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GOLDEN POWER GROUP HOLDINGS LIMITED

金力集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3919)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$157.55 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$123.82 million), representing an increase of approximately 27.24% over the same period in 2023.
- The unaudited loss attributable to the equity holders of the Company for the six months ended 30 June 2024 was approximately HK\$2.87 million, as compared to an unaudited loss attributable to the equity holders of the Company for the six months ended 30 June 2023 of approximately HK\$10.28 million. The loss for the Period is attributable to the depreciation of RMB against Hong Kong Dollar, which led to the Group recording a foreign exchange loss during the Period, as the reporting currency of the Group is in Hong Kong Dollar, while a substantial part of the Group's assets is denominated in RMB.
- The increase in gross profit for the Period was mainly due to recovery in sales. The gross profit margin increased by approximately 0.63 percentage points from approximately 24.04% for the six months ended 30 June 2023 to approximately 24.67% for the Period. The increase in gross profit margin was due to the decrease in production costs, which was mainly attributable to the commencement of commercial production of the new production line with higher level of automation and decrease in material cost.
- The basic loss per share for the six months ended 30 June 2024 was HK(0.53) cents (six months ended 30 June 2023: basic loss per share of HK(2.41) cents).
- The Board resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Golden Power Group Holdings Limited (the “**Company**”) hereby presents the unaudited condensed consolidated interim results (the “**Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with the corresponding comparative figures of the six months ended 30 June 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	5	157,548	123,822
Cost of sales		(118,687)	(94,061)
Gross profit		38,861	29,761
Other revenue		2,066	1,163
Other losses — net		(3,035)	(4,979)
Selling expenses		(9,564)	(7,542)
General and administrative expenses		(25,161)	(24,407)
Finance costs		(6,298)	(6,005)
Loss before income tax	6	(3,131)	(12,009)
Income tax credit	7	266	1,734
Loss for the period attributable to the equity holders of the Company		(2,865)	(10,275)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(1,232)	(935)
Other comprehensive expense for the period, net of tax		(1,232)	(935)
Total comprehensive expense for the period attributable to equity holders of the Company		(4,097)	(11,210)
Loss per Share (HK cents)	8		
— Basic		(0.53)	(2.41)
— Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	10	350,155	354,407
Investment properties		92,500	92,500
Intangible assets		3,298	3,590
Prepaid land lease payments		3,252	3,683
Right-of-use assets		6,662	2,752
Deposits paid for acquisition of property, plant and equipment		7,695	11,685
Pledged deposit		1,800	1,800
Deferred tax assets		9,812	10,774
		475,174	481,191
Current assets			
Inventories		47,629	49,962
Trade and bill receivables	11	44,206	37,522
Deposits, prepayments and other receivables		40,565	29,697
Income tax recoverable		630	453
Pledged time deposits		5,111	5,055
Cash and bank balances		23,374	28,671
		161,515	151,360
Current liabilities			
Bank overdraft, secured		—	4,602
Trade payables	12	118,054	96,219
Other payables and accruals		22,918	21,684
Contract liabilities		1,939	2,421
Bank and other borrowings		167,888	182,421
Lease liabilities		3,669	932
Income tax payable		218	62
		314,686	308,341
Net current liabilities		(153,171)	(156,981)
Total assets less current liabilities		322,003	324,210

		At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
Non-current liabilities			
Bank and other borrowings		23,616	22,156
Lease liabilities		3,054	1,690
Deferred tax liabilities		4,591	5,525
		<u>31,261</u>	<u>29,371</u>
Net assets		<u>290,742</u>	<u>294,839</u>
Capital and reserves			
Share capital	14	5,400	5,400
Reserves		285,342	289,439
Total equity		<u>290,742</u>	<u>294,839</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	21,761	(7,034)
Net cash (used in)/generated from investing activities	(5,898)	1,597
Net cash (used in)/generated from financing activities	<u>(15,326)</u>	<u>22,223</u>
Net increase in cash and cash equivalents	537	16,786
Cash and cash equivalents as at beginning of the period	24,069	21,508
Effect of foreign exchange rate changes	<u>(1,232)</u>	<u>(935)</u>
Cash and cash equivalents as at the end of the period	<u><u>23,374</u></u>	<u><u>37,359</u></u>
Cash and cash equivalents as at the end of the period comprise:		
Cash and bank balances	<u><u>23,374</u></u>	<u><u>37,359</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2024

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2023 (audited)	3,600	124,454	5,914	(3,932)	29,819	51,697	75,815	287,367
Loss for the period	—	—	—	—	—	—	(10,275)	(10,275)
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(935)	—	—	—	(935)
Total comprehensive expense for the period	—	—	—	(935)	—	—	(10,275)	(11,210)
Issue of shares (<i>note 14</i>)	1,800	16,799	—	—	—	—	—	18,599
At 30 June 2023 (unaudited)	<u>5,400</u>	<u>141,253</u>	<u>5,914</u>	<u>(4,867)</u>	<u>29,819</u>	<u>51,697</u>	<u>65,540</u>	<u>294,756</u>
At 1 January 2024 (audited)	5,400	141,253	5,914	(4,140)	29,819	51,697	64,896	294,839
Loss for the period	—	—	—	—	—	—	(2,865)	(2,865)
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(1,232)	—	—	—	(1,232)
Total comprehensive expense for the period	—	—	—	(1,232)	—	—	(2,865)	(4,097)
At 30 June 2024 (unaudited)	<u>5,400</u>	<u>141,253</u>	<u>5,914</u>	<u>(5,372)</u>	<u>29,819</u>	<u>51,697</u>	<u>62,031</u>	<u>290,742</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands on 7 June 2012 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The headquarters and principal place of business of the Company in Hong Kong are located at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong. The shares in the share capital of the Company (the “**Share(s)**”) had been listed and traded on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 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 People’s Republic of China (the “**PRC**” or “**China**”), 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 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 in 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.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- (a) The unaudited condensed consolidated financial statements (“**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Interim Financial Statements should be read in conjunction with the 2023 annual financial statements. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2023, except for the adoption of the new and revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA that are initially adopted for the current periods financial statements.

- (1) The Group has initially adopted the following new and revised HKFRSs for the financial period beginning on or after 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the new and revised HKFRSs did not have any significant financial impacts on the Interim Financial Statements.

- (2) The HKICPA has issued certain new and revised HKFRSs. For those which are not yet effective and have not been early adopted in prior and current accounting periods, the Group is in the process of assessing their impact on the Group's results and financial position.
- (b) When preparing the Results, the Group's ability to continue as a going concern has been assessed. As at 30 June 2024, the Group had net current liabilities of HK\$153.17 million. The Results have been prepared on a going concern basis due to the reasons that (i) as at 30 June 2024, the Group had unutilised banking facilities of HK\$33.03 million; (ii) subsequent to the end of the reporting period, the Group has successfully rolled over the bank borrowings with an aggregate principal amount of approximately HK\$22.95 million maturing on or before the date when the unaudited condensed consolidated financial statements are authorised for issuance; (iii) for the borrowings which will be maturing within one year, the Group will actively negotiate with the banks before they fall due to secure their renewals so as to ensure the Group will have necessary funds to meet the Group's working capital and financial requirements in the future. The Directors do not expect to experience significant difficulties in renewing these borrowings upon their maturities and there is no indication that its bankers will not renew the existing facilities upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings upon maturities; (iv) given the Group maintained strong business relationship with its bankers and based on past experiences, the Directors expect that the Group is able to renew all the banking facilities when they expire; and (v) the Group, from time to time, reviews the portfolio of investment properties and may adjust the investment strategies in order to enhance the cash flow position of the Group whenever it is necessary.

After taking into consideration of the above factors and funds expected to be generated internally from operations based on the Directors' estimation on the future cash flows of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the Results to be prepared on a going concern basis because there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

4. SEGMENT INFORMATION

For the purposes of assessing segment performance and allocating resources, the Group's senior executive management monitors the results attributable to each reportable segment. Revenue and expenses are allocated to the reportable segments with reference to sales generated by the respective segments and the expenses incurred by the respective segments or which otherwise arise from the depreciation or amortisation of assets attributable to the respective 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.

For the six months ended 30 June 2024 (unaudited)	Cylindrical batteries HK\$'000	Micro-button cells HK\$'000	Rechargeable batteries and other battery- related products HK\$'000	Total HK\$'000
Segment revenue	<u>105,891</u>	<u>49,606</u>	<u>2,051</u>	<u>157,548</u>
Segment results	15,347	22,799	715	38,861
Unallocated other revenue				2,066
Unallocated other loss — net				(3,035)
Unallocated corporate expenses				(34,725)
Finance costs				<u>(6,298)</u>
Loss before income tax				(3,131)
Income tax credit				<u>266</u>
Loss for the period				<u><u>(2,865)</u></u>

For the six months ended 30 June 2023 (unaudited)	Cylindrical batteries <i>HK\$'000</i>	Micro-button cells <i>HK\$'000</i>	Rechargeable batteries and other battery- related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	79,184	41,985	2,653	123,822
Segment results	11,882	16,998	881	29,761
Unallocated other revenue				1,163
Unallocated other loss — net				(4,979)
Unallocated corporate expenses				(31,949)
Finance costs				(6,005)
Loss before income tax				(12,009)
Income tax credit				1,734
Loss for the period				<u>(10,275)</u>

5. REVENUE

Geographical information

	For the six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Hong Kong	13,242	10,805
Asia (except the PRC and Hong Kong)	31,350	23,844
Australia	4,325	12,207
The PRC	44,471	34,183
Europe (except Eastern Europe)	30,980	15,631
Eastern Europe	13,058	11,012
Middle East	275	—
North America	15,017	13,735
South America	4,830	2,405
	<u>157,548</u>	<u>123,822</u>

6. LOSS BEFORE INCOME TAX

	For the six months ended	
	30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss before income tax is arrived at after charging:		
Finance costs		
Bank loans interest	5,285	4,853
Interest on import loans	865	1,079
Interest on lease liabilities	125	39
Bank overdraft interest	23	34
	<u>6,298</u>	<u>6,005</u>
Total interest expenses	<u>6,298</u>	<u>6,005</u>
Other items		
Depreciation of property, plant and equipment	6,106	6,019
Depreciation of right-of-use assets	1,891	2,051
Cost of inventories recognised as expenses	118,687	94,061
	<u>118,687</u>	<u>94,061</u>

7. INCOME TAX CREDIT

	For the six months ended	
	30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax — Hong Kong profits tax		
Provision for the period	447	(1,185)
Current tax — PRC enterprise income tax (“EIT”)		
Provision for the period	(653)	(521)
	<u>(206)</u>	<u>(1,706)</u>
Deferred taxation	(60)	(28)
	<u>(60)</u>	<u>(28)</u>
Income tax credit	<u>(266)</u>	<u>(1,734)</u>

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 Enterprise Income Tax (“EIT”) at 25% on the estimated assessable profits respectively except for one Hong Kong subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rate regime and all PRC subsidiaries of the Group are subject to a preferential tax rate as mentioned below.

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 1 December 2020 and 28 December 2023, Goldtium (Jiangmen) Energy Products Company Limited was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for three years.

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 20 December 2021, Dongguan Victory Battery Industries Company Limited was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for three years.

8. LOSS PER SHARE

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

	For the six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to equity holders of the Company	<u>(2,865)</u>	<u>(10,275)</u>
	'000	'000
Weighted average number of Shares for the purpose of calculating basic loss per Share	<u>540,000</u>	<u>425,724</u>

Diluted loss per Share has not been disclosed as no dilutive potential equity shares has been in existence for the six months ended 30 June 2024 and 2023, respectively.

9. DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired plant and machinery of approximately HK\$6.58 million (six months ended 30 June 2023: approximately HK\$1.60 million). The acquisition of plant and machinery can expand production capacity and improve production efficiency.

11. TRADE AND BILL RECEIVABLES

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

	At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
Trade and bill receivables		
0–30 days	23,478	20,803
31–60 days	13,867	11,640
61–90 days	4,628	2,380
91–120 days	1,034	1,291
Over 120 days	1,199	1,408
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Total	44,206	37,522
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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 of the Group.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs prescribed by HKFRS 9, which is calculated using a provision matrix based on shared credit risk characteristics by reference to repayment histories and current past due exposure for customers taking into consideration forward-looking information that is reasonable and supportable available without undue cost or effort. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The Group assesses the trade receivables that are individually significant separately. The Group makes periodic assessments on the recoverability of those individually significant trade receivables based on the background and reputation of the customers, historical settlement records and past experience.

In view of the history of business dealings with the debtors, the sound collection history of the receivables due from them and the insurance policy, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these debtors. The Directors consider the Group's credit risk of these receivables to be low.

12. TRADE PAYABLES

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

	At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
Trade payables		
0–30 days	30,573	24,252
31–90 days	39,943	27,720
91–180 days	31,179	33,214
Over 180 days	16,359	11,033
	<hr/>	<hr/>
Total	118,054	96,219
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13. RELATED PARTY TRANSACTIONS

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

Remuneration for the key management personnel, including amounts paid to the Directors and certain of the highest paid employees, are as follows:

	For the six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Salaries, allowances and other benefits in kind	5,954	5,874
Discretionary bonuses	872	860
Contributions to defined contribution plans	69	72
	<hr/>	<hr/>
	6,895	6,806
	<hr/> <hr/>	<hr/> <hr/>

14. SHARE CAPITAL

As at 30 June 2024, the issued share capital of the Company was HK\$5,400,000 divided into 540,000,000 shares in one class of HK\$0.01 each. During the Period, there is no change in the issued share capital or number of issued share of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

The revenue of sales of cylindrical batteries for the Period has increased by approximately HK\$26.71 million as compared to the same period in 2023, representing an increase of approximately 33.73%. The increase in such revenue was mainly due to the increase in sales in the PRC and Hong Kong, Europe and America during the Period.

The revenue of sales of micro-button cells and rechargeable batteries and other battery-related products for the Period increased by approximately HK\$7.02 million as compared to the same period in 2023, representing an increase of approximately 15.72%. The increase in such revenue was mainly due to the increase in sales in Hong Kong and America.

The Group recorded a gross profit for the Period of approximately HK\$38.86 million (2023: approximately HK\$29.76 million), representing an increase of approximately HK\$9.10 million or 30.58% as compared to the same period in 2023, which was mainly due to the increase in sales revenue by approximately HK\$33.73 million from approximately HK\$123.82 million for the six months ended 30 June 2023 to approximately HK\$157.55 million for the Period, representing an increase of approximately 27.24%. The gross profit margin increased by 0.63 percentage points from 24.04% for the six months ended 30 June 2023 to 24.67% for the Period. The increase in gross profit margin was due to the decrease in production costs, which was mainly attributable to the decrease in direct labour cost by improving production efficiency from the commencement of commercial production of the new production line with higher level of automation and the decrease in material cost, which was resulted from the depreciation of Renminbi (“RMB”) during the Period.

The unaudited loss attributable to the shareholders of the Company for the six months ended 30 June 2024 was approximately HK\$2.87 million, as compared to an unaudited loss attributable to the equity holders of the Company for the six months ended 30 June 2023 of approximately HK\$10.28 million, representing a decrease in loss of approximately 72.12%. Despite the improvement in revenue and gross profit, the loss for the Period is attributable to the depreciation of RMB against Hong Kong Dollar, which led to the Group recording a foreign exchange loss during the Period, as the reporting currency of the Group is in Hong Kong Dollar, while a substantial part of the Group's assets is denominated in RMB.

The on-going military hostilities between Russia and Ukraine and escalating military conflicts in the Middle East affected the international shipping logistics and increased the logistic cost. High US interest rate and exchange rate fluctuation against US Dollar may put pressure on customers' buying power. The management will closely monitor the situation from time to time and will take the appropriate actions to minimise the risks posed by the said factors.

Going forward, uncertainty on interest rate hike and international shipping schedule may affect the Group's performance during the rest of the year. International geopolitical tensions may potentially affect the turnover especially in American and European markets.

The Group will put more effort in developing the Asian markets. The Group will continue to adopt stringent cost control and appropriate strategies to enhance its operation efficiency. With the newly acquired production lines with higher level of automation commencing commercial production, the Group has achieved cost-saving in production. Going forward, to leverage the solid experience in battery production of the Group, the Group will keep eyes on developing new energy products which may be different from disposal battery to achieve new and sustainable growth for the Group.

FINANCIAL REVIEW

Revenue

Revenue for the Period was approximately HK\$157.55 million (six months ended 30 June 2023: approximately HK\$123.82 million), representing an increase of approximately 27.24% as compared to the same period in 2023. The revenue increase mainly resulted from customers resumed placing more orders for restocking, which caused an increase of sales in the PRC, European and Asian markets.

Gross Profit

The Group recorded a gross profit of approximately HK\$38.86 million for the Period (six months ended 30 June 2023: approximately HK\$29.76 million), representing an increase of approximately 30.58%. The increase in gross profit for the Period was mainly due to recovery in sales. The gross profit margin increased by approximately 0.63 percentage points from approximately 24.04% for the six months ended 30 June 2023 to approximately 24.67% for the Period. The increase in gross profit margin was due to the decrease in production costs, which was mainly attributable to the decrease in direct labour cost by improving production efficiency from the commencement of commercial production of the new production line with higher level of automation and the decrease in material cost, which was resulted from the depreciation of RMB during the Period.

Expenses

During the Period, the selling expenses of the Group has increased by 26.81% to approximately HK\$9.56 million, as compared to approximately HK\$7.54 million for the corresponding period in 2023, which is in line with the increase in revenue. The increase in selling expenses was mainly due to the increase in travelling and other expenses during the Period. The Group's general and administrative expenses has increased by approximately HK\$0.75 million to approximately HK\$25.16 million during the Period, as compared to approximately HK\$24.41 million for the same period in 2023. The increase in general and administrative expenses was mainly due to the increase in professional expenses during the Period.

Loss attributable to equity holders of the Company

The unaudited loss attributable to the shareholders of the Company for the six months ended 30 June 2024 was approximately HK\$2.87 million, as compared to an unaudited loss attributable to the equity holders of the Company for the six months ended 30 June 2023 of approximately HK\$10.28 million, representing a decrease in loss of approximately 72.12%. Despite the improvement in revenue and gross profit, the loss for the Period is attributable to the depreciation of RMB against Hong Kong Dollar, which led to the Group recording a foreign exchange loss during the Period, as the reporting currency of the Group is in Hong Kong Dollar, while a substantial part of the Group's assets is denominated in RMB.

LIQUIDITY AND FINANCIAL RESOURCES

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group's assets. Save as the foreign currency contracts as disclosed in the paragraph headed "Foreign Currency Risk" in this announcement, no investment in financial instruments other than cash or bank deposits was used during the Period.

The bank and other borrowings are repayable as follows:

	At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
Within 1 year		
— Short-term loans	139,746	148,815
— Current portion of long-term loans	28,142	33,606
	167,888	182,421
Over 1 year but within 2 years	7,741	10,283
Over 2 years but within 5 years	8,293	11,873
Over 5 years	7,582	—
	191,504	204,577

As at 30 June 2024, the Group had borrowings of approximately HK\$191.50 million (as at 31 December 2023: approximately HK\$204.58 million), which were principally denominated in Hong Kong Dollar and RMB. The borrowings were principally denominated in HKD and RMB and at floating interest rates mainly with reference to the Hong Kong Interbank Offered Rate (HIBOR) and PRC loan prime rate (LPR), respectively. The debt ratio, calculated as total liabilities over total assets, of the Group as at 30 June 2024 was approximately 0.54 (as at 31 December 2023: approximately 0.53). The utilisation rate of the borrowings of the Group was approximately 85.29% of the total banking facilities available as at 30 June 2024.

As at 30 June 2024, the Group had cash and cash equivalents (the “**Liquidity Resources**”) of approximately HK\$23.37 million (as at 31 December 2023: approximately HK\$24.07 million) which were mainly denominated in HKD and RMB.

The Directors believe that the utilisation rate of the banking facilities has been maintained at a reasonable level and the existing level of borrowings is at a safe level in support the Group’s operating needs.

Save as disclosed in this announcement, the Group had no material capital expenditure commitments as at 30 June 2024.

CAPITAL STRUCTURE

During the Period, there was no change in the capital structure of the Company. The capital structure of the Group consists of bank and other borrowings, net of bank balances and cash and equity attributable to shareholders of the Company comprising issued share capital and reserves. The issued share capital of the Company comprises Shares only. Total equity of the Company amounted to approximately HK\$290.74 million as at 30 June 2024 (as at 31 December 2023: approximately HK\$294.84 million). During the Period, the Company held no treasury shares and did not sell any treasury shares.

GEARING RATIO

The Group expresses its gearing ratio as a percentage of total debts divided by total equity. As at 30 June 2024, the Group's gearing ratio was approximately 0.76 (as at 31 December 2023: approximately 0.79).

CHARGES ON ASSETS

The Group's bank borrowing facilities were secured mainly by the Group's certain property, plant and machinery, all investment properties, all prepaid land lease payments, pledged deposits and pledged time deposits with carrying value of approximately HK\$138.16 million as at 30 June 2024 (as at 31 December 2023: approximately HK\$140.34 million).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2024 (as at 31 December 2023: nil).

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2024, the Group had the following significant investments: (i) the investment in two investment properties located at Flat B and Flat D of 20/F., Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories (the "**Tai Ping Properties**"), which are held by Golden Power Properties Limited (an indirect wholly-owned subsidiary of the Company) for leasing purpose; and (ii) Shop 29, Ground Floor of Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories, Hong Kong (the "**Fortune Plaza Shop**"), which is held by China Scene Limited (an indirect wholly-owned subsidiary of the Company) (collectively, the "**Investment Properties**"). As at 30 June 2024, all of tenancies of the Investment Properties had expired and were open to let except Flat D of 20/F., Tai Ping Properties.

As at 30 June 2024, the value of the Investment Properties is approximately HK\$92.50 million and the relative size of the Investment Properties to the total assets of the Group as at 30 June 2024 was approximately 14.53% and the rental income generated from Investment Properties was HK\$1.49 million during the Period. The Group had engaged properties agents to look for suitable tenants for the Investment Properties which are open to let. The investment strategy of the Company in respect of the Investment Properties is that the Company aims to broaden the Company's fixed asset base with a positive and stable returns in the long-run, which can diversify the source of income of the Company and generate healthy income streams in to the Group. Other than those disclosed above, the Group did not hold any significant investment as at 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any plans for material investments or capital assets as at 30 June 2024.

EMPLOYEES AND REMUNERATION POLICIES

The Directors believe that the quality of the employees is an important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme and the options which may be granted under the Share Option Scheme adopted by the Company. The Group also arranges induction and on-the-job trainings to employees from time to time.

As at 30 June 2024, the Group had a total of 407 employees (as at 30 June 2023: 438 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK\$20.87 million during the Period (six months ended 30 June 2023: approximately HK\$22.35 million).

PRINCIPAL RISKS AND UNCERTAINTIES

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

- (i) The Group's business in European and American markets may be affected by the dissipation of purchasing power of customers resulted from inflation as a result of the military hostilities between Russia and Ukraine and in the Middle East;
- (ii) The potential increase in logistic costs and uncertainty on shipping schedule resulted from the escalating military conflicts in the Middle East;
- (iii) 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;
- (iv) 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. Furthermore, 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;
- (v) The Group's revenue was denominated in RMB, HKD and US Dollar and the cost of sales was primarily denominated in RMB and the remaining denominated in HKD, US Dollar and Euro. The value of RMB against HKD and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in the PRC;
- (vi) 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; and

(vii) 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 light of the customers' historical buying pattern, particularly batteries to be sold to the customers under the Group's branded business which adopt its original design and specifications. If the sales forecast turns out to be inaccurate and the customers do not place orders with the Group in the volumes as expected, the products produced may not be absorbed by other customers, and the Group's business, results of operations and financial condition may be adversely affected.

For more details about the general risks and uncertainties in relation to the Group, please refer to the Prospectus of the Company dated 29 May 2015.

FOREIGN CURRENCY RISK

The reporting currencies of the Group is HKD.

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC which has its principal functional currency denominated in RMB. As at 30 June 2024, the Group had an exchange rate exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies, i.e. RMB and HKD, while the Group's revenue from overseas sales were mainly denominated in US Dollar.

The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary. To control the foreign exchange risk to an acceptable level, the Group ensures that it would be able to obtain sufficient amount of RMB at acceptable exchange rates for meeting payment obligations arising from business operations in terms of RMB against other foreign currencies. During the Period, due to the volatility in the exchange rate of Japanese Yen against the US Dollar, the Group had entered into financial instruments with value of approximately JPY50 million for hedging purpose against payments which will be due during the year in Japanese Yen.

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

Interests in the Company

As at 30 June 2024, the interests or short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the Listing Rules, were as follows:

Long positions in the Shares

Name	Nature of interest	Total number of Shares held (long position)	Approximate percentage of shareholding
Chu King Tien (Chairman and Executive Director)	Interest in a controlled corporation (<i>Note 1</i>)	273,100,000 Shares	50.57%
Chu Shuk Ching (Executive Director and Chief Executive Officer)	Interest in a controlled corporation (<i>Note 2</i>) Beneficial owner	32,000,000 Shares 4,500,000 Shares	5.93% 0.83%

Notes:

1. These Shares are held by Golden Villa Ltd., which is wholly-owned by Mr. Chu King Tien. By virtue of the SFO, Mr. Chu King Tien is deemed to be interested in all the Shares held by Golden Villa Ltd.
2. These Shares are held by Triumph Treasure Holdings Limited ("**Triumph Treasure**"), which is wholly-owned by Ms. Chu Shuk Ching. By virtue of the SFO, Ms. Chu Shuk Ching is deemed to be interested in all the Shares held by Triumph Treasure.

Interests in associated corporations of the Company

As at 30 June 2024, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the Listing Rules, were as follows:

Long positions in the shares of the associated corporations

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

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other interest or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the Listing Rules.

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

So far as the Directors are aware, as at 30 June 2024, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying Shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions in the Shares

Name	Nature of interest	Total number of Shares held (long position)	Approximate percentage of shareholding
Golden Villa Ltd.	Beneficial owner	273,100,000 Shares	50.57%
Ms. Mo Yuk Ling	Interest of spouse (<i>Note 1</i>)	273,100,000 Shares	50.57%
Triumph Treasure	Beneficial owner (<i>Note 2</i>)	32,000,000 Shares	5.93%

Notes:

1. Ms. Mo Yuk Ling is the spouse of Mr. Chu King Tien. Under the SFO, Ms. Mo Yuk Ling is deemed to be interested in the same number of shares in which Mr. Chu King Tien is interested.
2. Triumph Treasure was wholly-owned by Ms. Chu Shuk Ching.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

SUBSEQUENT EVENT

Save as disclosed above, there are no important events subsequent to the end of the Period and up to the date of this announcement.

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

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

SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was conditionally adopted by the written resolutions of the Company’s sole shareholder passed on 15 May 2015. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The principal terms of the Scheme are summarised in the paragraph headed “Share Option Scheme” in the report of the Directors in the annual report of the Company for the year ended 31 December 2023. Since the date of adoption of the Scheme and up to the date of this announcement, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors’ securities transactions throughout the Period and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company has adopted the code principles of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules. The Company is committed to ensuring a high corporate governance standard and transparency and accountability to shareholders of the Company. The Board is of the opinion that the Company has complied with the applicable code provisions under the CG Code throughout the Period and up to the date of this announcement.

DIRECTORS’ MATERIAL INTERESTS IN CONTRACTS

Save as disclosed above, no Director had any material interests in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

COMPETING BUSINESS

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

AUDIT COMMITTEE

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. Kan Man Kim and Mr. Wong Ka Chun, Matthew.

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 Results have not been audited by the Company’s auditor but have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

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

Hong Kong, 16 August 2024

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, and the independent non-executive Directors are Mr. Hui Kwok Wah, Mr. Kan Man Kim and Mr. Wong Ka Chun Matthew.