

PPacific Powerwell

宏峰太平洋集團有限公司
Powerwell Pacific Holdings Limited

(a company incorporated in Bermuda with limited liability)

Stock code : 8265

Interim Report **2012**

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

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This report 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 report 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 report 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 and six months ended 30 June 2012 together with the comparative unaudited figures for the corresponding periods in 2011 as follows:

FINANCIAL HIGHLIGHTS

- The Group’s revenue amounted to HK\$111,431,000 (2011: HK\$111,994,000) for the six months ended 30 June 2012 (the “Period”) which represented a decrease of 0.5% as compared with the corresponding period in 2011 (the “Previous Period”).
- The profit attributable to owners of the Company was HK\$3,507,000 (2011: HK\$5,011,000) for the Period which represented a decrease of 30.0% as compared with the Previous Period.
- 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 June		Six months ended 30 June	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Revenue	3	64,033	67,138	111,431	111,994
Cost of sales		(49,551)	(51,085)	(85,909)	(85,762)
Gross profit		14,482	16,053	25,522	26,232
Other income		113	58	162	162
Selling and distribution costs		(1,995)	(2,181)	(4,358)	(4,339)
Administrative expenses		(8,289)	(7,937)	(16,278)	(15,467)
Finance costs	5	(85)	(6)	(170)	(6)
Profit before income tax	6	4,226	5,987	4,878	6,582
Income tax expense	7	(1,187)	(1,339)	(1,371)	(1,566)
Profit for the period		3,039	4,648	3,507	5,016
Other comprehensive income for the period					
– Exchange differences arising on translation of foreign operations		16	113	26	181
Total comprehensive income for the period		3,055	4,761	3,533	5,197
Profit for the period attributable to:					
Owners of the Company		3,039	4,643	3,507	5,011
Non-controlling interests		–	5	–	5
		3,039	4,648	3,507	5,016
Total comprehensive income for the period attributable to:					
Owners of the Company		3,055	4,756	3,533	5,192
Non-controlling interests		–	5	–	5
		3,055	4,761	3,533	5,197
Earnings per share for profit attributable to owners of the Company					
– Basic and diluted	9	HK2.0 cents	HK3.2 cents	HK2.3 cents	HK3.5 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		9,104	9,034
Goodwill		230	230
Other intangible assets		5,869	5,861
		15,203	15,125
Current assets			
Inventories		29,269	20,051
Trade receivables	10	21,897	32,169
Prepayments and deposits		13,387	7,647
Cash and cash equivalents		51,592	41,180
		116,145	101,047
Current liabilities			
Trade and other payables	11	57,361	46,859
Provision for income tax		2,138	1,685
Short-term bank borrowings		12,880	9,192
		72,379	57,736
Net current assets		43,766	43,311
Net assets		58,969	58,436
EQUITY			
Share capital		15,000	15,000
Proposed final dividend		—	3,000
Other reserves		43,969	40,436
Total equity/Equity attributable to owners of the Company		58,969	58,436

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2012 (Unaudited) <i>HK\$'000</i>	2011 (Unaudited) <i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	10,333	(18,340)
Net cash outflow from investing activities	(636)	(2,565)
Net cash inflow from financing activities	689	25,504
Net increase in cash and cash equivalents	10,386	4,599
Cash and cash equivalents at beginning of period	41,180	28,262
Effect of foreign exchange rate changes	26	(74)
Cash and cash equivalents at end of period	51,592	32,787

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company									
	Share capital	Share premium*	Capital reserve*	Merger reserve*	Translation reserve*	Proposed		Total	Non-controlling interests	Total equity
						final dividend	Retained profits*			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012 (audited)	15,000	6,937	155	1,033	429	3,000	31,882	58,436	—	58,436
Transactions with owner:										
Dividend paid (note 8)	—	—	—	—	—	(3,000)	—	(3,000)	—	(3,000)
	15,000	6,937	155	1,033	429	—	31,882	55,436	—	55,436
Total comprehensive income for the period	—	—	—	—	26	—	3,507	3,533	—	3,533
At 30 June 2012 (unaudited)	15,000	6,937	155	1,033	455	—	35,389	58,969	—	58,969
At 1 January 2011 (audited)	10	—	155	1,033	170	3,000	25,989	30,357	20	30,377
Transactions with owners:										
Dividend paid (note 8)	—	—	—	—	—	(3,000)	—	(3,000)	—	(3,000)
Capitalisation issue	10,790	(10,790)	—	—	—	—	—	—	—	—
Placing of Shares	4,200	29,400	—	—	—	—	—	33,600	—	33,600
Share placement expenses	—	(11,673)	—	—	—	—	—	(11,673)	—	(11,673)
	15,000	6,937	155	1,033	170	—	25,989	49,284	20	49,304
Total comprehensive income for the period	—	—	—	—	181	—	5,011	5,192	5	5,197
At 30 June 2011 (unaudited)	15,000	6,937	155	1,033	351	—	31,000	54,476	25	54,501

* The total of these balances represented "Other reserves" in the condensed consolidated statement of financial position.

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 25 July 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 six months ended 30 June 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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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 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 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 30 June		Six months ended 30 June	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Revenue				
Sales of goods	63,533	66,666	110,608	111,250
Freight income	500	472	823	744
	64,033	67,138	111,431	111,994

4. SEGMENT INFORMATION

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

	Sourcing Business <i>HK\$'000</i>	PRC Watch Business <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended				
30 June 2012 (unaudited)				
Reportable segment revenue	99,638	11,793	—	111,431
Reportable segment profit/(loss)	10,531	(1,526)	—	9,005
Interest income				104
Corporate income and expenses				(4,231)
Profit before income tax				4,878
Adjusted EBITDA (note (b))	10,950	(1,301)	—	9,649
Six months ended				
30 June 2011 (unaudited)				
Total segment revenue	103,567	8,580	(153)	111,994
Inter-segment revenue	—	(153)	153	—
Reportable segment revenue	103,567	8,427	—	111,994
Reportable segment profit/(loss)	11,720	(1,876)	—	9,844
Interest income				14
Corporate income and expenses				(3,276)
Profit before income tax				6,582
Adjusted EBITDA (note (b))	12,148	(1,760)	—	10,388

4. SEGMENT INFORMATION (CONTINUED)

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. FINANCE COSTS

	Six months ended 30 June	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Interest on bank borrowings and overdrafts wholly repayable within five year	170	6

6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	573	609
Net exchange loss/(gain)	495	(19)
Operating lease charges in respective of land and building	540	466

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Current income tax:		
Hong Kong Profits Tax		
– charge for the period	1,371	1,755
– over-provision in prior year	–	(192)
	1,371	1,563
PRC Enterprise Income Tax		
– under-provision in prior year	–	3
Total income tax expense	1,371	1,566

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.

8. DIVIDENDS

Final dividend that relates to the year ended 31 December 2011 and that amounts to HK\$3,000,000 was paid in May 2012 (2011: HK\$3,000,000).

The Board does not recommend the payment of an interim dividend for the Period (2011: HK\$1,500,000).

9. 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\$3,507,000 (2011: HK\$5,011,000) and the weighted average number of shares of 150,000,000 (2011: 144,262,000) in issue throughout the Period.

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

10. TRADE RECEIVABLES

The Group normally allows credit period of 30 to 60 days to its major customers. Credit period is normally not granted to other customers.

Trade receivables of the Group with an aged analysis (based on due date) at the reporting date is as follows:

	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
Not past due	19,992	26,951
1–30 days past due	1,398	4,543
31–60 days past due	81	568
61–90 days past due	302	54
Over 90 days past due	124	53
	21,897	32,169

11. TRADE PAYABLES

Trade payables (included in trade and other payables) of the Group with an aged analysis (based on due date) at the reporting date is as follows:

	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
Not past due	15,852	10,421
1–30 days past due	14,025	11,110
31–60 days past due	7,023	4,982
61–90 days past due	974	412
Over 90 days past due	3,032	86
	40,906	27,011

12. 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\$12,880,000 (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).

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Sourcing Business

The results of the first six months of 2012 are mixed. In the context of a troubled European economy and slow recovery in the US market, we strove hard to maintain our share of the market from brand owners and their agents without sacrificing our cash flow and margin.

For the period ended 30 June 2012, our watch business recorded an increase in revenue and margin as compared to same period last year, which was attributable to the expansion of retail network of a major watch customer. The order books for display and packaging products remained steady, but due to delay in shipment to match with customer's revised roll out schedule, turnover was slightly lowered as compared with same period last year. Our jewelries business's revenue decreased as a result of the general economic environment and a reduction in consumer demand in the area where our brand owner customer domiciles.

PRC Watch business

With the fine-tuning of marketing strategy and the repositioning of watch products, our devoted team has launched a product line of better perceived value to enhance our sales in the target sector. We have since achieved an increase in revenue in second quarter of the year compared to the first quarter of the year and will continuous to push for further growth.

Financial Review

The Group's profit attributable to owners of the Company of HK\$3,507,000 for the Period, representing a period-on-period decrease of HK\$1,504,000 or 30.0% compared to HK\$5,011,000 for Previous Period largely due to the weak global economy and decrease in our jewelries business.

The Group sustained revenue level for the Period compared to the Previous Period. For the Period, the Group reported a total revenue of HK\$111,431,000 (2011: HK\$111,994,000) representing a slight decrease of HK\$563,000 or 0.5% from the Previous Period, due to the decrease in the Sourcing Business by HK\$3,929,000 or 3.8%, to HK\$99,638,000 (2011: HK\$103,567,000) for the Period.

For the Period, the Group's gross profit decreased by 2.7% or HK\$710,000 to HK\$25,522,000 (2011: HK\$26,232,000), of which HK\$20,852,000 (2011: HK\$22,187,000) was contributed by Sourcing Business.

The Group recorded a decline in adjusted EBITDA by approximately 7.1% or HK\$739,000 to HK\$9,649,000 (2011: HK\$10,388,000), largely attributed by the Sourcing Business amounted to HK\$10,950,000 (2011: HK\$12,148,000).

Liquidity, Financial Resources and Capital Structure

The Group generally finances its daily operations from internally generated cash flows and banking facilities. As at 30 June 2012, the Group had cash and cash equivalents of HK\$51,592,000 (31 December 2011: HK\$41,180,000) and short-term bank borrowings of HK\$12,880,000 (31 December 2011: HK\$9,192,000).

The gearing ratio representing the ratio of total borrowings to the total equity of the Group was 22% as at 30 June 2012 (31 December 2011: 16%). Taking into account the current assets of HK\$116,145,000 as at 30 June 2012 (31 December 2011: 101,047,000), and the unused facilities, the Group has sufficient financial resources to satisfy its working capital requirement and to achieve its business objectives.

Charges on Assets

As at 30 June 2012, the Group did not have any charges on its assets.

Foreign Exchange Exposure

The Group's transactions are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign currency exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it is significant to the Group.

Contingent liabilities and Capital Commitment

As at 30 June 2012, the Group did not have any material contingent liabilities or capital commitment.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

Save for those disclosed in this report, there were no significant investments held as at 30 June 2012, nor were there material acquisitions and disposals of subsidiaries during the Period. There is no plan for material investments or capital assets as at the date of this report.

Employees and Remuneration Policies

The Group had 239 (2011: 233) 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 employee.

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

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus of the Company dated 29 December 2010 (the "Prospectus") for the six months ended 30 June 2012 (the "Review Period") with the Group's actual business progress for the Period is set out below:

Business objectives for the Review Period Actual business progress for the Review Period

Sourcing Business

Strengthen our current Sourcing Business capabilities	<p>Regular email contacts and visits have been arranged in due course by the sales team to strengthen the networking with existing customers.</p> <p>Continue to develop design on new product series.</p> <p>The Group's websites were updated regularly with the latest information.</p>
Cross-selling of our products and broadening our client bases	<p>We have attended Hong Kong International Jewellery Show 2012, Hong Kong Gifts & Premium Fair, and Basel World 2012, and registered to attend Hong Kong Watch & Clock 2012 in September 2012.</p> <p>Evaluation on current product range and mix is carrying out.</p>
Enhancing our level of inventory	<p>Evaluated the level of plastic raw materials.</p>

PRC Watch Business

Expanding our PRC Watch Business	<p>We have launched new models to enrich product range and drive sales performance.</p> <p>We have participated in 23rd China Watch Clock Fair held in Shenzhen to expand further our sales network.</p> <p>We continuous to review the sales performance of all sales points in order to enhance the profitability of the sales points.</p> <p>We have developed a new series of watch with built-in multi-media player to target young consumer market.</p>
Enhancing brand equity of Tianba in the PRC	<p>We have entered into strategic alliance agreement with Hong Kong TV International Media Group Ltd to launch TV commercials on Hong Kong Satellite (香港衛視綜合台).</p> <p>We have launched national promotional campaigns for the 30th anniversary of the brand of Tianba. Notably, we jointly organized the 30th anniversary ceremony with Shenzhen Watch & Clock Association (深圳市鐘錶行業協會).</p> <p>We have placed advertisements on the billboards outside target shopping malls, watches magazines and ChinaWatchNet.com and our official website.</p>

Use of Proceeds

The net proceeds from the issue of new shares of the Company under the placing as set out in the Prospectus were approximately HK\$17.5 million, which was different from the estimated net proceeds of approximately HK\$24.1 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). We intend to adjust the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, and approximately HK\$10.2 million, HK\$5.8 million and HK\$1.5 million were adjusted for the corporate expansion of the Group, the expansion of the PRC Watch Business and general working capital respectively for the Review Period. As at the date of this report, we do not anticipate any change to the plan. During the Review Period, the Group has applied the net proceeds as follows:

	Adjusted use of proceeds in the same manner and proportion as stated in the Prospectus	Actual usage
	<i>HK\$'million</i>	<i>HK\$'million</i>
Sourcing Business	2.2	2.2
PRC Watch Business	1.3	1.3
General working capital	0.4	0.4
	3.9	3.9

The remaining unused net proceeds as at 30 June 2012 have been placed as interest bearing deposits with licensed bank in Hong Kong and will be used as intended and as stated in the Prospectus.

Prospect

In view of difficult economic outlook, we commit ourselves to sustain Revenue level for Sourcing Business for the second half of the financial year. We shall remain cautious of cost control in order to protect revenue margin.

The month of June marked the 30th year anniversary of Tianhaiba. To celebrate the occasion, a ceremony was jointly organized with the Shenzhen Watch & Clock Association (深圳市鐘表行業協會) during which a signature model Tianba watch first distributed in the PRC back in 1982 was presented to the Shenzhen Museum (深圳博物館) under the witness of over a hundred distinguished representatives from the watch industry and government official and to be retained by the museum as testament to the history and development of Shenzhen. This watch on display in the museum, along with our reliable quality proven with time, serve to further solidify the brand identity of Tianba watches in the mind of the consumers.

We have confidence in producing Tianba watches of value and style which suits the demand of the consumers in our target market regions. We have approximately 100 self managed retail outlets and more than 40 outlets operated by approximately 30 wholesalers by the end of the Period.

During the national trade show organized by the Shenzhen Watch & Clock Association starting the end of June, we grasped the opportunity to promote our Tianba products to new and existing customers and distributors and have successfully contracted with additional wholesalers with over 30 outlets to distribute Tianba watches up to mid-July.

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

As at the date of this report, 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 (Note)	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 date of this report, 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 30 June 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 report, 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 Corporate Governance Code issued by the Stock Exchange in October 2011 is the new edition of the code provisions of the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules to replace the old Corporate Governance Code, and has been applicable to financial reports covering a period after 1 January 2012. The Company had complied with the Corporate Governance Code during 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 5.48 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 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, 25 July 2012