Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories, which are held by Golden Power Properties Limited (an indirect wholly-owned subsidiary of the Company) and leased to two separate independent third parties under two-year term tenancy agreements entered on 20 June 2016 for warehouse purpose and on 9 June 2017 for office and warehouse purpose, respectively, with monthly rentals at market rate, the Group did not hold any significant investments as at 31 December 2017.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

Save as disclosed in the Prospectus, the Transfer of Listing Announcement or otherwise in this announcement, there was no specific plan for material investment or capital asset as at 31 December 2017.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures of the Group during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

The demand for disposable batteries in general and alkaline cylindrical batteries depends on the need for such disposable batteries to operate various electronic devices, the demand for which is in turn affected by technological advances and consumer preferences. Further, technological advances and increasing environmental awareness may cause consumer demand to shift from alkaline cylindrical batteries to other disposable batteries, from disposable batteries to rechargeable batteries as a substitute or even to other forms of electronic products or energy which do not require the use of batteries.

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

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

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

For more details about the general risks and uncertainties in relation to the Group, please refer to the section headed "Risk Factors" in the Prospectus.

EMPLOYEES AND REMUNERATION POLICY

The Directors believe 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 contributions to the mandatory provident fund, staff benefits also include medical coverage scheme and the share option scheme.

As at 31 December 2017, the Group had a total of 512 employees (2016: 492 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK$43.31 million in the Year (2016: approximately HK$41.41 million). Directors' remuneration for the Year amounted to approximately HK$6.01 million (2016: approximately HK$5.54 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK$0.45 million (2016: HK$0.42 million).

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. 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 in the section headed "Regulatory Overview" of the Prospectus.

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 under the relevant laws.

Prior to entering into waste disposal service agreements with the waste disposal service companies, the Group generally required them to provide copy 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, an indirect wholly-owned subsidiary of the Company, and one of the senior management members, to supervise and monitor compliance with statutory regulations and our internal standard in respect of environmental matters.

During the Year, the Group is not subject to any major environmental claims, lawsuits, penalties or disciplinary actions.

For more information in the environmental policies, please refer to the environmental, social and governance report in the 2017 annual report of the Company which is expected to be published in due course.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year and up to the date of this announcement, the Group has complied with all the relevant laws and regulations in Hong Kong and the PRC for the business operations of the Group in all material respects.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules.

During the Year, the Board is of the opinion that the Company has complied with all the applicable code provisions set out in the CG Code. Detailed information of the Company's corporate governance practices will be disclosed in the corporate governance report contained in the 2017 annual report of the Company which is expected to be published in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During the Year, the Group has maintained good relationships with its employees, customers and suppliers. The Group will continue to ensure effective communication and maintain good relationship with them.

The Group has been looking for new opportunities and builds up good relationships with its customers so as to accelerate the growth momentum. To retain the existing customers, the Group will provide the technical updates on the products development to cater to the customer needs. The Group has successfully maintained relationships with a number of customers for more than five years, including the Group's major customers.

The Group selects its suppliers and subcontractors according to the internal quality evaluation system and maintains a list of approved suppliers and subcontractors from time to time. For the purpose of maintaining the quality of the products, the Group only purchases raw materials and trading products from approved suppliers and outsources its packaging, electroplating and printing processes to the approved subcontractors.

The Group generally does not enter into long-term procurement contracts with its suppliers in order to maintain flexibility in being able to source raw materials at a competitive price. Its major suppliers include suppliers of raw materials and packaging materials. The Group has established an average of more than five years of business relationships with a majority of its major suppliers.

USE OF PROCEEDS FROM LISTING AND THE RIGHTS ISSUE

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 section headed "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 31 December 2017 is set out below:-

	Planned use of the net proceeds as stated in the Prospectus up to 31 December 2017	Actual use of the net proceeds up to 31 December 2017
	HK$'million	*HK$'million*
Repayment of bank loan	**36.14**	**36.14**
General working capital	**4.02**	**4.02**
	40.16	**40.16**

All net proceeds from the Listing have been used up as at 31 December 2015 according to our implementation plans disclosed in the Prospectus.

The net proceeds from the Rights Issue, after deducting related expenses, amounted to approximately HK$31 million. As at the date of this announcement, the net proceeds of the Rights Issue have been fully applied in accordance with the intended use of proceeds as set out in the prospectus of the Rights Issue dated 27 March 2017.

FUTURE DEVELOPMENT

The Group will continue to invest in its production lines in order to enhance the production capacity and efficiency in 2018. A newly designed and automatic production line has been acquired in 2017 for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries. It will improve the production efficiency and product quality to meet the Group's future expansion. 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. We expect that this new production line will be delivered to us in the second quarter of 2018.

The Group is developing the retail markets for products bearing our own brand "Golden Power". We have started and continued to enter into the PRC retail markets and will continue to expand our retail market shares in the PRC through our co-operation with some well-developed chain stores there. In 2018, we also target to enter into the Hong Kong retail market. By developing the retail markets in the PRC and Hong Kong, we hope to generate a new stream of revenue to add value for our shareholders.

TRANSFER OF LISTING

On 31 May 2017, the Company made an application to the Stock Exchange for the transfer of listing from GEM to the Main Board and the Company 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 adopted on 15 May 2015 on the Main Board by way of transfer of the listing from GEM to the Main Board.

On 2 November 2017, the Company received approval-in-principle for the Transfer of Listing from the Stock Exchange. The last day of dealings in the Shares on GEM (stock code: 8038) was on 9 November 2017 while dealings in the Shares on the Main Board (stock code: 3919) was commenced at 9:00 a.m. on 10 November 2017 and the Shares were delisted from GEM.

The Board believed that the Transfer of Listing would enhance the profile and recognition of the Group by the public and investors and would therefore increase the trading liquidity of the Shares and financing flexibility of the Group. The Board also considered that the Transfer of Listing would strengthen the Group's position in the industry and enhance the Group's competitive strength in maintaining current customers and attracting potential customers which would be beneficial to the future growth and business development of the Group. No new Share was issued as a result of the Transfer of Listing.

EVENT AFTER REPORTING PERIOD

On 6 March 2018 (after trading hours), the Best Kind Holdings Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Golden Villa Ltd. and Golden Power Investment (B.V.I.) Limited (collectively, the "**Vendors**"), as vendors and Mr. Chu King Tien, the Chairman and an executive Director as guarantor, pursuant to which the Purchaser conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to sell to the Purchaser the entire issued share capital of China Scene Limited (the "**Target Company**"), a company incorporated in Hong Kong with limited liability, at the total consideration of HK$40,300,000. The Target Company was the legal and beneficial owner of two properties situated at (i) Shop 29, Ground Floor of Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories, Hong Kong with a saleable area of approximately 267 sq. ft. for commercial purpose; and (ii) Room E, 19th Floor, Block 16, Tai Po Centre, New Territories, Hong Kong with a saleable area of approximately 528 sq. ft. for residential purpose. The acquisition of the entire issued share capital of the Target Company would constitute a discloseable transaction and connected transaction and the acquisition would be subject to the independent shareholders' approval in the extraordinary general meeting.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, and its results, assets and liabilities will be consolidated into the financial statements of the Group. For further details of the acquisition, please refer to the announcement issued by the Company on 6 March 2018.

AUDIT COMMITTEE REVIEW

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

All members of the Audit Committee possess appropriate knowledge and financial experience to perform their duties. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee, among other things, are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and oversee the independence and qualifications of the external auditors and objectivity and the effectiveness of the audit process in accordance with applicable standards.

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

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Tuesday, 15 May 2018 (the "**2018 AGM**"). A notice convening the 2018 AGM will be published and despatched to the shareholders of the Company in accordance with the articles of association of the Company, the Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the identity of the shareholders of the Company to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Thursday, 10 May 2018 to Tuesday, 15 May 2018 both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2018 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. Wednesday, 9 May 2018.

AUDITOR

The consolidated financial statements of the Group for the Year have been audited by PKF Hong Kong Limited, who will retire and, being eligible, offer themselves for re-appointment at the 2018 AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the 2018 AGM.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.goldenpower.com and the website of the Stock Exchange at www.hkexnews.hk. The 2017 annual report of the Company will be despatched to the shareholders of the Company and available on the above websites according to the Listing Rules.

APPRECIATION

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

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

Hong Kong, 21 March 2018

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.