



ANNIVERSARY

2022
Interim
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

FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$164.10 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$177.68 million), representing an decrease of approximately 7.64% over the same period in 2021.
- The unaudited loss attributable to the equity holders of the Company for the six months ended 30 June 2022 was approximately HK\$6.55 million, as compared to an unaudited profit attributable to the equity holders of the Company for the six months ended 30 June 2021 of approximately HK\$1.65 million. The loss for the Period is attributable to the depreciation of Renminbi (“**RMB**”) against Hong Kong Dollar, which led to the Group recording a foreign exchange loss and a realised hedging loss during the Period, as the reporting currency of the Group is in Hong Kong Dollar, while a substantial part of the Group’s assets is denominated in RMB. If the foreign exchange loss and hedging loss incurred by the Group during the Period was excluded, the Group would have recorded a slight operating profit during the Period.
- The basic loss per share for the six months ended 30 June 2022 was HK(1.82) cents (six months ended 30 June 2021: basic earnings per share of HK0.62 cents).
- The board of directors of the Company resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Golden Power Group Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results (the “**Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”) together with the corresponding comparative figures of the six months ended 30 June 2021 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

		For the six months ended 30 June	
	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	5	164,098	177,676
Cost of sales		(127,629)	(143,194)
Gross profit		36,469	34,482
Other revenue		1,696	3,553
Other gain/(losses) — net		(5,914)	968
Selling expenses		(9,143)	(7,691)
General and administrative expenses		(27,199)	(25,908)
Finance costs		(3,583)	(3,288)
(Loss)/profit before income tax	6	(7,674)	2,116
Income tax credit/(expenses)	7	1,120	(469)
(Loss)/profit for the period attributable to the equity holders of the Company		(6,554)	1,647

		For the six months ended 30 June	
	Note	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(2,269)	1,285
Other comprehensive (expense)/income for the period, net of tax		(2,269)	1,285
Total comprehensive (expense)/income for the period attributable to equity holders of the Company		(8,823)	2,932
(Loss)/earnings per Share (HK cents)			
	8		
— Basic		(1.82)	0.62
— Diluted		N/A	N/A

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	340,821	343,577
Investment properties		105,000	105,000
Intangible assets		113	135
Prepaid land lease payments		4,251	4,558
Right-of-use assets		6,463	8,811
Deposits paid for acquisition of property, plant and equipment		14,224	14,856
Pledged deposit		1,945	1,945
Deferred tax assets		6,635	7,307
		479,452	486,189
Current assets			
Inventories		88,155	60,051
Trade and bill receivables	11	58,977	53,702
Deposits, prepayments, and other receivables		40,108	29,638
Derivative financial instrument		8	8
Income tax recoverable		2,566	1,429
Cash and bank balances		20,293	36,630
		210,107	181,458
Current liabilities			
Trade payables	12	120,391	78,576
Other payables and accruals		31,257	31,860
Contract liabilities		2,894	2,858
Bank borrowings		186,031	181,261
Lease liabilities		4,001	4,086
Income tax payable		262	208
		344,836	298,849
Net current liabilities		(134,729)	(117,391)
Total assets less current liabilities		344,723	368,798
Non-current liabilities			
Bank borrowings		32,383	44,911
Lease liabilities		2,368	4,534
Deferred tax liabilities		3,711	4,269
		38,462	53,714
Net assets		306,261	315,084
Capital and reserves			
Share capital	14	3,600	3,600
Reserves		302,661	311,484
Total equity		306,261	315,084

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	1,651	(3,611)
Net cash used in investing activities	(2,125)	(44,809)
Net cash (used in)/generated from financing activities	(13,594)	53,761
Net (decrease)/increase in cash and cash equivalents	(14,068)	5,341
Cash and cash equivalents as at beginning of the period	36,630	14,452
Effect of foreign exchange rate changes	(2,269)	1,285
Cash and cash equivalents as at the end of the period	20,293	21,078
Cash and cash equivalents as at the end of the period comprise:		
Cash and bank balances	20,293	21,078

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital	Share premium	Capital reserve	Property revaluation reserve	Statutory reserve	Exchange reserve	Hedging reserve	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (audited)	2,400	90,043	29,819	51,697	5,914	(1,679)	—	93,897	272,091
Profit for the period	—	—	—	—	—	—	—	1,647	1,647
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	1,285	—	—	1,285
Total comprehensive income for the period	—	—	—	—	—	1,285	—	1,647	2,932
Issue of shares (note 14)	1,200	34,469	—	—	—	—	—	—	35,669
At 30 June 2021 (unaudited)	3,600	124,512	29,819	51,697	5,914	(394)	—	95,544	310,692
At 1 January 2022 (audited)	3,600	124,454	29,819	51,697	5,914	983	8	98,609	315,084
Loss for the period	—	—	—	—	—	—	—	(6,554)	(6,554)
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	(2,269)	—	—	(2,269)
Total comprehensive expense for the period	—	—	—	—	—	(2,269)	—	(6,554)	(8,823)
At 30 June 2022 (unaudited)	3,600	124,454	29,819	51,697	5,914	(1,286)	8	92,055	306,261



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General

The Company was incorporated in the Cayman Islands on 7 June 2012 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The headquarters and principal place of business of the Company in Hong Kong are located at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong. The shares in the share capital of the Company (the “**Share(s)**”) have been listed and traded on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 5 June 2015 (the “**Listing Date**”) and were successfully transferred to the Main Board of the Stock Exchange (the “**Transfer of Listing**”) on 10 November 2017.

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

The Group manufactures and sells different battery models in different sizes which can be applied to a wide range of electronic devices, such as battery-operated toys, watches and clocks, remote controls, alarms, healthcare products and calculators. With the policies and regulations in the European Union and the PRC, the trend in the global battery market evolving towards hazardous substance-free batteries has continued. The Group has therefore developed hazardous substance-free batteries under the Group’s “ecototal” series which are mercury-free, cadmium-free and lead-free.

2. Basis of preparation of financial statements

- (a) The unaudited condensed consolidated financial statements (“**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Interim Financial Statements should be read in conjunction with the 2021 annual financial statements. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2021, except for the adoption of the new and revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA that are initially adopted for the current periods financial statements.

- (1) The Group has initially adopted the following new and revised HKFRSs for the financial period beginning on or after 1 January 2022:

Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations

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

- (2) The HKICPA has issued certain new and revised HKFRSs. For those which are not yet effective and have not been early adopted in prior and current accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

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- (b) When preparing the Results, the Group's ability to continue as a going concern has been assessed. As at 30 June 2022, the Group had net current liabilities of HK\$134.73 million. The Results have been prepared on a going concern basis due to the reasons that (i) as at 30 June 2022, the Group had unutilized banking facilities of HK\$25.86 million; (ii) given the Group maintained strong business relationship with its bankers and based on past experiences, the Directors expect that the Group is able to renew all the banking facilities when they expire; and (iii) the Group, from time to time, reviews the portfolio of investment properties and may adjust the investment strategies in order to enhance the cash flow position of the Group whenever it is necessary.

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

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

3. Critical accounting estimates and judgement

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

4. Segment information

For the purposes of assessing segment performance and allocating resources, the Group's senior executive management monitors the results attributable to each reportable segment. Revenue and expenses are allocated to the reportable segments with reference to sales generated by the respective segments and the expenses incurred by the respective segments or which otherwise arise from the depreciation or amortisation of assets attributable to the respective segments. The measure used for reporting segment result is gross profit. A measurement of segment assets and liabilities is not provided regularly to the Group's senior executive management and accordingly, no segment assets and liabilities information is presented.

For the six months ended 30 June 2022 (unaudited)	Cylindrical batteries <i>HK\$'000</i>	Micro-button cells <i>HK\$'000</i>	Rechargeable batteries and other battery- related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	104,539	54,974	4,585	164,098
Segment results	13,791	21,359	1,319	36,469
Unallocated other revenue				1,696
Unallocated other loss — net				(5,914)
Unallocated corporate expenses				(36,342)
Finance costs				(3,583)
Loss before income tax				(7,674)
Income tax credit				1,120
Loss for the period				(6,554)

For the six months ended 30 June 2021 (unaudited)	Cylindrical batteries <i>HK\$'000</i>	Micro-button cells <i>HK\$'000</i>	Rechargeable batteries and other battery-related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	124,981	48,273	4,422	177,676
Segment results	17,021	16,524	937	34,482
Unallocated other revenue				3,553
Unallocated other gains — net				968
Unallocated corporate expenses				(33,599)
Finance costs				(3,288)
Profit before income tax				2,116
Income tax expenses				(469)
Profit for the period				1,647

5. Revenue

Geographical information

	For the six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Africa	84	439
Hong Kong	13,292	22,773
Asia (except the PRC and Hong Kong)	31,954	25,100
Australia	2,237	336
The PRC	51,069	63,176
Europe (except Eastern Europe)	26,090	29,997
East Europe	12,493	7,874
Middle East	204	920
North America	18,705	20,148
South America	7,970	6,913
	164,098	177,676

6. (Loss)/profit before income tax

	For the six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Loss)/profit before income tax is arrived at after charging:		
Finance costs		
Bank loans interest	3,213	2,785
Interest on import loans	276	309
Interest on lease liabilities	94	167
Bank overdraft interest	—	27
Total interest expenses	3,583	3,288
Other items		
Depreciation of property, plant and equipment	6,446	10,655
Depreciation of right-of-use assets	1,917	2,155
Cost of inventories recognised as expenses	127,629	143,194

7. Income tax (credit)/expenses

	For the six months ended 30 June	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Current tax — Hong Kong profits tax		
Provision for the period	192	206
Current tax — PRC enterprise income tax (“EIT”)		
Provision for the period	(1,314)	308
	(1,122)	514
Deferred taxation	2	(45)
Total income tax (credit)/expenses	(1,120)	469

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

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 1 December 2020, Goldtium (Jiangmen) Energy Products Company Limited was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years from 1 January 2020 to 31 December 2022.

Pursuant to the approval document issued by the Ministry of Science and Technology in Guangdong Province on 20 December 2021, Dongguan Victory Battery Industries Company Limited was recognised as a High and New Technology Enterprise and was entitled to a preferential EIT rate at 15% for the three years from 1 January 2022 to 31 December 2024.

8. (Loss)/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:

	For the six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Loss)/profit for the period attributable to equity holders of the Company	(6,554)	1,647
	'000	'000
Weighted average number of Shares for the purpose of calculating basic earnings per Share	360,000	264,257

Diluted earnings per Share has not been disclosed as no dilutive potential equity shares has been in existence for the six months ended 30 June 2022 and 2021, respectively.

The weighted average number of Share for the six months ended 30 June 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**”). For further information in relation to the Rights Issue, please refer to the paragraph headed “Capital Structure” below in this report.

9. Dividends

The Board resolved not to declare any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

10. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired plant and machinery of approximately HK\$10.34 million (six months ended 30 June 2021: approximately HK\$34.58 million). The acquisition of plant and machinery can expand production capacity and improve production efficiency.

11. Trade and bill receivables

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

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Trade and bill receivables		
0–30 days	40,330	26,563
31–60 days	14,369	15,778
61–90 days	2,548	7,229
91–120 days	796	2,040
Over 120 days	934	2,092
Total	58,977	53,702

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

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs prescribed by HKFRS 9, which is calculated using a provision matrix based on shared credit risk characteristics by reference to repayment histories and current 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 different customer bases. The Group assesses the trade receivables that are individually significant separately. The Group makes periodic assessments on the recoverability of those individually significant trade receivables based on the background and reputation of the customers, historical settlement records and past experience.

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

12. Trade payables

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

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Trade payables		
0-30 days	40,225	17,991
31-90 days	53,335	31,522
91-180 days	22,667	22,455
Over 180 days	4,164	6,608
Total	120,391	78,576

The Group is generally given credit terms from 60 days after monthly statement ("AMS") to 150 days AMS.

13. Related party transactions

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

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

	For the six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Salaries, allowances and other benefits in kind	6,104	5,803
Discretionary bonuses	894	850
Contributions to defined contribution plans	72	72
	7,070	6,725



14. Share capital

On 9 April 2021, the Company announced that it proposed to raise approximately HK\$39.60 million, before expenses, 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.

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. Other than the Rights Issue, there was no change in the share capital of the Company during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

The revenue of cylindrical batteries for the Period has decreased by approximately HK\$20.44 million as compared to the same period in 2021, representing a decrease of approximately 16.35%. The decrease in such revenue was mainly due to the decrease in alkaline batteries sales in the PRC and Hong Kong during the Period.

The revenue of micro-button cells and rechargeable batteries and other battery-related products for the Period increased by approximately HK\$6.86 million as compared to the same period in 2021, representing an increase of approximately 13.01%. The increase in such revenue was mainly due to the increase in sales in Australia, Europe and North America.

The Group recorded a gross profit for the Period of approximately HK\$36.47 million (2021: approximately HK\$34.48 million), representing an increase of approximately HK\$1.99 million or 5.77% as compared to the same period in 2021, which was mainly due to the decrease in cost of sales by approximately HK\$15.57 million from approximately HK\$143.19 million for the six months ended 30 June 2021 to approximately HK\$127.63 million for the Period, representing a decrease of approximately 10.87%. The decrease was mainly attributable to the decrease in production overhead except staff welfare and processing fees. The direct labour cost for production was relatively stable from HK\$7.54 million in the six months ended 30 June 2021 to HK\$7.20 million in the Period. The production material costs decreased from HK\$86.48 million in the corresponding period in 2021 to HK\$77.55 million in the Period, representing a decrease of 10.33% during the Period. The decrease in production costs was mainly attributable to the commencement of commercial production of the new production line.

The unaudited loss attributable to the shareholders of the Company for the six months ended 30 June 2022 was approximately HK\$6.55 million, as compared to an unaudited profit attributable to the equity holders of the Company for the six months ended 30 June 2021 of approximately HK\$1.65 million. The loss for the Period is attributable to the depreciation of RMB against Hong Kong Dollar, which led to the Group recording a foreign exchange loss and a realised hedging loss during the Period, as the reporting currency of the Group is in Hong Kong Dollar, while a substantial part of the Group's assets is denominated in RMB. If the foreign exchange loss and hedging loss incurred by the Group during the Period was excluded, the Group would have recorded a slight operating profit during the Period.

Going forward, the Group will continue to adopt stringent cost control and adopt appropriate strategies to enhance its operation efficiency. The volatility of foreign currencies, continued outbreak of the COVID-19 pandemic (the "**Pandemic**") during the Period and fluctuation in commodity prices may continue to cause some uncertainties in the markets, which might affect the Group's sales orders for the second half of 2022. Since the widespread lockdown of cities and municipalities in the PRC affected the turnover and the supply chain in the first half of 2022, the management will pay attention on taking appropriate preventive measures such as stocking up the production materials, once the logistics and supply chain are stabilised. The management will review the situation from time to time and will take the appropriate actions. However, the Group will continue to put more effort in promoting the sales of disposable batteries on the new products segments, including hearing aid battery, as well as healthcare devices market.

FINANCIAL REVIEW

Revenue and profit attributable to equity holders

Revenue for the Period was approximately HK\$164.10 million (six months ended 30 June 2021: approximately HK\$177.68 million), representing an decrease of approximately 7.64% as compared to the same period in 2021. The rental income, which contributed towards other revenue of the Group, was HK\$0.38 million during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$1.33 million). The revenue decrease mainly affected by the widespread lockdown of cities and municipalities in the PRC, which caused a drop of sales of alkaline batteries in the PRC and Hong Kong.



Gross Profit

The Group recorded a gross profit of approximately HK\$36.47 million for the Period (six months ended 30 June 2021: approximately HK\$34.48 million), representing an increase of approximately 5.77%. The increase in gross profit for the Period was mainly due to an increase in selling price over the first half of 2022 and depreciation of RMB of approximately 4.36% during the period.

Expenses

During the Period, the selling expenses of the Group has increased by 18.88% to approximately HK\$9.14 million, as compared to approximately HK\$7.69 million for the corresponding period in 2021. The increase in selling expenses was mainly due to the increase in marketing and promotion expenses during the Period. The Group's general and administrative expenses has increased by approximately HK\$1.29 million to approximately HK\$27.20 million during the Period, as compared to approximately HK\$25.91 million for the same period in 2021. The increase in general and administrative expenses was mainly due to the increase in utility cost and traveling expenses during the Period.

Loss attributable to equity holders of the Company

Loss attributable to equity holders of the Company for the Period was approximately HK\$6.55 million, as compared to an unaudited profit attributable to the equity holders of the Company of approximately HK\$1.65 million for the corresponding period of 2021.

LIQUIDITY AND FINANCIAL RESOURCES

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

The bank borrowings are repayable as follows:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Within 1 year		
— Short-term loans	141,391	130,100
— Current portion of long-term loans	44,640	51,161
	186,031	181,261
Over 1 year but within 2 years	15,606	23,118
Over 2 years but within 5 years	9,764	15,784
Over 5 years	7,013	6,009
	218,414	226,172

As at 30 June 2022, the Group had borrowings of approximately HK\$218.41 million (as at 31 December 2021: approximately HK\$226.17 million), which is principally denominated in Hong Kong Dollar. The debt ratio, calculated as total liabilities over total assets, of the Group as at 30 June 2022 was approximately 0.56 (as at 31 December 2021: approximately 0.51).

As at 30 June 2022, the Group had cash and cash equivalents (the “**Liquidity Resources**”) of approximately HK\$20.29 million (as at 31 December 2021: approximately HK\$36.63 million) which were mainly denominated in HKD and RMB.

The Group had capital expenditures contracted for approximately HK\$26.07 million for the acquisition of auxiliary and other machineries for producing mercury-free, cadmium-free and lead-free alkaline cylindrical and micro-button cells batteries. Save as disclosed, the Group had no material capital expenditure commitments as at 30 June 2022.



CAPITAL STRUCTURE

During the Period, there was no change in the capital structure of the Company. The capital structure of the Group consists of bank borrowings, net of bank balances and cash and equity attributable to shareholders of the Company comprising issued share capital and reserves. The issued share capital of the Company comprises Shares only. Total equity of the Company amounted to approximately HK\$306.26 million as at 30 June 2022 (as at 31 December 2021: approximately HK\$315.08 million).

GEARING RATIO

The Group expresses its gearing ratio as a percentage of total debts divided by total equity. As at 30 June 2022, the Group's gearing ratio was approximately 0.85 (as at 31 December 2021: approximately 0.86).

CHARGES ON ASSETS

The Group's bank borrowing facilities were secured mainly by the Group's plant and office building (including investment properties) with carrying value of approximately HK\$151.90 million as at 30 June 2022 (as at 31 December 2021: approximately HK\$154.82 million).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2022 (as at 31 December 2021: nil).



SIGNIFICANT INVESTMENTS HELD

The Company during the Period held significant investments of (i) the Company's investment in various subsidiaries; and (ii) the investment in three investment properties located at (a) Flat B and (b) Flat D of 20/F., Block 1, Tai Ping Industrial Centre, No. 57 Ting Kok Road, Tai Po, New Territories (collectively, the "**Warehouses**"), and (c) shop 29 on G/F Fortune Plaza, No. 4 On Chee Road, Tai Po, New Territories (the "**Shop**"), which are held by Golden Power Properties Limited and China Scene Limited (both are indirect wholly-owned subsidiaries of the Company), respectively. The Warehouses were previously leased to two separate independent third parties. Upon the expiring of their respective leases, the Warehouses were put to let at market rent. On 18 June 2020, the Shop was leased to an independent third party under a new two-year tenancy agreement for commercial purpose with monthly rent at market rate. As at 30 June 2022, the value of the Warehouses and the Shop (collectively, the "**Investment Properties**") was approximately HK\$105.00 million (31 December 2021: HK\$105.00 million), representing approximately 15.23% of the consolidated total asset of the Company as at 30 June 2022. The rental income from the Investment Properties for the Period is approximately HK\$0.38 million. There is no realised or unrealised gain or loss for the Investment Properties during the Period. The Company's investment strategy of the Investment Properties is to provide the Group with stable rental income and potential capital appreciation in the long run. Other than those disclosed above, the Group did not hold any significant investments as at 30 June 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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



FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the 2021 annual report of the Company and this report, the Group did not have any plans for material investments or capital assets as at 30 June 2022.

EMPLOYEES AND REMUNERATION POLICIES

The Directors believe that the quality of the employees is an important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme and the share option scheme.

As at 30 June 2022, the Group had a total of 476 employees (as at 30 June 2021: 518 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK\$25.05 million during the Period (six months ended 30 June 2021: approximately HK\$24.80 million).

PRINCIPAL RISKS AND UNCERTAINTIES

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

- (i) The operation and financial performance of the Group may be affected by the Pandemic or other public health events as production may be required to be suspended due to administrative and governmental health control measures. The global economy and the general consumers' demand may be adversely affected by the outbreak of the Pandemic;
- (ii) The Group has no long-term sales contracts with most of the major customers. If the business relationships with the major customers deteriorates or if any of the major customers reduces substantially its purchases from the Group or terminates its business relationship with the Group entirely, the business, results of operations and financial condition may be adversely affected;

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- (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 was denominated in RMB, HKD and US dollars and the cost of sales was primarily denominated in RMB and the remaining denominated in HKD, US dollars and Euros. The value of RMB against HKD and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in the PRC;
 - (v) The Group's business is subject to seasonality, so that the first quarter of a year may record relatively lower revenue. In particular, the revenue generated during the month of Chinese New Year may be significantly lower than the average revenue generated during a year; and
 - (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 Prospectus of the Company dated 29 May 2015.

FOREIGN CURRENCY RISK

The reporting currencies of the Group is HKD.

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 30 June 2022, the Group had an exchange rate exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies, i.e. RMB and HKD, while the Group's revenue from overseas sales were mainly denominated in US Dollar.

The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary. To control the foreign exchange risk to an acceptable level, the Group ensures that it would be able to obtain sufficient amount of RMB at acceptable exchange rates for meeting payment obligations arising from business operations in terms of RMB against other foreign currencies.

As at 30 June 2022, the Group has in total 8 foreign exchange contracts for Japanese Yen and RMB, which have been hedged by currency hedging instruments and are primarily over-the-counter ("OTC") derivatives. Most of the Group's derivatives positions have been entered into to meet purchase demand of foreign exchange of the Group. For accounting purposes, derivatives are classified as held for trading or held for hedging. Although the Group entered into foreign exchange OTC contracts with major and reputable financial institutions to manage its foreign exchange risk, it does not intend to speculate on the future direction of foreign exchange fluctuation.

The notional amounts of these instruments indicate the volume of transactions outstanding as at 30 June 2022 and do not represent amounts in risk, which are more particularly illustrated below:

	As at 30 June 2022	
	No. of contract qualifying for hedging accounting	Others including held for trading HK\$
Foreign exchange contracts		
— RMB	5	(2,420,059)
— JPY	3	(271,338)
		(2,691,397)

USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 9 April 2021, the Company announced that it proposed to raise approximately HK\$39.60 million (before expenses), by issuing 120,000,000 rights shares, by way of rights issue (the “**Rights Issue**”) at the subscription price of HK\$0.33 per rights share on the basis of one right share for two existing share. As disclosed in the Rights Issue prospectus on 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 30 June 2022, 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 <i>HK\$'million</i>	Actual use of proceeds up to 30 June 2022 <i>HK\$'million</i>	Proceeds utilised during the Period <i>HK\$'million</i>	Remaining proceeds as at 30 June 2022 <i>HK\$'million</i>
Repayment of bank loan	20.0	20.0	—	—
Upgrade equipment and machines	11.9	11.9	8.3	—
General working capital	3.6	3.6	—	—
	35.5	35.5	8.3	—

The net proceeds from the Rights Issue have been fully applied in accordance with the disclosure in the Rights Issue prospectus as at 30 June 2022.

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

Interests in the Company

As at 30 June 2022, 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)	203,400,000 Shares	56.5%
Chu Shuk Ching (Executive Director and Chief Executive Officer)	Interest in a controlled corporation (Note 2) Beneficial owner	43,600,000 Shares 3,000,000 Shares	12.11% 0.83%

Note:

1. These Shares are held by Golden Villa Ltd., 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 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 30 June 2022, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company’s associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the Listing Rules, were as follows:

Long positions in the shares of the associated corporations

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

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any other interest or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the Listing Rules.

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

So far as the Directors are aware, as at 30 June 2022, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying Shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions in the Shares

Name	Nature of interest	Total number of Shares held (long position)	Approximate percentage of shareholding
Golden Villa Ltd.	Beneficial owner	203,400,000 Shares	56.5%
Ms. Mo Yuk Ling	Interest of spouse (Note 1)	203,400,000 Shares	56.5%
Triumph Treasure	Beneficial owner (Note 2)	43,600,000 Shares	12.11%



Note:

1. Ms. Mo Yuk Ling is the spouse of Mr. Chu King Tien. Under the SFO, Ms. Mo Yuk Ling is deemed to be interested in the same number of shares in which Mr. Chu King Tien is interested.
2. Triumph Treasure was owned as to 51% and 49% by Mr. Chu King Tien and Ms. Chu Shuk Ching.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

SUBSEQUENT EVENT

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

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

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

SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was conditionally adopted by the written resolutions of the Company's sole shareholder passed on 15 May 2015. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Main Board Listing Rules. The principal terms of the Scheme are summarised in the section headed "D. Share Option Scheme" in Appendix V of the Prospectus. Since the date of adoption of the Scheme and up to the date of this report, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.



MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors’ securities transactions throughout the Period.

CORPORATE GOVERNANCE CODE

The Company has adopted the code principles of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules. The Company is committed to ensuring a high corporate governance standard and transparency and accountability to shareholders of the Company. The Board is of the opinion that the Company has complied with the applicable code provisions under the CG Code throughout the Period.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

Save as disclosed above or in the Prospectus or the Rights Issue prospectus dated 9 April 2021, no Director had any material interests in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

COMPETING BUSINESS

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



AUDIT COMMITTEE

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

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

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

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

Hong Kong, 19 August 2022

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