



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

First Quarterly Report **2015**

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

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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 of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, 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 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.

This report will remain on the “Latest Company Announcements” page of 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 is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to the “Group”) for the three months ended 31 March 2015 (the “Period”) together with the comparative unaudited figures for the corresponding period in 2014 (the “Previous Period”) as follows:

FINANCIAL HIGHLIGHTS

- The Group’s revenue amounted to HK\$41,507,000 (three months ended 31 March 2014: HK\$48,557,000) for the Period, which represented a decrease of HK\$7,050,000 or 14.5% as compared with the Previous Period.
- The profit attributable to owners of the Company was HK\$5,408,000 (three months ended 31 March 2014: HK\$581,000), which included a non-recurring gain on bargain purchase of HK\$4,084,000 for the Period. Without this, the profit attributable to owners of the Company was HK\$1,324,000, representing an increase of HK\$743,000 or 127.88% 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

For the three months ended 31 March 2015

	Notes	Three months ended	
		31 March	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	3	41,507	48,557
Cost of sales		(29,135)	(34,964)
Gross profit		12,372	13,593
Other income		148	113
Selling and distribution costs		(836)	(3,575)
Administrative expenses		(8,420)	(9,022)
Finance costs	5	(69)	—
Gain on bargain purchase	11	4,084	—
Profit before income tax	6	7,279	1,109
Income tax expense	7	(2,024)	(528)
Profit for the period		5,255	581
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising on translation of foreign operations		105	—
Total comprehensive income for the period		5,360	581
Profit (Loss) for the period attributable to:			
Owners of the Company		5,408	581
Non-controlling interests		(153)	—
		5,255	581
Total comprehensive income for the period attributable to:			
Owners of the Company		5,513	581
Non-controlling interests		(153)	—
		5,360	581
		HK cents	HK cents
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted	9	3.4	0.4

CONDENSED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2015

	Equity attributable to owners of the Company							Total
	Share capital	Share premium	Capital reserve	Merger reserve	Translation reserve	Retained profits	Non-controlling interest	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2015 (audited)	15,000	6,937	155	1,033	–	1,052	–	24,177
Profit for the period	–	–	–	–	–	5,408	(153)	5,255
Issue and allotment of consideration shares on 27 February 2015 for acquisition of Core Kingdom Limited	2,600	28,600	–	–	–	–	–	31,200
Fair value adjustment on consideration shares	–	(8,060)	–	–	–	–	–	(8,060)
Acquisition of non-controlling interests	–	–	–	–	–	–	9,838	9,838
Other comprehensive income:								
Exchange difference arising on translation of foreign operation	–	–	–	–	105	–	–	105
At 31 March 2015 (unaudited)	17,600	27,477	155	1,033	105	6,460	9,685	62,515
At 1 January 2014 (audited)	15,000	6,937	155	1,033	577	30,253	–	53,955
Profit for the period/Total comprehensive income for the period	–	–	–	–	–	581	–	581
At 31 March 2014 (unaudited)	15,000	6,937	155	1,033	577	30,834	–	54,536

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2015

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 Units 610–611, Tower Two, Lippo Centre, 89 Queensway, Hong Kong. The Company's shares were listed on the GEM of the Exchange on 26 January 2011.

The principal activity of the Company is investment holding. The principal activities of the Group is 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 retail of luxury brand silverware and silver utensils in the People's Republic of China ("PRC") (the "PRC Silverware 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 on 8 May 2015.

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 2015, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the three months ended 31 March 2015 are consistent with those of the annual financial statements for the year ended 31 December 2014, 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 2014.

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 is not expected to have material impact on the condensed consolidated financial information of the Group.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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 2014.

3. REVENUE

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

	Three months ended	
	31 March	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Sales of goods	37,592	48,397
Freight income	92	160
Silverware	3,823	—
	41,507	48,557

4. SEGMENT INFORMATION

The Group has three reportable segments:

1. Sourcing Business
2. PRC Silverware Business
3. PRC Watch Business

4. SEGMENT INFORMATION (CONTINUED)

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

	Continuing operations		Discontinued operations	Total HK\$'000
	PRC		PRC Watch Business	
	Sourcing Business HK\$'000	Silverware Business HK\$'000		
Three months ended				
31 March 2015 (unaudited)				
Reportable segment revenue	37,684	3,823	—	41,507
Reportable segment profit	5,152	839	—	5,991
Interest income				72
Corporate income and expenses				
Gain on bargain purchase				4,084
Depreciation				(86)
Directors' remuneration				(937)
Interest on secured loan				(69)
Legal and professional fee				(956)
Operating lease charges in respective of land and building				(319)
Others				(501)
Profit before income tax				7,279
Adjusted EBITDA (note)	5,312	847	—	6,159
Three months ended				
31 March 2014 (unaudited)				
Reportable segment revenue	34,737	—	13,820	48,557
Reportable segment profit/(loss)	4,497	—	(1,177)	3,320
Interest income				110
Corporate income and expenses				(2,321)
Profit before income tax				1,109
Adjusted EBITDA (note)	4,591	—	(876)	3,715

Note: 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 the resources allocation. This measurement basis is consistent with that of the segment results except that interest expenses, depreciation and amortisation charges are not included in the Adjusted EBITDA.

5. FINANCE COSTS

	Three months ended 31 March	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on secured loan wholly repayable within five year	69	—

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended 31 March	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	255	395
Net exchange loss	54	381
Operating lease charges in respect of land and building	905	728

7. INCOME TAX EXPENSE

	Three months ended 31 March	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current income tax:		
Hong Kong Profits Tax		
— charge for the period	859	528
PRC Enterprise Income Tax ("PRC EIT") — charge for the period	1,165	—
Total income tax expense	2,024	528

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the respective periods.

7. INCOME TAX EXPENSE (CONTINUED)

The Group's subsidiaries in other region of the PRC is subject to PRC EIT at the tax rate of 25%.

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.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (three months ended 31 March 2014: Nil).

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\$5,408,000 (three months ended 31 March 2014: HK\$581,000), and the weighted average number of shares of 159,533,333 (three months ended 31 March 2014: 150,000,000) in issue throughout the Period.

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

10. CONTINGENT LIABILITIES

At the end of the Period, the Group did not have any guarantees and material contingent liabilities (31 December 2014: Nil).

11. ACQUISITION OF A SUBSIDIARY

On 27 February 2015 (the "Acquisition Date"), the Company had completed the acquisition of the entire issued share capital in and shareholder's loan due by Core Kingdom Limited, which indirectly owns 51% equity interest in 浙江通銀貴金屬經營有限公司 (for identification purpose, Zhejiang Tong Yin Precious Metal Operation Company Limited) ("Tong Yin"), a company engages in retail of luxury brand silverware and silver utensils in the PRC (collectively, "Core Kingdom Group"). The consideration in the amount of HK\$36,000,000 was satisfied as to HK\$31,200,000 by the allotment and issuance, credited as fully paid, of 26,000,000 new shares of the Company and as to HK\$4,800,000 in cash to the vendor.

11. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The provisional fair value of identifiable assets and liabilities of Core Kingdom Group as at the date of acquisition were:

	<i>HK\$'000</i>
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Net assets acquired:	
Property, plant and equipment	3,150
Inventories	3,013
Other receivables, prepayments and deposits (<i>Note (iv)</i>)	1,002
Cash at banks and in hand	16,627
Trade and other payables	(2,466)
Amount due to the shareholder	(7,293)
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The provisional fair value of net assets acquired	14,033
Less: Non-controlling interests (<i>Note (iii)</i>)	(9,838)
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Share of net assets acquired	4,195
The provisional fair value of consideration transfer	(111)
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Gain on bargain purchase	(4,084)
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Consideration satisfied by:	
Cash	4,800
26,000,000 ordinary shares of the Company, at fair value (<i>Note (i)</i>)	23,140
Profit Guarantee, at fair value (<i>Note (ii)</i>)	(20,536)
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Aggregate	7,404
Fair value of shareholder's loan	(7,293)
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The provisional fair value of consideration transfer	111
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Gain on bargain purchase of HK\$4,084,000 was recognized upon completion of the acquisition of the Core Kingdom Group. The gain on bargain purchase on acquisition was mainly attributable to the fair value of shortfall payment of profit guarantee provided by the vendor.

As at the date of this report, the Group not yet finalized the fair value assessments for the identifiable net assets acquired and the Profit Guarantee. The relevant fair value of net assets acquired and the Profit Guarantee stated above are on provisional basis.

11. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Notes:

- (i) The fair value of 26,000,000 ordinary shares of the Company issued as part of the consideration was determined with reference to the market price of HK\$0.89 of the Company's share on the Acquisition Date. Out of the total fair value of HK\$23,140,000, HK\$2,600,000 was credited to share capital of the Company and the remaining balance of HK\$20,540,000 was credited to the share premium account.
- (ii) The consideration transferred includes a performance-based contingent consideration adjustment. The vendor has provided an irrevocable and unconditional guarantee (the "Profit Guarantee") in favor of the Company that the audited net profits of Tong Yin (the "Audited Net Profit(s)") for the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall be no less than RMB20 million, RMB24 million and RMB30 million respectively (each a "Guaranteed Net Profit"). In the event that the actual Audited Net Profits for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 is less than the respective Guaranteed Net Profit, the shortfall shall be settled by the vendor to the Company (the "Shortfall Payment") as follows:
- $$\text{Shortfall Payment} = (\text{Guaranteed Net Profit} - \text{Audited Net Profit}) \times 51\%$$
- (iii) The Group has elected to measure the non-controlling interest in Tong Yin at the non-controlling interest's proportional share of Tong Yin's identifiable net assets.
- (iv) The fair values of other receivables at the Acquisition Date approximate their gross amounts which amounted to HK\$1,002,000. None of these receivables are impaired and it is expected that the full contractual amounts could be collected.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Sourcing Business

Revenue of the Sourcing Business for the Period recorded an increase as compared to same period last year. Growth was mainly due to increase in our watch business as orders from our major customer increased, saving of expenditures after the disposal of the PRC Watch Business and the curtailing of corporate expenses during the Period, the Sourcing Business reported better results for the Period compared to the Previous Period.

PRC Silverware Business

For the period under review, this segment is the first-time contributed to the Group's revenue, representing 9% or HK\$3,823,000 of the revenue and operating profit was HK\$839,000 as forecasted.

Financial Review

Revenue

For the Period, the Group reported a total revenue of HK\$41,507,000 (three months ended 31 March 2014: HK\$48,557,000) representing a decrease of HK\$7,050,000 or 14.5% from the Previous Period, mainly due to the disposal of the PRC Watch Business in the last year. The increase in the revenue of the Sourcing Business by HK\$2,947,000 or 8.5%, to HK\$37,684,000 (three months ended 31 March 2014: HK\$34,737,000) was due to increase in the orders of watch business from our major customer and, the revenue from the PRC Silverware Business is HK\$3,823,000 for the Period (three months ended 31 March 2014: Nil).

Gross Profit

For the Period, the Group's gross profit decreased by HK\$1,221,000 or 9.0% to HK\$12,372,000 (three months ended 31 March 2014: HK\$13,593,000), of which HK\$10,135,000 (three months ended 31 March 2014: HK\$8,510,000) was contributed by the Sourcing Business and HK\$2,237,000 was contributed by the PRC Silverware Business.

Net Profit

The profit attributable to owners of the Company was HK\$5,408,000 (three months ended 31 March 2014: HK\$581,000), which included a non-recurring gain on bargain purchase of HK\$4,084,000 for the Period. Without this, the profit attributable to owners of the Company was HK\$1,324,000, representing an increase of HK\$743,000 or 127.88% as compared with the Previous Period.

The Group's profit attributable to owners of the Company comprised of the segment profit on the Sourcing Business of approximately HK\$5,152,000 (three months ended 31 March 2014: HK\$4,497,000) and the segment profit on the PRC Silverware Business of approximately HK\$839,000 (three months ended 31 March 2014: Nil) and the total of interest income, net corporate expenses and income tax expense of approximately HK\$3,312,000 (three months ended 31 March 2014: HK\$2,739,000) for the Period which comprised a non-recurring gain on bargain purchase of HK\$4,084,000 from the acquisition of a subsidiary.

As at 31 March 2015, the Group had bank balances and cash of approximately HK\$58,068,000 (31 December 2014: HK\$32,340,000) and the net assets value of HK\$62,516,000 (31 December 2014: HK\$24,177,000). The increase was mainly attributable to the completion of the Acquisition (as defined in below) during the Period. The amounts of bank balances and cash and the net assets value were included the PRC Silverware Business.

Secured Loan

On 6 February 2015, the Company entered into a loan agreement with a third party in relation to a loan of HK\$15,000,000 obtained exclusively for the purpose of providing working capital and general funding to the Company and/or its subsidiaries. The loan is fully secured by the shares charge in respect of the entire issued share capital of Powerwell Pacific Limited, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands. The loan bears interest at 1% per annum above the HKD prime lending rate published by The Hongkong and Shanghai Banking Corporation Limited and is repayable together with interest not later than 12 months from the drawdown date. Subject to the fulfillment of certain conditions, the Company shall have the right to extend the repayment date to another 12 months from the original repayment date.

During the Period, the interest expense on secured loan amounted to HK\$69,000 (three months ended 31 March 2014: Nil).

Capital Structure

During the Period, the issued share capital of the Company was increased from 150,000,000 ordinary shares of HK\$0.10 each (the "Shares") to 176,000,000 Shares as a result of the issuance of 26,000,000 new Shares on 27 February 2015 pursuant to the completion of the Acquisition (as defined in below), the details of which are set out in the section headed "Significant Investments held Material Acquisitions" below.

Significant Investments held Material Acquisitions

On 8 December 2014, the Company entered into a sale and purchase agreement ("Sale and Purchase Agreement") with a third party in relation to the acquisition of the entire issued share capital in and shareholder's loan due by Core Kingdom Limited, which indirectly owns 51% equity interest in 浙江通銀貴金屬經營有限公司, a company engages in retail of luxury brand silverware and silver utensils in the PRC (the "Acquisition"). The consideration in the amount of HK\$36,000,000 was satisfied as to HK\$31,200,000 by the allotment and issue, credited as fully paid, of 26,000,000 new Shares and as to HK\$4,800,000 in cash to the vendor. All conditions to the Sale and Purchase Agreement had been fulfilled and completion took place on 27 February 2015. Further details of the Acquisition were set out in the announcements of the Company dated 9 December 2014 and 27 February 2015 respectively.

There were no significant investments held as at 31 March 2015. Save as aforesaid, there were no other material acquisitions during the Period.

Fund Raising Activities

Placing of Bonds

On 13 March 2015, the Company entered into a placing agreement with a placing agent in relation to the placement of bonds (the "Bonds") to be issued by the Company up to the maximum principal amount of HK\$50,000,000 within seven business days after entering

into the placing agreement. The Bonds will be bearing interest of 6% per annum payable annually in arrears, and will have maturity date falling on the day being the third anniversary of the issue date, or if that is not a business day, the first business day thereafter. The issue price will be 100% of the principal amount of the Bonds. The placing agreement lapsed on 24 March 2015 and the placing did not proceed. Details of the placing arrangement were set out in the announcements of the Company dated 13 March 2015 and 24 March 2015, respectively.

Open Offer

On 30 March 2015, the Company announced its proposal to raise funds by way of an open offer of one offer share for every two Shares held by the qualifying shareholders at a subscription price of HK\$0.70 per offer share (the "Open Offer"). The Open Offer is fully underwritten by Emperor Securities Limited (the "Underwriter") pursuant to the underwriting agreement dated 30 March 2015 entered into by and between the Company and the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite all the 88,000,000 offer shares subject to the terms and conditions set out in the Underwriting Agreement. The aggregate nominal value of the offer shares will be HK\$8,800,000.

The estimated net proceeds of the Open Offer will be approximately HK\$59.3 million. The Company intends to apply such net proceeds from the Open Offer for financing future investment activities if and when suitable opportunities arise and business development and working capital requirement of the Group. The net price per offer share after deducting the related expenses of the Open Offer will be approximately HK\$0.67. Details of the Open Offer were set out in the prospectus of the Company dated 28 April 2015.

Prospects

Sourcing Business

While the watch sourcing business demonstrated improvement for the Period, the market condition of our sourcing business remained mixed and uncertain as there is indication of slowing down of the retail distribution markets in Europe and US. We shall remain cautious on cost control and to uphold quality assurance of products in order to remain competitive for our 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.

PRC Silverware Business

The acquisition of Tong Yin earmarks an important strategic step of the Group to successfully expand its business. The Group will step up expansion activities to increase the number of retail shops of Tong Yin at selected prime shopping and tourist locations in Zhejiang Province, the PRC aiming to strengthen the performance of this new business and contributions to the Group steadily. Looking ahead, the PRC's economy is expected to maintain a relatively stable growth only while change of consumer sentiment from time to time with the ups and downs of the economy will pose challenges to the PRC retailers. However, with continual rising of the living standard of the middle class in the PRC and the quality and competing edge of the unique products provided by Tong Yin in the market, the Directors are optimistic about the long term prospects of Tong Yin's business.

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

As at 31 March 2015, 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 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 (Note)	105,980,000	60.22%

Note: These shares are held by an associated corporation King Full Inc Limited. Director's interests in an associated corporation are as 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 31 March 2015, 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 31 March 2015, 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 Shareholder	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
King Full Inc Limited (Note 1)	Beneficial owner	105,980,000	60.22%
Ms. Wu Wen (Note 2)	Interest of spouse	105,980,000	60.22%
Emperor Securities Limited (Note 3)	Beneficial owner	88,000,000	33.33% (Note 4)
Emperor Capital Group Limited (Note 3)	Interest in controlled corporation	88,000,000	33.33% (Note 4)
Albert Yeung Holdings Limited (Note 3)	Interest in controlled corporation	88,000,000	33.33% (Note 4)
STC International Limited (Note 3)	Trustee	88,000,000	33.33% (Note 4)
Dr. Yeung Sau Shing, Albert (Note 3)	Founder of discretionary trust	88,000,000	33.33% (Note 4)
Ms. Luk Siu Man, Semon (Note 3)	Interest of spouse	88,000,000	33.33% (Note 4)
Mr. Chow Tsi Tung	Beneficial owner	26,000,000	14.71%

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 these 105,980,000 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 these 105,980,000 Shares by virtue of the SFO.
- Emperor Securities Limited is interested in the 88,000,000 Offer Shares by virtue of the Underwriting Agreement. Emperor Securities Limited is an indirect wholly-owned subsidiary of Emperor Capital Group Limited, the shares of which are listed on the main board of the Exchange. 67.38% of the shares of Emperor Capital Group Limited are held by Emperor Capital Group Holdings Limited. The entire issued share capital of Emperor Capital Group Holdings Limited is held by Albert Yeung Holdings Limited, which in turn is held by STC International Limited in trust for The Albert Yeung Discretionary Trust. Dr. Yeung Sau Shing, Albert, is deemed to be interested in the 88,000,000 Offer Shares for the purpose of the SFO.
- The percentage of shareholding in the Company is calculated with reference to the number of shares (i.e. 264,000,000 shares) to be issued immediately after completion of the Open Offer assuming no issue of new shares or repurchase of issued shares on or before 27 April 2015.

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.

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 and 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.

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

Hong Kong, 8 May 2015

As at the date of this report, the executive Directors are Mr. Fei Jie and 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.