

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



POWERWELL PACIFIC HOLDINGS LIMITED

宏峰太平洋集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 8265)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2012

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

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

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

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

The board (the “Board”) of directors of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to the “Group”) for the three months ended 31 March 2012 (the “Period”) together with the comparative unaudited figures for the corresponding period in 2011 (the “Previous Period”) as follows:

FINANCIAL HIGHLIGHTS

- The Group’s revenue amounted to HK\$47,398,000 for the Period which represented an increase of HK\$2,542,000 or 5.7% as compared with the Previous Period.
- The profit attributable to owners of the Company was HK\$468,000 for the Period, an increase of HK\$100,000 or 27.2%, compared to HK\$368,000 for the Previous Period.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended	
		31 March	
		2012	2011
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$’000	HK\$’000
Revenue	3	47,398	44,856
Cost of sales		<u>(36,358)</u>	<u>(34,677)</u>
Gross profit		11,040	10,179
Other income		49	104
Selling and distribution costs		(2,363)	(2,158)
Administrative expenses		(7,989)	(7,530)
Finance costs		<u>(85)</u>	<u>—</u>
Profit before income tax	5	652	595
Income tax expense	6	<u>(184)</u>	<u>(227)</u>
Profit for the period		468	368
Other comprehensive income for the period			
— Exchange differences arising on translation of foreign operations		<u>8</u>	<u>68</u>
Total comprehensive income for the period		<u>476</u>	<u>436</u>
Profit for the period attributable to:			
Owners of the Company		468	368
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>468</u>	<u>368</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		476	436
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>476</u>	<u>436</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted	8	<u>0.3</u>	<u>0.2</u>

Notes:

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 14 June 2010 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company's principal place of business is located at 19/F, Henry Centre, 131 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products (the "Sourcing Business"), as well as the design, manufacture and sale of the Group's owned brands of watches through its sales points in the People's Republic of China (the "PRC") (the "PRC Watch Business").

The Company's shares were listed on the GEM of the Exchange on 26 January 2011 (the "Listing").

This condensed consolidated financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated. This condensed consolidated financial information was approved for issue on 3 May 2012.

This condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated financial information for the three months ended 31 March 2012 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

Except as for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2012, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements. The Directors anticipate that the application of these new and revised HKFRSs will not have material impact on the condensed consolidated financial information of the Group.

Taxes on income in the periods are accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the Period.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The application of these new and revised HKFRSs will not have material impact on the unaudited condensed consolidated financial information of the Group.

The preparation of condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated financial information, the significant judgments 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 annual consolidated financial statements for the year ended 31 December 2011.

3. REVENUE

An analysis of the revenue from the Group's principal activities, which is also the Group's turnover are as follows:

	Three months ended 31 March	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Revenue		
Sales of goods	47,076	44,584
Freight income	323	272
	47,398	44,856
	47,398	44,856

4. SEGMENT INFORMATION

Information regarding the Group's reportable operating segments including the reconciliations to profit before income tax is as follows:

	Sourcing Business HK\$'000	PRC Watch Business HK\$'000	Elimination HK\$'000	Total HK\$'000
Three months ended 31 March 2012 (unaudited)				
Reportable segment revenue	43,191	4,207	—	47,398
	43,191	4,207	—	47,398
Reportable segment profit/(loss)	4,077	(1,530)	—	2,547
	4,077	(1,530)	—	2,547
Interest income				49
Corporate income and expenses				(1,944)
Profit before income tax				652
				652
Adjusted EBITDA (note (b))	4,285	(1,429)	—	2,856
	4,285	(1,429)	—	2,856
Three months ended 31 March 2011 (unaudited)				
Total segment revenue	41,403	3,565	(112)	44,856
Inter-segment revenue	—	(112)	112	—
	41,403	3,453	—	44,856
Reportable segment revenue	41,403	3,453	—	44,856
	41,403	3,453	—	44,856
Reportable segment profit/(loss)	2,985	(942)	—	2,043
	2,985	(942)	—	2,043
Interest income				2
Corporate income and expenses				(1,450)
Profit before income tax				595
				595
Adjusted EBITDA (note (b))	3,194	(895)	—	2,299
	3,194	(895)	—	2,299
	3,194	(895)	—	2,299

Notes:

- (a) There were no inter-segment sales for the Period.
- (b) During the Period, adjusted earnings before interest, taxation, depreciation and amortisation (“Adjusted EBITDA”) is also a measurement basis regularly reviewed by the Directors in assessing the performance of the Group and making decision for resources allocation. This measurement basis is consistent with that of the segment results except that any non-recurring expenditure from the operating segments and depreciation and amortisation charge are not included in the Adjusted EBITDA. Similar information is presented in Previous Period for comparison.

5. PROFIT BEFORE INCOME TAX

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

	Three months ended 31 March	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	274	287
Net exchange loss/(gain)	297	(72)
Operating lease charges in respective of land and building	302	196
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE

	Three months ended 31 March	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax:		
Hong Kong Profits Tax		
— charge for the period	184	419
— over-provision in prior year	—	(192)
	<u> </u>	<u> </u>
Total income tax expense	<u>184</u>	<u>227</u>

Income tax expense is recognised based on management’s estimate of the weighted average annual income tax rate expected for that financial year. The estimated average annual tax rate used for the year ending 31 December 2012 is 28.1%.

No deferred tax has been provided as the Group did not have any material temporary differences which gave rise to a deferred tax asset or liability for the periods.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period.

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the Period is based on the profit attributable to the owners of the Company amounting to HK\$468,000 (2011: HK\$368,000), and the weighted average number of shares of 150,000,000 in issue (2011: 138,333,000 shares, being the number of shares in issue immediately after the completion of capitalisation issue) throughout the Period.

The Group had no potential dilutive ordinary shares in issue during the Period and in Previous Period.

9. GUARANTEES

The Company had given unlimited corporate guarantees to a bank in connection with general banking facilities granted by the bank to a subsidiary. Certain group entities, including the Company, had given limited corporate guarantees up to HK\$8,000,000 to another bank in connection with another general banking facilities granted by the bank to another subsidiary.

At the end of the Period, such facilities were drawn down by the subsidiaries to extent of HK\$11,703,000 (31 December 2011: HK\$9,192,000). The maximum liability of the Company under the guarantee issued represents the amount drawn down by the subsidiaries. No recognition was made because the fair value of the guarantee was insignificant and that the Directors did not consider it is probable that a claim would be made against the Company under the guarantee.

The Group did not have any other significant contingent liabilities as at the end of the Period (31 December 2011: Nil).

10. EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Proposed final dividend <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2012 (audited)	15,000	6,937	155	1,033	429	3,000	31,882	58,436
Profit for the period	—	—	—	—	—	—	468	468
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	—	—	—	—	8	—	—	8
Total comprehensive income for the period	—	—	—	—	8	—	468	476
At 31 March 2012 (unaudited)	15,000	6,937	155	1,033	437	3,000	32,350	58,912
At 1 January 2011 (audited)	10	—	155	1,033	170	3,000	25,989	30,357
Issue of shares upon Placing	4,200	29,400	—	—	—	—	—	33,600
Issue of shares upon Capitalisation	10,790	(10,790)	—	—	—	—	—	—
Expenses incurred in connection with the issue of shares during the period	—	(11,673)	—	—	—	—	—	(11,673)
Transactions with owners	14,990	6,937	—	—	—	—	—	21,927
Profit for the period	—	—	—	—	—	—	368	368
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	—	—	—	—	68	—	—	68
Total comprehensive income for the period	—	—	—	—	68	—	368	436
At 31 March 2011 (unaudited)	15,000	6,937	155	1,033	238	3,000	26,357	52,720

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Sourcing Business

Traditionally, first quarter of each year is the low season for our sourcing and procurement business due to long Chinese New Year holiday. Despite uncertainty in global economic outlook, the Group has sustained the revenue from our customers and end customers in its Sourcing Business, particular in watches and costume jewelries products during the Period.

Even though we experienced a slower turnover period for display and packaging products, we have embarked on new businesses with other international brands and continued to proactively pursue new business opportunities.

We strive to cater for the growing needs of customers and to deliver quality and reliable products with our efficient management and flexible operations. We also remain to keep abreast of changing market situations to maintain a close and trusted relationship with our customers hence positioning ourselves to take on business opportunities and challenges.

PRC Watch Business

During the Period, we have sustained our revenue in PRC Watch Business. We are committed to monitor and refine the performance of sales points to fulfill market's needs in the PRC. Currently, we are managing approximately 100 sales points in the PRC and we have maintained business relationship with more than 20 wholesalers and work to enhance further penetration of *Tianba* watches in geographic areas which we do not operate our own outlets.

Domestic consumer have changed their buying sentiment as affected by inflation and other economic factors in the Period, we have since redefined our product range enhancing better receptive value for quality watches to meet the needs of our focused customer group. Also, we have placed great marketing emphasis on product promotion of watches and launched national promotional campaign for the 30th anniversary of the brand of *Tianba*.

Financial Review

The Group is pleased to announce a profit attributable to owners of the Company of HK\$468,000 for the Period, representing a period-on-period increase of HK\$100,000 or 27.2% compared to HK\$368,000 for Previous Period largely due to our strategy to focus on our core business.

The Group's growth momentum is carried forward from Previous Period to the Period. For this Period, the Group reported a total revenue of HK\$47,398,000 (2011: HK\$44,856,000) representing an increase of HK\$2,542,000 or 5.7% from the Previous Period. The revenue increase was largely due to sustained market demand for the Group's watches products, which grew by 9.1% to HK\$26,164,000 (2011: HK\$23,974,000).

For the Period, the Group's gross profit increased by 8.5% or HK\$861,000 to HK\$11,040,000 (2011: HK\$10,179,000), of which HK\$9,273,000 (2011: HK\$8,207,000) was contributed by Sourcing Business.

The Group recorded a continuous growth in Adjusted EBITDA by approximately 24.2% or HK\$557,000 to HK\$2,856,000 (2011: HK\$2,299,000), largely contributed by the Sourcing Business of amounted to HK\$4,285,000 (2011: HK\$3,194,000).

Prospects

We are confident to maintain positive momentum throughout this coming year.

As always, we strive to provide our customers with a comprehensive sourcing and management solutions, strengthening our product design and development capability, continuously enhancing the quality of our products and our support for our branded customers. We will continue to strengthen stable and trusted relationships with current suppliers for quality and reliable products.

Under a challenging business environment due to inflation coupled with other economic factors in the PRC, competition was intense. However, we are confident that we can maintain a positive performance with our efficient operation, cost control measures and by identifying potential sales channels on various platforms, including developing further on e-commerce business which is another platform for our growth.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES , UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2012, the interests of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Exchange pursuant to the model code for securities transactions by Directors of the Company (the "Model Code"), were as follows:

Long positions in shares of the Company

(a) Interest in the share of the Company

Director	Capacity/Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Liu Tin Chak, Arnold	Corporate interest (<i>Note</i>)	108,000,000	72.00%

Note: These shares are held by an associated corporation Data Champion Limited. Directors' interests in an associated corporation are as disclosed immediately below.

(b) Interest in the share of an associated corporation

Name of associated corporation: Data Champion Limited

Director	Capacity/Nature of interest	Number of shares held	Percentage of shareholding
Mr. Liu Tin Chak, Arnold	Beneficial owner	952	47.60%
Mr. Lam Chi Wai, Peter	Beneficial owner	476	23.80%
Mr. Wong Yu Man, Elias	Beneficial owner	476	23.80%

SUBSTANTIAL SHAREHOLDERS INTERESTS IN SHARES

As at 31 March 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that, other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Data Champion Limited	Beneficial owner	108,000,000	72.00%

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, CIMB Securities Limited ("CIMB"), as at 31 March 2012, except for the compliance adviser agreement entered into between the Company and the CIMB dated 3 December 2010, neither CIMB or its directors, employees or associates had any interest in relation to the Group.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

As at the date of this announcement, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE PRACTICES

The Company adopted the provisions of Appendix 15 Code on Corporate Governance Practices of the GEM Listing Rules as its own code and had complied with the CG Code through out the Period.

DIRECTORS SECURITIES TRANSACTIONS

The Company adopted the Model Code on terms no less exacting than the required standard of dealings set out in Rule 5.46 to 5.67 of the GEM Listing Rules effective from the Listing. On specific enquiry made, all the Directors have confirmed compliance with the Model Code through out the Period.

AUDIT COMMITTEE

The Audit Committee is currently composed of the three independent non-executive Directors and chaired by Mr. Cheung Chi Man, Dennis, who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period, which is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board
Powerwell Pacific Holdings Limited
Liu Tin Chak, Arnold
Chairman

Hong Kong, 3 May 2012

As at the date of this announcement, the executive Directors are Liu Tin Chak, Arnold, Lam Chi Wai, Peter, Wong Yu Man, Elias and Yang Yijun and the independent non-executive Directors are Cheung Chi Man, Dennis, Lui Tai Lok and Yip Kwok Kwan.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from its date of posting and on the designated website of this Company at www.hklistco.com/8265.