50 ANNIVERSARY

2021 Annual Report

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 : 3919

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chu King Tien
Ms. Chu Shuk Ching
Mr. Tang Chi Him
Mr. Chu Ho Wa

Independent non-executive Directors

Mr. Hui Kwok Wah
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

COMPANY SECRETARY

Mr. Tse Kar Keung

AUDIT COMMITTEE

Mr. Hui Kwok Wah *(Chairman)*
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

REMUNERATION COMMITTEE

Mr. Hui Kwok Wah *(Chairman)*
Mr. Chu King Tien
Mr. Ma Sai Yam

NOMINATION COMMITTEE

Mr. Chu King Tien *(Chairman)*
Mr. Hui Kwok Wah
Mr. Ma Sai Yam

ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Chu Ho Wa *(Chairman)*
Mr. Tang Chi Him
Mr. Tse Kar Keung
Mr. Liang Tao
Mr. Chen Ming
Mr. He Yong Xi

AUTHORISED REPRESENTATIVES

Ms. Chu Shuk Ching
Mr. Tse Kar Keung

COMPLIANCE OFFICER

Ms. Chu Shuk Ching

LEGAL ADVISERS

As to Hong Kong laws
ONC Lawyers

As to PRC laws
Yuan Tai Law Offices

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited

AUDITOR

PKF Hong Kong Limited

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat C, 20/F, Block 1
Tai Ping Industrial Centre
57 Ting Kok Road, Tai Po
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.goldenpower.com

BOARD LOT

2,000 shares

STOCK CODE

3919

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (collectively the "**Directors**" and each a "**Director**") of Golden Power Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), it is my pleasure and honour to present the Group's annual results for the financial year ended 31 December 2021 (the "**Year**").

The year of 2021 was an extremely difficult and challenging year for the Group.

Starting from 2017, the Company entered into another investing period, through acquisitions of machinery, strengthening the production capacity and broadening the diversity of production categories. We expand our product category to Hearing Aid Battery ("**HAB**") series and battery for health care device product segment with higher specifications that can attract high-end healthcare products customers' demand, which will strengthen our competitiveness. In 2020, we commenced our online sales platform for catching up with the changing consumers' philosophy. In 2021, we extended the online sales platform to Mainland China.

The newly designed and automatic production lines acquired in 2018 and 2019 for producing mercury-free, cadmium-free, lead-free alkaline cylindrical batteries commenced production in the third quarter of 2020 and HAB series battery for health care device product commenced trial-run in the third quarter of 2021 as well. The production lines were mainly used for the production of the new cylindrical and HAB battery series, of which the Company commenced its marketing introduction since April 2018 and 2020.

OVERVIEW OF OUR RESULTS

Revenue for the Year has increased by approximately 10.08% to approximately HK$347.22 million from approximately HK$315.42 million in the financial year ended 31 December 2020 (the "**Last Year**"). Profit attributable to the shareholders of the Company was approximately HK$4.71 million for the Year as compared to a profit of approximately HK$12.34 million in the Last Year, representing a decrease of approximately 61.83%. Earnings per share were HK1.51 cents, as compared to the earnings per share of HK4.92 cents (restated) for the Last Year.

REVIEW AND OUTLOOK

The volatility of the exchange rates of foreign currencies, rising interest rates, as well as escalating labour costs and the increase in metal and component prices in the People's Republic of China (the "**PRC**") exerted pressure on the Group's profit margin, which resulted in a drop in profit margin of the Group in the Year.

The outbreak of COVID-19 pandemic (the "**Pandemic**"), the volatility of the exchange rates of foreign currencies and commodity prices may continue to cause some uncertainties in the market.

Since the outbreak of the Pandemic in January 2020, the variant virus continued to spread globally over the year of 2021 and emergency public health measures and various actions were taken to prevent the spread of the Pandemic. Since the outbreak of omicron variant in December 2021, the Pandemic is expected to continuously affect the global economy and the general business activities. The unstable logistics supply on the container and unforeseeable shipping schedule also affected the delivery of the Group in 2022.

The Group will continue its strategy of investing in production facilities and automation to increase cost efficiency and productivity. At the same time, efforts will be made on strengthening our brand promotion to tap into new markets, especially in the mercury free micro button cells including batteries for Health Care Device and the Internet of Things ("**IoT**").

Through the investment in automation and production lines since 2017, the Group realized cost-saving in production, especially in the production site area. In the long run, by saving the product cost, the Group will be allowed to enhance our research and development capability to develop the new variety of products for further expansion and the sustainability of the Group.

Facing the increase in production costs, the Group will continue to streamline its corporate structure in the PRC to maintain our competitiveness. In 2022, we will continue the restructuring of the subsidiaries to achieve cost control over the cost of sales. The synergy effect is expected to bring better efficiency and save costs as a whole to the Group.

Despite the challenging condition of the market, the Group has continued to strive for enhancing the efficiency of production of disposable batteries. We believe that the demand from our OEM customers for disposable batteries will grow steadily as the market demand for disposable batteries is generally increasing. The Group will also continue to improve the product performance, broadening our private label customer base, expanding our retail market and online platform business in 2022. We will also strive for expanding our product portfolio and upgrading the quality, reliability and durability of our products.

FUTURE DEVELOPMENT

Going forward, the Group will continue to strengthen its competitiveness in the market by increasing our research and development input and strengthen our products diversity, which will in turn enhance our products quality and production technology and secure our long term success in the industry. In January 2022, with our expertise and experience in developing new models of micro-button cells, we successfully obtained one invention patent and one utility model patent granted in PRC in relation to the production of micro-button cells. A newly designed automatic production line acquired in 2018 for producing HAB has commenced trial-run in the third quarter of 2021. It will improve the production efficiency and product quality to meet the Group's plan in future expansion for the Health Care device market.

The Group is developing products bearing our own brand "Golden Power" and other private label batteries to be used in the IoT devices. We have started entering into the global IoT battery markets and will continue to expand our global market shares through our co-operation with some well-developed chain stores, e-commerce sales platform, online marketplace, distribution network and major market players over the world.

With the newly acquired production lines commencing commercial production, the Group is ready to capture the rebound of demand over battery products brought by the recovery of global economy upon the gradual control of the Pandemic in 2022. While the management is prudently optimistic about the business outlook in 2022 and the general economic recovery, the Group will closely monitor the possible fluctuation of the interest rates and the exchange rates, increase in materials and labour costs and the change in market demand over battery products, in order for the Group to take timely and appropriate measures to minimise the possible negative impact which may be brought to the business of the Group.

In 2022, the Russia-Ukraine War could have dire impacts on global supply chain and global commodity prices. The possible disruption to the global logistics may continuously affect our delivery commitment, the unit cost of materials, the manufacturing and operation costs, which may be out of our control. Those uncertain factors may affect our profitability in 2022.

The Board will continue to focus on our manufacturing business which is our core business by enhancing its production competency and efficiency. In order to diversify revenue streams and strengthen the Group's performance under the current challenging environment of our manufacturing business, the Board will continue to explore other business opportunities. The Board believes that a more diversified revenue stream is expected to deliver long term sustainable value to our shareholders.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to the shareholders, investors, business partners, and staff members who continued to support our businesses during the Pandemic. We express our special thanks to those who braved personal hardship to stay in their posts during the Pandemic period, their continuous support and dedication to the Group. We will continue to adopt the appropriate expansion plan, stringent cost controls and adaptable strategies to seize market opportunities, in order to maximize returns for our shareholders.

Chu King Tien
Chairman and Executive Director

Hong Kong, 24 March 2022

BUSINESS REVIEW

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

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

The revenue of cylindrical batteries for the Year increased by approximately HK$40.93 million from approximately HK$201.35 million for the Last Year to approximately HK$242.28 million for the Year, which was equivalent to an increase in approximately 20.33% in revenue of cylindrical batteries. Such increase in revenue was mainly due to increase in its general demand in Europe, China and Asia during the Year.

The revenue of micro-button cells for the Year decreased by approximately HK$9.00 million from approximately HK$107.18 million for the Last Year to approximately HK$98.18 million for the Year, which was equivalent to a decrease of approximately 8.40% in revenue of micro-button cells. The revenue of rechargeable batteries and other battery-related products for the Year decreased by approximately HK$0.13 million from approximately HK$6.89 million for the Last Year to approximately HK$6.76 million for the Year, which was equivalent to approximately 1.89% decrease in revenue of rechargeable batteries and other battery-related products. Such decrease in revenue was mainly due to decease in its general demand except in the East Europe and PRC market.

Revenue for the Year has increased by approximately 10.08% to approximately HK$347.22 million from approximately HK$315.42 million in the Last Year. Profit attributable to the shareholders of the Company was approximately HK$4.71 million for the Year, as compared to a profit of approximately HK$12.34 million in the Last Year, representing a decrease of approximately 61.83%. Earnings per share were HK1.51 cents, as compared to the earnings per share of HK4.92 cents (restated) for the Last Year.

FINANCIAL REVIEW

Revenue

Revenue for the Year was approximately HK$347.22 million (2020: approximately HK$315.42 million) representing an increase of approximately 10.08% as compared to the Last Year. Such increase was mainly attributable to the increase in demand of cylindrical batteries from Eastern Europe, China and Asia but such increase was net off by the decrease of micro-button cell demand except Eastern Europe and PRC market during the Year.

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

	2021 **HK$'000**	2020 HK$'000
The PRC	**113,342**	98,179
Hong Kong	**42,327**	42,347
Asia (except the PRC and Hong Kong)	**51,560**	49,457
Europe	**65,270**	62,594
Eastern Europe	**16,756**	4,669
North America	**40,887**	32,006
South America	**14,762**	18,852
Australia	**523**	5,770
Africa	**513**	91
Middle East	**1,278**	1,450
	347,218	315,415

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

	2021 HK$'000	2020 HK$'000
Cylindrical batteries	242,284	201,351
Micro-button cells	98,179	107,175
Rechargeable batteries and other battery-related products	6,755	6,889
	347,218	315,415

Gross Profit

The Group recorded a gross profit for the Year of approximately HK$73.49 million (2020: approximately HK$80.82 million), representing a decrease of approximately 9.07% as compared to the Last Year, which was mainly due to the increase in cost of sales by approximately HK$39.14 million from approximately HK$234.59 million for the Last Year to approximately HK$273.73 million for the Year, representing an increase of approximately 16.68%. The increase was mainly attributable to the appreciation in RMB during the year resulting in unfavourable exchange rate in RMB, the increase in cost of sales as a result of the increase in labour cost and the prices of raw materials and packaging materials, while such increase in cost of sales could not be timely reflected in the prices of the Group's products.

Expenses

During the Year, the selling expenses of the Group increased by approximately 10.66% to approximately HK$17.55 million as compared to approximately HK$15.86 million in the Last Year. The increase was mainly due to the increase in the staff costs and logistic expenses. The Group's general and administrative expenses increased by approximately HK$6.56 million to approximately HK$56.02 million as compared to approximately HK$49.46 million for the Last Year. The increase in general and administrative expenses was mainly due to the increase in salaries, rental and sundry expenses.

Finance Costs

The finance costs of the Group has increased by approximately 4.22% to approximately HK$3.95 million for the Year as compared to approximately HK$3.79 million in the Last Year. The increase was mainly due to the increment in interest on lease liabilities.

Income Tax

The income tax expense of the Group has decreased by approximately HK$3.10 million to approximately HK$1.09 million tax expense for the Year as compared to approximately HK$4.19 million for the Last Year. The decrease was in line with the drop of the Group's profit in the Year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group operates a conservative set of treasury policies to preserve value of the Group's assets and ensure that no unnecessary risk is taken with respect to the Group's assets. No financial investment other than cash and bank deposits were currently held by the Group during the year.

As at 31 December 2021, the cash and bank balances were approximately HK$36.63 million, which was approximately HK$22.18 million more than HK$14.45 million as at 31 December 2020.

As at 31 December 2021, the Group has utilised banking facilities of approximately HK$226.17 million, which was approximately 88.43% of the total banking facilities available, as compared to the utilised amount of approximately HK$188.31 million as at 31 December 2020 which was approximately 79.40% of the total banking facilities available, which represents an increase by approximately HK$37.86 million in the utilised banking facilities as at 31 December 2021 over 31 December 2020. The increase in the banking facilities was used for the new production lines and assets acquisition. The Directors believe that the utilisation rate of the banking facilities has been maintained at a reasonable level. During the year, the Group reviewed the types of banking facilities and opted for a different type of banking facilities, which resulted in the increase in finance costs incurred during the year. The Directors also believe that the existing banking facilities are at a safe level to support the Group's operating needs.

CHARGES ON ASSETS

The Group's bank borrowing facilities were secured mainly by certain property, plant and equipment, all investment properties and all prepaid land lease payment of the Group with carrying value of approximately HK$154.82 million as at 31 December 2021 (2020: approximately HK$156.19 million).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

As at 31 December 2021, the Group has entered into the foreign exchange future contracts to hedge against the fluctuation in exchange rates between RMB and Hong Kong Dollar for the forecast purchase transactions, which had a total contract value of RMB10 million, and the Group did not enter into any other foreign currency borrowing contracts or hedging instruments.

FINANCIAL KEY PERFORMANCE INDICATORS

	2021	2020
Gross profit margin	21.16%	25.62%
Net profit margin	1.36%	3.91%
Gearing ratio	0.86	0.76

Gross Profit Margin

The gross profit margin decreased by approximately 4.46% from approximately 25.62% for the Last Year to approximately 21.16% for the Year. It was mainly due to the appreciation in RMB during the year resulting in unfavourable exchange rate in RMB, the increase in cost of sales as a result of the increase in labour cost and the prices of raw materials and packaging materials, while such increase in cost of sales could not be timely reflected in the prices of the Group's products.

Net Profit Margin

The net profit margin decreased by approximately 2.55% to approximately 1.36% for the Year as compared to approximately 3.91% for the Last Year. The decrease in the net profit margin was mainly attributable to the combined effects of the increase in the cost of sales, selling expenses and general and administrative expenses and other income.

Gearing Ratio

The gearing ratio increased by 0.09 to 0.86 for the Year as compared to 0.76 for the Last Year. The increase was mainly due to the increase in the total borrowings during the Year. Gearing ratio is defined as the total other payables and accruals, contract liabilities, bank borrowings and lease liabilities divided by total equity.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities (2020: nil).

CAPITAL STRUCTURE

Save for the Rights Issue completed on 9 June 2021 for the issue of an aggregate of 120,000,000 rights shares, there has been no change in the issued share capital of the Company during the Year. For further information on the rights issue, please refer to the paragraph headed "Rights Issue" below in this report. The capital structure of the Group consists of bank borrowings, net of bank balances and cash and equity attributable to Shareholders of the Group comprising issued share capital and reserves. The issued share capital of the Group comprises ordinary Shares only. Total equity of the Group amounted to approximately HK$315.08 million as at 31 December 2021 (2020: approximately HK$272.09 million).

DIVIDEND

The Directors did not recommend the payment of any dividend for the Year (2020: nil).

CAPITAL COMMITMENT

As at 31 December 2021, the Group had capital expenditures contracted for approximately HK$9.02 million on a newly designed and automatic production line and others auxiliary machineries for producing mercury-free, cadmium-free and lead-free alkaline cylindrical batteries, micro button cells and Hearing Aid Battery ("**HAB**").

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2021, the Group had the following significant investments: (i) the Company's investment in various subsidiaries; (ii) 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 (iii) 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) and was leased to an independent third party under two-year term tenancy agreement entered into on 18 June 2020 for commercial purpose at market rent.

Both leases for Tai Ping Properties had expired as at 31 December 2021 and were open to let.

Save as the above, the Group did not hold any other significant investments as at 31 December 2021.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

The Group has from time to time been exploring investment opportunities that would benefit the Shareholders as a whole. The Group had capital expenditures contracted for approximately HK$9.02 million for the acquisition of a newly designed and automatic production line and auxiliary and other machineries for producing mercury-free, cadmium-free and lead-free alkaline cylindrical and micro-button cells batteries. Except for those disclosed in this annual announcement, the Group did not have any specific plans for material investment or capital asset as at 31 December 2021.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures of the Group during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

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

(i) The Group's business and operation may be seriously affected by the Pandemic or other public health incidents which may cause lock-down, travel restrictions and suspension of work in the PRC, Hong Kong or elsewhere;

(ii) The Group has no long-term sales contracts with most of its 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 of the Group may be adversely affected;

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

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

(v) The Group's business is subject to seasonality, therefore 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

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

For more details about the general risks and uncertainties in relation to the Group, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 29 May 2015 (the "**Prospectus**").

EMPLOYEES AND REMUNERATION POLICY

The Directors believe that employees are an important asset to the Group and the quality of the employees is an important factor in sustaining the Group's business growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salary and contributions to the mandatory provident fund, staff benefits also include medical insurance 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 training to employees from time to time.

As at 31 December 2021, the Group had a total of 490 employees (2020: 525 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK$53.35 million in the Year (2020: approximately HK$48.69 million) representing an increase of approximately 9.57% for the Year. Directors' remuneration for the Year amounted to approximately HK$10.36 million (2020: approximately HK$8.85 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK$0.49 million (2020: approximately HK$0.46 million).

Other than the statutory Mandatory Provident Fund Scheme in Hong Kong or the central pension scheme in the PRC, the Group does not have pension scheme for employees and there was no contributions which could be forfeited by the Group as at the end of the year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As the production mainly takes place in the PRC, the Group's business is subject to the relevant PRC national and local environmental laws and regulations, such as the Environmental Protection Law of the PRC. These laws and regulations govern a broad range of environmental matters, including discharge of wastewater and disposal of hazardous waste. A summary of the environmental protection laws and regulations applicable to the Group is set out in the section headed "Regulatory Overview" in the Prospectus.

To ensure compliance with the applicable environmental regulations and laws, the Group has entered into several service contracts with professional waste disposal service companies for the disposal of hazardous waste produced in the Group's production process. These professional waste disposal service companies have obtained operation permits of hazardous waste for the disposal of hazardous waste listed in the national catalogue of hazardous waste. They have also obtained operation permits of road transport for the transportation of hazardous waste or have entrusted qualified transportation service companies to carry out the transportation of hazardous waste under the relevant laws.

Prior to the entering into waste disposal service agreements with the waste disposal service companies, the Group generally required them to provide copies of the relevant permits, which would be checked against the originals and attached as appendices to the relevant agreements. The Group also conducts regular review on the validity and renewal status of such permits held by the waste disposal service companies engaged by the Group.

The Group has also appointed Mr. Liang Tao, the general manager of Goldtium (Jiangmen) Energy Products Company Limited ("**Goldtium Jiangmen**"), an indirect wholly-owned subsidiary of the Company, and one of the senior management members, to supervise and monitor compliance with statutory regulations and the Group's internal standard in respect of environmental matters.

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

For more information in our environmental policies, please refer to the ESG Report in the annual report of the Company for the Year, which will be published according to Listing Rules by April 2022.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

During the Year, the Board is of the opinion that the Company has complied with all the applicable code provisions set out in the CG Codes. For further information, please refer to the Corporate Governance Report in the annual report of the Company for the Year, which will be published according to Listing Rules by April 2022.

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 10 of the Listing Rules as the required standards for securities transactions by Directors. The Company has made specific enquiries to each of the Director and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions throughout the Year.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

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

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

FUTURE DEVELOPMENT

The Group will continue to invest in its production facilities and upgrade the production lines in order to enhance the production capacity and efficiency in 2022. A newly designed automatic production line acquired in 2018 for producing HAB has commenced trial-run in the third quarter of 2021. It will improve the production efficiency and product quality to meet the Group's plan in future expansion for the Health Care device market. In January 2022, with our expertise and experience in developing new models of micro-button cells, we successfully obtained one invention patent and one utility model patent granted in PRC in relation to the production of micro-button cells.

The Group is developing batteries to be used in the IoT markets which bear the Group's own brand "Golden Power" and other private label brands. The Group started entering into the global IoT battery markets and will continue to expand its global market shares through its co-operation with some well-developed chain stores, e-commerce sales platform, online marketplace, distribution network and major market players over the world.

In order to maintain its market competitiveness, the Group will continue to streamline its corporate structure in the PRC in 2022.

RIGHTS ISSUE

On 9 April 2021, the Company announced that it proposed to raise approximately HK$39.60 million, before expenses of approximately HK$3.99 million, by issuing 120,000,000 rights shares (the "**Rights Share(s)**"), which after fully-paid would rank pari passu with the ordinary Shares, by way of Rights Issue at the subscription price of HK$0.33 per Rights Share, on the basis of one Rights Share for every two existing Shares held on the record date by the Shareholders.

Completion of the Rights Issue took place on 9 June 2021, where an aggregate of 120,000,000 Rights Shares, representing approximately 33.3% of the issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares), were issued. Upon completion of the Rights Issue, the number of issued share capital of the Company increased to 360,000,000 Shares. The aggregate nominal amount of the Rights Shares is HK$1,200,000. The subscription price of the Right Share represents a discount of approximately 16.2% to the closing price of HK$0.394 per Share as quoted on the Stock Exchange on the date of announcement of the Rights Issue on 9 April 2021. The net Subscription Price is approximately HK$0.29 per Rights Share. The reasons for the Rights Issue were to raise funds for (i) repayment of bank loan; (ii) upgrade equipment and machines; and (iii) general working capital. For details of the use of proceeds, please refer to the paragraph headed "Use of Proceeds from the Rights Issue" below in this report.

For more details of the Rights Issue, please refer to the Company's announcement dated 9 April 2021, the Rights Issue Prospectus dated 14 May 2021 (the "**Rights Issue Prospectus**") and the announcement of the Company dated 7 June 2021 in relation to the results of the Rights Issue.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

As disclosed in the Rights Issue Prospectus dated 14 May 2021, the gross proceeds from the Rights Issue were approximately HK$39.60 million and the net proceeds from the Rights Issue, after deducting the related expenses and underwriting commission, were approximately HK$35.50 million.

From the completion of the Rights Issue to 31 December 2021, the net proceeds from the Rights Issue of the Company had been applied as follows:

	Planned use of proceeds as stated in the Rights Issue Prospectus HK$'million	**Actual use of proceeds during the year ended 31 December 2021** HK$'million	**Remaining proceeds as at 31 December 2021** HK$'million	**Intended timeline for the use of the proceeds**
Repayment of bank loan	20.0	20	—	—
Upgrade equipment and machines	11.9	3.6	8.3	before 31 December 2022
General working capital	3.6	3.6	—	—
	35.5	27.2	8.3	

The net proceeds from the Rights Issue have been and will be applied in the manner set out in the disclosure in the Rights Issue Prospectus. There have been a delay in use of the net proceeds from the Rights Issue in relation to upgrade of equipment and machines, since there is a postponement in the upgrading schedule and, for some of the machineries and equipment, the Group has placed orders but, under the relevant contracts, the Group has yet to make full payment under the agreed payment schedule.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chu King Tien, aged 67, an executive Director and chairman of the Group, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as the executive Director and chairman of the Company since 1 April 2013. He is responsible for the overall corporate development and strategic planning of the Group. Mr. Chu has extensive experience in the disposable battery industry and has been engaged in such business for over 46 years.

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

Mr. Chu and Golden Villa, which is wholly-owned by Mr. Chu, are the controlling shareholders (as defined under the Listing Rules) of the Company. Mr. Chu also serves as a director of all the subsidiaries of the Group. Mr. Chu is the father of Mr. Chu Ho Wa, an executive Director of the Company.

Ms. Chu Shuk Ching, aged 59, an executive Director and chief executive officer of the Company, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as an executive Director and the chief executive officer of the Company since 1 April 2013. She is responsible for the overall management, administration and implementation of policy of the Group. Ms. Chu has been engaging in the disposable battery industry for over 34 years.

Ms. Chu graduated from the York University in Canada with a bachelor degree of Administrative Studies in 1985. Ms. Chu had served as the general manager of Golden Power Industries from March 2000 to March 2005 and she has become a director of Golden Power Industries since July 2003. Ms. Chu has also become the director and general manager of Golden Power Corporation since April 2005.

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

Mr. Tang Chi Him, aged 50, an executive Director, has been serving as an executive Director since 1 April 2013 and is also the general manager of the Group. He is mainly responsible for overseeing the overall management of the Group's production facilities located in Dongguan and Jiangmen and administrating the manufacturing operations of the production facility in Dongguan and Jiangmen as well.

Mr. Tang graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1994 with a higher diploma in manufacturing engineering. He further acquired a bachelor degree of manufacturing engineering in 1999 and a master of science in engineering management in 2005 from the City University of Hong Kong. Mr. Tang joined Golden Power Industries in 1995 as an engineer and assistant superintendent. He left the Group in 2000 and rejoined Golden Power Industries in 2005 as a manager and was later transferred and become the general manager of Golden Power Corporation since 2012.

Mr. Chu Ho Wa, aged 37, an executive Director, has been serving as an executive Director since 1 April 2013 and is responsible for the overall corporate development and strategic planning of the Group. Mr. Chu is currently the director of a subsidiary of the Company, namely Merchant Port Limited. Mr. Chu is also responsible for overseeing the environmental social and governance (ESG) aspect of the Group, as he is the chairman of the ESG Committee of the Group.

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

Mr. Chu Ho Wa is the son of Mr. Chu King Tien.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Kwok Wah, aged 49, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015, and serves as the chairman of the audit committee and remuneration committee of the Company. He is responsible for giving independent advice to the Group. Mr. Hui has extensive experience in the accountancy field and has been engaging in such profession for over 24 years.

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

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

Mr. Ma Sai Yam, aged 58, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015. He is responsible for giving independent advice to the Group. Mr. Ma has extensive experience in the legal field and has been engaging in such profession for over 23 years.

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

Mr. Ma was admitted to practise law as a solicitor in Hong Kong in 1997 and has been a member of The Law Society of Hong Kong since then. Mr. Ma founded Messers. Ma Tang & Co. and has been its partner since then.

Mr. Ma has been an independent non-executive director of Jiande International Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 865) since 25 October 2016.

Mr. Ma also has been an independent non-executive director of Artini Holdings Limited (a company listed on Main Board of the Stock Exchange, stock code: 789) since 13 February 2020.

Mr. Chow Chun Hin Leslie, aged 38, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015. He is responsible for giving independent advice to the Group. Mr. Chow has extensive experience in financial advising and has been engaging in such profession for over 15 years.

Mr. Chow graduated from the University of California in the United States in 2005 with a bachelor of arts degree in business economics. Mr. Chow is currently the chief financial officer of Phase Scientific International Limited, and his responsibilities include planning, implementing, managing and controlling all financial-related activities of the company, which includes accounting, finance, forecasting, strategic planning, investor and public relationships, and private and institutional financing functions.

Mr. Chow was an independent non-executive director of PPS International (Holdings) Limited (a company listed on GEM of the Stock Exchange, stock code: 8201) from 23 September 2015 to 25 April 2016.

SENIOR MANAGEMENT

Mr. Liang Tao, aged 55, is currently the general manager of Goldtium Energy, an indirect wholly-owned subsidiary of the Company. He is responsible for overseeing all the production and quality control matters of the Group's production facility in Jiangmen as well as the management, PRC compliance and research and development of the Group.

Mr. Liang has over 26 years' experience in the disposable battery industry. He became the general manager and quality control and production superintendent of Goldtium Energy since 2011 and has been holding this position in the Group since then.

Ms. Chu Suk Man, aged 62, has been the deputy general manager of Golden Power Corporation since 2005. She is responsible for overseeing the global sourcing department and carrying out strategic planning for procurement of raw materials and semi-finished products to meet the production needs of the Group.

Ms. Chu was the accounting manager of Golden Power Industries from 1989 to 2000. She then left the Group and rejoined Golden Power Industries in 2002. She was transferred to Golden Power Corporation on 1 April 2005 and has been a deputy general manager since then.

Ms. Chu Suk Man is the elder sister of Ms. Chu Shuk Ching, an executive Director and the chief executive officer of the Group.

Ms. Wong In San, aged 57, has been the general manager of Golden Power Corporation since 2018. She is responsible for managing the human resources and administration department to formulate and execute human resources management policies and procedures of the Group.

Ms. Wong graduated from The Chinese University of Hong Kong in 1987 with a bachelor degree in social sciences. She joined the Group in 1988 and had served as an export manager and then a deputy general manager of Golden Power Industries. She was transferred to Golden Power Corporation on 1 April 2005 and has become the general manager in 2018.

Mr. Wong Kai Hung, aged 57, has been the deputy general manager of Golden Power Corporation since 2008. He is responsible for planning, developing and implementing the strategic sales and marketing plans as well as leading and managing a team of salespersons of the Group.

Mr. Wong joined the Group in 1992 as a trading executive of Golden Power Industries. He was transferred to Golden Power Corporation and promoted to be a senior sales and marketing manager of the Group and has subsequently become the deputy general manager of the Group since April 2008.

Ms. Fung Ching Yee, aged 44, has been the deputy general manager of Golden Power Corporation. She is responsible for planning, developing and implementing the strategic sales and international marketing as well as leading and managing an international marketing team of salespersons of the Group.

Ms. Fung joined the Group in 2007 as an assistant marketing manager of Golden Power Corporation. She holds a Bachelor Degree from the Uni of Wollongong in 2000 and a Master of Commerce Degree in University of New South Wales in 2001.

Mr. Tse Kar Keung, aged 53, the financial controller and company secretary, joined the Group in March 2010. He is responsible for reviewing and supervising the Group's overall internal control system and accountancy function.

Mr. Tse acquired a master degree in science in applied accounting and finance in the Hong Kong Baptist University in 2011. He has been a member and a fellow of the Association of Chartered Certified Accountants since 2008 and 2013, respectively. He has also been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since 2009 and 2016 respectively. Mr. Tse also obtained a master degree in science in professional accounting and corporate governance in the City University of Hong Kong in 2016. He has also been a member and a fellow of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in 2017 and 2018, respectively. He joined the Group in 2010 as a senior accounting manager and assistant to chairman of Golden Power Corporation.

COMPANY SECRETARY

Mr. Tse Kar Keung was appointed as the company secretary of the Company on 18 April 2013. Mr. Tse, being also the financial controller of the Group, is also a member of the senior management of the Group. For his biography, please refer to the paragraph headed "Senior Management" under this section.

COMPLIANCE OFFICER

Ms. Chu Shuk Ching is the compliance officer of the Company. For details of her biography, please refer to the paragraph headed "Executive Directors" under this section.

Pursuant to paragraph 34 of Appendix 16 of the Listing Rules, the Board is pleased to present the corporate governance report of the Company for the Year.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability to the shareholders as a whole. The Directors continuously observe the principles of good corporate governance in the interests of shareholders and are dedicated to identifying and formalizing the best practice in relation to corporate governance. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules.

During the Year, the Board is of the opinion that the Company has complied with all the applicable code provisions set out in the CG Code.

The references to the code provisions in this CG Report has been updated with reference to the amended CG Code effective on 1 January 2022.

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 10 of the Listing Rules as the required standards for securities transactions by Directors. The Company has made specific enquiries to each of the Director and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions throughout the Year.

BOARD OF DIRECTORS

Board Diversity Policy

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. Pursuant to the CG Code, the Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The Company recognises and benefits from the diversity of Board members. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Company believes that greater diversity of directors is good for corporate governance and is committed:

- to attract and retain candidate(s) for the Board with a combination of competencies from the widest possible pool of available talents.
- to maintain a Board with diverse perspectives at all levels, in particular, those that are aligning with the Company's strategy and objectives.
- to assess regularly the diversity profile of the Board and, where applicable, senior management to prepare for the Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any.
- to ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered.
- to set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions.
- to ensure that changes to the Board's composition can be managed without undue disruption.

While appointments of all members of the Board will continue to be made on a merit basis, the Company will ensure that the Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skill, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. The goal of the Board diversity is to ensure that a balanced composition of skill, experience and expertise offered by different Directors in the Board can provide a wider range of prospectives, insights and solutions to the Company and enable the Board to discharge its duties effectively and support the sustainable growth of the Company in the long run.

Composition of the Board

As at the date of this report, the Board comprises seven Directors, including four executive Directors and three independent non-executive Directors:

Executive Directors
Mr. Chu King Tien *(the chairman of the Group)*
Ms. Chu Shuk Ching
Mr. Tang Chi Him
Mr. Chu Ho Wa

Independent non-executive Directors
Mr. Hui Kwok Wah
Mr. Ma Sai Yam
Mr. Chow Chun Hin Leslie

In compliance with rule C.2.1 of Appendix 14, the roles of chairman and chief executive officer of the Group are separated and performed by different individuals, namely Mr. Chu King Tien and Ms. Chu Shuk Ching, respectively.

Pursuant to article 108 of the articles of association of the Company (the "**Articles**"), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

Saved as disclosed in the section "Biographical Details of Directors and Senior Management" in this report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

Independent non-executive Directors

In compliance with the requirements set out in Rule 3.10(2) of the Listing Rules, the Board consists of three independent non-executive Directors during the Year. One of them, namely Mr. Hui Kwok Wah, possesses appropriate professional qualifications or accounting or related financial management expertise. During the Year and as of the date of this report, the number of independent non-executive Directors represents at least one-third of the Board which is in compliance with Rule 3.10A. As such, the Company believes that there is sufficient independence element in the Board to safeguard the interests of the shareholders of the Company.

Specific enquiry has been made by the Company to each independent non-executive Director to confirm their independence pursuant to rule 3.13 of the Listing Rules, and each of them confirmed that he is independent of the Company and there has been no circumstances which would render them not to be independent as contemplated under the Listing Rules. Based on the confirmations received and upon the recommendation of the Nomination Committee, the Board considers that all the independent non-executive Directors are independent within the meaning of the Listing Rules.

The Company has entered into an appointment letter with each of the independent non-executive Directors for a fixed term of two years commencing from June 2020 subject to re-election, which may be terminated by either the Company or the Director in accordance with the terms thereof.

In addition, the Chairman of the Board held a meeting with the independent non-executive Directors without the presence of the other executive Directors during the year.

Functions of the Board
The overall management of the Company's operation was vested in the Board. The principal function of the Board is to make key decisions, consider and approve the overall plans and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business and to which the Board has delegated the authority and responsibility for implementing the Group's policies and strategies.

All Directors have separate and independent access to the Group's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request. During the Year, in accordance with the Code provision D.1.2, all the Directors are provided with monthly updates on the Company's performance, position and prospect to enable the Board as a whole and each Director to discharge their duties.

Board and General Meetings
During the Year, four board meetings were held on 25 March 2021, 21 May 2021, 20 August 2021 and 22 November 2021, respectively. During the Year, an annual general meeting was held on 21 May 2021 (the "**2021 AGM**"). Save for the 2021 AGM, no other general meeting was held during the Year. Subsequent to the Year and up to the date of this report, one board meeting was held on 27 March 2022. The forthcoming annual general meeting of the Company is scheduled to be held on Friday, 27 May 2022 (the "**2022 AGM**").

The individual attendance record of each Director at the Board meetings during the Year and the 2021 AGM is set out below:

Name of the Directors	**Attendance/ Number of Board meetings**	**Attendance at the 2021 AGM**
Executive Directors		
Mr. Chu King Tien *(Chairman)*	4/4	Yes
Ms. Chu Shuk Ching	4/4	Yes
Mr. Tang Chi Him	4/4	Yes
Mr. Chu Ho Wa	4/4	Yes
Independent non-executive Directors		
Mr. Hui Kwok Wah	4/4	Yes
Mr. Ma Sai Yam	4/4	Yes
Mr. Chow Chun Hin, Leslie	4/4	Yes

The company secretary of the Company attended all the Board meetings held during the Year to report matters arising from corporate governance, risk management, statutory compliance, accounting and finance of the Group as well as the 2021 AGM.

Corporate Governance Functions and Conduct of Meetings

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions as set out in provision A.2.1 of the Code, such as developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Provision C.5.3 of the Code stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are required to be given. An agenda and accompanying board papers are sent to all Directors at least three days before each Board meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Directors also have separate independent professional advice at the Company's expense to assist them in performing their duties to the Company.

Minutes of all Board meetings recording sufficient details of matters considered and decisions made are duly kept by the secretary of the meetings and open for inspection on reasonable notice by the Directors.

Directors' continuous training and professional development

Pursuant to provision C.1.4 of the Code, all the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Year, all the Directors have participated in continuous professional development by attending training courses or reading relevant materials on the topics related to corporate governance and relevant update of the Listing Rules.

The individual training record of each Director received during the Year is summarised below:

Name of Directors	Attending seminar(s)/ reading relevant materials on the topics related to corporate governance and Listing Rules
Executive Directors	
Mr. Chu King Tien *(Chairman)*	Yes
Ms. Chu Shuk Ching	Yes
Mr. Tang Chi Him	Yes
Mr. Chu Ho Wa	Yes
Independent non-executive Directors	
Mr. Hui Kwok Wah	Yes
Mr. Ma Sai Yam	Yes
Mr. Chow Chun Hin, Leslie	Yes

BOARD COMMITTEES

The Board has established three Board committees to oversee specific aspects of the Group's affairs and assist it in the execution of its responsibilities. Each committee has its specific written terms of reference which clearly outline the committees' authority and duties, and which require the committee to report on its decisions or recommendations to the Board. All Board committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

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 (chairman of the Audit Committee), Mr. Ma Sai Yam and Mr. Chow Chun Hin, Leslie.

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

The Audit Committee has reviewed the consolidated financial statements for the Year and the Audit Committee is of the opinion that the audited financial statements of the Group of the Year comply with the applicable accounting standards and the Listing Rules and adequate disclosures have been made therein.

Four Audit Committee meetings were held during the Year. The attendance records of each member of the Audit Committee at the said meetings are as follows:

Name of the Directors	Attendance/ Number of Audit Committee meetings
Independent non-executive Directors	
Mr. Hui Kwok Wah *(Chairman)*	4/4
Mr. Ma Sai Yam	4/4
Mr. Chow Chun Hin, Leslie	4/4

In performing its duties in accordance with its terms of reference, the works performed by the Audit Committee during the Year included, among other things, the followings:

A. reviewed and supervised the financial reporting process and internal control system of the Group;

B. made recommendations to the Board on the appointment of external auditor and gave approval of their remuneration;

C. met with external auditor and reviewed their independent audit reports; and

D. reviewed the interim results announcement of 2021, interim report of 2021, the results announcement of the Year and annual report of the Year, and the financial statements for the relevant periods.

Remuneration Committee

The Company has established a remuneration committee (the "**Remuneration Committee**") on 15 May 2015 with written terms of reference in compliance with the Listing Rules. The Remuneration Committee comprises one executive Director, namely, Mr. Chu King Tien and two independent non-executive Directors, namely, Mr. Hui Kwok Wah and Mr. Ma Sai Yam, with Mr. Hui Kwok Wah being appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are, among other things, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management which should include benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment, to ensure none of the Directors or any of his associate is involved in deciding his own remuneration, and make recommendations to the Board on the remuneration of the independent non-executive Directors.

Meeting of the Remuneration Committee shall be held at least once a year. One meeting of the Remuneration Committee was held during the Year. The attendance records of each member of the Remuneration Committee at the said meeting are as follows:

Name of the Directors	**Attendance/ Number of Remuneration Committee meetings**
Executive Director	
Mr. Chu King Tien	1/1
Independent non-executive Directors	
Mr. Hui Kwok Wah *(Chairman)*	1/1
Mr. Ma Sai Yam	1/1

During the Year, the Remuneration Committee has, among other things, reviewed the remuneration package of the Directors and senior management of the Group and recommendation was made to the Board in relation to their remuneration package.

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of the senior management (excluding Directors) by band during the year ended 31 December 2021 is set out below:

Remuneration band (HK$)	**Number of person(s)**
Nil to 1,000,000	5
1,000,001 to 1,500,000	1
1,500,001 to 2,000,000	—
2,000,001 to 2,500,000	—

Nomination Committee

The Company has established a nomination committee (the "**Nomination Committee**") on 15 May 2015 with written terms of reference in compliance with the Listing Rules. The Nomination Committee comprises one executive Director namely, Mr. Chu King Tien and two independent non-executive Directors, namely, Mr. Hui Kwok Wah and Mr. Ma Sai Yam, with Mr. Chu King Tien being appointed as the chairman of the Nomination Committee.

The roles and functions of the Nomination Committee include, among other things, reviewing the structure, size and composition of the Board at least once a year, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of individuals nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of the Directors and making succession planning for Directors, in particular the chairman and the chief executive officer.

The Nomination Committee shall meet at least once a year. One meeting of the Nomination Committee was held during the Year. The attendance records of each member of the Nomination Committee at the said meeting are as follows:

Name of the Directors	Attendance/ Number of Nomination Committee meetings
Executive Director	
Mr. Chu King Tien *(Chairman)*	1/1
Independent non-executive Directors	
Mr. Hui Kwok Wah	1/1
Mr. Ma Sai Yam	1/1

During the Year, the Nomination Committee has, among other things, performed the following work during the Year:

- reviewed the structure, size, composition and diversity of the Board;
- considered the appointment or re-appointment of the Directors; and
- reviewed the independent non-executive Directors' annual confirmation on their independence and assessed their independence according to the independence criteria set out in Rule 3.13 of the Listing Rules.

The Nomination Committee will continue to review the necessity of recruiting more competent staff to join for the expansion of the Group.

The Company has adopted a nomination policy (the "**Nomination Policy**") which sets out the approach and procedures the Board adopts for the nomination and selection of Directors of the Company, including the appointment of additional Directors, replacement of Directors, and re-election of Directors. The Nomination Committee has been delegated with the overall responsibility for implementation, monitoring and periodic review of the policy, and the summary of which is set out below:

Nomination Criteria
In evaluating and selecting any candidate for the directorship, the following criteria would be considered by the Nomination Committee and the Board:

- the candidate's character and integrity;

- the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;

- any measurable objectives adopted for achieving diversity on the Board;

- for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;

- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

- willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

- such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Procedures
The Company has put in place the following Director nomination procedures:

Appointment of New and Replacement Directors
(i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

(ii) Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee and/or the Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

Re-election of Directors and Nomination from Shareholders

(i) Where a retiring Director, being eligible, offers himself for re-election, the Nomination Committee and/or the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

(ii) Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the company secretary of the Company within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under the Listing Rules. Particulars of the candidate so proposed will be sent to all shareholders for information by a supplementary circular.

On 25 October 2018, the Nomination Policy was approved and adopted by the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Company has established a Environmental, Social and Governance Committee (the "**ESG Committee**") on 22 November 2021 in order to better manage the environmental, social and governance performance of the Group. The ESG Committee comprises two executive Directors, namely, Mr. Chu Ho Wa, an executive Director, Mr. Tang Chi Him, an executive Director, Mr. Tse Kar Keung, the financial controller and company secretary of the Company and Mr. Liang Tao, Mr. Chen Ming and Mr. He Yong Xi, who are members of the senior management. Mr. Chu Ho Wa has been appointed as the chairman of the ESG Committee.

The primary duties of the ESG Committee are, among other things, to review and discuss with the Board of the Company to draw up the Company's ESG strategies, initiatives and policies; review any opportunities or investments in connection with the implementation of the ESG strategies, initiatives and policies, and approve any matters arising for such review; review and monitor the operational, regulatory, and reputational risks and impacts in respect of ESG on the Company and provide advice and guidance to the Board of such risks and impacts; provide advice and guidance with respect to communications with management, employees, investors, and other stakeholders, regarding the Company's position on or approach on ESG matters; review and assess the ESG performance of the Company annually and recommend any proposed changes for approval by the Board; report relevant matters of significance relating to sustainable development to the Board; review the environmental, social and governance report and make recommendation to the Board; and undertake other duties assigned by the Board.

The ESG Committee shall meet at least once a year and at such other times as the executive Director shall require. One meeting of the ESG Committee was held during the Year. The attendance record of each member of the ESG Committee at the said meeting are as follows:

	Attendance/ Number of ESG Committee meetings
Executive Director	
Mr. Chu Ho Wa *(Chairman)*	1/1
Mr. Tang Chi Him	1/1
Committee Members	
Mr. Tse Kar Keung	1/1
Mr. Liang Tao	1/1
Mr. Chen Ming	1/1
Mr. He Yong Xi	1/1

During the Year, the ESG Committee has, among others, reviewed the ESG strategies, initiatives and policies of the Group, and made recommendations to the Board as to the ESG performance of the Group.

DIVIDEND POLICY

The Company has on 25 October 2018 adopted a divided policy (the "**Dividend Policy**"), the summary of which is set out below:

1) the Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company and also take into account the following factors of the Group when considering the declaration and payment of dividends:

   - financial results;
   - cash flow situation;
   - balance of distributable reserves;
   - business conditions and strategies;
   - future operations and earnings;
   - capital requirements and expenditure plans;
   - interests of shareholders;
   - any restrictions on the payment of dividends; and
   - any other factors that the Board may consider relevant;

2) depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

   - interim dividend;
   - final dividend;
   - special dividend; and
   - any distribution of net profits that the Board may deem appropriate;

3) any final dividend for a financial year will be subject to shareholders' approval;

4) the Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate; and

5) any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Articles of Association.

The Board endeavours to strike a balance between the shareholders' interests and prudent capital management with a sustainable dividend policy. However, there is no assurance that a dividend will be proposed or declared in any specific periods. The Board will review the Dividend Policy as appropriate from time to time.

COMPANY SECRETARY

Mr. Tse Kar Keung was appointed as the company secretary of the Company on 18 April 2013. Mr. Tse is also the financial controller of the Group and a member of the senior management. For his biography, please refer to the section headed "Biographical Details of Directors and Senior Management" in this report. During the Year, he has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, other price-sensitive announcements and other financial disclosures as required under the Listing Rules and other statutory requirements.

The Directors acknowledged their responsibility for preparing the consolidated financial statements of the Company for the Year. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibility of the external auditor is to form an independent opinion, based on their audit work, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditor about their reporting responsibility is set out in the Independent Auditor's Report in this report.

AUDITOR'S REMUNERATION

For the Year, the fee paid/payable to the Group's external auditor, PKF Hong Kong Limited, for the audit and non-audit services provided amounted to approximately HK$0.71 million and HK$0.53 million, respectively. The total amount of fees paid/payable to other firms for providing audit and non-audit services for the Year amounted to approximately HK$0.11 million and HK$0.06 million respectively. The non-audit services incurred mainly consist of fees of approximately HK$0.05 million for internal audit and approximately HK$0.43 million for taxation services.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and would conduct review on the effectiveness of such systems through the Audit Committee on an annual basis. The Audit Committee assists the Board in fulfilling its oversight and corporate roles in the Group's financial, operational, compliance, risk management and internal controls, while senior management designs, implements and monitors the risk management and internal control systems, and provides reports to the Board and the Audit Committee on the effectiveness of these systems. However, systems and internal controls can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage, rather than to eliminate the risk of failure to achieve the Group's business objectives. The Board conducted annual review and evaluation of the Group's internal control system and is satisfied with the effectiveness of the internal control system of the Group during the Year. The Audit Committee has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience of the Group's accounting and financial reporting function.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

Although the Group does not have internal audit function, the Board has appointed an external internal control consultant to review the internal control system of the Group on an annual basis. Upon conducting the annual review, the Board considered the risk management and internal control systems of the Group for the Year were effective and adequate.

The Group has adopted a risk management policy, the main objectives of which is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business in order to guide decisions on risk related issues.

The specific objectives of the policy are:

1. to ensure that all the current and future material risk exposures of the Group are identified, assessed, quantified, appropriately mitigated, minimised and managed by adopting adequate systems for risk management;

2. to establish a framework for the Group's risk management process and to ensure its implementation;

3. to enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices; and

4. to assure business growth with financial stability.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company endeavors to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation. The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner in accordance with relevant regulatory requirements.

A) General Meetings

The general meetings of the Company provide a good opportunity for communication between the shareholders of the Company and the Board. An annual general meeting of the Company shall be held in each year and at such time and place to be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The 2021 AGM was held on 21 May 2021. The 2022 AGM is scheduled to be held on 27 May 2022. A circular containing, among other matters, further information relating to the 2022 AGM will be despatched to the shareholders of the Company in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

B) Rights and Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to article 64 of the Articles, any one or more shareholders of the Company holding as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) himself(themselves) may convene the general meeting in the same manner, and all expenses reasonably incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to him (them) by the Company.

C) Procedures for Shareholders to Propose for Election as a Director

Shareholders may propose a person for election as Director. The procedures are set out in the document titled "Procedures for Nomination of Directors by Shareholders", which is available on the Company's website at www.goldenpower.com.

D) Right to Put Enquiries to the Board

Shareholders of the Company have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories for the attention of the Board or the company secretary. Shareholders may also make enquiries with the Board at the general meetings of the Company.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is the key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and the public. The Company updates its shareholders on its latest business developments and financial performance through the publication of its annual and interim reports and/or circulars, notices and other announcements. The corporate website of the Company (www.goldenpower.com) has provided an effective communication platform to the shareholders and the public.

CONSTITUTIONAL DOCUMENTS

Pursuant to resolutions of the shareholders passed on 15 May 2015, the Articles were adopted by the Company with effect from the Listing Date. Since the Listing Date and up to the date of this annual report, no change has been made to the Articles.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

TABLE OF CONTENTS

1 COMPANY PROFILE

Golden Power Group Holdings limited ("Golden Power") is a battery manufacturer selling a wide range of battery products globally, from PRC, Hong Kong to the international markets. The company has both its own brand "Golden Power" and the brands of its private label and OEM customers. Our products are diversified and mainly classified into two segments: (i) disposable batteries; and (ii) rechargeable batteries and other battery-related products.

Energy consumption is a material topic in our life and business development so that maintaining a stable energy supply is vitally important. Golden Power, as a leading company in the industry, takes pride of providing in series of environmental-friendly products with guaranteed quality. The Group is not only offering long-lasting but also eco-friendly products. For example, our hazardous substance- free batteries series, "Ecototal", are mercury-free, cadmium-free and lead-free. Moreover, the Group has been running its business in compliance with all applicable local laws and regulations regarding environmental, labour and anti-corruption.

Amidst the low-carbon economy transition, the Group has been investing resources in machine upgrade to enhance the energy efficiency. Beyond energy saving, the Group is under its pace to use less plastic packaging for the products.

2 ABOUT THIS REPORT

2.1 REPORTING STANDARD, PERIOD AND SCOPE

This report was prepared in accordance with the Environmental, Social and Governance ("ESG") Reporting Guide ("the Guide") set out in Appendix 27 of the Listing Rules. The Group strictly adheres to the principles of materiality, quantitative, balance and consistency to report on the measures and performances during the reporting period. More in-depth information regarding corporate governance is addressed in the section of corporate governance in the annual report according to Appendix 14 of the Listing Rules. In additional, the Group's senior management team was proactively involved throughout the process of report preparation to guarantee its standards.

In comparison with the previous year, there was no significant change in Golden Power's operation locations, share capital structure and production facilities. The scope of this ESG Report includes the Group's major business operating areas: Hong Kong Headquarters, Dongguan Production Facility and Jiangmen Production Facility.

This report covers the Group's ESG-related activities from 1 January 2021 to 31 December 2021 (the "reporting period").

The Company has appointed an external consultant, Allied Environmental Consultants Limited (stock code: 8320), for the preparation of this ESG report.

2.2 CONTACT DETAILS

To continuously refine and reinforce the Group's sustainability strategy, we welcome any feedbacks and suggestions concerning this report and the Group's sustainability performance. If you have any comments or enquiries, please contact the Group at:

Golden Power Group Holdings Limited
Flat C, 20/F, Block 1, Tai Ping Industrial Centre
57 Ting Kok Road, Tai Po
N.T., Hong Kong

Tel: (852) 3125 2288
Fax: (852) 3125 2000
E-mail: ir@goldenpowergroup.com

3 MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the fifth Environmental, Social and Governance Report (the "Report") of Golden Power Group Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2021. The report highlights the ESG performance of the company throughout the year.

To further incorporate sustainability into our business, we launched our ESG Committee for monitoring the sustainable-related issues during the reporting period. The Group has also set up several environmental targets in the hope of reducing the environmental impacts to nature. The Board takes full responsibility to oversee any ESG issues in the Group and track the progress of the targets. Regular meetings are conducted for ESG-related discussion under the steering of the Board. Besides, the Group has broadened the width and depth of stakeholder engagement in the reporting period. Stakeholder engagement is the key to understanding their concerns and identify possible ESG risks. By collecting stakeholders' opinions on various material issues and their feedbacks on the ESG performance, the Group is able to formulate effective strategies and steer towards a more sustainable and promising future.

I hereby would like to express my sincere gratitude to our staff members, business partners, and clients for their support. Looking forward, the Group will keep exploring opportunities to enhance the ESG performance so as to promote the sustainable development of the Group.

Chu King Tien
Chairman and Executive Director

4 SUSTAINABILITY GOVERNANCE

The Group adheres to a high standard of sustainable development governance. The Board annually reviews the overall sustainable objectives and strategies for the Group, and also monitoring ESG risks. According to the result of materiality assessment, the Board will communicate with the stakeholders and then confirm the material topics. The Board also prioritises the topics by their importance and urgency, then decides the resource allocation for the coming year.

During the reporting period, Golden Power launched its ESG Committee for monitoring the sustainability-related issues. The Committee was composed of members from the Board and different departments, such as financial departments and operation-level departments. The diverse member composition can bring a wider perspective in decision making. The Committee is responsible for reporting the Group's ESG performance, latest market trend and any ESG-related issues to the Board for further decision.

For the recent year, the Board has also focused on the climate change issues and decarbonization. In order to enhance the ESG performance, the Group has set its first set of environmental targets after the Board and the ESG Committee discussion.

5 CONNECTING OUR STAKEHOLDERS

5.1 STAKEHOLDER ENGAGEMENT

Golden Power holds an open attitude to communicate with its stakeholders in order to capture their opinions for the Group's strategy planning. To maintain a consistent dialogue with stakeholders and spread sustainability ethics, Golden Power had various communication channels with its significant stakeholders and obtained their first-handed opinions for enhancing the environmental, social and governance performance.

The table below shows the communication channels for the stakeholders from the Group. The Group is committed to maintaining a regular contact with the significant stakeholders in the hope of understanding their expectations and improving both of the product quality and services quality of the Group.

On top of the stakeholder surveys, the Group engaged its key stakeholders via various channels, such as local and international exhibitions to provide a platform to exchange their opinions. Golden Power is pleased to comprehend the stakeholders' concerns towards its products and services and seek improvements accordingly.

Stakeholders	Communication channels
Investors and shareholders	• Company website • Company's announcements • Annual general meeting • Annual and interim reports
Customers	• Company website • Customer direct communication • Customer feedback and complaints • Customer satisfaction surveys
Employees	• Training and orientation • Email and opinion box • Regular meetings • Employee performance evaluation • Employee activities
Suppliers and business partners	• Company website • Direct communication • Feedback and complaints • Satisfaction surveys
Media	• Company website • Company's announcements
Communities	• Company website • Community activities
Government authorities and regulators	• Documented information submission • Compliance inspections • Regular meetings/luncheons with local government representative • Forums, conferences and workshops

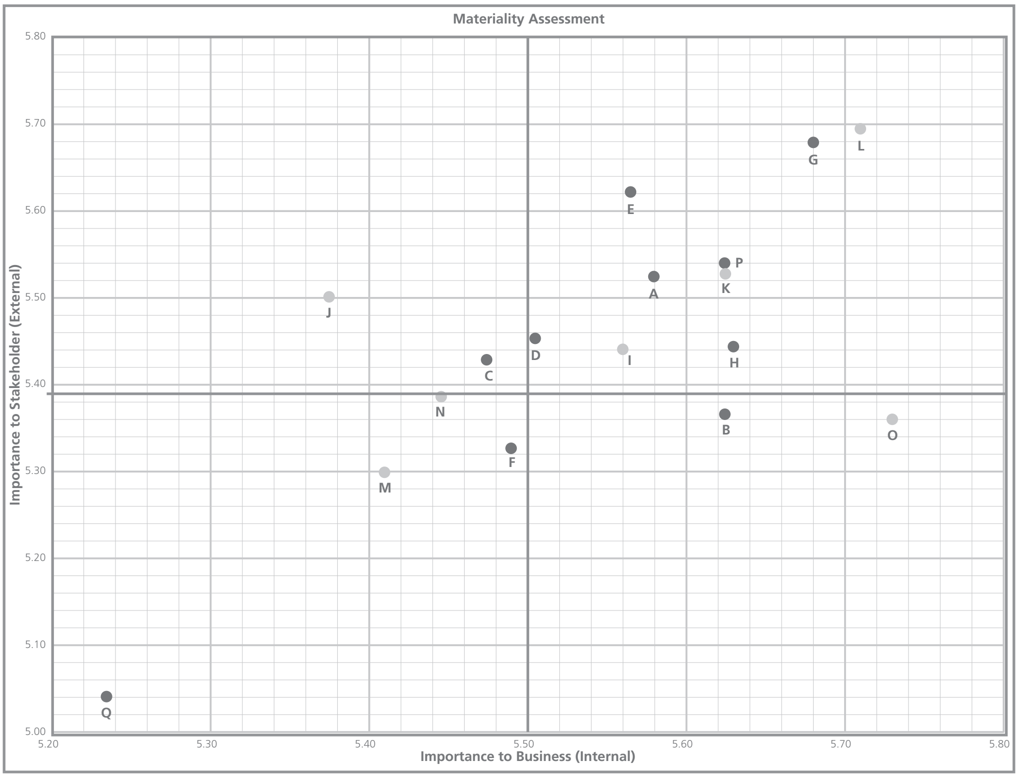
5.2 MATERIALITY ASSESSMENT

The Group conducted its latest material matrix by consolidating the survey result from different stakeholders, such as suppliers, senior management members and customers, etc. This helps the Group to cater to the related issues with better resource allocation after topic prioritisation.

For consistency of the surveys, the importance of 17 different environmental and social material topics was evaluated. The topics are listed as follows:

Aspect	Topics	Indicators
Environment	Air quality control	A
	Greenhouse gas emission	B
	Energy usage and conservation	C
	Water consumption and conservation	D
	Wastewater management	E
	General waste recycling and management	F
	Hazardous waste management	G
	Raw material management and selection	H
	Impact on natural environment	I
Social	Employment	J
	Labour standard	K
	Occupational health and safety	L
	Development and training	M
	Supply chain selection and management	N
	Product responsibility	O
	Business ethics	P
	Community involvement	Q

The consolidated results from stakeholders' responses are shown in the following materiality matrix:



Based on the matrix, the top three material topics were identified in respective aspects. The topics were then reported to the Board and got approved.

Environmental topics	Social topics
1. Hazardous waste management	1. Occupational health and safety
2. Wastewater management	2. Labour standard
3. Air quality control	3. Business ethics

During the reporting period, the Group has conducted interviews with the ESG Committee members for capturing their ideas and insights of the Group's ESG issues. The result of the interviews reflected that the Committee members were highly concerned with the ESG performances and endorsed the effort of Golden Power in upholding a high standard. They also agreed with the material topics of Golden Power, especially occupational health and safety, hazardous waste management and wastewater management. To respond to the topics, they promised to prioritise the topics and strive for a better performance and reporting in the future.

The materiality assessment helps to prioritise substantial issues according to the viewpoint of significant stakeholders in order to reinforce sustainability management. In this sense, the Group is able to pay extra attention to those topics and allocate resources in an effective and appropriate manner.

6 OUR ENVIRONMENT

Golden Power aims to minimise its environmental footprints within the daily operations. Under the implementation of eco-friendly practices and strictly complying with the local governmental laws during the Group's operations, it is able to effectively manage the environmental-related issues.

The Group takes the environment as a whole and is committed to stewarding to a low-carbon production business. In order to reach its commitment, Golden Power has upgraded its production machines with higher efficiency, as well as phasing down the plastic usage during the reporting period. In recognition of its commitment to environmental stewardship, Golden Power was accredited with the Nordic Swan Certificate by Nordic Ecolabel.

6.1 ENVIRONMENTAL POLICY

The Group upholds its environmental policies and practices its commitment to align with the Plan-Do-Check-Act cycle as epitomised in the standard of ISO 14001:2015 Environmental Management System. Moreover, the environmental policies not only applied to responsible staff for implementation and control of the Group's environmental measures, but also explained green operational practices that are applicable to all production and management units. The policies stipulated the following measures:

- Comply with local environmental laws and regulations;
- Adopt energy-efficient, low pollution materials, manufacturing design and equipment;
- Enhance environmental awareness in the workplace and promote optimisation of resource usage in manufacturing systems;
- Keep track of environmental performance and seek feasible solutions and methods for improvement; and
- Disseminate related environmental information to employees, suppliers, customers, factories in partnership and other stakeholders regularly

Taking environmental performance as one of the long-term improvement targets, Golden Power strives to attain an outstanding performance by implementing different measures on its operations. The Group's senior management staff members and department heads evaluated the environmental performance and discussed any possible solutions on environmental management. During the reporting period, the Group has strictly complied with the relevant laws relating to emission and waste disposal in all material aspects, including the Environmental Protection Law of the PRC.

6.2 CLIMATE CHANGE, EMISSION CONTROL AND ENERGY EFFICIENCY

Climate Change

Climate change is one of the biggest threat to humanity. Golden Power reckons the importance of climate change mitigation and adaptation to its business continuity. At such, the Group has identified the risks, including physical and transitional, that affect the business. The Group's ESG Committee has discussed and established climate-related measures to implement on operations according to the result.

The business premises of Golden Power is located in Southern part of China, in Guangdong Province. The premises had not suffered from flooding according to the previous record. The Group expected the risk of flooding to be relatively low to the business. However, the premises had been affected by the strong storm and heavy rain under extreme weathers. While the extreme weathers are going to be more frequent along with the climate change, the Group had already carried out various emergency plans to cope with changes. For example, all the construction work should be suspended immediately and all the hoardings should be secured or dismantled during typhoon.

For the transition risks, the Group observed that the environmental-related policies and regulations such as air emission requirements have become stricter and more demanding than before. It is believed that the tightening environmental policy will be one of the transition risks of Golden Power. As one of the leading businesses in the industry, Golden power complies with all policies and requirements, and also implements internal standards that go beyond. The Group also pays attention to the latest trend and will be prepared for any regulatory changes.

Air Quality Control

According to our stakeholders, emission and air quality control were rated as one of the top concerns to the Group's long term business development. In response to that, the Group's ESG Committee has reviewed the current ESG performance and measures in order to look for rooms of improvements. The Committee has implemented various initiatives to monitor the air emissions from production and vehicles, as well as maintain both indoor and outdoor air quality in the workplace and neighbourhood.

To minimise the air emission from the Group's production facilities and vehicles, Golden Power has implemented various solutions to ensure effective control. For instance, the production facilities in Jiangmen have installed exhaust filters that facilitate removal of air pollutants such as nitrogen dioxide and particulate matters from production and vehicles. Moreover, the production facilities in Jiangmen also adopted the green production practices under the guide from local government.

Golden Power aims to create a healthier working environment to the employees. Thus, the Group established various methods to enhance and monitor the indoor air quality. These included a carbon ventilation system to diminish the gaseous and vapor contaminants and harmful substances.

The air emissions (i.e. nitrogen oxides, sulphur oxides and particulate matter) mainly come from the vehicles managed by the Group.

	2021	2020[1]
Nitrogen oxides (in kilogram)	**210.38**	Not applicable
Sulphur oxides (in kilogram)	**0.61**	Not applicable
Particulate matter (in kilogram)	**10.1**	Not applicable

1 As air emissions are not significant in Golden Power's operation, the relevant data was not disclosed in 2020.

Energy Use and Greenhouse Gases Emission

The primary energy source of Golden Power, including the power equipment and facilities at Hong Kong headquarters, Dongguan and Jiangmen Production Facilities was electricity supplied by local grids. The Group is aware of the direct greenhouse gases ("GHG") emissions (Scope 1) generated from fuel consumption of vehicle, as well as the indirect GHG emission (Scope 2) incurred by electricity usage to Golden Power's operation.

Responsible energy management is the core value of the Group. Stewarding to a greener future, the Group had established an energy efficiency target of reducing 10% total energy intensity from 2018 baseline by 2030.

During the reporting period, the Group had applied various measures to promote energy saving in the workplace and also encouraged staff to use less electricity in working process through a set of energy management mechanism. In addition, the production premise in Jiangmen has upgraded the original machines into the automatic models. The upgrade included the automatic packaging facilities which effectively enhanced the production efficiency, thereby reducing the energy intensity. The other advantages are helping to reduce the chances of producing faulty products compared to production by hands.

During the reporting period, the Group has recorded a 5% decrease in energy intensity. Golden Power will continue to review energy consumption and implement reduction measures across different function.

Energy Consumption by Group

	2021	2020
Electricity consumption (in '000kWh)	**9,230**	9,211
Fuel consumption (in litre)[1]	**40,197.4**	43,944.1
Total energy consumption (in GJ)	**34,680.2**	34,734.4
Intensity (in '000kWh/million revenue)	**27.7**	29.2

The GHG emission of Golden power was mainly from the electricity consumption during production and fuel used from the company owned vehicles. Beyond proposing diverse ways to lower the electricity consumption and investigate the opportunities to execute energy saving plans, the Group has also dedicated to minimising the GHG emission during its operations. During the reporting period, the GHG emission intensity decreased by 9%. The Group will lower down the GHG emission from both emission sources through upgrading production facilities to enhance efficiency and applying energy management measures.

GHG Emission by Group

	2021	2020[3]
Scope 1 GHG emission (in tonnes CO2 equivalent)[2]	**107.82**	118.33
Scope 2 GHG emission (in tonnes CO2 equivalent)	**5,585.71**	5,578.11
GHG Emission (in tonnes CO2 equivalent)	**5,694**	5,696
Intensity (in tonnes CO2 equivalent/million revenue)	**16.40**	18.06

2 Golden Power's Scope 1 Greenhouse gas ("GHG") emission refers to direct emission via the fuel consumption by company-owned private cars and trucks during the reporting period in 2021.

3 The figure has been adjusted in alignment with the calculation method adopted in 2021.

6.3 WATER CONSUMPTION AND WASTEWATER MANAGEMENT

Water is Golden Power's crucial resources for its daily operation and production. As water is supplied by the local government as a provision of municipal services, Golden Power did not encounter any significant issues of water sourcing. The Group still established a water-saving culture in the workplace through implementing water-saving guidelines. For instance, the Group built up water-saving facilities in the production premises where water is reused and recirculated for cooling down its machines so as to significantly reduce water usage and discharge. Besides, regular water pipe checking is conducted in every business unit to prevent water leakage.

During the reporting period, the Group has set up its quantitative target on water consumption. The target is to reduce 25% of water intensity from 2018 baseline by 2030. This is a great leap for the Group to further commit to making a greener environment.

In order to achieve the water reduction target, the premise in Jiangmen has installed new reclaimed water facilities to minimise the water consumption during production during the reporting period. The facilities can not only collect treated wastewater and reuse it in industrial washing, but also ensure that the effluents from the premise are well treated and meet the compliance requirement.

Water consumption by Group

	2021	2020
Water consumption (in '000 m^3)[4]	**75.2**	58.4
Intensity (in '000 m^3/million revenue)	**0.22**	0.19

[4] The water consumption increased since the production started to return to a normal level under the stable epidemic situation on the Mainland.

As the production started to return to a normal level under the stable epidemic situation in the Mainland, the total water consumption increased by 29% during the reporting period, in comparison to 2020. The Group will constantly look out for ways to improve water efficiency.

Wastewater management is highly concerned by the Group's stakeholders. Therefore, beyond meeting the compliance requirements, the Group endeavours to seek for advanced wastewater treatment technologies to prevent water pollution. Focusing on the industrial wastewater that mainly came from the cleaning of chemical containers and surface run-off, the Production Facilities in Jiangmen have installed wastewater treatment facility such as sedimentation tank. The wastewater treatment facility is estimated to treat 10 cubic metres of wastewater per day prior to standardized discharge.

In addition, the Group also invested in design and implementation of a diffluence of rain and sludge facility in the Production Facilities in Jiangmen, technically separating drainage and sewage systems. Similar to the wastewater treatment facility, the rain and sludge separation facility is able to treat 10 cubic meters of rainwater and surface run-off per day. The construction of the separation facility in Dongguan Production Facility has commenced during the reporting period. Through handling the wastewater properly, the environmental impacts are mitigated.

6.4 WASTE REDUCTION AND MANAGEMENT

The major source of waste was identified as hazardous and non-hazardous manufacturing waste generated at the Production Facilities. For Hong Kong headquarters, it mainly produced general office waste.

In accordance with local government regulations, the Group has designed a waste disposal manual to be applied on all production units. The manual shows a set of proper procedures for handling different types of wastes, including domestic refuse and recyclables, as well as giving a detailed guideline for waste management.

To avoid generation of damaged products as a result of malfunctioning machines and equipment, Golden Power has upgraded its production machines. The maintenance department is in charge of monitoring machinery and equipment condition. The Group also implemented initiatives for waste management, such as waste segregation and recycling from sources. On the other hand, the Group has continued its previous practices to hire reputable and qualified waste contractors for removing refuse and collection of recyclables such as metal, paper and plastics during the reporting period.

Hazardous waste is inevitable during the battery manufacturing and maintenance processes, which was also acknowledged by the Group and its stakeholders. Therefore, Golden Power takes the treatment of hazardous waste seriously and cautiously in accordance with designated steps. Hazardous wastes such as machine oil and batteries are treated carefully by seasoned employees in specific area and must comply with applicable regulations.

To achieve a greener future, the Group has taken step to practice responsibly and pursuing a better performance. During the reporting period, a quantitative target was set. The Group has promised to increase the amount of recycled waste by 20% from 2018 baseline by 2030.

Waste generation and management by Group

Type of waste	2021	2020
Non-hazardous waste disposed (tonnes)	**17**	18
Paper waste recycled (tonnes)	**64**	59
Metal waste recycled (tonnes)	**348**	295
Hazardous waste disposed (tonnes)	**8**	9
Total waste generated (tonnes)	**495**	432
Total waste recycled (tonnes)	**470**	405
Non-hazardous waste intensity (tonnes/million revenue)	**0.05**	0.06
Hazardous waste intensity (tonnes/million revenue)	**0.02**	0.03

During the reporting period, the amount of recycled waste had increased by 16% when compared to the previous reporting period. The Group will continue to explore feasible measures to minimise the amount of waste generated and maximise recycling.

6.5 PACKAGING MATERIALS

Packaging is an important part of the battery products since it prevents damage during the transition from manufacturing units to retailers. Types of packaging materials that the Group used for finished products were on the customers' requests, from paper to plastic. The packaging made of Polyethylene terephthalate ("PET") plastic is recyclable, in other words, customers can return the packaging to the Group for further processing. Aluminium foil was applied in packaging for cell types identification.

The Group is undergoing a plan to shift plastics packaging to paper since the Group understands the problem of plastics that the material takes centuries to be biodegraded. The accumulation of plastic in the nature caused a severe environmental disaster while the broken plastics, microplastics, were found in the food chain and human embryos. The Group is looking for more eco-friendly packaging materials as alternatives and diminish the environmental footprints to the earth.

Type of packaging material	2021	2020
Paper (tonnes)	**1,590**[5]	3,117
Plastic (tonnes)	**74**	86
Aluminium foil (tonnes)	**21**	46
Total (tonnes)	**1,685**	3,249
Packaging material intensity (tonnes/million revenue)	**4.85**	10.30

5 Paper consumption had a significant decrease since many of the products were packed in bulk for transportation, resulting in the reduction of inner paper packaging in the report period.

7 OUR PRODUCTION

Golden Power has placed a high emphasis on the policies of quality assurance and product responsibility. The Group strictly monitors every production process ranging from material sourcing to after-sale services to ensure product safety and quality. To further enhance competitiveness, Golden Power recognises product innovation and invention as one of its key focuses. The Group is continuously enhancing new product development in order to cater to the market's needs.

The Group proudly attained several notable qualifications issued by Government bodies that recognise its leading battery manufacturing technology. In the meantime, Golden Power will keep its pace on exploring other possibilities to expand the product spectrum and maintaining a high standard. Below sets out the three qualifications obtained or held by the Group during the reporting period:

Qualification	Issuing Authority
High and New Technology Enterprise	Ministry of Science and Technology
Guangdong Jiangmen Engineering and Technology Research Centre	Jiangmen Science and Technology Bureau
Guangdong Environmental Protection High Performance Primary Battery Engineering and Technology Research Centre	Guangdong Science and Technology Department

7.1 RESPONSIBLE SOURCING

Conscious of the potential impact of the Group's supply chain on the environment, society and the economy, Golden Power takes on responsibilities for managing the impacts. The Group has assigned a professional procurement team to monitor the entire procurement process, from supplier assessment to raw material management.

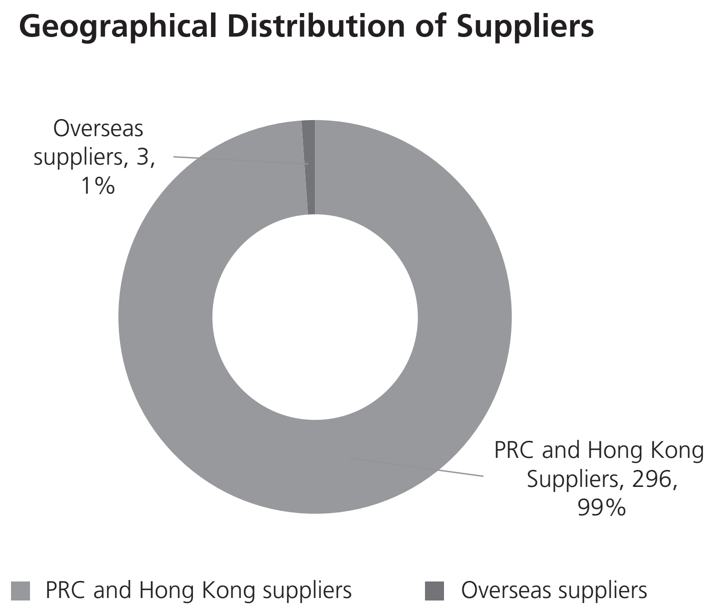
Supplier Assessment

The Group has built a rigorous supply chain management system by integrating ESG-related factors into supplier selection and assessment. Under the frameworks of ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System, the Group prioritises suppliers according to their environmental performance, including chemical hazardous and non-hazardous waste management, as well as corporate social responsibility.

After scrutinising the suppliers' profiles, the Group requires the suppliers to provide a product sample and submit their third-party test report revealing whether the product materials meet environmental compliance. The steps were critical for quality assurance before committing to a purchase. Material safety data sheets ("MSDS") are distributed to the suppliers to ensure that all the materials meet the Group's safety standards and do not contain any hazardous chemical substances.

Supplier assessment is conducted every year to ensure suppliers meet the requirements of Social Accountability 8000 Standard (SA 8000). Should there be any non-conformance noticed, the procurement team shall provide remedial measures for suppliers to improve within a specific timeframe. The Group may consider terminating the contracts with suppliers if no improvement has been made.

Apart from the above, the Group gives preference to local suppliers with the aim of minimising the carbon footprints incurred by long way transportation and supporting the local economy prosperity.



Raw Material Management

As a majority of raw materials for manufacturing battery are hazardous chemical substances, it is necessary for Golden Power to handle the raw material in a cautious manner. The Group not only collects sufficient information on the safety level of materials in advance from MSDS, but also implements on-site testing to ensure that the chemical properties are aligned with the Group's standards for proceeding to manufacture.

To safeguard product quality and safety, technical supervisors are assigned to oversee the entire chemical mixing process in terms of proper procedures, right formula and high productivity. The supervision can also minimise the material wastage caused during the process.

Safety is the first priority when it comes to handling dangerous chemicals. All hazardous and toxic chemicals shall be distinguished by the material information sheets, managed in accordance with the guidelines with specific warning signs. Besides, the containers for material storage shall be chemically inert and leak-proof to reduce workplace dangers caused by improper handling of raw materials.

7.2 STRINGENT QUALITY CONTROL

Being one of the well-established battery manufacturers, Golden Power is committed to providing durable and high-quality products to its valued customers through rigorous quality control. The Group ensures that its products meet high standards in terms of energy efficiency, cost effectiveness, safety performance, and eco-friendly features by referring to international product quality standards such as ISO 9001:2015 Quality Management System, Restriction of Hazardous Substances ("RoHS"), and International Electrotechnical Commission ("IEC"). Our products comply with the Directive 2013/56/EU (2006/66/EC) and the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH").

In addition to the worldwide standards, there is an internal standardised quality control system in place to assure product quality and safety. All batteries shall be covered by moisture proof paper, wrapped in plastic wrap and placed at least 30cm away from the wall during storage with the aim of protecting the batteries from moisture. An in-house laboratory is set up to supervise every step of the battery manufacturing process, from providing test instructions to conducting on-site supervisions and inspections. To maximise the durability and safety of our products, the Group conducts twice as many weathering tests in the laboratory as required by the industry standards.

The Group goes through the production process on a regular basis to examine the need to refine its production workflows, upgrade its equipment and machines, and expand its production lines to enhance the operational efficiency and performance. During the reporting period, the Group had undergone standard tests and machinery maintenance, as well as replaced worn out engineering parts.

To achieve high productivity in battery manufacture, the Group is currently working to transition from labour-intensive production to automation. To commence the shift, the Group has equipped with several shrink warp machine to speed up the packaging process. Moreover, automated packaging machines are used to detect damaged products and improve the appearance of the packaging.

Golden Power has a competent research and development team that investigates new technology and battery products in response to changing customers' needs and expectations. The Group also conducts benchmarking analysis that enables comparison of leading industry standards.

Attributed to the Group's production monitoring mechanism, the Group achieved a 0% recall on products due to health and safety reasons and 6 complaints regarding the products that have been subjected to improper handling during transportation and storage during the reporting period. For more details, please refer to the part "7.4 Product Responsibility".

7.3 CONTINUOUS PRODUCT DEVELOPMENT

Eco-friendly battery

The Group is dedicated to raising environmental awareness among its customers by providing environmentally friendly products. "Ecototal" is one of the Group's eco-friendly series batteries without hazardous substances such as mercury, cadmium and lead. The battery is safe to both human and the environment. The Group will continue to make every effort to develop new green battery products and minimise the environmental footprints from production to disposal.

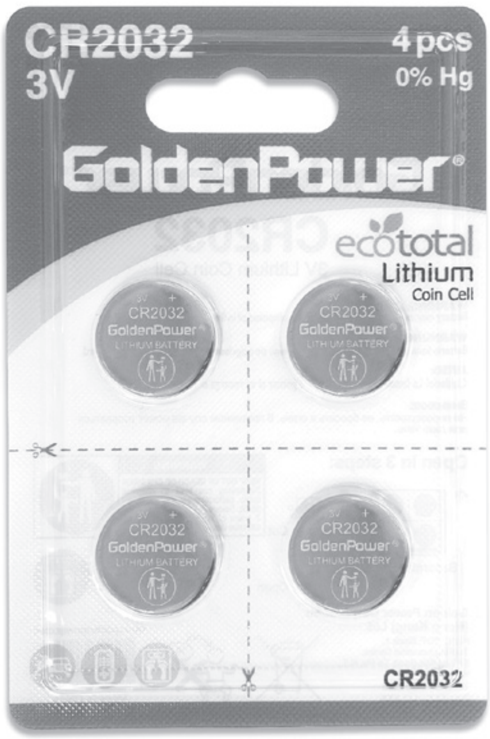
Powering healthcare and smart living products

In response to the growing demand for medical equipment resulting from an aging population and growing public health awareness, the Group has developed specific products for professional medical usage with an outstanding prolonged operation performance. They are designed for thermometer, hearing aid devices, insulin pump and glucose meter to provide better healthcare support.

Besides, the Group focuses on batteries of smart living products such as car keys, remotes and home security alarms to fulfil the various needs in the market. Golden Power aspires to make consumers' life easier, safer and more convenient.

Child resistant packaging battery

In order to prevent battery ingestion by new-borns and toddlers, the Group has adopted a new battery packaging for its lithium coin cell, namely "child resistant packaging."In the European Union, child-resistant packaging is greatly encouraged and in consideration of children safety. It is also predicted to be more popular among our target customers among different regions. The Group will continue to work tirelessly to modify the packaging and improve our product safety for our customers.



(THE CHILD RESISTANT PACKAGING OF LITHIUM COIN CELL)

7.4 PRODUCT RESPONSIBILITY

Customers' feedback is the driving force behind Golden Power's continuous improvement of products and services, as well as its sustainable business.

Customer satisfaction surveys are conducted on a regular basis to collects customers' ratings and opinions about its products and services. The most recent survey results revealed an average customer satisfaction score of 91.4 out of 100. The data collected will be further analysed and evaluated to assist the Group in knowing customers' expectations and requirements.

As a reliable battery manufacturer for customers, the Group is dedicated to providing after-sales service as a part of strategic brand loyalty development. The sales and marketing department is in charge of the after-sales support, ranging from processing complaints to handling product recalls in a timely manner. All complaints and product recalls were recorded in details and the Group would thereafter implement preventive measures to avoid similar incidents in the future.

During the reporting period, a total of 6 complaints were received, concerning the products that have been subjected to improper handling during transportation and storage. The Group deployed prompt follow-up actions, from redistributing batteries to clients and investigating the root causes, to implementing mitigation measures such as strengthening staff training.

To protect the intellectual property right of Golden Power, the Group has registered trademarks for its brands logo and products such as "G Device", "goldenpower" and "Greenergy" in the regions where Golden Power's products are merchandised. Moreover, the Group registered patents for its newly developed products and technologies in order to prevent any unauthorised use of the Group's brand, trademarks and technologies.

Customers' privacy and intellectual property rights are crucial to the Group's business integrity. Since 2017, the Group has implemented an intellectual property rights management system, stipulating that the Group would not tolerate violation of intellectual property rights during the research and development, procurement, production, sales, and external partnership processes. As stated in the Employees' Manual, employees shall take the required procedures to avoid the risk of confidential data leakage and misuse.

8 OUR WORKPLACE

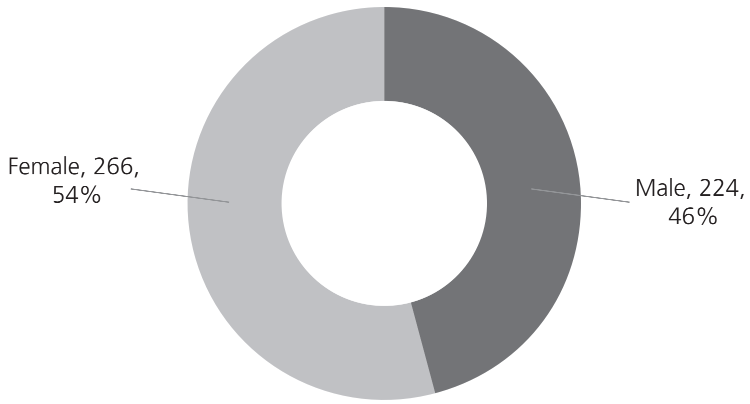
The Group demonstrates its commitment to building a fair, ethical and harmonious working environment by complying with the requirements set out under SA 8000. Meanwhile, the Group places great emphasis on safety practices, professional training and development of employees.

8.1 EMPLOYMENT AND LABOUR STANDARDS

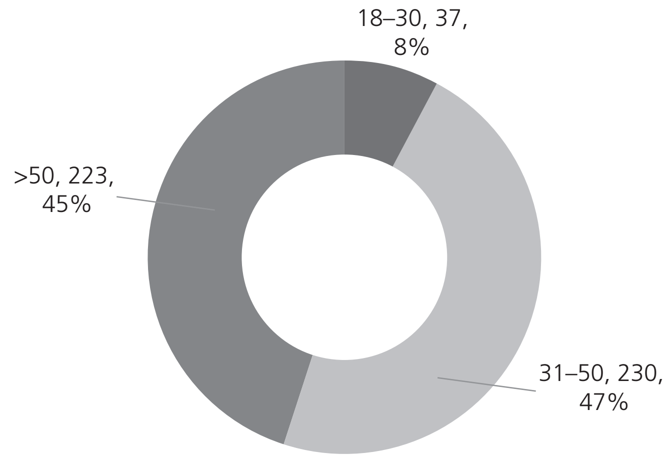
The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability, or age.

Aside from strictly complying with relevant local laws and regulations during the reporting period, the Group offers a competitive remuneration package and welfare, reasonable work hours and leaves to attract and keep talents. Regular performance appraisals are also conducted to assess employees' performance and serve as a communication channel to motivate employees. During the reporting period, the Group had employed a total of 490 staff while the overall turnover rate was 11%. The employee compositions and details are as follows:

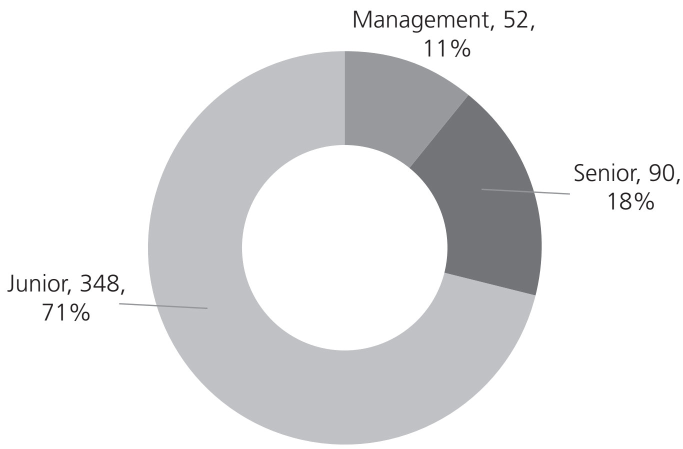
2021 Employee Breakdown by Gender



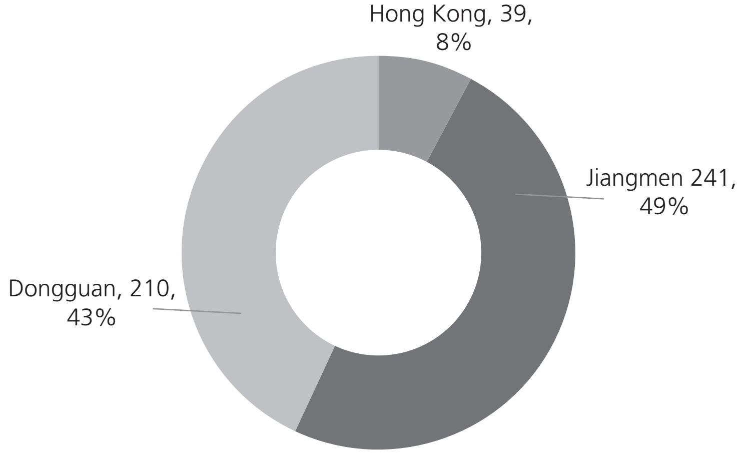
2021 Employee Breakdown by Age



2021 Employee Breakdown by Employment Category



2021 Employee Breakdown by Geographical Region



2021 Turnover Rate		Percentage
Overall		11%
By Gender	Male	13%
	Female	10%
By Age Group	18–30	26%
	31–50	16%
	> 50	3%
By Geographical Region	Hong Kong	27%
	Jiangmen	10%
	Dongguan	10%

The employment of child and forced labour are strictly prohibited at Golden Power's operations. The Human Resources Department is responsible for executing relevant labour policies and practices, for instance requiring valid identification documents during recruitment. In case of employment of child and forced labour, the HR Department shall take prompt disciplinary actions, including terminating the employment contract and reporting to the local labour departments. The Group will also review the current practices to avoid similar cases from happening again. During the reporting period, the Group was not aware of any non-compliance in relation to employment and labour standard.

Golden Power believes that employees are one of the most treasurable assets and thus employees' opinions and feedbacks are highly valued. The Group encourages employees to express their views towards Golden Power by providing different communication platforms. Those opinions are discussed in the staff meetings to help attain improvement across the Group.

The Group regularly arranges staff activities such as Lunar New Year lucky draw, mooncakes and rice dumplings distribution in order to build a strong bonding with employees and reward them for their hard work.

Descriptions	Photos
Lunar New Year lucky draw	
Lunar New Year celebration	

8.2 BUSINESS ETHICS AND INTEGRITY

The Group places great emphasis on business ethnics and integrity. As stated in the Code of Conduct, all forms of corrupt behaviours such as bribery, extortion, fraud and money laundering activities were strictly prohibited. All staff members would receive the Code of Conduct and sign their commitments to avoid and declare all possible conflict of interest and advantages or entertainment. The Group also established its whistle-blowing mechanisms to report any suspicious cases internally. The internal audit committee is in charge of conducting immediate investigations of all cases and reporting directly to the Board for further actions.

During the reporting period, a two-hour anti-corruption training was arranged for the Board members, the HR and Administration Department to mitigate possible corruption risks. The Group was not aware of any complaint or reported or concluded case in relations to corrupt practices such as bribery, extortion, fraud, and money laundering during the reporting period.

8.3 OCCUPATIONAL HEALTH AND SAFETY

Golden Power cares about the health and wellness of its employees. To protect employees from occupational injury, the Group has established a safety contingency plan for all the production units which set out occupational safety practices and procedures on handling incidents.

Besides, safety trainings in areas such as first aid, handling hazardous substances and fire safety are provided to all employees. To reduce the potential occupational safety risk, frontline workers at operational sites shall wear self-protective gears such as helmets, safety goggles and ear plugs. The Production Facilities in Jiangmen built an on-site emergency pond for fire-fighting in accordance with municipal regulations.

The Group is aware of the occupational risks associated with the repetitive and manual wrapping procedure that occurs prior to shipment. Golden Power has introduced an automatic shrink wrap machine to automate the labour-intensive wrapping process and reduce the occupational risk. The Group conducts thorough maintenance checks on facilities and manufacturing machines regularly to prevent any accidents happened in the workplace.

With the rigorous safety practices, the Group had achieved a zero-fatality rate in the past three year, zero work-related injury cases and zero lost working days during the reporting period. If any cases occur, the cases will be handled and filed in accordance with internal accident handling procedures and will be reported to the relevant authority in compliance with the law. The filed cases will be used as training resources to enhance employees' safety awareness and thus help prevent similar accidents.

8.4 MEASURES DURING THE PANDEMIC

The Group has implemented the following measures in order to protect employees and clients from the pandemic outbreak.

- Conduct more frequent disinfection in working areas and provide masks and hand-sanitising products to the staff
- Body temperature checking was required whenever entering the workplace and office
- Have enough protective resources such as alcohol sanitisers, hand washing and masks in the workplace
- Encourage employee to receive COVID-19 vaccine

Beyond the above measures, the Group had set up an emergency mechanism to prevent and respond to any infectious cases in a timely and appropriate manner. The Group will continue to stay vigilant against the pandemic and safeguard employees' health and safety.

8.5 TRAINING AND DEVELOPMENT

The capability and professionalism of employees is the key to Golden Power's high-quality products and services. Golden Power is eager to provide its employees with variety of training and development programs for its employees in order to foster their abilities and skills.

With various internal and external professional training and educational subsidies, employees are able to acquire work-related knowledge and skills, and thus improve their performances in workplace. The training focused on four main categories: quality control, technical operational skills, occupational health and safety, and environmental protection. For better assimilation of newly hired employees in Golden Power, the Group organised a welcome orientation program that explains the details and precautions of workflow. Aside from that, the Group also arranged managerial trainings for senior-grade staff members, which promoted effective leadership and project management.

After gathering the needs and willingness of the staff, the HR Department is responsible for arranging and promoting staff trainings with the support of department heads. The department heads keep track of their department members' individual training data, evaluate its effectiveness, and make recommendations during the annual performance appraisal. Talent development is a key part of Golden Power's talent attraction and retention strategy in order to achieve long-term business growth.

Employee by category	Percentage of employees trained	Average training hour (hour)
Male	88%	9.02
Female	88%	9.05
Management	85%	6.49
Senior	78%	6.88
Junior	92%	9.97

9 CONTRIBUTE TO THE COMMUNITY

Golden Power is committed to creating positive impact to the community and society. The products from Golden Power are all human-oriented. Not only do the products enhance the healthcare, beauty and smart-devices, but they also improve the living quality of the elderlies and disability communities.

In addition to the above, the Group focused on contributing to the education sector during the reporting period and has donated HKD2000 in a charity activity organised by Jiangmen Pengjiang District Baisha Commercial Society to support quality education of unprivileged children during the reporting period. The Group believes that education is a fundamental human right for everyone and is one of the most powerful tools in lifting unprivileged children out of poverty.

10 LOOKING FORWARD

The Group has set up various environmental targets this year. The Board will continue to oversee and keep track of the progress towards its targets and ensure that Golden Power reaches to its commitment through the promised practices and actions.

Apart from that, in order to obtain a more in-depth understanding of stakeholders' needs and expectations, Golden Power has broadened the width and depth of stakeholder engagement during the reporting period. In response to stakeholders' feedback, the Group will continuously invest in developing high-quality and eco-friendly battery products to adapt to the everchanging market. The Group will continue to engage with its key stakeholders to precisely identify ESG material issues, which helps the Group to construct a more comprehensive sustainability roadmap to become more resilient to future challenges.

11 ESG CONTENT INDEX

Aspect	KPI	Description	Statement/Section
SUBJECT AREA (A) ENVIRONMENT			
A1: EMISSIONS			
	General disclosure	Information on: (a) the policies; and (b) compliance	(a) 6.1 Environmental Policy (b) There was no non-compliance noticed during the reporting period.
	A1.1	The types of emissions and respective emissions data.	6.2 Climate Change, Emission Control and Energy Efficiency
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.2 Climate Change, Emission Control and Energy Efficiency
A1	*A1.3*	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.4 Waste Reduction and Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.4 Waste Reduction and Management
	A1.5	Description of emission target(s) set and steps taken to achieve them.	6 Our Environment
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.4 Waste Reduction and Management
A2: USE OF RESOURCES			
	General disclosure	Policies	6.1 Environmental Policy
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	6.2 Climate Change, Emission Control and Energy Efficiency
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.3 Water Consumption and Wastewater Management
A2	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6.2 Climate Change, Emission Control and Energy Efficiency
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.3 Water Consumption and Wastewater Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	6.5 Packaging Materials

Aspect	KPI	Description	Statement/Section
A3: THE ENVIRONMENT AND NATURAL RESOURCES			
A3	*General disclosure*	Policies	6.1 Environmental Policy
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Our Environment
A4: CLIMATE CHANGE			
A4	*General disclosure*	Policies	6.2 Climate Change, Emission Control and Energy Efficiency
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.2 Climate Change, Emission Control and Energy Efficiency
SUBJECT AREA (B) SOCIAL			
B1: EMPLOYMENT			
B1	*General disclosure*	Information on: (a) the policies; and (b) compliance	(a) 8.1 Employment and Labour Standards (b) There was no non-compliance noticed during the reporting period.
	B1.1	Total workforce by gender, employment type, age group and geographical region.	8.1 Employment and Labour Standards
	B1.2	Employee turnover rate by gender, age group and geographical region.	8.1 Employment and Labour Standards
B2: HEALTH AND SAFETY			
B2	*General disclosure*	Information on: (a) the policies; and (b) compliance	(a) 8.3 Occupational Health and Safety (b) There was no non-compliance noticed during the reporting period.
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	8.3 Occupational Health and Safety
	B2.2	Lost days due to work injury.	8.3 Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	8.3 Occupational Health and Safety
B3: DEVELOPMENT AND TRAINING			
B3	*General disclosure*	Policies	8.5 Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	8.5 Training and Development
	B3.2	The average training hours completed per employee by gender and employee category.	8.5 Training and Development

Aspect	KPI	Description	Statement/Section
B4: LABOUR STANDARDS			
	General disclosure	Information on: (a) the policies; and (b) compliance	(a) 8.1 Employment and Labour Standards (b) There was no non-compliance noticed during the reporting period.
B4	*B4.1*	Description of measures to review employment practices to avoid child and forced labour.	8.1 Employment and Labour Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	8.1 Employment and Labour Standards
B5: SUPPLY CHAIN MANAGEMENT			
	General disclosure	Policies	7.1 Responsible Sourcing
	B5.1	Number of suppliers by geographical region.	7.1 Responsible Sourcing
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	7.1 Responsible Sourcing
B5	*B5.3*	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Responsible Sourcing
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	5.1 Responsible Sourcing
B6: PRODUCT RESPONSIBILITY			
	General disclosure	Information on: (a) the policies; and (b) compliance	(a) 7 Our Production (b) There was no non-compliance noticed during the reporting period.
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	7.2 Stringent Quality Control
B6	*B6.2*	Number of products and service related complaints received and how they are dealt with.	7.4 Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	7.4 Product Responsibility
	B6.4	Description of quality assurance process and recall procedures.	7.2 Stringent Quality Control 7.4 Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	7.4 Product Responsibility

Aspect	KPI	Description	Statement/Section
B7: ANTI-CORRUPTION			
B7	*General disclosure*	Information on: (a) the policies; and (b) compliance	(a) 8.2 Business Ethics and Integrity (b) There was no non-compliance noticed during the reporting period.
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	8.2 Business Ethics and Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	8.2 Business Ethics and Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	8.2 Business Ethics and Integrity
B8: COMMUNITY INVESTMENT			
B8	*General disclosure*	Policies	9. Contribute to the Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	9. Contribute to the Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	9. Contribute to the Community

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements for the Year.

CORPORATE HISTORY

The Company was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands as an exempted company with limited liability on 7 June 2012.

In preparation for the Listing, the Company became the holding company of the companies comprising the Group pursuant to the reorganisation as more particularly described in the section headed "History, Development and Reorganisation — Reorganisation" in the Prospectus.

The Shares of the Company were listed on GEM of the Stock Exchange on 5 June 2015. On 10 November 2017, the Shares were transferred from GEM to the Main Board of the Stock Exchange.

PRINCIPAL ACTIVITIES

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

There were no significant changes in the nature of the Group's principal activities during the Year.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2021 are set out in Note 36 of the audited consolidated financial statements.

FINANCIAL STATEMENTS

The summary of the results, assets and liabilities of the Group for the year ended 31 December 2021 and the state of the Company's and the Group's affairs as at that date are set out in consolidated financial statement on page 68 to 132 of this annual report.

RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the audited consolidated statement of profit or loss and audited consolidated statement of comprehensive income on pages 68 and 69 of this report, respectively.

The Directors did not recommend the payment of any dividend for the Year (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the identity of the shareholders of the Company who will be eligible to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Monday, 23 May 2022 to Friday, 27 May 2022 (both dates inclusive), during which no transfer of shares will be registered. In order to be eligible to attend and vote at the 2022 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Friday, 20 May 2022.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" on page 5 of this report. The business review forms part of this report.

SEGMENT INFORMATION

Details of segment reporting are set out in Note 5 of the audited consolidated financial statements.

CHARITABLE DONATIONS

No charitable or other donations were made by the Group during the Year (2020: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the largest and the top five customers of the Group accounted for 11.37% (2020: 12.21%) and 37.72% (2020: 39.07%) of the Group's revenue, respectively, for the Year.

During the Year, the Group's purchases from the largest and the top five suppliers accounted for 8.83% (2020: 6.73%) and 33.46% (2020: 28.06%) of the Group's purchases, respectively, for the Year.

To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any shareholder of the Company, who owns more than 5% of the issued share capital of the Company, had any interest in any of the Group's top five customers or suppliers of the Group for the Year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the Year are set out in Note 14 to the audited consolidated financial statements.

INVESTMENT PROPERTIES

Details of the Group's investment properties during the Year are set out in Note 15 to the audited consolidated financial statements.

SHARE CAPITAL

There was no change in the total number of issued Shares and the issued share capital during the Year.

Details of movements in the share capital of the Company during the Year are set out in Note 28 to the audited consolidated financial statements.

RESERVES

Movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 72 of this report.

DISTRIBUTABLE RESERVES

The Company's reserves as at 31 December 2021 are set out in Note 29(c) to the audited consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2021 are set out in Note 26 to the audited consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 133 of this report.

IMPORTANT EVENTS AFTER THE YEAR END

There are no important events subsequent to the end of the Year and up to the date of this report which requires disclosure.

DIRECTORS

The Directors since 1 January 2021 and up to the date of this report were:

Executive Directors

Mr. Chu King Tien *(the chairman of the Group)*
Ms. Chu Shuk Ching
Mr. Tang Chi Him
Mr. Chu Ho Wa

Independent non-executive Directors

Mr. Hui Kwok Wah
Mr. Ma Sai Yam
Mr. Chow Chun Hin Leslie

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 12 to 15 of this report.

DIRECTORS' RETIREMENT AND RE-ELECTION

In accordance with article 112 of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 108 of the Articles, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

The Directors subject to retirement by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so subject to retirement shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 108 of the Articles, the following Directors, namely, Mr. Chu King Tien, Ms. Chu Shuk Ching and Mr. Chow Chun Hin, Leslie will retire from office by rotation and, being eligible to, offer themselves for re-election at the 2022 AGM.

No Director proposed for re-election at the 2022 AGM has or is proposed to have a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation of independence from all the independent non-executive Directors, namely Mr. Hui Kwok Wah, Mr. Ma Sai Yam, and Mr. Chow Chun Hin Leslie, pursuant to the Listing Rules. The Company considers all of them to be independent pursuant to Rule 3.13 of the Listing Rules as at the date of this report.

DIRECTORS' SERVICE CONTRACTS

The service agreement between the Company and each of the executive Directors is for an initial term of three years commencing from the Listing Date and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the current term of the appointment, unless the Director has not been re-elected as a Director of the Company or has been removed by shareholders of the Company at any of its general meeting in accordance with the Articles. Either the Company or the Director may terminate the service agreement in accordance with the terms thereof.

The Company has entered into a letter of appointment with each of the independent non-executive Directors for a fixed term of 2 years upon the expiry of the previous letters of appointment and commencing from June 2020, which may be terminated by either the Company or the Director in accordance with the terms thereof.

There is no director's service contract with the Company or any of its subsidiary which is not determinable by the Company or its subsidiary within one year without payment of compensation (other than statutory compensation) as at 31 December 2021.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

For the Directors' material interest in contracts with the Group, please refer to the paragraphs headed "Related Party Transactions and Continuing Connected Transactions" below in this report.

Save as disclosed in this report, no Director or the associates of the Director had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the Year.

COMPETING INTERESTS

During the Year, none of the Directors, the controlling shareholders of the Company and their respective close associates had any business or interest that competes or may compete with the business of the Group nor had any other conflicts of interest with the Group.

A deed of non-competition dated 24 September 2014 has been entered into by Mr. Chu King Tien and Golden Villa, the controlling shareholders of the Company within the meaning of the Listing Rules (collectively the "**Controlling Shareholders**") in favour of the Company regarding certain non-competition undertakings given by the Controlling Shareholders in favour of the Company. The details of this deed of non-competition have been disclosed in the section headed "Relationship with Controlling Shareholders" in the Prospectus.

Each of the Controlling Shareholders has given an annual declaration to the Company confirming that he/it has complied with the non-competition undertakings provided to the Company under the said deed of non-competition. The independent non-executive directors have reviewed the status of compliance and enforcement of the non-competition undertaking and confirmed that all the undertakings thereunder have been complied with for the Year.

REMUNERATION OF THE DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 9 of the audited consolidated financial statements. No Director has waived or has agreed to waive any emolument during the Year.

EMOLUMENT POLICY

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all the Directors and members of the senior management remuneration, having regard to market competitiveness, individual performance and achievement. The Remuneration Committee would conduct annual review of the emoluments of the Director and remuneration package of the members of the senior management or conduct ad hoc review when necessary. The Company has adopted a share option scheme for granting share option as part of the potential remuneration package to the Directors and the relevant eligible participants.

The emoluments of the Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of each Director, and taking into consideration the Company's performance and prevailing market conditions.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save for those disclosed above or in this report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries nor any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year.

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

Interests in the Company

As at 31 December 2021, 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 (Note 1)	194,400,000 Shares	54.00%
Chu Shuk Ching (Executive Director and Chief Executive Officer)	Interest in a controlled corporation (Note 2)	43,600,000 Shares	12.11%
	Beneficial owner	3,000,000 Shares	0.83%

Note:

1. These Shares are held by Golden Villa, and Triumph Treasure Holdings Limited ("**Triumph Treasure**") which are wholly owned and owned as to 51% by Mr. Chu King Tien, respectively. By virtue of the SFO, Mr. Chu King Tien is deemed to be interested in all the Shares held by Golden Villa Ltd. and Triumph Treasure Holdings Limited in the Company.

2. These Shares are held by Triumph Treasure, which is owned as to 49% 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 31 December 2021, 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 corporation

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	Beneficial owner	50,000	100%

Save as disclosed above, as at 31 December 2021, the 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 31 December 2021, 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 in shares and short positions 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	Approximate percentage of shareholding
Golden Villa	Beneficial owner	194,400,000 Shares	54.00%
Ms. Mo Yuk Ling (Note)	Interest of spouse	194,400,000 Shares	54.00%
Triumph Treasure	Beneficial owner	43,600,000 Shares	12.11%

Note:

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.

Save as disclosed above, as at 31 December 2021, 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 required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

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 "**Adoption Date**"). Since the Listing Date and up to the date of this report, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.

1) Purpose

The purpose of the Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest (the "**Invested Entity**").

2) Qualifying participants

Subject to the provisions in the Scheme, the Board shall be entitled at any time and from time to time within the period of ten years after the date of adoption of the Scheme to make an offer to any of the following classes of persons:

(i) any employee (whether full time or part time, including Director) of the Company, its subsidiaries and any Invested Entity;

(ii) any Director (including any non-executive Director and independent non-executive Director) of the Company, any of its subsidiary or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of any member of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any security issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of the Directors has contributed or will contribute to the growth and development of the Group; and

(viii) any other group or class of participants who has contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

3) Maximum number of the Shares

The maximum number of the Shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company (excluding, for this purpose, Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Scheme or any other share option scheme of the Company) must not in aggregate exceed 10% of the total number of the Shares of the Company in issue as at the Listing Date, being 16,000,000 Shares. The Company may, subject to the issue of a circular, the shareholders' approval in general meeting and/or such other requirements prescribed under the Listing Rules, refresh this limit at any time to 10% of the Shares in issue as at the date of the shareholders' approval. The above is subject to the condition that the maximum number of the Shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares of the Company in issue from time to time.

As at the date of this report, no Share options has been granted by the Company and the outstanding number of Share options available for grant under the Scheme is 16,000,000 Share options to subscribe for the Shares, representing approximately 10% of the issued share capital of the Company.

4) Limit for each participant

The total number of the Shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular, the approval of the shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules.

5) Exercise of an option

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of the option is made but shall end in any event not later than ten years from the date of the grant of the option subject to the provisions for early termination thereof.

Unless otherwise determined by the Directors and stated in the offer of the grant of the option to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised.

6) Acceptance and payment on acceptance

The options granted under the Scheme shall remain open for acceptance for a period of up to 21 days from the date on which the options are offered to an eligible person. Upon acceptance of the option, the eligible person shall pay HK$1 to the Company as consideration for the grant.

7) Subscription price

The subscription price of a Share in respect of any option granted under the Scheme will be a price determined by the Board at its discretion and shall not be less than the highest of (i) the closing price of the Shares of the Company as stated in the daily quotations sheet of Stock Exchange for trade in one or more board lots of the Shares on the date on which an offer is made to an eligible person, which must be a business day; (ii) the average closing price of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an offer is made to an eligible person; and (iii) the nominal value of a Share.

8) Remaining life of the Scheme

The Scheme will remain valid and effective for a period of 10 years commencing from the Adoption Date (which will be on 15 May 2025) after which no further option shall be granted.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The related party transactions entered into by the Group during the Year are set out in Note 32 to the audited consolidated financial statements. The Directors consider that no related party transactions did fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 14A of the Listing Rules, which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

Connected Transactions and Continuing Connected Transactions

During the Year, there was no connected transaction or continuing connected transactions entered into by the Group which required reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to the Listing Rules.

The related party transactions in relation to key management personnel remuneration as disclosed in Note 32(b) to the audited consolidated financial statements are connected transactions exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to the Listing Rules.

CORPORATE GOVERNANCE

The Company has complied with the provisions as set out in the CG Code during the Year.

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 16 to 28 of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Please refer to the Environmental, Social and Governance Report (the "**ESG Report**") on pages 29 to 53 of this report.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float of not less than 25% of the Company's issued Shares as required under the Listing Rules for the Year and up to the date hereof.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the Year have been audited by PKF Hong Kong Limited, who will retire and, being eligible, offer themselves for re-appointment at the 2022 AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the 2022 AGM.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the Year have been reviewed by the audit committee of the Board. The audit committee is of the opinion that the audited consolidated financial statements of the Group for the Year comply with the applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

EVENT AFTER REPORTING PERIOD

The Group had no material events for disclosure subsequent to 31 December 2021 and up to the date of this report.

On behalf of the Board
Mr. Chu King Tien
Chairman

Hong Kong, 24 March 2022

INDEPENDENT AUDITOR'S REPORT

大信梁學濂(香港)會計師事務所有限公司

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

香港
銅鑼灣
威非路道18號
萬國寶通中心26樓

TO THE SHAREHOLDERS OF GOLDEN POWER GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Power Group Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 68 to 132, which comprise the consolidated statement of financial position at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the Group's consolidated financial position at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

The Group holds a portfolio of investment properties in Hong Kong with a fair value of approximately HK$105,000,000 which accounted for approximately 16% of the Group's total assets at 31 December 2021. The fair value of investment properties at 31 December 2021 was based on a valuation performed by an independent firm of qualified external property valuers. An increase in fair value of approximately HK$1,000,000 was recognised in profit or loss for the year ended 31 December 2021.

We identified valuation of the Group's investment properties as a key audit matter because of the significance of investment properties to the Group's total assets and the significance changes of fair value on investment properties to the Group's profit before income tax and because the valuation of investment properties can be inherently subjective and requires significant judgement and estimation associated with determining the fair value.

Our major procedures in relation to assessing the valuation of investment properties included:

- Obtaining and inspecting the valuation reports prepared by the external property valuers engaged by the Group and on which the directors' assessment of the fair value of investment properties was based;
- Assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence;
- Discussing with the external property valuers independently for their valuation methodology and assessing the key estimates and assumptions adopted in the valuation;
- Evaluating the reasonableness of adjustments made by external property valuers by reference to the similar properties relating to location and size of properties; and
- Checking arithmetical accuracy of calculations.

Revision of remaining useful lives of property, plant and equipment
During the year ended 31 December 2021, the management of the Group performed a periodic review on the remaining useful lives of property, plant and equipment with the assistance of an independent qualified professional valuer and determined that the annual depreciation rate of certain plant and machinery and moulds as at 1 January 2021 were revised. Details are set out in the note 14 to the consolidated financial statements.

We identified the aforesaid revision as a key audit matter because of significant judgement and estimation are required.

Our major procedures in relation to assessing the remaining useful lives of property, plant and equipment included:

- Obtaining and inspecting the valuation report prepared by the external valuer engaged by the Group;
- Engaging another external valuer to review the valuation report;
- Assessing the external valuers' qualifications, experience and competence and considering their objectivity and independence;
- Discussing with the valuers and the management of the Group, assessing the valuation methodology and the significant judgement and assumptions applied;
- Inspecting and examining the condition of the property, plant and equipment; and
- Checking the arithmetical accuracy of calculations.

OTHER INFORMATION

The directors are responsible for the other information which comprises the information included in the Group's annual report for the year ended 31 December 2021 ("**Annual Report**"), other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and are in compliance with the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Wan Tak Shing (Practising Certificate Number: P04844).

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong

24 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	5	**347,218**	315,415
Cost of sales		**(273,731)**	(234,591)
Gross profit		**73,487**	80,824
Other revenue	6	**6,016**	6,454
Other gains and (losses)	7	**3,820**	(1,643)
Selling expenses		**(17,554)**	(15,863)
General and administrative expenses		**(56,018)**	(49,455)
Profit from operations		**9,751**	20,317
Finance costs	8(a)	**(3,953)**	(3,792)
Profit before income tax	8	**5,798**	16,525
Income tax	10	**(1,086)**	(4,185)
Profit for the year attributable to the equity shareholders of the Company		**4,712**	12,340
			(restated)
Earnings per share (HK cents)			
— Basic	12	**1.51**	4.92
— Diluted	12	**N/A**	N/A

The notes on pages 75 to 132 form part of these consolidated financial statements. Detail of dividends paid or payable of the Company are set out in Note 13 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
Profit for the year	**4,712**	12,340
Other comprehensive income for the year, net of tax:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**2,662**	4,956
Fair value gain on hedging instrument designated in cash flow hedge	**8**	—
	2,670	4,956
Total comprehensive income for the year attributable to the equity shareholders of the Company	**7,382**	17,296

The notes on pages 75 to 132 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**343,577**	293,655
Investment properties	15	**105,000**	104,000
Intangible assets	16	**135**	186
Prepaid land lease payments	17	**4,558**	4,660
Right-of-use assets	18	**8,811**	2,976
Deposits paid for acquisition of property, plant and equipment	21	**14,856**	10,573
Pledged deposit	21	**1,945**	—
Deferred tax assets	11	**7,307**	4,995
		486,189	421,045
CURRENT ASSETS			
Inventories	19	**60,051**	59,761
Trade and bills receivables	20	**53,702**	50,239
Deposits, prepayments and other receivables	21	**29,638**	26,004
Derivative financial instrument	22	**8**	—
Income tax recoverable		**1,429**	254
Cash and bank balances		**36,630**	14,452
		181,458	150,710
DEDUCT:			
CURRENT LIABILITIES			
Trade payables	23	**78,576**	90,025
Other payables and accruals	24	**31,860**	12,618
Contract liabilities	25	**2,858**	3,416
Bank and other borrowings	26	**181,261**	144,113
Lease liabilities	27	**4,086**	716
Income tax payable		**208**	1,428
		298,849	252,316
NET CURRENT LIABILITIES		**(117,391)**	(101,606)

	Notes	2021 HK$'000	2020 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**368,798**	319,439
DEDUCT:			
NON-CURRENT LIABILITIES			
Bank and other borrowings	26	**44,911**	44,194
Lease liabilities	27	**4,534**	1,815
Deferred tax liabilities	11	**4,269**	1,339
		53,714	47,348
NET ASSETS		**315,084**	272,091
REPRESENTING:			
CAPITAL AND RESERVES			
Share capital	28	**3,600**	2,400
Reserves	29	**311,484**	269,691
TOTAL EQUITY		**315,084**	272,091

Approved and authorised for issue by the Board of Directors on 24 March 2022.

Mr. Chu King Tien
EXECUTIVE DIRECTOR

Ms. Chu Shuk Ching
EXECUTIVE DIRECTOR

The notes on pages 75 to 132 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 Note 29(c)(i)	Exchange reserve HK$'000 Note 29(c)(ii)	Capital reserve HK$'000 Note 29(c)(iii)	Property revaluation reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2020	2,400	90,043	5,914	(6,635)	29,819	51,697	—	81,557	254,795
Profit for the year	—	—	—	—	—	—	—	12,340	12,340
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	4,956	—	—	—	—	4,956
Total comprehensive income for the year	—	—	—	4,956	—	—	—	12,340	17,296
At 31 December 2020 and 1 January 2021	2,400	90,043	5,914	(1,679)	29,819	51,697	—	93,897	272,091
Profit for the year	—	—	—	—	—	—	—	4,712	4,712
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	2,662	—	—	—	—	2,662
Fair value gain on hedging instrument designated in cash flow hedge	—	—	—	—	—	—	8	—	8
Total comprehensive income for the year	—	—	—	2,662	—	—	8	4,712	7,382
Issue of shares, net of transaction cost (note 28)	1,200	34,411	—	—	—	—	—	—	35,611
At 31 December 2021	3,600	124,454	5,914	983	29,819	51,697	8	98,609	315,084

The notes on pages 75 to 132 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	5,798	16,525
Adjustments for:		
Amortisation of intangible assets	51	85
Amortisation of prepaid land lease payments	223	208
Bad debts on trade receivables written off	—	222
Bad debts on other receivables written off	—	162
Depreciation of property, plant and equipment	13,632	22,341
Depreciation of right-of-use assets	4,470	2,591
Finance costs	3,953	3,792
Loss on disposals of property, plant and equipment	107	1,895
Interest income	(17)	(17)
Fair value (gains)/losses on investment properties	(1,000)	4,500
Gain on termination of lease	(46)	(54)
Write-down to net realisable value on inventories	128	2,560
Written off of property, plant and equipment	—	96
Exchange differences	(16)	(38)
Operating profit before working capital changes	27,283	54,868
Decrease/(increase) in inventories	263	(10,769)
Increase in trade and bills receivables	(3,357)	(2,103)
Increase in deposits, prepayments and other receivables	(3,487)	(5,254)
(Decrease)/increase in trade payables	(11,458)	11,163
Increase/(decrease) in other payables and accruals	(5,403)	(1,851)
(Decrease)/Increase in contract liabilities	(563)	283
Cash generated from operations	3,278	46,337
Interest received	17	17
Income tax (paid)/refunded	(4,398)	1,109
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(1,103)	47,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(28,168)	(30,683)
Deposit paid for acquisition of property, plant and equipment	(8,096)	(10,056)
Payments to acquire right-of-use assets	—	(131)
Payments to acquire intangible assets	—	(163)
Sale proceeds from disposals of property, plant and equipment	29	523
NET CASH USED IN INVESTING ACTIVITIES	(36,235)	(40,510)

	Note	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings raised	30	**184,905**	164,608
Repayment of bank and other borrowings	30	**(148,126)**	(166,415)
Placement of pledged bank deposits		**(1,945)**	—
Interest paid	30	**(6,751)**	(6,770)
Capital element of lease rentals paid	30	**(4,172)**	(2,404)
Interest element of lease rentals paid	30	**(31)**	(93)
Proceeds from issuing shares, net of transaction cost		**35,611**	—
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**59,491**	(11,074)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**22,153**	(4,121)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		**25**	346
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**14,452**	18,227
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**36,630**	14,452
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**36,630**	14,452

The notes on pages 75 to 132 form part of these consolidated financial statements.

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021, which clarified the costs an entity should include as 'estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. BASIS OF PREPARATION *(continued)*

(c) HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 December 2021 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2021:

HKFRS 17	Insurance Contracts and the Related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKSA 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on a going concern basis notwithstanding that the Group had net current liabilities of approximately HK$117,391,000 at 31 December 2021. The Directors are of the opinion that the Group will have sufficient funds to meet its financial obligations when they fall due in the foreseeable future taking into account the followings:

(i) At 31 December 2021, the Group had unutilised banking facilities of approximately HK$29,584,000;

(ii) Subsequent to the end of the reporting period, the Group has successfully rolled over bank borrowings with an aggregate principal amount of approximately HK$69,000,000 maturing on or before the date when the consolidated financial statements are authorised for issuance;

(iii) For the borrowings which will be maturing before 31 December 2022, 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;

(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; and

(vi) The continuing coronavirus pneumonia epidemic ("**Epidemic**") has impact on the global business environment and continues to evolve. The Directors are closely monitoring the development of the Epidemic situation.

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 consolidated financial statements 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (Note 3(j)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Subsidiaries *(continued)*

(i) Business combinations under common control before Listing Date

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control for reorganisation before Listing Date, where all assets and liabilities are recorded at predecessor carrying amounts, as if the existing group structure had been in existence throughout the year and the business have been combined from the date when they first came under the control of the controlling party.

Upon transfer of interest in an equity to another entity that is under the control of the equity owner that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised as deemed distribution directly in capital reserve.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Business combinations not under common control

Except for the reorganisation, the Group uses the acquisition method of accounting to account for business combinations. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred to the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree (collectively the "**Sum of Consideration**") is more than the fair value of the identifiable net assets acquired, the excess is recorded as goodwill. If the Sum of Consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with all policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses (Note 3(j)(ii)). The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, over their estimated useful lives, at the following annual rates:

Category	Depreciation policy	Residual value
Leasehold land	Shorter of remaining lease term or useful life on a straight-line basis	0%
Leasehold buildings	4% on a straight-line basis	0%
Plant and machinery	5% on a reducing balance basis	10%
Furniture, fixtures and office equipment	15% on a reducing balance basis	10%
Moulds	5% on a straight-line basis	0%
Loose tools and instruments	50% on a reducing balance basis	0%
Motor vehicles	25% on a straight-line basis	10%
Leasehold improvements	15% on a reducing balance basis	0%
Right-of-use assets — Leased properties	Over the lease term on a straight-line basis	0%
Right-of-use assets — motor vehicles	Over the lease term on a straight-line basis	0%

Useful lives, the depreciation methods and residual values are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised which is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses. The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially completed and ready for its intended use.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation (Note 3(c)) and impairment losses (Note 3(j)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Leased assets *(continued)*

As a lessee *(continued)*

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group's right-of-use assets presented and included "prepaid land lease payments" and "right-of-use assets" while the lease liabilities are separately presented in the statement of financial position.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 3(q).

(e) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

When a property held for own use is reclassified to investment property following a change in its use, any differences arising at the date of reclassification between the carrying amount of the property held for own use immediately prior to the reclassification and its fair values is recognised as below:

(i) If the carrying amount of the property is increased as a result of the revaluation, the increase shall be recognised in other comprehensive income and accumulated separately in equity in the property revaluation reserve.

(ii) If the carrying amount of the property is decreased as a result of the revaluation, the decrease shall be recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Investment properties *(continued)*

On subsequent disposal of the investment property, the revaluation surplus recognised in the property revaluation reserve may be transferred directly to retained profits.

If an investment property becomes owner-occupied, it is reclassified as a property held for own use and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting in accordance with Note 3(c).

(f) Intangible assets

Trademarks are stated at cost less accumulated amortisation and impairment losses (Note 3(j)(ii)). Amortisation of trademarks is charged to profit or loss on a straight-line basis over the estimated useful lives of 10 years. The period and method of amortisation are reviewed annually.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(h) Trade and other receivables

Trade and other receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses (Note 3(j)(i)).

(i) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term, highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 3(j)(i).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets

(i) Credit losses from financial assets

The Group applies the ECL model to financial assets measured at amortised cost, including cash and cash equivalent, trade receivables and other receivables. Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the end of reporting; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period.

For all other financial instruments (including cash and cash equivalents and other receivables), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial assets (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the end of reporting period with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at the end of each reporting period to reflect changes in the financial assets' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised (Note 3(q)) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial assets (continued)

Basis of calculation of interest income (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment, right-of-use assets, intangible assets, prepaid land lease payments and investments in subsidiaries may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, if measurable, or value in use, if determinable.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(ii) Impairment of non-financial assets *(continued)*

Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurements to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

Hedging

The Group designates certain derivatives as hedging instrument to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates (cash flow hedge).

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognized).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (Note 3(q)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (Note 3(h)).

(n) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 3(o)).

(o) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare that asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(q) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

— Revenue from the sales and distribution of products is recognised when control of the products has transferred, being at the point the products are delivered to the customer's premise and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts, rebates and returns.

  A receivable is recognised when the products are delivered and the customers accept the products, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Revenue recognition *(continued)*

— Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (Note 3(j)(i)).

— Rental income is recognised on a straight-line basis over the terms of relevant leases.

— Services fee income and handling income are recognised at a point in time in the period when services are rendered.

— Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(r) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the PRC central pension scheme, are recognised as an expense in profit or loss as incurred.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

The Group's net obligation in respect of long service payment under the Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior years. The obligation is discounted to its present value and the fair value of any related assets, including retirement scheme benefit, is deducted.

(s) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Translation of foreign currencies *(continued)*

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of each reporting period;

— Income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Income tax *(continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3(e), the amount to deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that is becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised in profit or loss when the liability to pay the related dividends is recognised in profit or loss.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these consolidated financial statements. The principal accounting policies are set forth in Note 3 above. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of these consolidated financial statements.

(a) Valuation of inventories

The management identify obsolete and slow-moving inventory with reference to inventory ageing analysis and estimated subsequent usage or sales. Net realisable value of obsolete and slow-moving inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions, technology changes, the historical experience of selling products with similar nature and current customer orders on hand. It could change significantly as a result of changes in customer preference or competitor actions. The Group reassesses these estimates at the end of each reporting period.

(b) Loss allowance for trade and other receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions used are disclosed in Note 34.

(c) Useful lives of property, plant and equipment and related depreciation

The management determines the estimated useful lives and related depreciation for its property, plant and equipment. The estimates are based on the historical experience of the actual economic lives of property, plant and equipment of similar nature and functions and take into account anticipated technical changes. Actual economic lives may differ from estimated useful lives. The depreciation expenses for future periods and adjusted prospectively if there are significant changes from previous estimates. During the year ended 31 December 2021, the management determined that the useful lives for certain property, plant and equipment have been extended following the periodic review. Details are set out in note 14 to the consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(d) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent external property valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in Note 15.

In replying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the method valuation is reflective of the current market conditions. Whilst the Group considers valuations of the Group's investment properties are the best estimates, the ongoing Covid-19 pandemic has resulted in greater market volatility depending on how the Covid-19 pandemic may progress and evolve, which led to higher degree of uncertainties in respect of the valuations in the current year. Changes to these assumptions, including the potential risk of policy or other unexpected incidents as a result of change of social restrictions implemented by HKSAR Government would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

As at 31 December 2021, the carrying amount of the Group's investment properties is HK$105,000,000 (2020: HK$104,000,000).

(e) Current and deferred income taxes

The Group is subject to income taxes in Hong Kong and the PRC. Judgements and estimations are required in determining the provision for income taxes for certain transactions (including inter-company transactions) and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the periods in which such determinations are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

5. REVENUE AND SEGMENT INFORMATION

Revenue

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

(i) Disaggregation of revenue from contracts with customers by product categories is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from customers and recognised at a point in time		
Sales of battery products:		
— Disposable batteries	340,463	308,526
— Rechargeable batteries	6,080	6,311
— Other battery-related products	675	578
	347,218	315,415

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

All the revenue from contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

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

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

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

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

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment information *(continued)*

Information regarding the Group's reportable segments for the years ended 31 December 2021 and 2020 is set out below:

Segment revenue from external customers

	2021 HK$'000	2020 HK$'000
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	176,449	156,362
— Carbon	65,835	44,989
	242,284	201,351
(ii) Micro-button cells		
— Alkaline	68,817	78,637
— Other micro-button cells	29,362	28,538
	98,179	107,175
	340,463	308,526
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	6,080	6,311
(ii) Other battery-related products	675	578
	6,755	6,889
	347,218	315,415

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment results

	2021 HK$'000	2020 HK$'000
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	33,119	37,836
— Carbon	2,893	3,169
	36,012	41,005
(ii) Micro-button cells		
— Alkaline	21,023	24,571
— Other micro-button cells	14,814	13,908
	35,837	38,479
	71,849	79,484
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	1,503	1,253
(ii) Other battery-related products	135	87
	1,638	1,340
	73,487	80,824

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

	2021 HK$'000	2020 HK$'000
Segment results	73,487	80,824
Unallocated other revenue	6,016	6,454
Unallocated other gains and losses	3,820	(1,643)
Unallocated corporate expenses	(73,572)	(65,318)
Finance costs	(3,953)	(3,792)
Profit before income tax	5,798	16,525

Segment revenue represents sales to external parties. There are no inter-segment transactions during the years ended 31 December 2021 and 2020. Segment results represent the gross profit of each type of products. This is the measure reported to the senior executive management for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Other segment information

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

	2021 HK$'000	2020 HK$'000
Depreciation and amortisation		
Disposable batteries		
— Cylindrical batteries	7,100	12,227
— Micro-button cells	5,729	7,824
Segment total	12,829	20,051
Unallocated depreciation and amortisation	5,547	5,174
	18,376	25,225

Revenue from major customers

During the years ended 31 December 2021 and 2020, the revenue generated from the following customers accounted for over 10% of the Group's total revenue:

	2021 HK$'000	2020 HK$'000
Customer A	39,494	36,940
Customer B	—	30,969

Geographic information

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

	2021 HK$'000	2020 HK$'000
The PRC	113,342	98,179
Hong Kong	42,327	42,347
Asia (except the PRC and Hong Kong)	51,560	49,457
Europe	65,270	62,594
Eastern Europe	16,756	4,669
North America	40,887	32,006
South America	14,762	18,852
Australia	523	5,770
Africa	513	91
Middle East	1,278	1,450
	347,218	315,415

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Geographic information *(continued)*

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

	2021 HK$'000	2020 HK$'000
The PRC	297,719	240,855
Hong Kong	172,831	166,082
Macau	8,332	9,113
	478,882	416,050

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

6. OTHER REVENUE

	2021 HK$'000	2020 HK$'000
Sales of scrap materials	3,338	2,137
Services fee income	22	4
Government grants	—	442
Interest income	17	17
Rental income	1,768	3,160
Handling income	345	432
Sundry income	526	262
	6,016	6,454

7. OTHER GAINS AND (LOSSES)

	2021 HK$'000	2020 HK$'000
Net exchange gains, net	2,881	4,698
Loss on disposals of property, plant and equipment	(107)	(1,895)
Fair value gains/(losses) on investment properties	1,000	(4,500)
Gain on termination of lease	46	54
	3,820	(1,643)

8. PROFIT BEFORE INCOME TAX

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

		2021 HK$'000	2020 HK$'000
(a)	Finance costs:		
	Bank loans interest	5,653	5,834
	Interest on import and other loans	751	920
	Interest on lease liabilities	347	93
	Bank overdraft interest	31	16
	Total interest expense	6,782	6,863
	Less: interest expense capitalised into property, plant and equipment (Note a)	(2,829)	(3,071)
		3,953	3,792
(b)	Staff cost (excluding Directors' emoluments) (Note b):		
	Salaries, wages and other allowances	38,250	38,537
	Contributions to defined contribution plans	4,734	1,303
		42,984	39,840
(c)	Other items:		
	Amortisation of intangible assets	51	85
	Amortisation of prepaid lease payments	223	208
	Auditors' remuneration		
	— Audit services	712	777
	— Non-audit services	53	159
	Bad debt on trade receivables written off	—	222
	Bad debts on other receivables written off	—	162
	Cost of inventories recognised as expenses	273,731	234,591
	Depreciation		
	— Property, plant and equipment	13,632	22,341
	— Right-of-use assets	4,470	2,591
	Loss on disposals of property, plant and equipment:		
	— Proceeds from disposals of property, plant and equipment	(29)	(523)
	— Carrying amount of property, plant and equipment	136	2,418
		107	1,895
	Write-down to net realisable value on inventories	128	2,560
	Written off of property, plant and equipment	—	96
	Short-term lease expenses	83	156
	Rental income less outgoings of approximately HK$245,000 (2020: approximately HK$434,000)	(1,523)	(2,726)

Note:

(a) The borrowing costs have been capitalised at a rate of 3.81% and 4.14% per annum for the years ended 31 December 2021 and 2020 respectively.

(b) In 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the HKSAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. The amount of HK$2,209,000 was received and net off the staff cost recognised during the year ended 31 December 2020.

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors' emoluments disclosed pursuant to the Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2021				
Name of Directors	**Fees** **HK$'000**	**Salaries, allowances and other benefits in kind** **HK$'000**	**Discretionary bonus** **HK$'000**	**Contribution to defined contribution plans** **HK$'000**	**Total** **HK$'000**
Executive Directors:					
Mr. Chu	—	3,480	600	—	4,080
Ms. Chu Shuk Ching	—	3,480	600	18	4,098
Mr. Chu Ho Wa	—	450	57	18	525
Mr. Tang Chi Him	—	1,019	129	18	1,166
Independent non-executive Directors:					
Mr. Hui Kwok Wah	—	212	—	—	212
Mr. Chow Chun Hin, Leslie	—	141	—	—	141
Mr. Ma Sai Yam	—	141	—	—	141
	—	8,923	1,386	54	10,363

	Year ended 31 December 2020				
Name of Directors	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Discretionary bonus HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Executive Directors:					
Mr. Chu	—	2,520	780	—	3,300
Ms. Chu Shuk Ching	—	2,520	780	18	3,318
Mr. Chu Ho Wa	—	528	72	18	618
Mr. Tang Chi Him	—	974	156	18	1,148
Independent non-executive Directors:					
Mr. Hui Kwok Wah	—	198	—	—	198
Mr. Chow Chun Hin, Leslie	—	132	—	—	132
Mr. Ma Sai Yam	—	132	—	—	132
	—	7,004	1,788	54	8,846

No emoluments were paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Among the five highest paid individuals of the Group, three of them are Directors of the Company for the years ended 31 December 2021 and 2020. Details of their emoluments have already been disclosed above.

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

The emoluments of the remaining two (2020: two) individual are as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowances and other benefits in kind	1,686	1,596
Discretionary bonuses	245	290
Contributions to defined contribution plans	36	36
	1,967	1,922

The emoluments of two (2020: two) individual with the highest emoluments are fall within the following bands:

	2021	2020
Nil to HK$1,000,000	1	1
HK$1,000,001 to HK$1,500,000	1	1
	2	2

For the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

	2021 HK$'000	2020 HK$'000
Current tax — Hong Kong profits tax:		
Provision for the year	692	2,035
Over-provision in prior years	(149)	(45)
Current tax — PRC enterprise income tax ("**EIT**"):		
Provision for the year	—	—
Over-provision in prior years	—	(80)
	543	1,910
Deferred taxation (Note 11):		
Current year	543	2,275
Income tax expense	1,086	4,185

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

Pursuant to Hong Kong and PRC rules and regulations, the Group entities incorporated in Hong Kong and the PRC are subject to Hong Kong profits tax at 16.5% and EIT at 25% on the estimated assessable profits respectively except for one Hong Kong subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rate regime.

10. INCOME TAX *(continued)*

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2020.

The provision for Hong Kong Profits Tax for 2021 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021/2022 subject to a maximum reduction of $10,000 for each business (2020: a maximum reduction of $10,000 was granted for the year of assessment 2020/2021).

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 9 November 2017 and 1 December 2020 respectively, Goldtium (Jiangmen) Energy Products Company Limited ("**Goldtium Jiangmen**") was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years commencing from 1 January 2017 and from 1 January 2020 respectively.

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 28 November 2018, Dongguan Victory Battery Industries Company Limited ("**Dongguan Victory**") was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years commencing from 1 January 2018.

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

	2021 HK$'000	2020 HK$'000
Profit before income tax	**5,798**	16,525
Tax effect at the Hong Kong profits tax rate of 16.5% (2020: 16.5%)	**956**	2,726
Tax effect of non-taxable income	**(248)**	(830)
Tax effect of non-deductible expenses	**1,919**	1,087
Tax effect of recognition of tax losses previously not recognised	**(45)**	—
Tax effect of unrecognised tax losses	**185**	53
Tax effect of utilisation of tax losses	**(1,448)**	(1,591)
Over-provision in prior years	**(149)**	(125)
Tax concession	**(165)**	(165)
Tax rate differential	**81**	3,030
Income tax expense	**1,086**	4,185

11. DEFERRED TAXATION

An analysis of the deferred tax balances in the consolidated statement of financial position is as follows:

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**7,307**	4,995
Deferred tax liabilities	**(4,269)**	(1,339)
	3,038	3,656

11. DEFERRED TAXATION *(continued)*

The following is deferred tax assets/(liabilities) recognised by the Group and movements hereon during the years ended 31 December 2021 and 2020:

	Unutilised tax losses HK$'000	Accelerated tax allowances HK$'000	Impairment losses on inventories HK$'000	Revaluation of investment properties HK$'000	Other HK$'000	Total HK$'000
At 1 January 2020	7,184	(2,158)	186	(830)	1,202	5,584
Credited/(charged) to profit or loss for the year	(2,842)	1,579	126	—	(1,138)	(2,275)
Exchange adjustments	250	68	21	—	8	347
At 31 December 2020 and 1 January 2021	4,592	(511)	333	(830)	72	3,656
(Charged)/credited to profit or loss for the year	2,593	(2,708)	82	—	(510)	(543)
Exchange adjustments	143	(220)	10	—	(8)	(75)
At 31 December 2021	7,328	(3,439)	425	(830)	(446)	3,038

At 31 December 2021, the Group had unused tax losses of approximately HK$49,572,000 (2020: HK$31,507,000), available to offset against future profits. Deferred tax assets have been recognised in respect of such losses of HK$48,296,000 (2020: HK$30,187,000) at 31 December 2021. No deferred tax asset has been recognised in respect of the remaining HK$1,276,000 (2020: HK$1,320,000) as at 31 December 2021 due to the unpredictability of future profits streams. Such unrecognised tax losses may be carried forward indefinitely.

According to the EIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company. At 31 December 2021 and 2020, temporary differences relating to the undistributed profits of the Company's subsidiaries in the PRC were approximately RMB26,109,000 and approximately RMB34,021,000 respectively (equivalent to approximately HK$31,934,000 and approximately HK$40,536,000 respectively). The related deferred tax liabilities of approximately HK$1,597,000 and approximately HK$2,027,000 at 31 December 2021 and 2020 respectively have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of the subsidiaries and the Directors have determined that these retained profits are not likely to be distributed in the foreseeable future.

12. EARNINGS PER SHARE

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

	2021 HK$'000	2020 HK$'000 (restated)
Profit for the year attributable to the equity holders of the Company	**4,712**	12,340
	'000	'000
Weighted average number of shares for the purpose of calculating basic earnings per Share	**312,522**	251,009

Diluted earnings per Share has not been disclosed as no dilutive potential equity shares has been in existence for the year ended 31 December 2021 and 2020, respectively.

The weighted average number of Share for the year ended 31 December 2021 for the purpose of the calculation of basic earnings per Share has been adjusted after taking into account of the rights issue on the basis of one right Share for every two existing Shares held on the record date, which was completed on 9 June 2021 ("**Right Issue**"). The corresponding weighted average number of ordinary Shares for the year ended 31 December 2020 has been retrospectively adjusted to reflect the Right Issue.

13. DIVIDENDS

No dividends declared and paid or payable for the years ended 31 December 2021 and 2020.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Moulds	Loose tools and instruments	Motor vehicles	Leasehold improvements	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost:									
At 1 January 2020	58,610	315,319	29,610	9,751	2,520	13,356	22,866	89,026	541,058
Additions	—	926	375	—	—	520	—	35,082	36,903
Disposals	—	(4,974)	(34)	—	—	(838)	—	—	(5,846)
Written off	—	—	—	—	—	—	—	(96)	(96)
Transfer	—	54,341	—	—	—	—	1,028	(55,369)	—
Reclassification to inventories	—	—	—	—	—	—	—	(11,000)	(11,000)
Exchange adjustments	1,946	11,404	241	—	—	223	442	3,367	17,623
At 31 December 2020	60,556	377,016	30,192	9,751	2,520	13,261	24,336	61,010	578,642
Accumulated depreciation:									
At 1 January 2020	24,642	187,507	20,952	7,135	2,520	8,880	9,978	—	261,614
Charge for the year	2,387	14,192	1,104	1,672	—	1,097	1,889	—	22,341
Written-off on disposals	—	(2,657)	(17)	—	—	(754)	—	—	(3,428)
Exchange adjustments	916	2,933	204	—	—	185	222	—	4,460
At 31 December 2020	27,945	201,975	22,243	8,807	2,520	9,408	12,089	—	284,987
Net book value:									
At 31 December 2020	32,611	175,041	7,949	944	—	3,853	12,247	61,010	293,655
Cost:									
At 1 January 2021	60,556	377,016	30,192	9,751	2,520	13,261	24,336	61,010	578,642
Additions	—	78	30	—	—	1,223	72	55,368	56,771
Disposals	—	(293)	(136)	—	—	(1,092)	—	—	(1,521)
Transfer	—	1,106	49	—	—	—	—	(1,155)	—
Exchange adjustments	727	4,797	101	—	—	93	185	2,303	8,206
At 31 December 2021	61,283	382,704	30,236	9,751	2,520	13,485	24,593	117,526	642,098
Accumulated depreciation:									
At 1 January 2020	27,945	201,975	22,243	8,807	2,520	9,408	12,089	—	284,987
Charge for the year	2,327	6,931	664	283	—	1,482	1,945	—	13,632
Written-off on disposals	—	(293)	(109)	—	—	(983)	—	—	(1,385)
Exchange adjustments	292	711	87	—	—	92	105	—	1,287
At 31 December 2021	30,564	209,324	22,885	9,090	2,520	9,999	14,139	—	298,521
Net book value:									
At 31 December 2021	30,719	173,380	7,351	661	—	3,486	10,454	117,526	343,577

During the year ended 31 December 2021, the management performed a periodic review on the remaining useful lives of property, plant and equipment with the assistance of an independent qualified professional valuer, HG Appraisal & Consulting Ltd ("HG"), the management assessed the remaining useful lives by considering factors including physical condition, maintenance policy, utilization, working environment, operator and maintenance skill, obsolesce (functional and economic) and rebuilding. After considering all the factors, we based on our own estimation with the reference to the independent qualified professional valuer report, have determined that the annual depreciation rate of certain plant and machinery and moulds as at 1 January 2021 were revised from 10% to 5% and 33% to 5% respectively, with no change of residual value. We believed that the revision of the annual depreciation rate are reasonable in the circumstances and appropriately reflect the Group's expected use of these assets. The difference of the depreciation charged would have increased by approximately HK$6,019,000 for the year ended 31 December 2021 if no revision of useful life was made.

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Certain Group's property, plant and equipment were pledged to banks to secure banking facilities granted to the Group (Note 26), with the following net book values:

	2021 HK$'000	2020 HK$'000
Leasehold land and buildings in Hong Kong	7,120	7,443
Leasehold land and buildings in Macau	8,260	9,027
Buildings in the PRC	13,479	14,241
Plant and machinery	16,403	16,817
	45,262	47,528

15. INVESTMENT PROPERTIES

	2021 HK$'000	2020 HK$'000
At 1 January	104,000	108,500
Fair value adjustment	1,000	(4,500)
At 31 December, at fair value	105,000	104,000

Notes:

(a) The Group's investment properties are held under medium-term leases and situated in Hong Kong.

(b) The Group has pledged all of its investment properties to banks to secure banking facilities granted to the Group (Note 26).

(c) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement.

	Fair value at 31 December HK$'000	Quoted market price Level 1 HK$'000	Using observable inputs Level 2 HK$'000	With significant unobservable inputs Level 3 HK$'000
Recurring fair value measurement of investment properties				
2021	105,000	—	—	105,000
2020	104,000	—	—	104,000

15. INVESTMENT PROPERTIES *(continued)*

Notes: *(continued)*

(c) Fair value hierarchy *(continued)*

The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair value measured using unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Fair value measured using observable inputs and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3: Fair value measured using significant unobservable inputs.

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

The fair value of the investment properties as at 31 December 2021 and 2020 have been arrived at on the basis of a valuation carried out on the respective dates by HG and Vigers Appraisal and Consulting Limited ("**Vigers**") independent qualified professional valuers not connected to the Group. The directors of HG and Vigers, Chartered Surveyors, are fellows of the Hong Kong Institute of Surveyors.

Reconciliation of fair value measurement in Level 3 of the fair value hierarchy

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 investment properties, measured at fair value using a valuation technique with significant unobservable inputs:

	2021 HK$'000	2020 HK$'000
At 1 January	**104,000**	108,500
Fair value adjustment	**1,000**	(4,500)
At 31 December	**105,000**	104,000

Information about Level 3 fair value measurements

	Valuation technique(s)	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Investment properties located in Hong Kong	Direct comparison/income capitalisation approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the properties, which ranged from HK$3,210 to HK$3,782 (2020: HK$3,026 to HK$3,782)	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
		Capitalisation rate, taking into account the capitalisation of rental potential, nature of property, and prevailing market condition, of 2.71% (2020: 2.70%)	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.

16. INTANGIBLE ASSETS

	2021 HK$'000	2020 HK$'000
Trademarks		
Cost:		
At 1 January	1,035	872
Additions	—	163
At 31 December	1,035	1,035
Accumulated amortisation:		
At 1 January	849	764
Amortisation for the year	51	85
At 31 December	900	849
Net book value:		
At 31 December	135	186

17. PREPAID LAND LEASE PAYMENTS

	2021 HK$'000	2020 HK$'000
Cost:		
At 1 January	7,511	7,031
Exchange adjustments	199	480
At 31 December	7,710	7,511
Accumulated amortisation:		
At 1 January	2,851	2,463
Amortisation for the year	223	208
Exchange adjustments	78	180
At 31 December	3,152	2,851
Net book value:		
At 31 December	4,558	4,660

The prepaid land lease payments located in PRC under medium-term leases.

Prepaid land lease payments represent cost of land use rights in respect of leasehold lands in the PRC, on which the Group's buildings are situated. These leases will expire in 2042.

At 31 December 2021 and 2020, all prepaid land lease payments with net book values of approximately HK$4,558,000 and approximately HK$4,660,000 respectively were pledged to banks to secure banking facilities granted to the Group (Note 26).

18. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:			
At 1 January 2020	5,240	—	5,240
Additions	—	3,571	3,571
Termination of lease	(5,467)	—	(5,467)
Exchange adjustments	227	—	227
At 31 December 2020 and 1 January 2021	—	3,571	3,571
Additions	13,150	—	13,150
Termination of lease	(2,955)	—	(2,955)
Exchange adjustments	169	—	169
At 31 December 2021	10,364	3,571	13,935
Depreciation and impairment:			
At 1 January 2020	2,620	—	2,620
Charge for the year	1,996	595	2,591
Termination of lease	(4,795)	—	(4,795)
Exchange adjustments	179	—	179
At 31 December 2020 and 1 January 2021	—	595	595
Charge for the year	3,577	893	4,470
Exchange adjustments	59	—	59
At 31 December 2021	3,636	1,488	5,124
Net book value:			
At 31 December 2021	6,728	2,083	8,811
At 31 December 2020	—	2,976	2,976

	2021 HK$'000	2020 HK$'000
Expenses related to short-term leases (included in cost of goods and administrative expenses)	83	156
Total cash outflow for lease	4,286	2,653

For both years, the Group leases factories and motor vehicle for its operations. Lease contracts are entered into for fixed term of 3 to 4 years (2020: 4 to 5 years) with no extension and termination options (2020: with no extension and have termination options). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these properties interest, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

18. RIGHT-OF-USE ASSETS *(continued)*

The leasehold land located in the PRC owned by the Group is recognised as right of use assets and presented as 'prepaid lease payment" in Note 17.

As at 31 December 2021 and 2020, the Group had no lease with variable lease payment. The lease agreements do not impose any extension and termination options which are exercisable only by the Group and not by the respective lessors.

19. INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials	18,020	17,839
Work in progress	27,684	31,917
Finished goods	17,287	14,055
	62,991	63,811
Less: Write-down to net realisable value	(2,940)	(4,050)
	60,051	59,761

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

	2021 HK$'000	2020 HK$'000
At 1 January	4,050	1,237
Write-down to net realisable value for the year	128	2,560
Written off	(1,325)	—
Exchange adjustments	87	253
At 31 December	2,940	4,050

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

20. TRADE AND BILLS RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	53,377	50,574
Less: Loss allowance	—	(512)
	53,377	50,062
Bills receivables	325	177
	53,702	50,239

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.

20. TRADE AND BILLS RECEIVABLES *(continued)*

Movements of allowance for credit losses of trade receivables are as follows:

	2021 HK$'000	2020 HK$'000
At 1 January	**512**	479
Written off against trade receivables	**(517)**	—
Exchange adjustments	**5**	33
At 31 December	**—**	512

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

	2021 HK$'000	2020 HK$'000
0–30 days	**26,563**	29,963
31–60 days	**15,778**	11,857
61–90 days	**7,229**	5,304
91–120 days	**2,040**	3,013
Over 120 days	**2,092**	102
	53,702	50,239

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for trade receivables. Further details on the Group's credit policy and credit risk arising from trade and bill receivables are set out in Note 34.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Utilities and other deposits	**17,593**	11,381
Prepayments	**12,865**	15,208
Other receivables	**2,585**	3,554
VAT recoverable	**13,396**	6,434
	46,439	36,577
Less: Non-current portion		
— Deposits paid for acquisition of property, plant and equipment	**(14,856)**	(10,573)
— Pledged deposit (Note)	**(1,945)**	—
Current portion	**29,638**	26,004

Note: The amount represent deposit pledged to financial institution to secure other borrowing granted to the Group.

22. DERIVATIVE FINANCIAL INSTRUMENT

	2021 HK$'000	2020 HK$'000
Foreign currency forward contract under cash flow hedge — Derivative financial asset	**8**	—

22. DERIVATIVE FINANCIAL INSTRUMENT *(Continued)*

The Group designates foreign exchange forward contract as highly effective hedging instrument in order to manage the Group's foreign currency exposure in relation to foreign currency highly probable forecast purchase denominated in Renminbi ("**RMB**") by entering into foreign exchange forward contract to sell HK$ and purchase RMB. Management considers the hedge from the Group's perspective is effective hedging. At the end of the reporting period, the Group has outstanding foreign exchange forward contract with an aggregate notional amount of HK$12,186,000 that require the Group to sell HK$ and purchase RMB at exchange rates 1.2186 for RMB1 with maturity on 14 April 2022. The terms of the foreign exchange forward contract has been negotiated based on the estimation of the highly probable forecast purchase.

As at 31 December 2021, the cumulative net fair value gain of approximately HK$8,000 recognised in other comprehensive income and accumulated in hedging reserve.

23. TRADE PAYABLES

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

	2021 HK$'000	2020 HK$'000
0–30 days	17,991	33,637
31–90 days	31,522	35,655
91–180 days	22,455	17,983
Over 180 days	6,608	2,750
	78,576	90,025

24. OTHER PAYABLES AND ACCRUALS

	2021 HK$'000	2020 HK$'000
Other payables	24,126	2,506
Accruals	7,388	9,766
Provision for annual leave	346	346
	31,860	12,618

25. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
At 1 January	3,416	3,133
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(2,666)	(2,456)
Increase as a result of billing in advance	2,089	2,699
Exchange adjustments	19	40
At 31 December	2,858	3,416

When the Group receives advance payment from customer, this will give rise to contract liabilities at the start of a contract, until the revenue recognised upon the satisfaction of the performance obligation.

26. BANK AND OTHER BORROWINGS

	Note	2021 HK$'000	2020 HK$'000
Secured bank loans		180,822	162,239
Secured bank import loans and other loans		45,350	26,068
Total secured bank and other loans	(a)	226,172	188,307
Less: Amount classified as current liabilities		(181,261)	(144,113)
Amount classified as non-current liabilities		44,911	44,194
The carrying amounts of the above borrowings are repayable*:			
Within one year		166,425	139,342
Within a period of more than one year but not exceeding two years		29,697	19,667
Within a period of more than two years but not exceeding five years		24,041	21,002
Within a period of more than five years		6,009	8,296
		226,172	188,307
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:			
Within one year		181,261	144,113
Within a period of more than one year but not exceeding two years		23,118	15,476
Within a period of more than two years but not exceeding five years		15,784	20,422
Within a period of more than five years		6,009	8,296
		226,172	188,307
Less: Amount due within one year shown under current liabilities		(181,261)	(144,113)
Amount shown under non-current liabilities		44,911	44,194

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

26. BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) The Group had the following banking facilities:

	2021 HK$'000	2020 HK$'000
Total banking facilities granted	**255,756**	237,168
Less: banking facilities utilised by the Group	**(226,172)**	(188,307)
Unutilised banking facilities	**29,584**	48,861

At 31 December 2021, these banking facilities were secured by:

(i) bank loans of approximately HK$73,451,000 (2020: HK$48,029,000) were guaranteed by unlimited cross corporate guarantee executed by the Company and its subsidiaries;

(ii) bank loans of approximately HK$152,721,000 (2020: HK$140,278,000) were guaranteed by corporate guarantee of approximately HK$321,089,000 (2020: HK$309,873,000) executed by the Company; and

(iii) certain property, plant and machinery, all investment properties and all prepaid land lease payments situated in Hong Kong, the PRC and Macau owned by the Group with aggregate carrying amount of HK$154,820,000 (2020: HK$156,188,000).

(b) There was no financial covenant for the banking facilities at 31 December 2021 and 2020.

27. LEASE LIABILITIES

Lease liabilities payable:

	2021 HK$'000	2020 HK$'000
Within one year	**4,086**	716
Within a period of more than one year but not exceeding two years	**4,212**	799
Within a period of more than two years but not exceeding five years	**322**	1,016
	8,620	2,531
Less: Amount due for settlement within 12 months shown under current liabilities	**(4,086)**	(716)
Amount due for settlement after 12 months shown under non-current liabilities	**4,534**	1,815

28. CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

Share capital

Details of the share capital of the Company are set out below:

	Number of shares	2021 HK$'000	2020 HK$'000
Authorised:			
Ordinary shares of HK$0.01 each	2,000,000,000	20,000	20,000
Issued and fully paid:			
At beginning of year	240,000,000	2,400	2,400
Issue of shares (Note)	120,000,000	1,200	—
At end of year	360,000,000	3,600	2,400

Note: On 9 April 2021, the Company announced that it proposed to raise approximately HK$39.60 million, before share issue expenses of HK$3,989,000, by issuing 120,000,000 rights Shares (the "Rights Shares") by way of Rights Issue at the subscription price of HK$0.33 per Rights Share, on the basis of one Rights Share for every two existing Shares held on the record date. Completion of the Rights Issue took place on 9 June 2021, where an aggregate of 120,000,000 Rights Shares, representing approximately 33.33% of the issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares), were issued. The aggregate nominal amount of the Rights Shares is HK$1,200,000.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged during the years ended 31 December 2021 and 2020.

The capital structure of the Group consists of net debts (which include bank borrowings and net of cash and cash equivalents) and equity attributable to owners of the Company, comprising paid-in capital and retained profits.

The management of the Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital, costs of debts, gearing ratios and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends and raising of new capital as well as the issue of new debt or the redemption of existing debt.

28. CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY *(continued)*

Capital risk management *(continued)*

The gearing ratio of the Group at the end of the reporting period was as follows:

	2021 **HK$'000**	2020 HK$'000
Debt (i)	**269,510**	206,872
Equity (ii)	**315,084**	272,091
Net debt to equity ratio	**0.86**	0.76

(i) Debt is defined as other payables and accruals, contract liabilities, bank borrowings and lease liabilities.

(ii) Equity includes all capital and reserves of the Group.

29. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) The Company

	Share premium HK$'000	**Capital reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2020	90,043	20,000	(22,503)	87,540
Profit and total comprehensive income for the year	—	—	343	343
At 31 December 2020 and 1 January 2021	**90,043**	**20,000**	**(22,160)**	**87,883**
Profit and total comprehensive income for the year	**—**	**—**	**3**	**3**
Issue of shares, net of transaction cost	**34,411**	**—**	**—**	**34,411**
At 31 December 2021	**124,454**	**20,000**	**(22,157)**	**122,297**

29. RESERVES *(continued)*

(c) Nature and purpose of reserves

(i) Statutory reserve

Pursuant to the Company Law of the PRC and the Articles of Association of the PRC subsidiaries, it is required to appropriate 10% of each year's net profit according to the PRC accounting standard and regulations (after offsetting previous years' losses) to statutory surplus reserve until such reserve reached 50% of its registered capital; after the appropriation to statutory surplus reserve, the subsidiary in the PRC can appropriate profit, subject to respective owners' approval, to discretionary surplus reserve.

The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to owners. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the PRC subsidiaries. The statutory surplus reserve can be transferred to paid-in capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of its registered capital.

(ii) Exchange reserve

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) Capital reserve

The capital reserve of the Group represents the following:

(a) On 4 January 2013, Best Kind Holdings Limited ("**Best Kind**") acquired all the non-voting deferred shares of Golden Power Industries Limited ("**Golden Power Industries**") at a cash consideration of HK$1,800,000, resulting in opening balance of HK$1,200,000 as at 1 January 2014.

(b) During the year ended 31 December 2014, as a part of Reorganisation, the Group acquired equity interest in Big Power Limited ("**Big Power**"), Golden Pilot Limited ("**Golden Pilot**"), Pointway Corporation Limited ("**Pointway**"), Ample Top Enterprises Limited ("**Ample Top**") and Golden Power Properties Limited ("**Golden Power Properties**"), of which Mr. Chu was the controlling shareholder before the acquisitions. Upon the completion of the acquisitions, the aforesaid companies became wholly-owned subsidiaries of the Group. The difference of HK$10,999,102 between the total cash consideration of HK$18,768,102 and the total carrying amount of net assets of these aforesaid companies of approximately HK$7,769,000 at respective acquisition dates, was dealt with in capital reserve of the Group.

Partial settlement of HK$8,731,000 was made in relation to the above Reorganisation. The balance of unpaid consideration of HK$10,037,000 was capitalised pursuant to an agreement dated 5 December 2014.

(c) Pursuant to an agreement dated 5 December 2014, Mr. Chu injected HK$20,000,000 into the Company on 18 May 2015 and this amount was capitalised by crediting the capital reserve of the Company.

(iv) At 31 December 2021, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to approximately HK$102,297,000 (2020: approximately HK$67,883,000).

30. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financial activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$'000	**Bank and other borrowings** HK$'000	**Total** HK$'000
At 1 January 2020	2,671	187,454	190,125
Changes from financing cash flows:			
New bank borrowings raised	—	164,608	164,608
Repayment of bank borrowings	—	(166,415)	(166,415)
Capital element of lease rentals paid	(2,404)	—	(2,404)
Interest element of lease rentals paid	(93)	—	(93)
Interest paid for bank and other borrowings	—	(6,754)	(6,754)
	174	178,893	179,067
Exchange adjustments	50	2,660	2,710
Interest expenses	93	6,754	6,847
Termination of lease	(726)	—	(726)
New lease entered	2,940	—	2,940
At 1 January 2021	2,531	188,307	190,838
Changes from financing cash flows:			
New bank and other borrowings raised	—	184,905	184,905
Repayment of bank and other borrowings	—	(148,126)	(148,126)
Capital element of lease rentals paid	(4,172)	—	(4,172)
Interest element of lease rentals paid	(31)	—	(31)
Interest paid for bank and other borrowings	—	(6,751)	(6,751)
	(1,672)	218,335	216,663
Exchange adjustments	112	1,086	1,198
Interest expenses	31	6,751	6,782
Termination of lease	(3,001)	—	(3,001)
New lease entered	13,150	—	13,150
At 31 December 2021	**8,620**	**226,172**	**234,792**

31. COMMITMENTS

Operating lease commitments

The Group as lessor:

At 31 December 2021, the Group's future minimum lease receipts in respect of buildings under non-cancellable operating lease are receivable as follows:

	2021 HK$'000	2020 HK$'000
Within one year	534	1,931
In the second to fifth years	—	534
	534	2,465

Operating lease receipts represent rental receivable by the Group for the premises. Lease is negotiated for a term of two to three years with fixed monthly rental and did not include contingent rentals.

Capital commitments

At 31 December 2021, the Group had outstanding capital commitments as follows:

	2021 HK$'000	2020 HK$'000
Contracted but not provided for:		
Plant and machinery	7,549	20,882
Furniture and fixtures	1,323	439
Motor vehicle	147	899
	9,019	22,220

32. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) Outstanding balances with related parties

Apart from disclosed elsewhere in these consolidated financial statements, the Group had no other outstanding balances with related parties at 31 December 2021 and 2020.

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Directors and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowances and other benefits in kind	11,202	9,217
Discretionary bonuses	1,633	2,132
Contributions to defined contribution plans	126	126
	12,961	11,475

33. RETIREMENT BENEFIT COSTS

Since 1 December 2000, the Group had joined a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees in the subsidiaries in the PRC are members of state-managed retirement benefit schemes (the "**Social Insurance Scheme**") operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefit. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the Social Insurance Scheme.

At the end of each reporting period, there was no significant forfeited contributions, which arose upon employees leaving the retirement benefit scheme, available to reduce the contribution payable in the future years.

The following table summarises the contribution paid or payable by the Group for the above retirement schemes:

	2021 HK$'000	2020 HK$'000
MPF Scheme	611	596
Social Insurance Scheme	4,177	761
	4,788	1,357

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

The Group's activities expose it to a variety of financial risks: including credit risk, liquidity risk, foreign currency risk, interest rate risk, market price risk and commodity price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

Carrying amounts of financial assets at 31 December 2021 and 2020, which represented the amounts of maximum exposure to credit risk, were as follows:

	2021 HK$'000	2020 HK$'000
Trade and bills receivables	53,702	50,239
Deposits and other receivables	18,718	10,736
Derivative financial instrument	8	—
Cash and bank balances	36,630	14,452
	109,058	75,427

The Group's credit risk is primarily attributable to trade and bills receivables, deposits and other receivables, derivative financial instrument, and cash and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amounts of those assets as stated above. As at 31 December 2021 and 2020, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

With respect to trade receivables, the Group has adopted credit policy under which individual credit evaluations are performed on all customers' credit limit. These evaluation focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group has also purchased insurance policy to avoid the credit loss on certain major customers.

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 pass 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 difference customer bases. The Group assess 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.

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Credit risk *(continued)*

At 31 December 2021 and 2020, 5% and 3% of the total trade and bills receivables were due from the Group's largest customer; 44% and 39% of the total trade and bills receivables were due from the Group's five largest customers respectively.

During the year ended 31 December 2020, the Group wrote off trade receivables of HK$222,000, which considered as not collectable. Other than that, 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 saved for the debtor related to the impaired trade receivables disclosed below for both years ended 31 December 2021 and 2020. The Directors consider the Group's credit risk of these receivables to be low except for the impaired trade receivables disclosed in the below.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 December 2021 and 2020.

	At 31 December 2021			
	Lifetime expected credit loss rate HK$'000	**Gross carrying amount HK$'000**	**Lifetime expected credit loss HK$'000**	**Net carrying amount HK$'000**
Provision on individual basis	**0%**	**—**	**—**	**—**
Provision on collective basis	**0%**	**53,377**	**—**	**53,377**
		53,377	**—**	**53,377**

	At 31 December 2020			
	Lifetime expected credit loss rate HK$'000	Gross carrying amount HK$'000	Lifetime expected credit loss HK$'000	Net carrying amount HK$'000
Provision on individual basis	100%	512	512	—
Provision on collective basis	0%	50,062	—	50,062
		50,574	512	50,062

The credit risk of the deposits and other receivables is low due to the sound collection history of the receivables due from them and no historical default record. During the year ended 31 December 2020, the Group wrote off other receivables of HK$162,000. Following the specific write off, ECL rate of deposits and other receivables is assessed to be close to zero and no provision was made at 31 December 2021 and 2020.

The credit risks on derivative financial instrument, bank balances and bills receivables are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates ruling at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

In addition, the following tables detail the Group's liquidity analysis for its derivative financial instrument. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instrument that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivative that require gross settlement. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivative.

	At 31 December 2021				
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Less than 1 year or on demand HK$'000	In 2 to 5 years HK$'000	Over 5 years HK$'000
Non-derivative financial instruments					
Total amounts of contractual undiscounted obligations:					
Trade payables	78,576	78,576	78,576	—	—
Other payables and accruals	31,514	31,514	31,514	—	—
Lease liabilities	8,620	8,905	4,290	4,615	—
Bank and other borrowings	226,172	232,241	185,068	41,022	6,151
	344,882	351,236	299,448	45,637	6,151
Derivative-gross settlement					
Foreign exchange forward contract					
— inflow	(12,194)	(12,194)	(12,194)	—	—
— outflow	(12,186)	12,186	12,186	—	—
	(8)	(8)	(8)	—	—

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Liquidity risk *(continued)*

	At 31 December 2020				
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Less than 1 year or on demand HK$'000	In 2 to 5 years HK$'000	Over 5 years HK$'000
Total amounts of contractual undiscounted obligations:					
Trade payables	90,025	90,025	90,025	—	—
Other payables and accruals	12,272	12,272	12,272	—	—
Lease liabilities	2,531	2,655	777	1,878	—
Bank and other borrowings	188,307	194,178	146,953	38,580	8,645
	293,135	299,130	250,027	40,458	8,645

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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.

Recognised financial assets and liabilities

Carrying amounts of financial assets and financial liabilities of the Group at 31 December 2021 and 2020 exposed to currency risk were as follows:

	2021 HK$'000	2020 HK$'000
Financial assets denominated in foreign currencies:		
Trade and bills receivables	32,502	26,255
Deposits	1,945	—
Cash and bank balances	18,338	2,840
	52,785	29,095
Financial liabilities denominated in foreign currencies:		
Trade payables	(5,793)	(6,864)
Other payables	—	(78)
Bank and other borrowings	(18,677)	—
	(24,470)	(6,942)
Net financial assets exposed to currency risk	28,315	22,153

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Currency risk

The net financial assets/(liabilities) of the Group denominated in a currency other than the functional currency of the entity to which they relate are analysed as follows:

Entities with functional currency in Hong Kong dollars

	2021 HK$'000	2020 HK$'000
United States dollars	29,572	22,641
Japanese Yen	(816)	29
Euro	106	102
RMB	(613)	14
Other currencies	66	63
	28,315	22,849

Entities with functional currency in RMB

	2021 HK$'000	2020 HK$'000
Japanese Yen	(851)	(700)
Other currencies	4	4
	(847)	(696)

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Currency risk *(continued)*

For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of each reporting period.

The Group's entities in Hong Kong and the PRC adopt Hong Kong dollars and Renminbi as their functional currency respectively. Since Hong Kong dollars is pegged to United States dollars, material fluctuation in the exchange rate of Hong Kong dollars against United States dollars is remote, and therefore no sensitivity analysis has been prepared. The principal and notional amounts of derivative financial instrument which expose the Group to foreign currency risk at the end of the reporting period are disclosed in note 22.

The Group has entered into foreign exchange forward contract as set out in note 22 to hedge against the potential currency exposure arising on the forecast purchase from external parties. It is the Group's policy to negotiate the terms of the foreign exchange forward contract to match the terms of the hedged item to maximise hedge effectiveness.

The following table indicates the approximate change in the Group's profit after tax and retained profits in response to reasonably possible changes in Renminbi against Japanese Yen to which the Group has significant exposure:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Appreciation/ (depreciation) in foreign exchange rates	**Increase/ (decrease) in profit after tax and retained profits HK$'000**	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits HK$'000
Japanese Yen/ RMB	**6%**	**(43)**	6%	(36)
	(6%)	**43**	(6%)	36

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of each reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of each reporting period which are denominated in a currency other than the functional currencies of the lender or the borrower.

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Interest rate risk

The Group's interest rate risk arises primarily from bank balances and interest-bearing bank and other borrowings. The Group does not use financial derivatives to hedge against the interest rate risk. However, the interest rate profile of the Group is closely monitored by the management and may enter into appropriate swap contracts, when it is considered significant and cost-effective, to manage the interest rate risk.

In respect of the Group's interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their weighted average effective interest rates and balances at 31 December 2021 and 2020:

	Effective interest rate %	2021 HK$'000
Variable rate financial assets		
Bank balances	0.00%–0.35%	9,160
Fixed rate financial liabilities		
Lease liabilities	2.7520%–3.10%	(8,620)
Variable rate financial liabilities		
Secured bank loans	1.58%–5.94%	(180,822)
Secured bank import loans and other loans	2.22%–2.85%	(45,350)
		(225,632)

	Effective interest rate %	2020 HK$'000
Variable rate financial assets		
Bank balances	0.00%–0.35%	3,978
Fixed rate financial liabilities		
Lease liabilities	2.7520%	(2,531)
Variable rate financial liabilities		
Secured bank loans	1.58%–5.94%	(162,239)
Secured bank import loans and other loans	2.38%–2.74%	(26,068)
		(186,860)

At 31 December 2021 and 2020, all bank balances earning variable interests and all secured bank borrowings bearing variable interests were exposed to interest rate risk.

The following table summarises the effect on the consolidated financial statements if interest rates had been increased by 25 basis points with all other variables held constant:

	2021 HK$'000	2020 HK$'000
Decrease in net profit and retained profits for the year	(458)	(385)

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The change in interest rates represents management's assessment of a reasonably possible change in interest rates at that date over the period until the end of next reporting period.

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices.

The Group has no significant exposure to market price risk.

Commodity price risk

The major raw materials used in the production of the Group's products include steel, zinc electrolytic manganese dioxide, copper, separator and plastics. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by the global market as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

Fair value estimation

The fair value measurement is categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's derivative financial instrument are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

For valuation technique using discounted cash flows, the discount rates used take into consideration the credit risk of the relevant counterparties of the contract or the Group, as appropriate.

Financial assets	Fair value as at 31 December 2021	Fair Value hierarchy	Valuation techniques and key inputs
Foreign exchange forward contract	HK$8,000	Level 2	Forward exchange rates, contracted exchange rate and discount rate

There are no transfers between level 1 and 2 for both years.

The carrying amounts of the Group's other financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2021 and 2020.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSET			
Investments in subsidiaries	36	—	—
CURRENT ASSETS			
Prepayments and other receivables		215	1,476
Amounts due from subsidiaries		123,338	89,089
Income tax recoverable		19	134
Cash at bank		2,804	50
		126,376	90,749
CURRENT LIABILITIES			
Other payables and accruals		479	466
NET CURRENT ASSETS		125,897	90,283
NET ASSETS		125,897	90,283
REPRESENTING:			
CAPITAL AND RESERVES			
Share capital	28	3,600	2,400
Reserves	29	122,297	87,883
TOTAL EQUITY		125,897	90,283

36. INVESTMENTS IN SUBSIDIARIES

	2021 HK$	2020 HK$
Unlisted shares, at cost	8	8

36. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of subsidiaries comprising the Group

The Company had direct or indirect interests in the subsidiaries all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of company*	Place of incorporation/ establishment and operation	Legal form of entity	Issued and fully paid share capital/ registered capital	Effective interest held At 31 December		Principal activities
				2021	2020	
Best Kind	BVI	Limited liability company	USD1	100%	100%	Investment holding
Golden Power Corporation (Hong Kong) Limited	Hong Kong	Limited liability company	HK$1,000,000	100%	100%	Trading of batteries and battery-related products
Golden Power Industries	Hong Kong	Limited liability company	Ordinary shares HK$100	100%	100%	General trading and investment
			Deferred non-voting shares HK$1,800,000 (Note)	100%	100%	
Dongguan Victory ("東莞勝力電池實業有限公司")	PRC	Wholly-owned foreign enterprise	USD500,000	100%	100%	Manufacture and sale of batteries
Gain Smart Limited	BVI	Limited liability company	USD1	100%	100%	Investment holding
Champ Profit Development Limited	Hong Kong	Limited liability company	HK$1	100%	100%	Investment holding
Giant Moral Limited	Hong Kong	Limited liability company	HK$1	100%	100%	General trading and investment
Goldtium Jiangmen ("江門金剛電源製品有限公司")	PRC	Wholly-owned foreign enterprise	HK$10,000,000	100%	100%	Manufacture and sale of batteries
Big Power	Hong Kong	Limited liability company	HK$1	100%	100%	Property holding
Golden Pilot	BVI	Limited liability company	USD50,000	100%	100%	Holding intellectual property
Pointway	Hong Kong	Limited liability company	HK$10,000	100%	100%	Holding intellectual property
Ample Top	BVI	Limited liability company	USD1	100%	100%	Investment holding
Golden Power Properties	Hong Kong	Limited liability company	Ordinary shares HK$100	100%	100%	Property investment
			Deferred non-voting shares HK$1,000,000 (Note)			
Merchant Port Limited	BVI	Limited liability company	USD1	100%	100%	Dormant
Nice Mega International Limited	Hong Kong	Limited liability company	HK$1	100%	100%	Dormant
China Scene	Hong Kong	Limited liability company	HK$22,000,000	100%	100%	Property investment

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

36. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of subsidiaries comprising the Group *(continued)*

Notes:

According to the Articles of Association of Golden Power Industries and Golden Power Properties, the deferred non-voting shares shall confer on the holders thereof the rights and privileges and be subject to the restrictions and provisions set out as follows:

(i) on a return of assets on liquidation or otherwise the assets of Golden Power Industries and Golden Power Properties available for distribution to members shall be distributed first in or towards returning to the holders of the ordinary shares the sum of HK$100,000,000 per share and second in or towards returning to the holders of the deferred non-voting shares the amount paid up thereon and the balance of any such assets shall belong to and shall be distributed amongst the holders of the ordinary shares in proportion to the amounts paid up thereon;

(ii) the deferred non-voting shares shall not be entitled to participate in any profits which Golden Power Industries and Golden Power Properties may determine to distribute in respect of any financial period or otherwise; and

(iii) the deferred non-voting shares shall not confer upon the holders thereof any right to attend or vote at any general meeting of Golden Power Industries and Golden Power Properties.

FINANCIAL SUMMARY

The financial results of the Group for the years 2017 to 2021 and the assets and liabilities of the Group as at 31 December 2017, 2018, 2019, 2020 and 2021 are as follows:

	Years ended 31 December				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021 HK$'000**
Revenue	304,214	323,529	314,203	315,415	**347,218**
Gross profit	80,051	65,198	74,212	80,824	**73,487**
Profit before income tax	29,129	3,780	6,860	16,525	**5,798**
Net profit attributable to equity shareholders of the Company	23,321	6,195	7,380	12,340	**4,712**
Non-current assets	269,565	372,562	408,035	421,045	**486,189**
Current assets	151,151	156,601	128,788	150,710	**181,458**
Current liabilities	(126,192)	(230,323)	(231,495)	(252,316)	**(298,849)**
Non-current liabilities	(48,821)	(47,950)	(50,533)	(47,348)	**(53,714)**
Total equity attributable to equity shareholders of the Company	245,703	250,890	254,795	272,091	**315,084**
Financial key performance indicators					
Gross profit margin	26.31%	20.15%	23.62%	25.62%	**21.16%**
Net profit margin	7.67%	1.91%	2.35%	3.91%	**1.36%**
Gearing ratio (Note)	0.32	0.80	0.81	0.76	**0.86**

Note: Gearing ratio is financial ratio that compare from of owner equity to debt.

GROUP'S PROPERTIES

PROPERTIES HELD FOR INVESTMENT

Location	Existing use	Term of lease
Factory B, 20/F, Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories	Warehouse	Medium
Factory D, 20/F, Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories	Warehouse and office	Medium
Shop 29, Ground Floor, Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories	Commercial	Medium