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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE**

Underwriter of the Rights Issue



中天證券有限公司
CHINA SKY SECURITIES LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$32 million, before expenses, by issuing 80,000,000 Rights Shares by way of rights issue at the Subscription Price of HK\$0.4 per Rights Share, on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date.

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$31 million. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$18 million for the repayment of certain banking facilities of the Group and (ii) the balance of HK\$13 million as general working capital of the Group.

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. (Hong Kong time) on Friday, 17 March 2017.

Golden Villa has given an irrevocable undertaking in favour of the Company to subscribe for 42,000,000 Rights Shares which will be provisionally allotted to Golden Villa under the Rights Issue.

Taking into account the Undertaken Shares, the Rights Issue will be fully underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement. Details of the Underwriting Agreement are set out in the paragraph headed “Underwriting arrangement and undertaking — Underwriting Agreement” below in this announcement.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding this announcement, and the Rights Issue is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them), pursuant to Rules 10.29 and 10.31(2) of the GEM Listing Rules, the Rights Issue is not subject to the approval of the Shareholders.

GENERAL

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date.

Subject to the advice of the Company’s legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Prospectus (without the PAL) will be sent to the Non-Qualifying Shareholders (if any) for information only.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares are expected to be dealt in on an ex-rights basis commencing from Thursday, 16 March 2017. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 29 March 2017 to Thursday, 6 April 2017 (both days inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$32 million, before expenses, by issuing 80,000,000 Rights Shares by way of rights issue at the Subscription Price of HK\$0.4 per Rights Share, on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The details of the Rights Issue are set out as follows:

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.4 per Rights Share
Number of Shares in issue as at the date of this announcement:	160,000,000 Shares
Number of Rights Shares:	80,000,000 Rights Shares
Number of Shares in issue immediately upon completion of the Rights Issue:	240,000,000 Shares
Amount to be raised by the Rights Issue before expenses:	Approximately HK\$32 million
Underwriter:	China Sky Securities Limited

As at the date of this announcement, the Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares.

Assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, the 80,000,000 Rights Shares to be issued and allotted pursuant to the Rights Issue represent (i) 50% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.4 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 59.18% to the closing price of HK\$0.98 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 58.76% to the average closing price of approximately HK\$0.97 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

- (c) a discount of approximately 57.81% to the average closing price of approximately HK\$0.95 per Share for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (d) a discount of approximately 68% to the theoretical ex-rights price of approximately HK\$1.25 per Share based on the closing price of HK\$0.98 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price and trading liquidities of the Shares under the prevailing market conditions.

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to participate in the Rights Issue so as to maintain their pro rata shareholdings in the Company and participate in the future growth of the Group. The Board considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.39.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (c) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms;
- (d) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement not being terminated in accordance with the terms thereof on or before the Latest Time for Termination; and
- (e) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remain true and accurate in all material respects.

The Company shall use all reasonable endeavours to procure the fulfilment or waiver (as the case may be) of all the above conditions precedent by the Latest Time for Termination or such other time and date as the Company and the Underwriter may agree.

The Underwriter may at any time by notice in writing to the Company waive the condition set out in paragraph (e) above. Save and except the condition set out in paragraph (e) above, the other conditions are incapable of being waived. If the conditions precedent set out in paragraphs (a) to (e) above are not fulfilled and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate (save and except the provisions regarding fees, notices and governing law and jurisdiction which shall remain in full force and effect) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Shares then in issue in all respects. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

Closure of register of members

The register of members of the Company will be closed from Monday, 20 March 2017 to Friday, 24 March 2017, both dates inclusive, to determine entitlements of the Qualifying Shareholders to participate in the Rights Issue. No transfer of Shares will be registered during this period.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be an Non-Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 17 March 2017.

The last day for dealing in the Shares on a cum-rights basis is Wednesday, 15 March 2017. The Shares will be dealt with on an ex-rights basis from Thursday, 16 March 2017.

The latest time for acceptance of and payment for the Rights Shares is expected to be at 4:00 p.m. on Tuesday, 11 April 2017.

Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Pursuant to Rule 17.41 of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders and no provisional allotment of nil-paid Right Shares will be made to them. Further information in this connection will be set out in the Prospectus. The Prospectus (without the PAL) will be sent to the Non-Qualifying Shareholders (if any) for information only.

Any entitlement of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be taken up by the Underwriter.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

No application for excess Rights Shares

Considering that the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company and is negotiated on an arm's length basis with the Underwriter, if application for excess Rights Shares is arranged, the Company will be required to put in additional efforts and costs (estimated to be HK\$270,000) to administer the excess application procedures. The Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising. Notwithstanding excess application arrangement will not be made available to the Qualifying Shareholders, the Board considers that a discount to the Subscription Price offered to the Qualifying Shareholders would encourage them to participate in the Rights Issue and to the potential growth of the Company. In light of the above, the Board considers that the Rights Issue in the absence of excess application arrangement is in the interests of the Shareholders. Accordingly, no excess Rights Shares will be offered to the Qualifying Shareholders and any Rights Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement.

Fractions of the Rights Shares

Entitlement to the Rights Shares will be rounded down to the nearest whole number. No fractional entitlements to the Rights Shares will be provisionally allotted or issued to the Qualifying Shareholders. All such fractional entitlements will be aggregated (rounded down to the nearest whole number) and taken up by the Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those who have accepted and applied for and paid for the Rights Shares on or before Friday, 21 April 2017 by ordinary post at their own risk. If the Rights Issue is terminated or for unsuccessful application for Rights Issue, refund cheques in respect of the acceptance for Rights Shares are expected to be posted on or before Friday, 21 April 2017 by ordinary post to the applicants at their own risk.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares per each board lot.

Dealings in the Rights Shares in both their nil-paid and fully paid forms, which are registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy, and any other applicable fees and charges in Hong Kong.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company and 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 Company is seeking to conduct the Rights Issue to repay some of its outstanding banking facilities and replenish the future working capital of the Company so as to reduce the finance costs of the Group and improve the Group's profitability and cash flow.

The gross proceeds from the Rights Issue will be approximately HK\$32 million. The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$31 million. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$18 million for fully repaying certain bank facilities and (ii) the balance of HK\$13 million as general working capital of the Group.

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.39.

The Board is of the view that the Rights Issue will enable the Group to strengthen its capital base and improve its financial position. Despite the inherent dilutive nature of the Rights Issue in general if the Qualifying Shareholders do not take up their entitlements under the Rights Issue in full, it is the intention of the Company to set the Subscription Price at a discount to the current market price of the Shares in order to encourage the Shareholders to participate in the Rights Issue and reduce the possible dilution of approximately 33.3% to the shareholding of the existing Shareholders in case they decide not to take up their entitlements under the Rights Issue. Furthermore, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding in the Company and participate in the growth and development of the Group. Accordingly, the Directors are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.**

The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. The Board considers that the Rights Issue would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

In view of the above, the Board considered that raising funds by way of the Rights Issue is beneficial to the Company and its Shareholders as a whole.

UNDERWRITING ARRANGEMENT AND UNDERTAKING

Irrevocable Undertaking

Golden Villa has given an irrevocable undertaking in favour of the Company to subscribe for 42,000,000 Rights Shares which will be provisionally allotted to Golden Villa under the Rights Issue.

The Underwriting Agreement

Date:	20 February 2017 (after trading hours)
Issuer:	The Company
Underwriter:	China Sky Securities Limited
Number of Underwritten Shares:	38,000,000 Rights Shares, representing all the Rights Shares to be issued pursuant to the Rights Issue other than the Undertaken Shares. Accordingly, taking into account the Undertaken Shares, the Rights Issue is fully underwritten.
Underwriting Commission:	an underwriting commission at the rate of 2.5% of the total Subscription Price of the Underwritten Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are independent of the Company and its connected persons. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

The said commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the commission rate) are fair and reasonable so far as the Company and the Shareholders are concerned.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement.

The Underwriter has undertaken to Company that, among other things, other than the transactions contemplated under the Underwriting Agreement and as disclosed (or will be disclosed) in this announcement and/or the Prospectus Documents, save with the prior consent of the Company, the Underwriter or any of its associates will not deal in the Shares or other securities of the Company from the date of the Underwriting Agreement to the completion of the Rights Issue, provided that the Underwriter may, before completion of the Rights Issue,

enter into agreement with any other person(s) in respect of (a) the subunderwriting of the Rights Shares; and/or (b) the subscription of the Underwritten Shares not taken up, so long as such transactions are in compliance with applicable laws and regulations.

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the section headed “Proposed Rights Issue — Conditions of the Rights Issue” above.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if:

- (a) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, would materially and adversely affect the business or the financial or trading position of the Group as a whole or would be materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, would materially and adversely affect the business or the financial or trading position or prospect of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (b) any adverse change in market conditions (including, without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter are likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (f) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue.

The Underwriter shall be entitled by notice in writing, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any event occurring or matter arising on or after the date the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

If prior to the Latest Time for Termination, any such notice referred to above is given by the Underwriter, all obligations of each of the parties to the Underwriting Agreement shall cease and no party shall have any claim against any other party for costs, damages, compensation or otherwise in respect of any matter arising out of or in connection with the Underwriting Agreement save for any antecedent breaches.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after the Rights Issue (assuming all Rights Shares are subscribed for by the Qualifying Shareholders); and (iii) immediately after the Rights Issue (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders, other than the subscription of the Undertaken Shares):

	As at the date of this announcement		Immediately after completion of the Rights Issue			
			Assuming all Rights Shares are subscribed for by the Qualifying Shareholders		Assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders (other than the subscription of the Undertaken Shares)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Golden Villa (<i>Note 1</i>)	84,000,000	52.5	126,000,000	52.5	126,000,000	52.5
Underwriter (<i>Note 2</i>)	—	—	—	—	38,000,000	15.8
Public Shareholders	<u>76,000,000</u>	<u>47.5</u>	<u>114,000,000</u>	<u>47.5</u>	<u>76,000,000</u>	<u>31.7</u>
Total	<u>160,000,000</u>	<u>100</u>	<u>240,000,000</u>	<u>100</u>	<u>240,000,000</u>	<u>100</u>

Notes:

1. Golden Villa is wholly and beneficially owned by Mr. Chu, an executive Director, chairman and the controlling shareholder of the Company.
2. In the event of the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company that:
 - a. without affecting the Underwriter's obligation to procure underwriting for all the Underwritten shares (whether to underwrite the same by itself or procure sub-underwriting of the same), the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares, which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) with it upon the completion of the Rights Issue;
 - b. the Underwriter shall use all reasonable endeavours to ensure that each of the sub-underwriters or subscribers or purchasers of the Underwritten Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold such number of Underwritten Shares which will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of such sub-underwriters or subscribers or purchasers and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue; and
 - c. the Underwriter shall use all reasonable endeavours to procure that the minimum public float requirement under the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares are expected to be dealt in on an ex-rights basis commencing from Thursday, 16 March 2017. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 29 March 2017 to Thursday, 6 April 2017 (both days inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and is subject to change. Any such change will be announced in a separate announcement by the Company as and when appropriate. All dates and times specified in this announcement refer to Hong Kong local dates and times.

2017

Last day of dealing in the Shares on a cum-rights basis	Wednesday, 15 March
First day of dealing in the Shares on an ex-rights basis	Thursday, 16 March
Latest time for lodging transfers of Shares in order to be qualified for the Rights Issue	4:30 p.m., Friday, 17 March
Register of members closes (both dates inclusive)	Monday, 20 March to Friday, 24 March
Record Date for Rights Issue	Friday, 24 March
Register of members reopens	Monday, 27 March
Prospectus Documents to be posted	Monday, 27 March
First day of dealing in nil-paid Rights Shares	9:00 a.m., Wednesday, 29 March
Latest time for splitting nil-paid Rights Shares	4:30 p.m., Friday, 31 March

Last day of dealing in nil-paid Rights Shares.	4:00 p.m., Thursday, 6 April
Latest time for acceptance of, and payment for the Rights Shares.	4:00 p.m., Tuesday, 11 April
Rights Issue expected to become unconditional	4:00 p.m., Thursday, 13 April
Announcement of results of acceptance of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company	Thursday, 20 April
Certificates for fully-paid Rights Shares and refund cheques (if any) expected to be despatched	Friday, 21 April
First day of dealings in the fully-paid Rights Shares	Monday, 24 April

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place at 4:00 p.m. on Tuesday, 11 April 2017 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning, if such circumstances is:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the date of the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the date of this announcement, Golden Villa owns 84,000,000 Shares, representing 52.5% of the issued share capital of the Company and is one of the controlling shareholders of the Company. Therefore, Golden Villa is a connected person of the Company pursuant to Chapter 20 of the GEM Listing Rules. According to Rule 20.90(1) of the GEM Listing Rules, the issue of the Rights Shares to Golden Villa as its pro rata entitlement under the Rights Issue constitutes an exempt connected transaction of the Company.

As the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding this announcement, and the Rights Issue is fully underwritten by the Underwriter who is not director, chief executive or substantial shareholder of the Company (or an associate of any of them), pursuant to Rules 10.29 and 10.31(2) of the GEM Listing Rules, the Rights Issue is not subject to the approval of the Shareholders.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no.8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Golden Power Group Holdings Limited (金力集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“controlling Shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Golden Villa”	Golden Villa Ltd., a limited liability company incorporated in the British Virgin Islands on 24 January 2003, the entire issued share capital of which is owned by Mr. Chu and is one of the controlling shareholders of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertaking”	irrevocable undertaking given by Golden Villa in favour of the Company to subscribe for 42,000,000 Rights Shares which will be provisionally allotted to Golden Villa under the Rights Issue
“Last Trading Day”	20 February 2017, the last day on which the Existing Shares were traded on the Stock Exchange immediately preceding the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 11 April 2017 or such other time and date as may be agreed between the Company and the Underwriter, being the latest time for application for, and payment for, the Rights Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on Thursday, 13 April 2017 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“Mr. Chu”	Mr. Chu King Tien, an executive Director, the Chairman and a controlling Shareholder of the Company
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s), to whom the Directors, based on legal opinion(s) provided by the legal adviser(s) to the Company, consider it necessary or expedient not to offer the Rights Issue on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholders”	Shareholders whose address on the register of members of the Company are outside Hong Kong
“PAL(s)” or “Provisional Allotment Letter(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Monday, 27 March 2017 (or such later date as may be agreed between the Underwriter and the Company) for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Friday, 24 March 2017 or such other date as may be agreed between the Company and the Underwriter for determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of one (1) Rights Share for every two (2) existing Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	80,000,000 new Shares proposed to be offered to the Qualifying Shareholders pursuant to the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.4 per Rights Share
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Undertaken Shares”	42,000,000 Rights Share to be provisionally allotted to Golden Villa under the Rights Issue which Golden Villa had undertaken to subscribe

“Underwriter”	China Sky Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the Securities and Futures Ordinance to conduct Type 1 (dealing in securities) regulated activity
“Underwriting Agreement”	the underwriting agreement dated Monday, 20 February 2017 entered into between the Company and the Underwriter in relation to the underwriting arrangement of the Rights Issue
“Underwritten Shares”	38,000,000 Rights Shares
“%”	per cent

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

Hong Kong, 20 February 2017

As at the date of this announcement, the executive Directors are Mr. Chu King Tien, Ms. Chu Shuk Ching, Mr. Tang Chi Him and Mr. Chu Ho Wa, the independent non-executive Directors are Mr. Hui Kwok Wah, Mr. Ma Sai Yam and Mr. Chow Chun Hin, Leslie.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will be published on the GEM’s website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.goldenpower.com.