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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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

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 of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to the “Group”) for the three months and nine months ended 30 September 2014 together with the comparative unaudited figures for the corresponding periods in 2013 as follows:

FINANCIAL HIGHLIGHTS

- The Group’s revenue amounted to HK\$173,921,000 (nine months ended 30 September 2013: HK\$133,027,000) for the nine months ended 30 September 2014 (the “Period”) which represented an increase of 30.7% as compared with the corresponding previous period (the “Previous Period”). Its comprised of revenue from Sourcing Business (continuing operations) amounted to HK\$129,565,000 (nine months ended 30 September 2013: HK\$101,231,000) and revenue from PRC Watch Business (discontinued operation) amounted to HK\$44,356,000 (nine months ended 30 September 2013: HK\$31,796,000) for the Period.
- The profit attributable to owners of the Company was HK\$8,849,000 (nine months ended 30 September 2013: HK\$18,849,000) for the Period which comprised a gain on disposal of subsidiaries of HK\$2,248,000 (nine months ended 30 September 2013: HK\$18,020,000) and a profit of HK\$6,601,000 (nine months ended 30 September 2013: HK\$829,000) from its core operating business.
- The Board does not recommend the payment of an interim dividend for the Period.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited and re-presented) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited and re-presented) HK\$'000
Continuing operations					
Revenue	3	55,197	38,621	129,565	101,231
Cost of sales		(39,866)	(29,377)	(97,588)	(79,413)
Gross profit		15,331	9,244	31,977	21,818
Other income	4	13	151	163	326
Gain on disposal of interest in subsidiaries	5	2,248	—	2,248	18,020
Selling and distribution costs		(421)	(410)	(851)	(927)
Administrative expenses		(7,975)	(5,571)	(20,026)	(17,279)
Finance costs	7	—	—	—	(99)
Profit before income tax	8	9,196	3,414	13,511	21,859
Income tax expense	9	(1,755)	(324)	(2,695)	(324)
Profit for the period from continuing operations		7,441	3,090	10,816	21,535
Discontinued operation					
Loss from the period from discontinued operation	5	(122)	(1,428)	(1,967)	(2,686)
Profit for the period		7,319	1,662	8,849	18,849
Other comprehensive income for the period					
Item that may be reclassified subsequently to profit or loss					
— Exchange differences arising on translation of foreign operations		—	—	184	84
— Reclassification adjustment for disposal of subsidiaries	5	(761)	—	(761)	—
		(761)	—	(577)	84
Total comprehensive income for the period		6,558	1,662	8,272	18,933
Profit for the period attributable to owners of the Company		7,319	1,662	8,849	18,849
Total comprehensive income for the period attributable to owners of the Company		6,558	1,662	8,272	18,933
Earnings per share from continuing and discontinued operations					
— Basic and diluted	11	<u>HK4.9 cents</u>	<u>HK1.1 cents</u>	<u>HK5.9 cents</u>	<u>HK12.6 cents</u>
Earnings per share from continuing operations					
— Basic and diluted	11	<u>HK5.0 cents</u>	<u>HK2.1 cents</u>	<u>HK7.2 cents</u>	<u>HK14.4 cents</u>

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	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>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2014 (audited)	15,000	6,937	155	1,033	577	30,253	53,955
Special dividend paid (<i>note 10</i>)	—	—	—	—	—	(36,000)	(36,000)
Transactions with owner	—	—	—	—	—	(36,000)	(36,000)
Profit for the period	—	—	—	—	—	8,849	8,849
Other comprehensive income:							
Exchange differences arising on translation of foreign operation	—	—	—	—	184	—	184
Reclassification adjustment for disposal of subsidiaries (<i>note 5</i>)	—	—	—	—	(761)	—	(761)
Total comprehensive income for the period	—	—	—	—	(577)	8,849	8,272
At 30 September 2014 (unaudited)	15,000	6,937	155	1,033	—	3,102	26,227
At 1 January 2013 (audited)	15,000	6,937	155	1,033	492	34,189	57,806
Special dividend paid (<i>note 10</i>)	—	—	—	—	—	(19,500)	(19,500)
Transactions with owners	—	—	—	—	—	(19,500)	(19,500)
Profit for the period	—	—	—	—	—	18,849	18,849
Other comprehensive income:							
Exchange differences arising on translation of foreign operation	—	—	—	—	84	—	84
Total comprehensive income for the period	—	—	—	—	84	18,849	18,933
At 30 September 2013 (unaudited)	15,000	6,937	155	1,033	576	33,538	57,239

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Powerwell Pacific Holdings Limited (the “Company”) was incorporated in Bermuda on 14 June 2010 as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares were listed on the GEM of the Exchange on 26 January 2011. 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 Units 610–611 of Tower Two, Lippo Centre, 89 Queensway, 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”).

This condensed consolidated financial information is presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. This condensed consolidated financial information was approved for issue by the board of directors on 7 November 2014.

This condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Except as for the adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 January 2014, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the nine months ended 30 September 2014 are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

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 condensed consolidated financial information of the Group.

As mentioned in note 5, the Disposal of Goldnet Group was completed on 26 August 2014. As the operation carried out by the Goldnet Group represents a separate major line of the Group’s business, namely the PRC Watch Business, the financial performance of Goldnet Group has been classified as discontinued operation in accordance with HKFRS 5.

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. 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 financial statements for the year ended 31 December 2013.

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 30 September		Nine months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operations				
Revenue				
Sales of goods	55,040	38,407	129,126	100,662
Freight income	157	214	439	569
	<u>55,797</u>	<u>38,621</u>	<u>129,565</u>	<u>101,231</u>
Discontinued operation				
Sales of goods	12,472	13,663	44,356	31,796
	<u>67,669</u>	<u>52,284</u>	<u>173,921</u>	<u>133,027</u>

4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operations				
Bank interest income	12	12	163	99
Exchange gain	—	58	—	145
Sundry income	1	81	—	82
	<u>13</u>	<u>151</u>	<u>163</u>	<u>326</u>
Discontinued operation				
Bank interest income	—	2	2	6
Exchange gain/(loss)	—	(83)	—	(83)
Sundry income	—	59	14	126
	<u>—</u>	<u>(22)</u>	<u>16</u>	<u>49</u>
	<u>13</u>	<u>129</u>	<u>179</u>	<u>375</u>

5. DISPOSAL OF INTEREST IN SUBSIDIARIES AND DISCONTINUED OPERATION

On 21 December 2012, one of the Group's subsidiaries, Good Destination Co. Limited ("Good Destination") entered into a conditional agreement to dispose of its entire 100% equity interest in a subsidiary, Richmind International Investment Limited ("Richmind"), which is engaged in holding of properties, and to transfer the benefit of a loan of approximately HK\$2,119,000 advanced by Good Destination to Richmind to Data Champion Limited at an aggregate consideration of HK\$24,000,000 (the "Disposal of Richmind"). Data Champion Limited is owned by Mr. Liu Tin Chak, Arnold, Mr. Lam Chi Wai, Peter and Mr. Wong Yu Man, Elias, former executive directors of the Company. The Disposal of Richmind was completed on 10 May 2013 and a gain of approximately HK\$18,020,000 arising on the Disposal of Richmind was realised which is included in the condensed consolidated statement of comprehensive income for the Previous Period. Upon completion of the Disposal of Richmind, Richmind ceased to be a subsidiary of the Group.

On 27 June 2014, the Company entered into a conditional disposal agreement with a company, which is a wholly owned subsidiary of Data Champion Limited, to dispose of its entire 100% direct equity interest in two subsidiaries, namely Goldnet Holdings Group Limited (“Goldnet (HK)”) and Goldnet Holdings Group Limited (“Goldnet (BVI)”) (collectively the “Goldnet Group”), and the benefits of all loans of approximately HK\$43,462,000 advanced by the Company to the Goldnet Group for a cash consideration of HK\$23,000,000 (the “Disposal of Goldnet Group”). Goldnet (HK) was incorporated in Hong Kong and is principally engaged in investment holding. The major assets of Goldnet (HK) is its 100% equity interest in 深圳市天海霸鐘錶有限公司 (Shenzhen Tianhaiba Watches Company Limited) (“Tianhaiba”) which was established in the PRC and carries out the design, manufacture and distribution of the Group’s own brands of watches through its sales points in the PRC (the “PRC Watch Business”). Goldnet (BVI) was incorporated in British Virgin Islands and is principally engaged in investment holding. The Disposal of Goldnet Group was completed on 26 August 2014 and a gain of approximately HK\$2,659,000 arising on the Disposal of Goldnet Group was realised which is included in the condensed consolidated statement of comprehensive income for the Period. Upon completion of the Disposal of Goldnet Group, Goldnet Group ceased to be subsidiaries of the Group.

Details of the Disposal of Goldnet Group are set out in the circular of the Company dated 31 July 2014.

	Nine months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Net assets disposal of:		
Property, plant and equipment	9,021	—
Investment properties	—	5,753
Intangible assets	5,747	—
Inventories	38,365	—
Trade receivables	14,137	—
Other receivables, prepayments and deposits	2,044	83
Cash and cash equivalents	605	330
Trade payables	(30,526)	—
Accruals and other payables	(17,880)	(160)
Provision for income tax	—	(26)
Amount due to immediate holding companies	(43,462)	(2,119)
	<u>(21,949)</u>	3,861
Release of translation reserve upon disposal	(761)	—
	<u>(22,710)</u>	3,861
Loans transfer	43,462	2,119
Gain on disposal of interest in subsidiaries	2,248	18,020
Less: consideration for transfer of the loans satisfied by cash	<u>(23,000)</u>	<u>(2,119)</u>
Consideration for transferring the equity interest of subsidiaries excluding the consideration for transfer of the loans satisfied by cash	<u>—</u>	<u>21,881</u>
Net inflow of cash and cash equivalents in respect of the disposal of interest in subsidiaries and transfer of the loans	<u><u>22,395</u></u>	<u><u>23,670</u></u>

Loss for the period from the discontinued operation is disclosed as follows:

	Nine months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue (note 3)	44,356	31,796
Cost of sales	<u>(28,872)</u>	<u>(18,796)</u>
Gross profit	15,484	13,000
Other income (note 4)	16	49
Selling and distribution costs	(9,215)	(7,192)
Administrative expenses	<u>(8,249)</u>	<u>(8,540)</u>
Loss before income tax	(1,964)	(2,683)
Income tax expense (note 9)	<u>(3)</u>	<u>(3)</u>
Loss for the period from discontinued operation	<u>(1,967)</u>	<u>(2,686)</u>

For the purpose of presenting the above discontinued operation, the comparative unaudited condensed consolidated statement of comprehensive income and the related notes have been re-presented.

6. SEGMENT INFORMATION

The Group has two reportable segments:

1. Sourcing Business
2. PRC Watch Business

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

	Three months ended 30 September			Nine months ended 30 September		
	Continuing operations	Discontinued operation		Continuing operations	Discontinued operation	
	Sourcing Business	PRC Watch Business	Total	Sourcing Business	PRC Watch Business	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Three months and nine months ended 30 September 2014						
Reportable segment revenue (note (a))	<u>55,197</u>	<u>12,472</u>	<u>67,669</u>	<u>129,565</u>	<u>44,356</u>	<u>173,921</u>
Reportable segment profit/(loss)	<u>10,576</u>	<u>(120)</u>	10,456	<u>18,957</u>	<u>(1,967)</u>	16,990
Interest income			12			165
Gain on disposal of interest in subsidiaries			2,248			2,248
Corporate income and expenses			<u>(3,642)</u>			<u>(7,856)</u>
Profit before income tax			<u>9,074</u>			<u>11,547</u>
Adjusted EBITDA (note (b))	<u>10,693</u>	<u>249</u>	<u>10,942</u>	<u>19,270</u>	<u>(903)</u>	<u>18,367</u>
Three months and nine months ended 30 September 2013						
Reportable segment revenue (note (a))	<u>38,621</u>	<u>13,663</u>	<u>52,284</u>	<u>101,231</u>	<u>31,796</u>	<u>133,027</u>
Reportable segment profit/(loss)	<u>5,137</u>	<u>(1,419)</u>	3,718	<u>9,093</u>	<u>(2,683)</u>	6,410
Interest income			14			106
Gain on disposal of interest in a subsidiary			—			18,020
Corporate income and expenses			<u>(1,746)</u>			<u>(5,360)</u>
Profit before income tax			<u>1,986</u>			<u>19,176</u>
Adjusted EBITDA (note (b))	<u>5,229</u>	<u>(1,236)</u>	<u>3,993</u>	<u>9,462</u>	<u>(2,117)</u>	<u>7,345</u>

Notes:

- (a) There were no inter-segment sales during the three months and nine months ended 30 September 2014 and 2013.
- (b) During the three months and nine months ended 30 September 2014 and 2013, 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 interest expenses and depreciation charge are not included in the Adjusted EBITDA.

7. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest on bank borrowings and overdrafts wholly repayable within five years	—	—	—	99

8. PROFIT BEFORE INCOME TAX

Profit before income tax for continuing and discontinued operations is arrived at after charging/(crediting):

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	486	281	1,377	842
Net exchange (gain)/loss	32	23	473	(63)
Operating lease charges in respective of land and building	527	626	1,836	1,446
Loss on disposal of property, plant and equipment	—	—	32	260

9. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Current income tax:				
Hong Kong Profits Tax				
— charge for the period	1,755	324	2,695	324
Discontinued operations				
PRC Enterprise Income Tax (“PRC EIT”)				
— under provision in prior years	—	—	3	3
Total income tax expense	1,755	324	2,698	327

Hong Kong Profits Tax is provided at the rate of 16.5% (2013: 16.5%) on estimated assessable profits.

The Group's subsidiary in other region of the PRC is subject to PRC EIT at the tax rate of 25%. No provision for PRC EIT has been made as the Group did not generate any taxable profits arising in the PRC during the current and prior periods.

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 current and prior periods.

10. DIVIDENDS

The dividends paid during the nine months ended 30 September 2014 amounting to HK\$36,000,000 represent a special dividend of HK\$0.24 per ordinary share, which were paid in August 2014 and mainly financed by the net proceeds generated for the Disposal of Goldnet Group (note 5).

The dividends paid during the nine months ended 30 September 2013 amounting to HK\$19,500,000 represent a special dividend of HK\$0.13 per ordinary share, which were paid in May 2013 and financed by the net proceeds generated from the Disposal of Richmind (note 5).

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

11. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic earnings per share for the three months and nine months ended 30 September 2014 is based on the respective profit for the period attributable to owners of the Company amounting to HK\$7,319,000 and HK\$8,849,000 (three months and nine months ended 30 September 2013: HK\$1,662,000 and HK\$18,849,000) and the respective weighted average number of shares of 150,000,000 and 150,000,000 (three months and nine months ended 30 September 2013: 150,000,000 and 150,000,000) in issue throughout the period.

From continuing operations

The calculation of basic earnings per share for the nine months ended 30 September 2014 is based on the profit from continuing operations attributable to the owners of the Company amounting to HK\$10,816,000 (nine months ended 30 September 2013: HK\$21,535,000) and the weighted average number of shares of 150,000,000 (nine months ended 30 September 2013: 150,000,000) in issue throughout the period.

From discontinued operation

Basic loss per share from discontinued operation for the nine months ended 30 September 2014 is HK 1.3 cents (nine months ended 30 September 2013: HK 1.8 cents), which is calculated based on loss for the period from discontinued operations attributable to owners of the Company amounting to HK\$1,967,000 (nine months ended 30 September 2013: HK\$2,686,000) and weighted average number of shares of 150,000,000 (nine months ended 30 September 2013: 150,000,000) in issue throughout the period.

The Group had no potential dilutive ordinary shares in issue during the current and prior periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Sourcing Business

Benefited from the increasing orders from our brand owner customer in watch business, the Sourcing Business recorded increase in overall revenue during the Period as compared to the Previous Period.

However, our key customer of display and packaging products is cautious in launching their new display program this year, hence, shipment remained slow for the Period. To make up for the lost in business, we continued to develop businesses with other new brand owner customers during the Period amidst keen competition in the market.

Turnover of costume jewelries business remained stable as comparable to the Previous Period and we keep on exploring new business opportunity in costume jewelries business.

Until more positive indication of recovery in display and packaging business can be observed, we shall continue to monitor orders and delivery position of our Sourcing Business and to closely control stock level in watch business and overall expenditures.

PRC Watch Business

During the Period, the Group had disposed its PRC Watch Business and gain on the disposal had been recorded, hence, the Group's exposure in the loss-making PRC Watch Business was removed.

Financial Review

Revenue

For the Period, the performance of the Sourcing Business was mixed. The Group reported overall revenue of approximately HK\$173,921,000 for the Period (nine months ended 30 September 2013: HK\$133,027,000) representing an increase of approximately HK\$40,894,000 or 30.7% from the Previous Period which comprised of Sourcing Business revenue of approximately HK\$129,565,000 (nine months ended 30 September 2013: HK\$101,231,000), an increase of approximately HK\$28,334,000 or 30.0%, Sourcing Business revenue was mainly contributed by watch revenue sales of approximately HK\$99,529,000 (nine months ended 30 September 2013: HK\$64,884,000) for the Period benefited from increased orders from our brand owner customer. Our brand owner customer was conservative in launching new display items for the year, display and packaging business's revenue dropped to approximately HK\$20,493,000 (nine months ended 30 September 2013: HK\$26,705,000) for the Period. Our costume jewelries business's revenue remained stable of approximately HK\$9,543,000 (nine months ended 30 September 2013: HK\$9,642,000) for the Period.

PRC Watch Business's revenue recorded approximately HK\$44,356,000 (nine months ended 30 September 2013: HK\$31,769,000) for the Period.

Gross Profit

For the Period, the Group's gross profit increased by approximately HK\$12,643,000 or 36.3% to approximately HK\$47,461,000 (nine months ended 30 September 2013: HK\$34,818,000), of which approximately HK\$31,977,000 (nine months ended 30 September 2013: HK\$21,818,000) was contributed by the Sourcing Business and approximately HK\$15,484,000 (nine months ended 30

September 2013: HK\$13,000,000) was contributed by the PRC Watch Business. Gross margin of Sourcing Business improved from about 21.6% to 24.3%, wholly attributable to the growth in watch business, while that of PRC Watch Business declined from approximately 40.9% to 34.9%.

Profit for the Period

The Group's overall profit before taxation for the Period was approximately HK\$11,547,000 (nine months ended 30 September 2013: HK\$19,176,000) and profit attributable to owners of the Company of approximately HK\$8,849,000 for the Period, representing a period-on-period decrease of approximately HK\$10,000,000 or 53.1% compared to approximately HK\$18,849,000 for the Previous Period. However, after excluded the non-recurring item of gain on disposal of subsidiaries of approximately HK\$2,248,000 (nine months ended 30 September 2013: gain on disposal of HK\$18,020,000), the Group had in fact recorded increase in profit from HK\$829,000 for the Previous Period to HK\$6,601,000 for the Period, which was wholly attributable to the increase in profits on watch business of HK\$16,592,000 (nine months ended 30 September 2013: HK\$6,851,000) for the Period. On the other hand, losses of HK\$684,000 (nine months ended 30 September 2013: profit of HK\$1,187,000) for the Period was recorded on display and packaging business mainly due to low shipment for the Period. For costume jewelries business, profits of HK\$397,000 (nine months ended 30 September 2013: HK\$731,000) for the Period was recorded.

Further losses on PRC Watch Business for the Period of approximately HK\$1,967,000 (nine months ended 30 September 2013: loss of HK\$2,686,000) was recorded owing to continuous brand building and promotional expenses incurred during the Period up to August 2014 when PRC Watch Business was disposed.

Cash and cash equivalents

As at 30 September 2014, we had cash and cash equivalents of HK\$30,144,000 (30 June 2014: HK\$34,468,000), which based on our experience is adequate for the operation, working capital requirement and to achieve business objectives of the Sourcing Business. The Sourcing Business generally finances its daily operations from internally generated cash flows and did not have any bank borrowings, guarantee and banking facilities.

Prospects

We shall concentrate on developing our Sourcing Business and remain cautious on cost control and to uphold quality assurance of products in order to remain competitive for its valuable customers. It is also our ongoing objective to develop business with new brand customers and enhance existing business relationship to stimulate growth and continue to maintain the overall costing level until signs of recovery is noticed in Sourcing Business especially in display and packaging products.

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

As at 30 September 2014, the interests of the Directors in the share capital of the Company which were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests which they were taken or deemed to have under such provisions of the SFO, or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange 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	Approximate percentage of the issued share capital of the Company
Mr. Fei Jie	Corporate interest (<i>Note</i>)	113,072,000	75.38%

Note: These shares are held by an associated corporation King Full Inc 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: King Full Inc Limited

Director	Capacity/Nature of interest	Number of shares held	Percentage of shareholding
Mr. Fei Jie	Beneficial owner	5,000,000	100%

Save as disclosed above, as at the date of this announcement, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Rules 5.48 to 5.67 of the GEM Listing Rules to be notified to the Company and the Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2014, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests disclosed above in respect of a Director, 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 shareholders	Capacity/Nature of interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
King Full Inc Limited	Beneficial owner (<i>Note 1</i>)	113,072,000	75.38%
Ms. Wu Wen	Interest in spouse (<i>Note 2</i>)	113,072,000	75.38%

Notes:

1. The entire issued share capital of King Full Inc Limited is wholly and beneficially owned by Mr. Fei Jie. By virtue of the SFO, Mr. Fei Jie is deemed to be interested in the entire 113,072,000 shares held by King Full Inc Limited.
2. The shares are held by King Full Inc Limited, the entire issued share capital of which is owned by Mr. Fei Jie, the spouse of Ms. Wu Wen. Accordingly, Ms. Wu Wen is deemed to be interested in the entire 113,072,000 shares by virtue of the SFO.

Save as disclosed above, as at 30 September 2014, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or otherwise notified to the Company.

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, Messis Capital Limited ("Messis Capital"), as at 30 September 2014, except for the compliance adviser agreement entered into between the Company and Messis Capital, neither Messis Capital or its directors, employees or associates had any interest in relation to the Group.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the Period, 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.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors and chaired by Mr. Sit Sai Hung, Billy, 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 GEM Listing Rules and legal requirements, and that adequate disclosures have been made.

CHANGE OF ADDRESS OF PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

The Company's Bermuda principal share registrar and transfer agent, MUFG Fund Services (Bermuda) Limited (formerly known as Butterfield Fulcrum Group (Bermuda) Limited) has changed its address to "The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda" with effect from 30 July 2014.

By order of the Board
Powerwell Pacific Holdings Limited
Fei Jie
Chairman and Executive Director

Hong Kong, 7 November 2014

As at the date of this announcement, the executive Directors are Mr. Fei Jie, Mr. Fung Chi Kin and the independent non-executive Directors are Mr. Cheung Siu Wah, Mr. Jim Yiu Ming and Mr. Sit Sai Hung, Billy.

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.