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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 2016

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.

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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.

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

The board of directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2016 together with the comparative unaudited figures for the corresponding periods in 2015 as follows:

FINANCIAL HIGHLIGHTS

- The Group’s revenue amounted to HK\$191,708,000 (nine months ended 30 September 2015: HK\$150,397,000) for the nine months ended 30 September 2016 (the “Period”) which represented an increase of HK\$41,311,000 or 27.5% as compared with the corresponding previous period (the “Previous Period”).
- The profit attributable to owners of the Company was HK\$6,605,000 (nine months ended 30 September 2015: HK\$2,640,000) for the Period, which represented an increase of HK\$3,965,000 or 150.2% as compared with the Previous Period.
- The Board does not recommend the payment of an interim dividend for the Period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2016

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|---|-------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| Revenue | 3 | 71,280 | 55,001 | 191,708 | 150,397 |
| Cost of sales | | (52,517) | (34,530) | (124,854) | (97,244) |
| Gross profit | | 18,763 | 20,471 | 66,854 | 53,153 |
| Other income | 4 | 1,800 | 133 | 2,345 | 344 |
| Selling and distribution costs | | (750) | (1,212) | (2,150) | (3,558) |
| Administrative expenses | | (11,934) | (13,956) | (36,838) | (41,718) |
| Loss arising in fair value change in contingent consideration receivables | | - | - | (290) | - |
| Bargain purchase gain recognised in a business combination | | - | - | - | 4,084 |
| Finance costs | 6 | (2,006) | (227) | (3,040) | (523) |
| Profit before tax | 7 | 5,873 | 5,209 | 26,881 | 11,782 |
| Income tax expense | 8 | (2,589) | (2,857) | (10,499) | (5,705) |
| Profit for the period | | 3,284 | 2,352 | 16,382 | 6,077 |
| Other comprehensive loss | | | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | | |
| - Exchange differences arising from translation of foreign operations | | (2,191) | (2,325) | (5,067) | (1,613) |
| Total comprehensive income for the period | | 1,093 | 27 | 11,315 | 4,464 |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2016

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|--|-------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| Profit for the period | | | | | |
| attributable to: | | | | | |
| Owners of the Company | | 1,010 | 1,099 | 6,605 | 2,640 |
| Non-controlling interests | | 2,274 | 1,253 | 9,777 | 3,437 |
| | | 3,284 | 2,352 | 16,382 | 6,077 |
| Total comprehensive (loss)/ income for the period | | | | | |
| attributable to: | | | | | |
| Owners of the Company | | (656) | (736) | 2,195 | 1,455 |
| Non-controlling interests | | 1,749 | 763 | 9,120 | 3,009 |
| | | 1,093 | 27 | 11,315 | 4,464 |
| | | | (restated) | | (restated) |
| Earnings per share | | | | | |
| - Basic (Hong Kong cents) | 10 | 0.066 | 0.076 | 0.431 | 0.231 |
| - Diluted (Hong Kong cents) | 10 | 0.064 | 0.076 | 0.427 | 0.231 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2016

| | Equity attributable to owners of the Company | | | | | | | | | | |
|--|--|---------------------------|-----------------------------|----------------------------|---|---------------------------------------|---------------------------------|---|-------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Capital reserve HK\$'000 | Merger reserve HK\$'000 | Share-based payment reserve HK\$'000 | Convertible bonds reserve HK\$'000 | Translation reserve HK\$'000 | Retained earnings/ (Accumulated losses)/ HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | Total equity HK\$'000 |
| At 1 January 2016 (audited) | 30,670 | 110,086 | 155 | 1,033 | 2,565 | - | (1,342) | (612) | 142,555 | 19,646 | 162,201 |
| Profit for the period | - | - | - | - | - | - | - | 6,605 | 6,605 | 9,777 | 16,382 |
| Other comprehensive loss: | | | | | | | | | | | |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | - | (4,410) | - | (4,410) | (657) | (5,067) |
| Total comprehensive (loss)/income for the period | - | - | - | - | - | - | (4,410) | 6,605 | 2,195 | 9,120 | 11,315 |
| Recognition of equity component of convertible bonds | - | - | - | - | - | 17,107 | - | - | 17,107 | - | 17,107 |
| Deferred tax on convertible bonds | - | - | - | - | - | (2,823) | - | - | (2,823) | - | (2,823) |
| Share issuing expenses | - | (171) | - | - | - | - | - | - | (171) | - | (171) |
| At 30 September 2016 (unaudited) | 30,670 | 109,915 | 155 | 1,033 | 2,565 | 14,284 | (5,752) | 5,993 | 158,863 | 28,766 | 187,629 |
| At 1 January 2015 (audited) | 15,000 | 6,937 | 155 | 1,033 | - | - | - | 1,052 | 24,177 | - | 24,177 |
| Profit for the period | - | - | - | - | - | - | - | 2,640 | 2,640 | 3,437 | 6,077 |
| Other comprehensive loss: | | | | | | | | | | | |
| Exchange differences arising during the year | - | - | - | - | - | - | (1,185) | - | (1,185) | (428) | (1,613) |
| Total comprehensive (loss)/income for the period | - | - | - | - | - | - | (1,185) | 2,640 | 1,455 | 3,009 | 4,464 |
| Issuance of new shares upon open offer | 8,800 | 52,800 | - | - | - | - | - | - | 61,600 | - | 61,600 |
| Issuance of new shares through placing | 3,520 | 22,000 | - | - | - | - | - | - | 25,520 | - | 25,520 |
| Issuance of consideration shares | 2,600 | 20,540 | - | - | - | - | - | - | 23,140 | - | 23,140 |
| Non-controlling interests arising from acquisition of subsidiaries | - | - | - | - | - | - | - | - | - | 9,838 | 9,838 |
| Recognition of equity-settled share-based payments | - | - | - | - | 5,130 | - | - | - | 5,130 | - | 5,130 |
| Share issuing expenses | - | (2,207) | - | - | - | - | - | - | (2,207) | - | (2,207) |
| At 30 September 2015 (unaudited) | 29,920 | 100,070 | 155 | 1,033 | 5,130 | - | (1,185) | 3,692 | 138,815 | 12,847 | 151,662 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 Growth Enterprise Market (“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 Company’s ultimate holding company is King Full Inc Limited, a company incorporated in Hong Kong with limited liability.

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the provision of sourcing and procurement solutions for production of watches, costume jewellery, and display and packaging products (the “Sourcing Business”), the retail and wholesale of luxury brand silverware and silver utensils in the People’s Republic of China (“PRC”) (the “PRC Silverware Business”) and R&D, manufacture and sale of rechargeable batteries, electric vehicles and related products (the “Electric Vehicle 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 8 November 2016.

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 on 1 January 2016, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the nine months ended 30 September 2016 are consistent with those of the annual financial statements for the year ended 31 December 2015, 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 2015.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The preparation of these 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 2015.

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 | |
|---|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| | Sales of goods | 20,424 | 41,635 | 88,696 |
| Revenue from electric vehicle business | 38,417 | — | 43,572 | — |
| Freight income | 143 | 107 | 502 | 338 |
| Retail of silverware | 12,296 | 13,259 | 58,938 | 29,396 |
| | 71,280 | 55,001 | 191,708 | 150,397 |

4. OTHER INCOME

| | Three months ended 30 September | | Nine months ended 30 September | |
|---------------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| | Bank interest income | 65 | 70 | 178 |
| Exchange gain | 284 | — | 712 | — |
| Sundry income | 1,451 | 63 | 1,455 | 149 |
| | 1,800 | 133 | 2,345 | 344 |

5. SEGMENT INFORMATION

The Group has three reportable segments:

1. Sourcing Business
2. PRC Silverware Business
3. Electric Vehicle 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 | | | |
|---|---------------------------------|-------------------------|---------------------------|-------------|--------------------------------|-------------------------|---------------------------|-------------|
| | Sourcing Business | PRC Silverware Business | Electric Vehicle Business | Total | Sourcing Business | PRC Silverware Business | Electric Vehicle Business | Total |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Three months and Nine months ended | | | | | | | | |
| 30 September 2016 (unaudited) | | | | | | | | |
| Reportable segment revenue (note a) | 20,567 | 12,296 | 38,417 | 71,280 | 89,198 | 58,938 | 43,572 | 191,708 |
| Reportable segment (loss)/profit | (178) | 6,354 | 4,381 | 10,557 | 6,695 | 28,614 | 4,544 | 39,853 |
| Interest income | | | | 65 | | | | 178 |
| Loss arising in fair value change in contingent consideration receivables | | | | - | | | | (290) |
| Other corporate expenses | | | | (4,749) | | | | (12,860) |
| Profit before income tax | | | | 5,873 | | | | 26,881 |
| Adjusted EBITDA (note b) | (82) | 6,858 | 5,146 | 11,922 | 6,996 | 29,990 | 6,178 | 43,164 |

5. SEGMENT INFORMATION (CONTINUED)

| | Three months ended 30 September | | | | Nine months ended 30 September | | | |
|---|---------------------------------|-------------------------|---------------------------|-------------|--------------------------------|-------------------------|---------------------------|-------------|
| | Sourcing Business | PRC Silverware Business | Electric Vehicle Business | Total | Sourcing Business | PRC Silverware Business | Electric Vehicle Business | Total |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Three months and Nine months ended | | | | | | | | |
| 30 September 2015 (unaudited) | | | | | | | | |
| Reportable segment revenue (note a) | 41,742 | 13,259 | – | 55,001 | 121,001 | 29,396 | – | 150,397 |
| Reportable segment profit | 4,004 | 4,660 | – | 8,664 | 12,152 | 14,383 | – | 26,535 |
| Bank interest income | | | | 70 | | | | 195 |
| Other corporate expenses | | | | (3,528) | | | | (14,948) |
| Profit before income tax | | | | 5,206 | | | | 11,782 |
| Adjusted EBITDA (note b) | 4,123 | 5,106 | – | 9,229 | 12,552 | 11,146 | – | 23,698 |

5. SEGMENT INFORMATION (CONTINUED)

Notes:

- (a) There were no inter-segment sales during the three months and nine months ended 30 September 2016 and 2015.
- (b) During the three months and nine months ended 30 September 2016 and 2015, 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 base is consistent with that of the segment results except that interest expenses and depreciation charge are not included in the Adjusted EBITDA.

6. FINANCE COSTS

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| Interest on secured loan | 225 | 227 | 674 | 523 |
| Imputed interest on convertible bonds | 1,781 | – | 2,366 | – |
| | 2,006 | 227 | 3,040 | 523 |

7. PROFIT BEFORE TAX

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

| | Three months ended | | Nine months ended | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 30 September | | 30 September | |
| | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| Amortisation of interest in leasehold land | 117 | – | 157 | – |
| Bargain purchase gain recognised in a business combination | – | – | – | (4,084) |
| Depreciation of property, plant and equipment | 1,334 | 652 | 3,415 | 1,507 |
| Impairment loss recognised in respect of trade receivables | – | – | 8 | 633 |
| Loss arising in fair value change in contingent consideration receivables | – | – | 290 | – |
| Exchange (gain)/loss | (284) | 32 | (712) | 186 |
| Operating lease charges in respect of premises | 1,610 | 2,296 | 4,387 | 4,291 |

8. INCOME TAX EXPENSE

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| Current tax: | | | | |
| Hong Kong Profits Tax | | | | |
| – (credit)/charge for the period | (18) | 716 | 1,120 | 2,369 |
| PRC Enterprise Income Tax (“EIT”) | | | | |
| – charge for the period | 2,900 | 2,141 | 9,769 | 3,336 |
| | 2,882 | 2,857 | 10,889 | 5,705 |
| Deferred tax: | | | | |
| – credit for the period | (293) | – | (390) | – |
| Total income tax expense for the period | 2,589 | 2,857 | 10,499 | 5,705 |

Hong Kong Profits Tax is provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits.

The Group’s subsidiaries in the PRC is subject to PRC EIT at the tax rate of 25% for both periods.

9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the nine months ended 30 September 2016 (2015: nil).

10. EARNINGS PER SHARE

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| | Earnings | | | |
| Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company) | 1,010 | 1,099 | 6,605 | 2,640 |
| Effect of dilutive potential ordinary shares: | | | | |
| Interest on convertible bonds, net of tax | – | – | 1,975 | – |
| Earnings for the purpose of diluted earnings per share | 1,010 | 1,099 | 8,580 | 2,640 |

10. EARNINGS PER SHARE (CONTINUED)

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|---|-----------------------------------|---|
| | 2016 (Unaudited) '000 | 2015 (Unaudited) '000 (restated) | 2016 (Unaudited) '000 | 2015 (Unaudited) '000 (restated) |
| Number of shares | | | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per shares | 1,533,500 | 1,444,348 | 1,533,500 | 1,141,103 |
| Effect of dilutive potential ordinary shares: | | | | |
| Share options | 34,495 | – | 32,428 | – |
| Convertible bonds | – | – | 445,255 | – |
| Weighted average number of ordinary shares for the purpose of diluted earnings per shares | 1,567,995 | 1,444,348 | 2,011,183 | 1,141,103 |

The weighted average number of ordinary shares for the three months and nine months ended 30 September 2015 for the purpose of calculating basic and diluted earnings per shares have been adjusted for share subdivision which took place on 4 May 2016.

As the Company's convertible bonds had an anti-dilutive effect to the basic earnings per share calculation for the three months ended 30 September 2016 and the company's outstanding share options where applicable had an anti-dilutive effect to the basic earnings per share calculation for the three months and nine months ended 30 September 2015, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted earnings per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Sourcing Business

Year 2016 is a difficult year for global consumer market, the results in our line of businesses is mixed with a shrink of turnover for the Period compared to Previous Period.

For our analog watches business, affected by the slow economy and the popularization of smart watches, we noted a decline in orders received from our major brand owner customers significantly.

However, there is a jump of turnover in our display and packaging business as our major brand owner customer was heavily into promotion during the Period.

Although the overall bottom line of sourcing business was affected as compared to Previous Period, we are able to retain profitable in such a difficult period and remains self-liquidating and self-financing.

PRC Silverware Business

As compared with the Previous Period, our revenue from silverware business recorded a robust growth. Affluent PRC consumers prefer to purchase silverware utensils for their table setting. It was mainly driven by a favourable consumption environment, new retail shops opening in Zhejiang Province and the consumers' behaviour to place sales order over the internet.

Electric Vehicle Business

Upon Completion of acquisition of Sale Assets in Huzhou on 1 June 2016, the electric vehicle business was established through the acquiring of Sale Assets by the Group as a new segment. The Sale Assets have commenced operation to produce electric vehicles during the Period.

Financial Review

Revenue

The Group reported a total revenue of HK\$191,708,000 (nine months ended 30 September 2015: HK\$150,397,000), representing an increase of HK\$41,311,000 or 27.5% as compared with the Previous Period. The increase in revenue was mainly contributed by the establishment of Electric Vehicle Business, which contributed revenue of HK\$43,572,000 (nine months ended 30 September 2015: HK\$nil). On the other hand, the revenue from the PRC Silverware Business was HK\$58,938,000 for the Period (nine months ended 30 September 2015: HK\$29,396,000), representing an increase of HK\$29,542,000 or 100.5%. The increase in revenue from PRC Silverware Business was contributed by the seasonal promotion of our silverware utensils and operating an aggregate number of eight outlet stores in Zhejiang Province. Nonetheless, the revenue of Sourcing Business has declined by HK\$31,803,000 or 26.3% from HK\$121,001,000 to HK\$89,198,000. The reduction in revenue was mainly due to less orders received from our several major brands customers as a result of weak European economies and the smart watches erodes the market shares of traditional watches.

Gross Profit

For the Period, the Group's gross profit increased by HK\$13,701,000 or 25.8% to HK\$66,854,000 (nine months ended 30 September 2015: HK\$53,153,000), among which HK\$23,262,000 (nine months ended 30 September 2015: HK\$33,281,000) was contributed by the Sourcing Business; HK\$36,045,000 (nine months ended 30 September 2015: HK\$19,872,000) was contributed by the PRC Silverware Business and HK\$7,547,000 (nine months ended 30 September 2015: nil) was contributed by the Electric Vehicle Business.

Net Profit

The Group's overall profit before taxation for the Period was HK\$26,881,000 (nine months ended 30 September 2015: HK\$11,782,000) and profit attributable to owners of the Company was HK\$6,605,000 for the Period, representing a period-on-period increase of HK\$3,965,000 or 150.2% as compared with approximately HK\$2,640,000 for the Previous Period. The Group's net profit comprised of the segment profit on Sourcing Business of approximately HK\$6,695,000 (nine months ended 30 September 2015: HK\$12,152,000); the segment profit on the PRC Silverware Business of approximately HK\$28,614,000 (nine months ended 30 September 2015: HK\$14,383,000) and the segment profit on the Electric Vehicle Business of approximately HK\$4,544,000 (nine months ended 30 September 2015: HK\$nil) and the total of interest income, net corporate expenses and income tax expenses was HK\$23,471,000 (nine months ended 30 September 2015: HK\$16,377,000).

Liquidity, Financial Resources and Capital Structure

The Group generally finances its daily operations from internally generated cash flows. As at 30 September 2016, the Group had cash and cash equivalents of HK\$129,580,000 (31 December 2015: HK\$145,700,000) and the net assets value of approximately HK\$187,629,000 (31 December 2015: HK\$162,201,000). The Group did not have any bank borrowings, guarantee and banking facilities.

Taking into account the net current assets of HK\$154,881,000 as at 30 September 2016 (31 December 2015: HK\$143,868,000), the Group has sufficient financial resources to satisfy its working capital requirement and to meet its business objectives.

Secured Loan

The secured loan of HK\$15,000,000 drawn from an independent third party bears interest at 1% per annum above the Hong Kong dollars prime lending rate published by The Hong Kong and Shanghai Banking Corporation Limited and is repayable together with interest not later than 12 months from the drawdown date. The loan is fully secured by the share capital of Powerwell Pacific Limited, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands. On 6 February 2016, the Company signed a supplemental loan agreement to extend the repayment date of the secured loan to another 12 months from the original repayment date.

During the Period, the interest expense on secured loan amounted to HK\$674,000 (nine months ended 30 September 2015: HK\$523,000).

Capital Structure

On 8 April 2016, the Company announced its proposal that each of the existing issued and unissued Shares of par value of HK\$0.10 each in the share capital of the Company be subdivided into five Subdivided Shares of par value of HK\$0.02 each. Ordinary resolution to approve the Share Subdivision was duly passed by the Shareholders by way of poll at the SGM held on 3 May 2016. The effective date of the Share Subdivision was 4 May 2016. As the Share Subdivision became effective, the authorised share capital of the Company became HK\$100,000,000 divided into 5,000,000,000 Subdivided Shares of HK\$0.02 each, of which 1,533,500,000 Subdivided Shares were in issue and fully paid or credited as fully paid.

Completed Acquisition of Sale Assets in Huzhou and Issue of Convertible Bonds

On 1 June 2016, the Company issued convertible bonds with principal amount of HK\$110,000,000 as the consideration payable of the sale assets under the sale and purchase agreement dated 5 November 2015 entered into by the 湖州信成電動汽車有限公司 (transliterated into “Huzhou Xincheng Electric Vehicle Co. Ltd.”, an indirect wholly owned subsidiary of the Company and as “Purchaser”) and 湖州百成電池有限公司 (transliterated into “Huzhou Brightsun Battery Co. Ltd”) and 湖州百成客車有限公司 (transliterated into “Huzhou Brightsun Automobile Co. Ltd”) (collectively, “Vendors”) and 黃科竣 (Huang Kejun) and 章根江 (Zhang Genjiang) (collectively, “Guarantors”). The holders of the convertible bonds have the right to convert the outstanding principal amount of the convertible bonds on the expiry of 6 months from the date of issue of the convertible bonds up to the maturity date of 1 June 2018. Pursuant to the Company Information Sheet dated 7 July 2016, the outstanding convertible bonds amounted to HK\$110,000,000 which can be converted into 1,000,000,000 Shares at the conversion price of HK\$0.11. Further details of the Acquisition were set out in the announcements of the Company dated 9 November 2015, 20 November 2015, 18 December 2015 and 13 January 2016, 1 June 2016 and the Circular issued by the Company dated 18 January 2016 respectively and the poll result of the Special General Meeting were set out in the Company’s announcement dated 3 February 2016.

There were no significant investment held as at 30 September 2016. Save as foresaid, there were no other material acquisitions and disposals of subsidiaries during the nine months ended 30 September 2016.

Fund Raising Activities

No fund raising activities was taken place during the period.

Foreign Exchange Exposure

The Group’s transactions and trade balances are mainly denominated in United States dollars (“US\$”), Hong Kong dollars and Renminbi (“RMB”). Therefore, the Group is exposed to foreign currency exchange rate risk. The directors of the Company has a positive attitude to regularly monitor the Group’s exposure to foreign exchange so as to reduce the foreign exchange rate risk to a minimum level.

Contingent Liabilities and Capital Commitment

As at 30 September 2016, the Group did not have any material contingent liabilities or capital commitment.

Employees and Remuneration Policies

The Group had 193 (nine months ended 30 September 2015: 106) employees as at the end of the Period. The Group's remuneration practices are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employees.

The Group recognises the importance of a good relationship with employees by providing competitive remuneration package to the employees including salaries, allowances, insurance, discretionary bonus, and training for human resources upskilling.

Share Option Scheme

Share Option Scheme

On 27 May 2015 (the "Date of Grant"), the Company granted share options (the "Share Options") to the eligible persons within the Group (the "Grantees") pursuant to the Company's share option scheme launched on 22 December 2010, subject to acceptance by the Grantees. The Share Options entitle the Grantees to subscribe for a total of 15,000,000 ordinary shares with nominal value of HK\$0.10 each (the "Shares") in the capital of the Company upon the exercise of the Share Options in full. The exercise price of the Share Options granted of HK\$1.17 per Share represent the highest of (i) the closing price of HK\$1.17 per Share on the Date of Grant; (ii) the average closing price of HK\$1.04 per Share for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of HK\$0.10 per Share. Details of the Grant of Share Options was set out in the announcement of the Company dated 27 May 2015. 7,500,000 options had been exercised and gross proceeds of HK\$8,775,000 was received from exercise of these options. Upon the Share Subdivision became effective on 4 May 2016, the exercise price and the number of outstanding options were adjusted to HK\$0.234 and 37,500,000 shares respectively in accordance with the terms and conditions of the Share Option Scheme. As at 30 September 2016, no option was lapsed and there were 37,500,000 options outstanding under the Share Option Scheme.

Prospects

Sourcing Business

Our business will be remained challenging in the coming years due to the slow economy and change of market especially in watches business. We will continue to maintain tight cost control and tight quality assurance of our product to better our quality and development to provide an edge on our products as to maintain competitive.

PRC Silverware Business

The drivers of the revenue mainly come from the purchasing through the high income earners of Zhejiang, Jiangsu, Guangdong, Shanghai and Beijing, etc. They prefer to utilize silverware to decorate their home and table settings. Further, PRC consumers place their orders through internet and web sales. The directors are optimistic that the growth in the medium and long term to be robust.

Electric Vehicle Business

The PRC Government concerns air pollution caused by automobiles and factories coal consumption. In the last decade, lots of subsidies have been offered to the enterprises manufacturing of electric vehicles. The directors believes that the policies to subsidize the manufacturers of the electric vehicles will be continued. China can provide a great market for the electric buses.

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 2016, 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 (Chapter 571 of the Laws of Hong Kong) (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 shares 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>) | 781,950,000 | 50.99% |

Note: These shares are held by an associated corporation King Full Inc Limited. Director's interests in an associated corporation are disclosed immediately below.

(b) Interest in the shares 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 30 September 2016, 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 2016, 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 and underlying 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 (Note 1) | 781,950,000 | 50.99% |
| Mr. Fei Jie | Corporate interest (Note 2) | 781,950,000 | 50.99% |
| Ms. Wu Wen | Interest in spouse (Note 2) | 781,950,000 | 50.99% |
| Huzhou Brighsun Automobile Co. Ltd | Beneficial owner (Note 3) | 682,290,672 | 44.49% |
| Huzhou Brighsun Battery Co. Ltd | Beneficial owner (Note 4) | 317,709,327 | 20.72% |

Notes:

- 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 781,950,000 shares held by King Full Inc Limited.
- 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 781,950,000 shares by virtue of the SFO.
- 682,290,672 shares represent the number of shares that could be converted after full exercise of the convertible rights on the convertible bonds issued by the Company to Huzhou Brighsun Automobile Co. Ltd pursuant to the Sales and Purchase Agreement dated 5 November 2015, which was ultimately owned 60% by Mr. Huang Kejun and 40% by Mr. Zhang Genjiang.
- 317,709,327 shares represent the number of shares that could be converted after full exercise of the convertible rights on the convertible bonds issued by the Company to Huzhou Brighsun Battery Co. Ltd pursuant to the Sales and Purchase Agreement dated 5 November 2015, which was ultimately owned 62% by Mr. Huang Kejun and 38% by Mr. Zhang Genjiang.

Save as disclosed above, as at 30 September 2016, 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.

SHARE OPTION SCHEME

The Company operates a share option scheme which has become effective on 22 December 2010 (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The movements in share options granted under the Scheme during the Period are shown below:

| Name or category of participant | Number of share options | | | | | At 30 September 2016 | Date of grant of share options | Validity period of share options | Exercise price of share options |
|---------------------------------|-------------------------|---------------------------|-----------------------------|---------------------------|--------------------------|------------------------|--------------------------------|----------------------------------|---------------------------------|
| | At 1 January 2016 | Granted during the period | Exercised during the period | Expired during the period | Lapsed during the period | | | | |
| Eligible persons | | | | | | | | | |
| In aggregate | 7,500,000 (Note i) | – | – | – | – | 37,500,000 (Note i) | 27-05-2015 to 26-05-2018 | 0.234 (i) | HK\$ per share |
| | 7,500,000 (Note i) | – | – | – | – | 37,500,000 (Note i) | | | |

The closing price of the Company’s share immediately before the date on which the options were granted was HK\$1.20 per share.

Note:

- (i) During the Period, the Company has a total of 7,500,000 outstanding options granted under the share option scheme launched by the Company on 22 December 2010 to subscribe for 7,500,000 shares. Upon the share subdivision which became effective on 4 May 2016, the exercise price and the number of outstanding options were adjusted in accordance with the terms and conditions of the Share Option Scheme to HK\$0.234 and 37,500,000 respectively.

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.

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.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules throughout the Period, save as disclosed below:

Code provision A.2.1 of the CG Code requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company does not officially have a position of chief executive, but Mr. Fei Jie, the Chairman of the Board, has been assuming the roles of chief executive of the Company during the Period. The Board believes that the roles of chairman and chief executive performed by Mr. Fei Jie can provide the Group with strong and consistent leadership and allow for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Code provision A.6.7 of the CG Code requires all independent non-executive directors and non-executive directors should attend general meetings of listed issuers, Mr. Jim Yiu Ming, an independent non-executive director, was unable to attend the annual general meeting and special general meeting held on 3 May 2016 due to his personal commitment. Mr. Cheung Siu Wah, an independent non-executive director, was unable to attend the annual general meeting held on 3 May 2016 due to his personal commitment.

DIRECTORS SECURITIES TRANSACTIONS

The Company adopted the model code for securities transactions by the Directors (the "Model Code") on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. On specific enquiry made, all the Directors have confirmed compliance with the Model Code throughout the Period.

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 Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 8 November 2016

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