

The logo for GoldenPower, featuring the word "GoldenPower" in a bold, yellow, sans-serif font with a registered trademark symbol (®) to the upper right of the word. The background of the entire page is a dynamic, abstract composition of overlapping diagonal bands in various shades of green and blue, creating a sense of movement and depth. A bright, multi-colored lens flare effect is centered in the lower half of the page, with numerous small, glowing particles radiating from its core.

GoldenPower®

Golden Power Group Holdings Limited

金力集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8038

2016
FIRST
QUARTERLY
REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**” or individually a “**Director**”) of Golden Power Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

FINANCIAL HIGHLIGHTS

- Recorded an unaudited revenue of approximately HK\$63.76 million for the three months ended 31 March 2016 (three months ended 31 March 2015: approximately HK\$70.78 million), representing a decrease of approximately 9.92% over the same period of the previous year.
- Recorded an unaudited profit attributable to the equity shareholders of the Company of approximately HK\$3.29 million for the three months ended 31 March 2016 (three months ended 31 March 2015: a loss of approximately HK\$1.50 million).
- The basic earnings per share for the three months ended 31 March 2016 was HK2.06 cents (three months ended 31 March 2015: basic loss per share of HK1.44 cents).
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: Nil).

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated quarterly results (the “**Results**”) of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 31 March 2016 (the “**Period**”) together with the comparative unaudited figures for the corresponding period in 2015, as follows:

Unaudited Condensed Consolidation Statement of Profit and Loss and Other Comprehensive Income

For the three months ended 31 March 2016

		For the three months ended 31 March	
	Notes	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Revenue	3	63,762	70,783
Cost of sales		(44,503)	(57,228)
Gross profit		19,259	13,555
Other revenue		325	559
Other (losses)/gains — net		(691)	1,422
Selling and distribution expenses		(3,048)	(3,154)
Administrative expenses		(10,577)	(11,839)
Finance costs		(975)	(1,605)
Profit/(loss) before income tax	4	4,293	(1,062)
Income tax expenses	5	(1,000)	(434)
Profit/(loss) for the period		3,293	(1,496)

		For the three months ended 31 March	
		2016	2015
		(unaudited)	(unaudited)
Notes		HK\$'000	<i>HK\$'000</i>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
	Exchange differences arising on translation of financial statements of foreign operations	653	520
Other comprehensive income for the period, net of tax		653	520
Total comprehensive income/(loss) for the period attributable to equity shareholders of the Company		3,946	(976)
Earnings/(loss) per Share (HK cents)			
	6		
	— Basic	2.06	(1.44)
	— Diluted	—	—

Unaudited Condensed Consolidation Statement of Changes in Equity
For the three months ended 31 March 2016

	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2014 (audited)	—	—	9,819	3,411	2,062	19,725	35,017
Total comprehensive income/(loss) for the period	—	—	—	—	520	(1,496)	(976)
Appropriation to statutory reserve	—	—	—	307	—	(307)	—
At 31 March 2015 (unaudited)	—	—	9,819	3,718	2,582	17,922	34,041
At 31 December 2015 (audited)	1,600	59,825	29,819	3,940	(2,654)	22,595	115,125
Total comprehensive income for the period	—	—	—	—	653	3,293	3,946
Appropriation to statutory reserve	—	—	—	241	—	(241)	—
At 31 March 2016 (unaudited)	1,600	59,825	29,819	4,181	(2,001)	25,647	119,071

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General

The Company was incorporated in the Cayman Islands on 7 June 2012 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The headquarters and principal place of business of the Company in Hong Kong is located at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong. The Company's shares (the "**Share**" or "**Shares**") have been listed and traded on the Growth Enterprise Market ("**GEM**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 5 June 2015 (the "**Listing Date**").

Pursuant to the reorganisation of the Group in connection with the listing of the Shares on GEM, the Company became the holding company of the Group on 25 September 2014 (the "**Reorganisation**"). Details of the Reorganisation were set out in the section headed "History, Development and Reorganisation — Reorganisation" of the prospectus of the Company dated 29 May 2015 (the "**Prospectus**").

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

2. Basis of preparation

The Results have not been audited by the Company's auditor but have been reviewed by the Company's audit committee. The Results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (collectively the "**HKFRSs**") and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

The Results have been prepared under the historical cost basis. The principal accounting policies used in the preparation of the Results are consistent with those applied in the audited consolidated financial statements for the year ended 31 December 2015, except for the adoption of the new and revised HKFRSs. The adoption of these new and revised HKFRSs has no material effect on the Results.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective.

When preparing the Results, the Group's ability to continue as a going concern has been assessed. As at 31 March 2016, the Group had net current liabilities of HK\$33.10 million. The Results have been prepared on a going concern basis due to the reasons that (i) as at 31 March 2016, the Group had unutilised banking facilities of HK\$24.99 million; and (ii) the Directors expect that the Group is able to renew all the banking facilities when expire.

After taking into consideration of the banking facilities already in place as at 31 March 2016, 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.

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

3. Revenue

Geographical information

	For the three months ended	
	31 March	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	<i>HK\$'000</i>
Africa	67	1,532
Hong Kong	15,736	14,188
Asia (except the PRC and Hong Kong)	7,302	7,385
Australia	2,296	5,407
PRC	12,287	18,963
Europe (except East Europe)	9,521	12,692
East Europe	1,903	3,259
Middle East	786	561
North America	9,912	3,534
South America	3,952	3,262
	63,762	70,783

4. Profit/(loss) before income tax

	For the three months ended 31 March	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Profit/(loss) before income tax is arrived at after charging:		
Finance costs		
Bank loans interest	905	1,326
Interest on import loans	68	279
Bank overdraft interest	2	—
Total interest expense	975	1,605
Other items		
Depreciation of property, plant and equipment	3,114	3,204
Cost of inventories sold	44,503	57,228

5. Income tax expenses

	For the three months ended 31 March	
	2016 (unaudited) <i>HK\$'000</i>	2015 (unaudited) <i>HK\$'000</i>
Current tax — Hong Kong profits tax:-		
Provision for the period	156	444
Current tax — PRC enterprise income tax ("EIT"):		
Provision for the period	663	—
	819	444
Deferred taxation	181	(10)
Total income tax expenses	1,000	434

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits arising in Hong Kong for the three months ended 31 March 2016 and 2015, respectively.

The PRC subsidiaries of the Group are subjected to EIT at the rate of 25%.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands for the three months ended 31 March 2016 and 2015, respectively.

6. Earnings/(loss) per Share

The calculation of the basic earnings/(loss) per Share attributable to the equity shareholders of the Company is based on the following data:

	For the three months ended 31 March	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Profit/(loss) for the period attributable to equity shareholders of the Company	3,293	(1,496)
	'000	'000
Weighted average number of ordinary Shares for the purpose of calculating basic earnings per Share	160,000	104,000

Diluted earnings per Share has not been disclosed as no dilutive potential equity shares in existence for the three months ended 31 March 2016 and 2015.

7. Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2016 (for the three months ended 31 March 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is principally engaged in the manufacture and sale of a broad range of batteries for various electronic devices to the PRC, Hong Kong and international markets both under its own brand “Golden Power” and the brands of its private label and OEM customers. The products are mainly categorised into two segments, 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 Period has dropped by approximately HK\$6.34 million as compared to the same period of 2015, which was equivalent to approximately 12.92% decrease. Such drop in revenue was mainly due to lower demand on cylindrical batteries in the PRC and Europe.

The revenue on micro-button cells and rechargeable batteries and other battery-related products for the Period increased by approximately HK\$137,000 compared to the same period of 2015, which was equivalent to approximately 0.80% increase.

Looking forward, with the challenging environment in the PRC, the Group will continue to adopt stringent cost control, employ appropriate strategies to enhance its operation efficiency and explore new business opportunities in the PRC market.

FINANCIAL REVIEW

Revenue

Revenue for the Period was approximately HK\$63.76 million, representing a decrease of approximately 9.92% as compared to the same period of 2015. Such drop in revenue was mainly due to lower demand on cylindrical batteries in PRC and Europe. Profit attributable to equity shareholders of the Company for the Period was approximately HK\$3.29 million whilst for the same period in 2015, the loss attributable to equity shareholders of the Company was approximately HK\$1.50 million. The profit for the Period was mainly due to the savings on staff cost, production overhead, office utilities expenses and distribution expenses over the Period.

Gross Profit

The Group recorded a gross profit of approximately HK\$19.26 million for the Period (three months ended 31 March 2015: approximately HK\$13.56 million), representing an increase of approximately 42.04%. The increase in gross profit for the Period was mainly due to the implementation of cost control on production overhead.

Expenses

During the Period, the selling and distribution expenses of the Group has dropped by 3.17% to approximately HK\$3.05 million, as compared to approximately HK\$3.15 million in the corresponding period in 2015. The Group's administrative expenses has decreased by approximately HK\$1.26 million to approximately HK\$10.58 million as compared to approximately HK\$11.84 million for the same period of 2015. The decrease in administrative expenses was mainly due to savings on staff cost of approximately HK\$1.74 million, utilities cost of approximately HK\$0.25 million and traveling expenses of approximately HK\$0.16 million which was partially offset by the increase in professional fees of approximately HK\$0.50 million, sundry expenses of approximately HK\$0.52 million.

Liquidity and Financial Resources

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

The bank borrowings are repayable as follow:

	31 March 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Within 1 year		
— Short-term loans	36,747	47,508
— Current portion of long-term loans	27,200	11,632
	63,947	59,140
1–2 years	13,919	11,886
2–5 years	22,686	21,312
Over 5 years	3,074	3,342
	103,626	95,680

As at 31 March 2016, the Group had borrowings of approximately HK\$103.63 million (as at 31 December 2015: HK\$95.68 million). The debt ratio, calculated as total liabilities over total assets of the Group as at 31 March 2016 was approximately 0.63 (as at 31 December 2015: approximately 0.64).

As at 31 March 2016, the Group had cash and cash equivalents of approximately HK\$19.96 million (as at 31 December 2015: HK\$24.92 million) which were mainly denominated in Hong Kong dollars and Renminbi.

Save as disclosed in the Results, the Group has no material capital expenditure commitments as at 31 March 2016.

Capital Structure

The Shares were successfully listed on GEM on 5 June 2015, and there has been no material change in the capital structure of the Company since its listing. The capital structure of the Company consists of bank borrowings net of bank balances and cash, and equity attributable to shareholders of the Company comprises issued share capital and reserves. The issued share capital of the Company comprises only ordinary Shares. Total equity of the Company amounted to approximately HK\$119.07 million as at 31 March 2016 (as at 31 December 2015: approximately HK\$115.13 million).

Significant Investments Held

Except for investments in subsidiaries, the Group did not hold any significant investment as at 31 March 2016.

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

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

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the 2015 annual report of the Company or this report, the Group did not have any plans for material investments or capital assets as at 31 March 2016.

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

Interests in the Company

As at 31 March 2016, the interests or short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the GEM Listing Rules, were as follows:

Long positions in the Shares

Name	Nature of interest	Total number of Shares held	Approximate percentage of shareholding
Chu King Tien	Interest in a controlled corporation (Note 1)	84,000,000 ordinary Shares	52.50%

Note:

1. These Shares are held by Golden Villa Ltd., which is wholly and beneficially owned by Mr. Chu King Tien. By virtue of the SFO, Mr. Chu King Tien is deemed to be interested in all the Shares held by Golden Villa Ltd. in the Company.

Interests in associated corporations of the Company

As at 31 March 2016, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in, were as follows:

Long 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 31 March 2016, none of the Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the GEM Listing Rules.

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

So far as the Directors are aware, as at 31 March 2016, 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 and the GEM Listing Rules:

Long positions in the Shares

Name	Nature of interest	Total number of Shares held	Approximate percentage of shareholding
Golden Villa Ltd. (Note 1)	Beneficial owner	84,000,000 ordinary Shares	52.5%
Ms. Mo Yuk Ling (Note 2)	Interest of spouse	84,000,000 ordinary Shares	52.5%
Ko Kin Hang	Beneficial owner	13,000,000 ordinary Shares	8.13%

Notes:

1. Golden Villa Ltd. is wholly and beneficially owned by Mr. Chu King Tien. By virtue of the SFO, Mr. Chu is deemed to be interested in all the Shares held by Golden Villa Ltd. in the Company.
2. Ms. Mo Yuk Ling is the spouse of Mr. Chu King Tien. Under the SFO, Ms. Mo Yuk Ling is deemed to be interested in the same number of the Shares in which Mr. Chu King Tien is interested.

Save as disclosed above, as at 31 March 2016, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

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

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 15 May 2015 (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the Section headed "D. Share Option Scheme" in Appendix V of the Prospectus. During the Period, no option has been granted, exercised or lapsed under the Share Option Scheme.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standards of dealings and its code of conduct regarding securities transactions by the Directors throughout the period from the Listing Date to 31 March 2016.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the code principles of the Corporate Governance Code (the "**Code**") as set out in Appendix 15 of the GEM Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to shareholders of the Company. The Company has complied with the Code throughout the period from the Listing Date to 31 March 2016.

COMPETING BUSINESS

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

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, RaffAello Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 25 September 2014, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Shares of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2016 or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") on 15 May 2015 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the Code. The duties of the Audit Committee are to, among other things, review relationship with the Company's external auditors, review the Company's financial information, oversee the Company's financial reporting, risk management and internal control systems and oversee the Company's continuing connected transactions. The Audit Committee comprises three independent non-executive Directors namely, Mr. Hui Kwok Wah, Mr. Ma Sai Yam and Mr. Chow Chun Hin Leslie. Mr. Hui Kwok Wah currently serves as the chairman of the Audit Committee. The Results have not been audited by the Company's auditor but have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

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

Hong Kong, 9 May 2016

As at the date of this report, 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.