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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The board of directors (the "Board") of the Company is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016 (the "Year") together with the comparative figures for the corresponding year in 2015 (the "Previous Year") as follows:

FINANCIAL HIGHLIGHTS

- Revenue for the Year increased by approximately 36.3% or HK$80.7 million to approximately HK$303.3 million as compared with the Previous Year.
- Gross profit for the Year increased by approximately 15.2% or HK$13.1 million to approximately HK$99.7 million as compared with the Previous Year.
- Gross profit margin for the Year decreased by approximately 6.0% from approximately 38.9% to approximately 32.9% as compared with the Previous Year.
- Profit attributable to owners of the Company for the Year was HK$10.3 million, increased by HK$12.0 million (2015: HK$(1.7) million).
- Basic earnings per share for the Year amounted to HK0.67 cents (2015: HK(0.14) cents). Diluted earnings per share for the Year amounted to HK0.65 cents (2015: HK(0.14) cents).
- The Board does not recommend the payment of a final dividend for the Year (2015: Nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	3	**303,268**	222,647
Cost of sales		**(203,597)**	(136,103)
Gross profit		**99,671**	86,544
Other revenue and other income	4	**2,550**	284
Bargain purchase gain recognised in a business combination		**–**	4,084
Selling and distribution costs		**(3,034)**	(5,008)
Administrative expenses		**(53,867)**	(51,442)
Loss arising in fair value change of contingent consideration receivables		**(1,275)**	(12,154)
Other operating expenses		**(8)**	(633)
Finance costs	6	**(4,957)**	(811)
Profit before income tax	7	**39,080**	20,864
Income tax expense	8	**(14,819)**	(11,798)
Profit for the year		**24,261**	9,066
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations during the year		**(14,533)**	(2,264)
Other comprehensive loss for the year		**(14,533)**	(2,264)
Total comprehensive income for the year		**9,728**	6,802

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Profit/(loss) for the year attributable to:			
Owners of the Company		**10,328**	(1,664)
Non-controlling interests		**13,933**	10,730
		24,261	9,066
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(2,312)**	(3,006)
Non-controlling interests		**12,040**	9,808
		9,728	6,802
Earnings/(loss) per share			
			(restated)
Basic	*10*	**HK0.67 cents**	HK(0.14) cents
Diluted	*10*	**HK0.65 cents**	HK(0.14) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	11	**94,942**	6,351
Interest in leasehold land	12	**19,943**	–
Contingent consideration receivables	13	**–**	2,982
Prepayments for property, plant and equipment		**625**	–
Available-for-sale financial assets		**9,000**	9,000
		124,510	18,333
Current assets			
Inventories		**46,175**	16,480
Contingent consideration receivables	13	**7,107**	5,400
Trade receivables	14	**72,706**	23,719
Deposits, prepayments and other receivables		**24,451**	14,831
Amount due from a related company		**126**	–
Cash and cash equivalents		**127,722**	145,700
		278,287	206,130
Current liabilities			
Trade and other payables	15	**53,992**	32,325
Secured loan		**15,000**	15,000
Amount due to a shareholder		**5,438**	5,438
Amounts due to non-controlling interests		**105**	225
Amounts due to related companies		**9,592**	–
Tax payables		**11,212**	9,274
		95,339	62,262
Net current assets		**182,948**	143,868
Total assets less current liabilities		**307,458**	162,201
Non-current liabilities			
Convertible bonds	16	**47,781**	–
Deferred tax liability		**1,679**	–
		49,460	–
Net assets		**257,998**	162,201
Capital and reserves			
Share capital		**41,024**	30,670
Reserves		**185,288**	111,885
Equity attributable to owners of the Company		**226,312**	142,555
Non-controlling interests		**31,686**	19,646
Total equity		**257,998**	162,201

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Equity attributable to owners of the Company											
	Share capital	Share premium	Capital reserve	Merger reserve	Share-based payment reserve	Translation reserve	Capital contribution reserve	Convertible bond reserve	Retained earnings/ (accumulated losses)	Total	Non-controlling interest	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2015	15,000	6,937	155	1,033	–	–	–	–	1,052	24,177	–	24,177
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(1,664)	(1,664)	10,730	9,066
Other comprehensive income:												
Exchange differences arising on translation of foreign operations during the year	–	–	–	–	–	(1,342)	–	–	–	(1,342)	(922)	(2,264)
Total comprehensive (loss)/income for the year	–	–	–	–	–	(1,342)	–	–	(1,664)	(3,006)	9,808	6,802
Issuance of new shares upon open offer	8,800	52,800	–	–	–	–	–	–	–	61,600	–	61,600
Issuance of consideration shares	2,600	20,540	–	–	–	–	–	–	–	23,140	–	23,140
Placement of new shares	3,520	22,000	–	–	–	–	–	–	–	25,520	–	25,520
Exercise of share options	750	10,590	–	–	(2,565)	–	–	–	–	8,775	–	8,775
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	–	(2,781)	–	–	–	–	–	–	–	(2,781)	–	(2,781)
At 31 December 2015 and at 1 January 2016	30,670	110,086	155	1,033	2,565	(1,342)	–	–	(612)	142,555	19,646	162,201
Profit for the year	–	–	–	–	–	–	–	–	10,328	10,328	13,933	24,261
Other comprehensive income:												
Exchange differences arising on translation of foreign operations during the year	–	–	–	–	–	(12,640)	–	–	–	(12,640)	(1,893)	(14,533)
Total comprehensive (loss)/income for the year	–	–	–	–	–	(12,640)	–	–	10,328	(2,312)	12,040	9,728
Recognition of equity component of convertible bonds	–	–	–	–	–	–	–	25,276	–	25,276	–	25,276
Capital contribution	–	–	–	–	–	–	12,144	–	–	12,144	–	12,144
Deferred tax on convertible bonds	–	–	–	–	–	–	–	(4,170)	–	(4,170)	–	(4,170)
Conversion of convertible bonds	10,354	53,900	–	–	–	–	–	(13,086)	–	51,168	–	51,168
Released of deferred tax upon conversion of convertible bonds	–	–	–	–	–	–	–	1,822	–	1,822	–	1,822
Share issuing expenses	–	(171)	–	–	–	–	–	–	–	(171)	–	(171)
At 31 December 2016	**41,024**	**163,815**	**155**	**1,033**	**2,565**	**(13,982)**	**12,144**	**9,842**	**9,716**	**226,312**	**31,686**	**257,998**

NOTES

1. GENERAL

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. King Full Inc Limited and Top Bliss Holdings Limited are substantial shareholders of the Company. 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 Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 January 2011.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company referred to as the "Group") are the provision of sourcing and procurement solutions to customers for production of watches costume jewelries, 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 (the "PRC") (the "PRC Silverware Business") and manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services (the "Electric Vehicle Business").

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on the GEM of the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as the "new and amendments to HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning from 1 January 2016. A summary of the new and amendments to HKFRSs applied by the Group is set out as follows:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Method of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10 and HKAS 28 (Amendments)	Sale of Contribution of Assets Between and Investor and its Associates or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and financial performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting period. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9 entities may make an irrecoverable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss ("FVTPL"), HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transaction eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies at 31 December 2016. Application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale financial assets, including those currently stated at cost less impairment, will either be measured as FVTPL or be designated as FVTOCI (subject to fulfillment of the designation criteria).

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract(s)

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected/and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group perform a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for remeasurement of lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows respectively.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold land where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 December 2016, the Group has non-cancellable operating lease commitments of HK$4,671,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16 and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Except as disclosed above, the directors of the Company do not anticipated that the application of other new and amendments to HKFRSs will have material impact on the Group's financial positions and financial performance.

3. REVENUE

	2016	2015
	HK$'000	*HK$'000*
Sales of goods:		
– Watches	**70,642**	122,280
– Display & packaging products	**31,659**	26,535
– Jewelries	**7,270**	9,638
– Silverware	**69,135**	52,728
– Electric vehicles and related products	**105,417**	–
Commission and consultancy fee income	**18,480**	11,039
Freight income	**665**	427
	303,268	222,647

4. OTHER REVENUE AND OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**264**	244
Exchange gain	**788**	28
Government grants *(Note)*	**1,437**	–
Sundry income	**61**	12
	2,550	284

Note: Government grants have been received during the year ended 31 December 2016 in relation to a tax benefit regime entitled to a subsidiary of the Group for operating in 上海市金山工業區 (Shanghai Jinshan Industrial Zone*). There were no unfulfilled conditions or contingencies relating to these government grants.

* *for identification purposes only*

5. SEGMENT INFORMATION

The management reviews the Group's internal reporting for performance assessment between segments and resource allocation. The management has determined the operating segments based on business lines (products and services) and geographical locations. The management has determined that the Group is organised into three main operating segments: (i) Sourcing Business; (ii) PRC Silverware Business; and (iii) Electric Vehicle Business. The management measures the performance of the segments based on their respective segment results.

The principal products of each of these operations are as follows:

Sourcing Business	Provision of sourcing (including product design, product development, raw material sourcing and production outsourcing) and procurement (including quality and assurance control, logistics and delivery handling service) solutions to customers for production of watches, costume jewelries, and display and packaging products
PRC Silverware Business	Retail and wholesale of luxury brand silverware and silver utensils in the PRC
Electric Vehicle Business	Manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services

Segment revenue and segment results

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

	Sourcing Business *HK$'000*	**PRC Silverware Business** *HK$'000*	**Electric Vehicle Business** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2016				
Reportable segment revenue *(note (a))*	**110,236**	**75,749**	**117,283**	**303,268**
Reportable segment profit	**6,783**	**38,496**	**12,574**	**57,853**
Bank interest income				**264**
Loss arising in fair value change in contingent consideration receivables				**(1,275)**
Corporate expenses				**(17,762)**
Profit before income tax				**39,080**
Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") *(note (b))*	**7,177**	**40,388**	**19,253**	**66,818**

	Sourcing Business *HK$'000*	PRC Silverware Business *HK$'000*	Electric Vehicle Business *HK$'000*	Total *HK$'000*
Year ended 31 December 2015				
Reportable segment revenue *(note (a))*	158,880	63,767	–	222,647
Reportable segment profit	16,320	29,699	–	46,019
Bank interest income				244
Loss arising in fair value change in contingent consideration receivables				(12,154)
Corporate expenses				(13,245)
Profit before income tax				20,864
Adjusted EBITDA *(note (b))*	16,811	30,995	–	47,806

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned by each segment without allocation of bank interest income, loss arising in fair value change in contingent consideration receivables, and central administrative expenses including directors' remuneration and partial finance costs under the heading of "corporate expenses". This is the measure reported to management for the purpose of performance assessment between segments and resources allocation.

Segment assets and liabilities

Information regarding the Group's reportable segments assets and liabilities are as follows:

	Sourcing Business	PRC Silverware Business	Electric Vehicle Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2016				
Reportable segment assets	**64,400**	**84,699**	**223,428**	**372,527**
Unallocated assets				**30,270**
Total assets				**402,797**
Reportable segment liabilities	**20,222**	**8,020**	**82,409**	**110,651**
Unallocated liabilities				**34,148**
Total liabilities				**144,799**
At 31 December 2015				
Reportable segment assets	68,308	86,280	–	154,588
Unallocated assets				69,875
Total assets				224,463
Reportable segment liabilities	27,207	4,442	–	31,649
Unallocated liabilities				30,613
Total liabilities				62,262

For the purpose of monitoring performance assessment between segments and resources allocation, all assets and liabilities are allocated to the reportable segments other than partial property, plant and equipment for central administrative purposes, contingent consideration receivables, available-for-sale financial assets, partial deposits, prepayment and other receivables, partial cash and cash equivalents, partial other payables, amount due to a shareholder, secured loan, tax payables and deferred tax liability.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	Sourcing Business *HK$'000*	PRC Silverware Business *HK$'000*	Electric Vehicle Business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Year ended 31 December 2016					
Loss arising in fair value change in contingent consideration receivables	**–**	**–**	**–**	**1,275**	**1,275**
Bank interest income	**–**	**–**	**–**	**264**	**264**
Finance costs	**–**	**–**	**4,057**	**900**	**4,957**
Amortisation of interest in leasehold land	**–**	**–**	**272**	**–**	**272**
Impairment loss recognised in respect of trade receivables	**8**	**–**	**–**	**–**	**8**
Depreciation of property, plant and equipment	**394**	**1,891**	**6,405**	**349**	**9,039**
Written-off of property, plant and equipment	**–**	**112**	**–**	**–**	**112**
Write-down of obsolete inventories	**170**	**–**	**–**	**–**	**170**
Additions to non-current assets *(note (c))*	**24**	**2,098**	**122,349**	**19**	**124,490**
Year ended 31 December 2015					
Bargain purchase gain recognised in a business combination	–	4,084	–	–	4,084
Loss arising in fair value change in contingent consideration receivables	–	–	–	12,154	12,154
Bank interest income	–	–	–	244	244
Finance costs	–	–	–	811	811
Impairment loss recognised in respect of trade receivables	633	–	–	–	633
Depreciation of property, plant and equipment	493	1,296	–	347	2,136
Additions to non-current assets *(note (c))*	463	2,184	–	15	2,662

Notes:

(a) Segment revenue reported above represents revenue generated from external customers. There were no inter-segment revenue in the current year (2015: nil).

(b) Adjusted EBITDA is also a measurement basis regularly reviewed by the directors of the Company in performance assessment between segments and resources allocation. This measurement basis is consistent with that of the segment results except that finance costs, depreciation of property, plant and equipment and amortisation of interest in leasehold land are not included in the Adjusted EBITDA.

(c) Addition to non-current assets represents additions to property, plant and equipment and interest in leasehold land.

Geographical information

The Group's operations are mainly located in Hong Kong (place of domicile) and the PRC. The Group's revenue by geographical locations is determined based on location at which the services were provided or the goods were delivered, or on shipment destination instructed by customers. The Group's non-current assets by geographical locations are determined based on physical locations of the assets.

	Revenue from external customers	
	2016	2015
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**27,746**	32,985
The PRC, excluding Hong Kong	**184,908**	63,777
United States of America	**32,453**	61,707
Europe		
– Germany	**43,007**	57,269
– Denmark	**2,862**	–
– Others	**1,305**	1,491
Asia	**2,084**	3,828
Oceania	**8,903**	–
Others	**–**	1,590
Total	**303,268**	222,647

The following is an analysis of the carrying amount of non-current assets analysed by the geographical locations in which the assets are located:

	Non-current assets	
	2016	2015
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**10,275**	13,744
The PRC, excluding Hong Kong	**114,235**	4,589
Total	**124,510**	18,333

Information about major customers

Revenue from customers for the year ended 31 December 2016 and 2015 contributing over 10% of the total revenue of the Group are as follows:

	Reporting segments	**2016**	2015
		HK$'000	*HK$'000*
Customer A	Sourcing Business	**77,388**	125,064
Customer B *(Note)*	PRC Silverware Business	**48,689**	N/A
Customer C *(Note)*	Electric Vehicle Business	**106,974**	N/A

Except as disclosed above, no other customers contributed 10% or more of the Group's total revenue for both years.

Note: Revenue derived from Customer B and Customer C did not contribute 10% or more to the Group's total revenue during the year ended 31 December 2015.

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on secured loan	**900**	811
Imputed interest on convertible bonds *(note 16)*	**4,057**	–
	4,957	811

7. PROFIT BEFORE INCOME TAX

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

	2016	2015
	HK$'000	*HK$'000*
Auditors' remuneration:		
– Audit service	**599**	475
– Non-audit services	**168**	338
	767	813
Impairment loss recognised in respect of trade receivables	**8**	633
Cost of inventories sold	**200,752**	135,256
Amortisation of interest in leasehold land	**272**	–
Depreciation of property, plant and equipment	**9,039**	2,136
Net exchange gain	**(788)**	(28)
Operating lease charges in respect of land and buildings	**5,588**	5,849
Employee benefit expenses (including directors' remuneration):		
– Salaries, allowances and benefits in kind	**30,037**	28,893
– Share-based payment expenses	**–**	5,130
– Retirement benefit scheme contributions	**1,854**	1,230
	31,891	35,253
Written-off of property, plant and equipment	**112**	–
Write-down of obsolete inventories	**170**	–

8. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**1,047**	2,856
– PRC Enterprise Income Tax	**14,521**	9,004
	15,568	11,860
Over provision in prior years		
– Hong Kong Profits Tax	**(80)**	(62)
	15,488	11,798
Deferred tax:		
– credit for the year	**(669)**	–
	14,819	11,798

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

9. DIVIDENDS

No final dividend was paid or proposed during the year, nor has any dividend been proposed by the board of directors subsequent to the end of the reporting period.

10. EARNINGS/(LOSS) PER SHARE

The computations of basic and diluted earnings/(loss) per share attributable to owners of the Company are based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share (profit/(loss) for the year attributable to owners of the Company)	**10,328**	(1,664)

	2016	2015
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,550,540**	1,234,358
Effect of dilutive potential ordinary shares:		
Share options	**33,204**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**1,583,744**	1,234,358

The weighted average number of ordinary shares for the year ended 31 December 2015 for the purpose of calculating basic and diluted loss per share have been restated and adjusted for share subdivision which took place on 4 May 2016.

As the Company's outstanding convertible bonds where applicable had an anti-dilutive effect to the basic earnings per share calculation for the year ended 31 December 2016, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted earnings per share.

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the year ended 31 December 2015, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost							
At 1 January 2015	–	1,336	2,207	4,661	1,334	–	9,538
Additions	–	1,771	306	287	298	–	2,662
Disposals	–	–	–	–	(44)	–	(44)
Acquisition through business combination	–	2,898	252	–	–	–	3,150
Exchange alignments	–	(230)	(58)	–	(11)	–	(299)
At 31 December 2015 and at 1 January 2016	–	5,775	2,707	4,948	1,577	–	15,007
Additions	50,888	168	1,207	47,180	2,725	960	103,128
Disposals	–	–	(26)	–	–	–	(26)
Written-off	–	(168)	–	–	–	–	(168)
Exchange alignments	(2,750)	(288)	(121)	(2,466)	(146)	(31)	(5,802)
At 31 December 2016	48,138	5,487	3,767	49,662	4,156	929	112,139
Accumulated depreciation							
At 1 January 2015	–	557	1,503	3,967	642	–	6,669
Charge for the year	–	1,342	386	232	176	–	2,136
Eliminated on disposals	–	–	–	–	(43)	–	(43)
Exchange alignments	–	(60)	(45)	–	(1)	–	(106)
At 31 December 2015 and at 1 January 2016	–	1,839	1,844	4,199	774	–	8,656
Charge for the year	1,381	1,716	448	5,050	444	–	9,039
Eliminated on disposals	–	–	(17)	–	–	–	(17)
Written-off	–	(56)	–	–	–	–	(56)
Exchange alignments	(48)	(139)	(57)	(166)	(15)	–	(425)
At 31 December 2016	1,333	3,360	2,218	9,083	1,203	–	17,197
Carrying amounts							
At 31 December 2016	**46,805**	**2,127**	**1,549**	**40,579**	**2,953**	**929**	**94,942**
At 31 December 2015	–	3,936	863	749	803	–	6,351

The Group's buildings are located in the PRC held on medium-term leases.

During the year ended 31 December 2016, included in the additions of property, plant and equipment amounted to approximately HK$98,806,000, was satisfied by the issuance of convertible bonds.

12. INTEREST IN LEASEHOLD LAND

	HK$'000
Cost	
At 1 January 2015, at 31 December 2015 and at 1 January 2016	–
Additions	21,362
Exchange alignments	(1,155)
At 31 December 2016	20,207
Accumulated amortisation	
At 1 January 2015, at 31 December 2015 and at 1 January 2016	–
Charge for the year	272
Exchange alignments	(8)
At 31 December 2016	264
Carrying amount	
At 31 December 2016	19,943
At 31 December 2015	–

The Group's interest in leasehold land is located in the PRC held on medium-term lease.

During the year ended 31 December 2016, additions of interest in leasehold land of approximately HK$21,362,000, was satisfied by the issuance of convertible bonds.

13. CONTINGENT CONSIDERATION RECEIVABLES

The balance represents the contingent consideration receivables in relation to the acquisition of Core Kingdom Limited and its subsidiaries. Contingent consideration receivables have been designated at financial assets at FVTPL upon initial recognition and measure at fair value at the end of the reporting period. The movement of the fair value of contingent consideration receivables are as follow:

	2016	2015
	HK$'000	*HK$'000*
At 1 January	**8,382**	–
Arising in acquisition of subsidiaries	**–**	20,536
Loss arising in fair value change	**(1,275)**	(12,154)
At 31 December	**7,107**	8,382

Note: Shortfall payment in respect of profit guarantee

Pursuant to the sale and purchase agreement ("SPA") entered in relation to the acquisition, the vendor has guaranteed that the audited profit after tax of 浙江通銀貴金屬經營有限公司 (Zhejiang Tong Yin Precious Metal Operation Company Limited*) ("Tong Yin") and its subsidiary for the three financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 shall not be less than RMB20,000,000, RMB24,000,000 and RMB30,000,000 respectively.

In case the profit guarantee is not fulfilled for the corresponding year, the vendor shall pay 51% of the shortfall ("Shortfall") to the Company within seven days of the delivery of the audited consolidated financial statements, and for the avoidance of doubt, if Tong Yin and its subsidiary sustained loss for such financial year, 51% of the amount of such loss shall be included as part of the Shortfall.

During the year ended 31 December 2016 and 2015, the audited net profit of Tong Yin and its subsidiary has satisfied the profit guarantee, as a result, the vendor is not required to make the shortfall payment to the Company in accordance with the terms and condition stated in the SPA.

The fair value of the contingent consideration receivables at 31 December 2016 and at 31 December 2015 are based on valuation prepared by Ascent Partners Valuation Service Limited, an independent qualified professional valuer, by using the expected present value method and a loss arising in fair value change of approximately HK$1,275,000 (2015: HK$12,154,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

* *for identification purposes only*

At the end of the reporting period, contingent consideration receivables analysed into non-current assets and current assets as follows:

	2016	2015
	HK$'000	*HK$'000*
Analysed for reporting purpose as:		
Non-current assets	**–**	2,982
Current assets	**7,107**	5,400
	7,107	8,382

14. TRADE RECEIVABLES

The Group assesses the credit status and imposes credit limits for the customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

The Group normally allows credit period of 1 to 90 days (2015: 1 to 60 days) to its major customers. Credit period is normally not granted to other customers.

The following is an aging analysis of trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	2016	2015
	HK$'000	*HK$'000*
0-30 days	**62,675**	11,958
31-60 days	**4,504**	11,542
61-90 days	**207**	–
Over 90 days	**5,320**	219
	72,706	23,719

At 31 December 2016, trade receivables with the amounts of approximately HK$55,120,000 (2015: HK$16,082,000) is due from the Group's largest customer.

The movement in the allowance for doubtful debts during the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
At 1 January	–	–
Impairment loss recognised	**8**	633
Written-off	**(8)**	(633)
At 31 December	–	–

Included in the allowance for doubtful debts are individually impaired trade receivable with balance of approximately HK$8,000 (2015: HK$633,000) which has been placed under liquidation due to financial difficulties. The directors of the Company have taken recovery actions to collect the outstanding balance but all attempts were in vain, hence impairment was made to this individual receivable.

Trade receivables disclosed above include amounts (see below for aging analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The following is an aging analysis of trade receivables which are past due but not impaired:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**64,431**	17,454
1-30 days past due	**8,113**	6,043
31-60 days past due	**153**	2
61-90 days past due	–	21
Over 90 days past due	**9**	199
	72,706	23,719

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

15. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**43,845**	24,334
Accruals and other payables	**8,733**	7,397
Receipt in advance	**126**	249
Trade deposits received	**1,288**	345
	53,992	32,325

The following is an aging analysis of trade payables, presented based on the invoice date:

	2016	2015
	HK$'000	*HK$'000*
0-30 days	**15,179**	11,713
31-60 days	**4,886**	6,070
61-90 days	**4,968**	5,864
Over 90 days	**18,812**	687
	43,845	24,334

16. CONVERTIBLE BONDS

On 1 June 2016, the Company issued unsecured convertible bonds in the principal amount of HK$110,000,000 to satisfied the acquisition of property, plant and equipment and interest in leasehold land. The bonds are interest free. The bondholders may convert the bonds into ordinary shares of the Company at any time prior to and exclusive of the maturity date on 31 May 2018 at an initial conversion price of HK$0.55 per share in accordance with the convertible bonds agreements (subject to adjustment if necessary). The conversion price was adjusted to HK$0.11 per share and the number of conversion shares were adjusted from 200,000,000 shares to 1,000,000,000 shares on 4 May 2016 upon the completion of share subdivision. If the bonds have not been converted, they will be redeemed on 31 May 2018 at principal amount. The convertible bonds are denominated in HK$.

The bond contains two components, liability and equity elements. The equity element is presented in equity under the heading of "convertible bonds reserve". The effective interest rate of the liability component on initial recognition is 7.41%.

	2016	2015
	HK$'000	*HK$'000*
At the beginning of the reporting period	**–**	–
Issuance of convertible bonds	**94,892**	–
Conversion of shares during the year	**(51,168)**	–
Imputed interest expenses *(note 6)*	**4,057**	–
At the end of the reporting period	**47,781**	–

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Sourcing Business

Year 2016 is a challenging year for global consumer market in watches and costume jewelries business, the results in our line of businesses was mixed with a shrink of overall turnover for the Year compared to Previous Year.

For our analog watches business, most of our brand owner customers were affected by the slow economy together with the change in market of popularization of smart watches, we noted a significantly decline in orders received from them during the second half of the year. As a result, revenue in our watches business has dropped, and we work hard to maintain liquidity and the bottom line in 2016.

For our display and packaging business, orders received were increased. Coupled with our tight cost control, the business was in black.

Costume jewelries business remained slow for the US market for the Year, orders received from our major customer dropped and the revenue for the Year was affected compared to the Previous Year.

The overall results in our Sourcing Business was decreased, however, we were able to keep our business in black in such a difficult Year and remained self-liquidating and self-financing. Sourcing Business contributed to the Group's revenue, representing approximately HK$110,236,000, a decrease of 30.6% as compared to Previous Year or 36.3% of the Group's total revenue during the year. The profit of this segment for the year amounted to approximately HK$6,783,000, a decrease of 58.4% as compared to Previous Year.

PRC Silverware Business

The 2016 G20 Hangzhou summit was held on 4 and 5 September 2016 in the city of Hangzhou, Zhejiang. Ahead of the G20 summit, security was tightened as visitors were required to wait in line to pass through new security points. Retailers in Hangzhou areas were required to temporarily shut down their shops to take vacation leave from mid-August to early September. Businesses in Hangzhou have also been hit hard by the tightened traffic controls, as well as a drop in the number of tourists to the city. Both the G20 event in Hangzhou and the China's National Day week-long public holiday which caused the S-collodi branded retail shops to take holiday break affecting the sales in the third quarter of the Year. Nevertheless, the revenue and profit contributed by PRC Silverware Business in the second half of the Year were HK$29,107,000 and HK$16,236,000, respectively, decreased by HK$17,535,000 and HK$6,024,000 compared with the first half of the Year. By the end of 2016, our subsidiary, Tong Yin scaled down its retail outlets from eight to seven. PRC Silverware Business contributed to the Group's revenue, representing approximately HK$75,749,000, an increase of 18.8% as compared to Previous Year or 25.0% of the Group's total revenue during the year. The profit of this segment for the year amounted to approximately HK$38,496,000, an increase of 29.6% as compared to Previous Year.

Electric Vehicle Business ("EV Business")

The Group had involved in the display of the model of AVASS brand (model: BNE6125CBEV) 12.8m pure electric bus during Macao International Environmental Co-operation Forum and Exhibition from 31 March 2016 to 2 April 2016. Two stages of electric bus test trial runs had taken place at Macao in August and November 2016, which provided free rides to the public (Macao route E02, E03) and raised much attention for its huge advantage on energy conservation, emission reduction and noise reduction. In addition, the Group has proposed and negotiated research and development funding from certain government scheme. The progress of these research and development projects were satisfactory. The EV Business contributed to the Group's revenue, representing approximately HK$117,283,000 or 38.7% of the Group's total revenue during the year. The profit of this segment for the year amounted to approximately HK$12,574,000.

PROSPECTS

Sourcing Business

The demand of the global retail business of watches and costume jewelries is yet to be seen, our line of business will be remained extremely challenging in the coming years. We will continue to practice tight cost control and remain tight in quality assurance of our product, to better our quality, to provide an edge on our products. We shall maintain competitive and always be alert for new potential customers.

PRC Silverware Business

Tong Yin is planning its marketing strategies for the forthcoming years. Management anticipates that more than half its future sales will be generated by the new media. Tong Yin silverware retailing will diversify its marketing through TV shopping channels. Currently, wealthy and emerging middle class, especially the female class age from 45 to 55, prefer TV shopping. Further, it will work with some developers for the home buyers to renovate their new residences with silverware decoration.

EV Business

Air pollution is still casting an imminent problem to some major cities in mainland China, such as Beijing, Shanghai and Shenzhen. The Government of China is willing to offer subsidies for PRC automotive manufacturers to develop electric vehicle to reduce air pollution. Currently, there are several types of the electric buses that will receive certain amount of subsidies. Thus, our subsidiary, Xincheng will put emphasis on research and development of these electric bus models. In addition, there are market demands of cargo vans for the farmers to discharge their duties in the rural areas. Management is convinced that EV Business will be the revenue driver for the Group in the coming years.

FINANCIAL REVIEW

Revenue

The Group reported revenue of approximately HK$303,268,000 (2015: HK$222,647,000) for the Year, a year-on-year increase of approximately HK$80,621,000 or 36.2% as compared with the Previous Year. The increase in the Group's revenue was attributable to the contribution from the Electric Vehicle Business acquired by the Group during the Year.

During the year, the Sourcing Business had generated revenue of approximately HK$110,236,000 (2015: HK$158,880,000) to the Group, a decrease of HK$48,644,000 or a drop of 30.6% Previous Year to the Group, representing approximately 36.3% (2015: 71.4%) of the Group's total revenue. Same as the Previous Year, sales to U.S. and Germany customers represented the major source of revenue of the Sourcing Business. As compared with the Previous Year, revenue from U.S. customers was amounted to approximately HK$32,453,000, decreased by approximately HK$29,254,000 or 47.4% and revenue from Germany customers was amounted to approximately HK$43,007,000, decreased by approximately HK$14,262,000 or 24.9%.

Sourcing of watches had generated revenue of approximately HK$70,642,000 (2015: HK$122,280,000), representing a decrease of approximately HK$51,638,000 or 42.2% as compared with the Previous Year.

The business of display and packaging products in Sourcing Business had contributed revenue of approximately HK$32,318,000 (2015: HK$26,931,000) for the Year, representing an increase of approximately HK$5,387,000 or 20.0% as compared with the Previous Year.

Sourcing of costume jewelries recorded sales of approximately HK$7,276,000 (2015: HK$9,669,000) for the Year, a decline of approximately HK$2,393,000 or 24.7% as compared with the Previous Year.

The PRC Silverware Business had generated revenue of approximately HK$75,749,000 (2015: HK$63,767,000) during the Year, representing approximately 25.0% (2015: 28.6%) of the Group's total revenue.

The Electric Vehicle Business established by the Group during the year generated revenue of approximately HK$117,283,000 (2015: nil) for the year representing 38.7% of the group's revenue.

Cost of Sales and Gross Profit

The Group recorded an overall cost of sales of approximately HK$203,597,000 (2015: HK$136,103,000) during the Year, which represented an increase of approximately HK$67,494,000 or 49.6% as compared with the Previous Year.

In respect of the Sourcing Business, it recorded cost of sales during the Year amounted to approximately HK$82,450,000 (2015: HK$116,868,000), representing a decrease of approximately HK$34,418,000 or 29.5%.

On the other hand, the cost of sales in respect of the PRC Silverware Business amounted to approximately HK$27,198,000 (2015: HK$19,235,000).

The cost of sales recorded in the Electric Vehicle Business amounted to approximately HK$93,949,000 (2015: nil) during the Year.

The overall gross profit of the Group increased from approximately HK$86,544,000 in Previous Year to approximately HK$99,671,000 in current Year, representing an increase of approximately HK$13,127,000 or 15.2%. Nevertheless, the gross profit margin decreased 6.0% from 38.9% to 32.9%.

The gross profit of the Sourcing Business decreased by approximately HK$14,227,000 or 33.9% to approximately HK$27,785,000 (2015: HK$42,012,000). Gross profit margin of the Sourcing Business was approximately 25.2%, 1.2% lower than that of 26.4% of the Previous Year.

The PRC Silverware Business contributed gross profit of approximately HK$48,552,000 (2015: HK$44,532,000), representing an increase of approximately HK$4,020,000 or 9.0%. The gross profit margin of the PRC Silverware Business was approximately 64.1% (2015: 69.8%), a decrease of 5.7%.

The Electric Vehicle Business contributed gross profit of approximately HK$23,334,000 (2015: nil), representing a gross profit margin of approximately 19.9% (2015: nil).

Selling, distribution and Administrative Expenses

The overall selling and distribution expenses of the Group amounted to approximately HK$3,034,000, representing a reduction of HK$1,974,000 or 39.4% as compared with that of HK$5,008,000 in the Previous Year.

Selling and distribution expenses in respect of the Sourcing Business decreased from approximately HK$769,000 to approximately HK$624,000 as compared with the Previous Year, representing a decrease of approximately HK$145,000 or 18.9%.

On the other hand, selling and distribution expenses in respect of the PRC Silverware Business amounted to approximately HK$2,082,000 (2015: HK$4,239,000) during the year, representing a decrease of approximately HK$2,157,000 or 50.9% as compared with the Previous Year.

The Electric Vehicle Business recorded selling and distribution expenses of HK$328,000 (2015: nil) during the Year.

Overall administrative and other operating expenses for the Year were approximately HK$53,875,000 (2015: HK$52,075,000), representing an increase of approximately HK$1,800,000 or 3.5%.

Profit/loss

The Group's profit for the Year was amounted to approximately HK$24,261,000 (2015: HK$9,066,000), which comprises profit attributable to owners of the Company of approximately HK$10,328,000 (2015: loss of approximately HK$1,664,000) and profit attributable to non-controlling interests of approximately HK$13,933,000 (2015: HK$10,730,000).

The Group's profit comprised of segment profit on Sourcing Business of approximately HK$6,783,000 (2015: HK$16,320,000); segment profit on PRC Silverware Business of approximately HK$38,496,000 (2015: HK$29,699,000) and segment profit on Electric Vehicle Business of approximately HK$12,574,000 (2015: nil).

The aggregate of interest income, net corporate expenses and income tax expense amounted to approximately HK$33,592,000 (2015: HK$36,953,000) in total during the Year.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its daily operations from internally generated cash flows. As at 31 December 2016, the Group had bank balances and cash of approximately HK$127,722,000 (2015: HK$145,700,000). The group did not have any bank borrowings, guarantee and banking facilities.

Taking into account net current assets of approximately HK$182,948,000 (2015: HK$143,868,000) as at 31 December 2016, the Group has sufficient financial resources to satisfy its working capital requirement and to achieve its business objectives.

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. On 6 February 2016, the Company signed a supplemental loan agreement to extend the repayment date to another 12 months from the original repayment date. On 6 February 2017, the Company signed another supplemental loan agreement to further extend the repayment date to another 12 months from the extended repayment date.

During the Year, the interest expense incurred on the secured loan amounted to approximately HK$900,000 (2015: HK$811,000).

Risk and uncertainties

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors that could result in the Group's businesses, financial conditions, results of operations or growth prospects are identified as below, while there may be other risks and uncertainties in addition to those identified below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Business risks

As a result of the completion of acquisition of Sale Assets located in Huzhou City, Zhejiang Province, the PRC during the Year, a significant portion of the Group's assets are located in and turnover is derived from the PRC in which the risks in conducting business activities may differ from other countries in many aspects. The factors affecting these risks include the political, economic and social conditions, and the law and regulations.

Operational risks

With the increasing competition in the industry and technical requirement in development of Electric Vehicle Business, there are risks in relating to failure to compete with the competitors in the industry. We have engaged qualified managerial, operational and marketing team to deal with the management, management and operation of the Business.

Regulatory risks

The Group is exposed to regulatory risks, especially in the Electric Vehicle Business, in relation to failure to comply with relevant laws and regulations in financial, operational and environment aspects.

Foreign Exchange Exposure

The Group's transactions are mainly denominated in United States dollars ("US$"), Hong Kong dollars and Renminbi ("RMB"). Therefore, the Group is exposed to foreign currency exchange risk. The Directors have positive attitude to regularly monitor the exposure to foreign exchange so as to reduce the foreign exchange rate risk to minimal.

Contingent Liabilities and Capital Commitments

As at 31 December 2016, the Group had contracted but not provided for capital commitments for purchase and construction of property, plant and equipment of HK$1,056,000 (2015: nil).

Significant Investments held Material Acquisitions

On 8 December 2014, the Company entered into a sale and purchase agreement with a third party in relation to the acquisition of the entire issued share capital in Core Kingdom Limited ("Core Kingdom") plus the shareholder's loan due by Core Kingdom. At the date of completion, Core Kingdom indirectly owned 51% equity interests in Tong Yin, a company engaged in the business of 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 by the allotment and issue, credited as fully paid, of 26,000,000 new shares with total value of HK$31,200,000 and a cash payment of HK$4,800,000 to the vendor. All conditions to the Sale and Purchase Agreement had been fulfilled and the transaction was completed 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.

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 (the "Convertible Bonds") 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 Brighsun Battery Co. Ltd") and 湖州百成客車有限公司 (transliterated into "Huzhou Brighsun Automobile Co. Ltd") (collectively, "Vendors") and 黃科竣 (Huang Kejun) and 章根江 (Zhang Genjiang, "Mr, Zhang") (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.

On 7 December 2016, as permitted under the terms of Convertible Bonds and with the written consent of the Company, Convertible Bonds with an aggregate principal amount of HK$56,948,026 had been transferred from the Vendors to Top Bliss Holdings Limited, a company incorporated in the British Virgin Islands wholly owned by Mr. Zhang. Mr. Zhang is a director and the controlling shareholder of a company which holds 49% of 浙江通銀貴金屬經營有限公司 (Zhejiang Tong Yin Precious Metal Operation Company Limited), an indirect non wholly-owned subsidiary of the Company. Therefore, Mr. Zhang is a connected person of the Company as defined under the GEM Listing Rules. Mr. Zhang also had shareholding interest in the Vendors.

On 19 December 2016, the Company received a conversion notice from Top Bliss Holdings Limited for the exercise of the conversion rights attaching to the Convertible Bonds with an aggregate principal amount of HK$56,948,026 at the Conversion Price of HK$0.11 per Conversion Share ("the Conversion"). Upon such Conversion, a total of 517,709,327 Conversion Shares has been allotted and issued, credited as fully paid, to Top Bliss Holdings Limited within 5 Business Days in accordance with the provisions of the Convertible Bonds. The 517,709,327 Conversion Shares, having an aggregate nominal value of HK$10,354,186.54, represent about 33.76% and 25.24% of the issued share capital of the Company immediately before and after the issue of such Conversion Shares respectively. Immediately after the Conversion, the outstanding principal amount of the Convertible Bonds amounts to HK$53,051,974, all of which are held by Huzhou Brighsun Automobile Co., Ltd.

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. Further details of the conversion of the Convertible Bonds were set out in the announcement dated 19 December 2016.

There were no significant investment held as at 31 December 2016. Save as aforesaid, there were no other material acquisitions and disposals of subsidiaries during the Year.

Fund Raising Activities

Open Offer

On 31 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 was fully underwritten by Emperor Securities Limited (the "Underwriter") pursuant to the underwriting agreement ("the Underwriting Agreement") dated 30 March 2015 entered into by and between the Company and the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter had 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 was HK$8,800,000.

The following table sets forth a breakdown of the use of net proceeds applied by the Group during the period from the completion date of the Open Offer of approximately HK$59,300,000 were utilized as follows:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
31 March 2015	Open offer on the basis of one offer share for every two shares at the subscription price at HK$0.70 per offer share which was completed in May 2015	HK$59,300,000	Financing future investment activities if and when suitable opportunities arise and business development and working capital requirement of the Group	(i) Approximately HK$29,300,000 was utilized as expansion of silverware retail business and related investment development. (ii) Approximately HK$30,000,000 was utilized as investment in the business of electric vehicles.

Further details of the Open Offer were set out in the Company's announcement dated 31 March 2015 and the prospectus issued by Company dated 28 April 2015 and results of the Open Offer were set out in the Company's announcement dated 19 May 2015.

Placing of New Shares under General Mandate ("Placing")

On 14 July 2015, the Company entered into a placing agreement (the "Placing Agreement") with an agent (the "Placing Agent") and the Placing was completed on 27 July 2015 in accordance with the terms and conditions of the Placing Agreement. The closing price of the share as quoted on the Stock Exchange on the date of the Placing Agreement is HK$0.90. An aggregate of 35,200,000 placing shares have been successfully placed by the Placing Agent to not less than six placees at the placing price of HK$0.725 per Placing Share.

The net proceeds of the Placing of approximately HK$25,000,000 were utilized as follows:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
15 July 2015	Placing of new shares under general mandate	HK$25,000,000	General working capital of the Group	(i) Approximately HK$19,500,000 was utilized as general and administrative expenditures of the Group. (ii) Approximately HK$5,500,000 was utilized as investment in the business of electric vehicles.

Further details of the Placing have been set out in the Company's announcements dated 15 July 2015, 16 July 2015 and 27 July 2015.

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 31 December 2016, no option was lapsed and there were 37,500,000 options outstanding under the Share Option Scheme.

Dividends

The Group did not recommend the payment of any dividend during the Year. (2015: nil)

Employees and Remuneration Policies

The Group had 197 (2015: 112) employees as at the end of the Year. 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. The Company recognises the importance of a good relationship with the employees by providing competitive remuneration package to the employees including salaries, allowances, insurance, discretionary bonus, and training for human resources upskilling.

CORPORATE GOVERNANCE CODE

The Company has complied with the Code provisions of Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules throughout the Year, 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 Year. 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.

In view of the long-term development needs of the Company, Mr. Ng Chin Ming Stephen was appointed as Chief Executive Officer and executive director of the Company on 10 March 2017.

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 and Mr. Cheung Siu Wah, independent non-executive directors, were unable to attend the annual general meeting held on 3 May 2016 due to their personal commitments.

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 Rules 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 Year.

SUFFICIENCY OF PUBLIC FLOAT

Save as disclosed below, from information publicly available to the Company and within the knowledge of the Directors, the Company has maintained as sufficient public float during the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 28 April 2017 to Friday, 5 May 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on 5 May 2017, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 27 April 2017.

EVENTS AFTER THE REPORTING PERIOD

On 6 February 2017, the Company signed another supplemental loan agreement to further extend the repayment date of a loan of HK$15,000,000 secured by the shares of Powerwell Pacific Limited to another 12 months from the first extended repayment date.

On 10 March 2017, the Company appointed Mr. Ng Chin Ming Stephen ("Mr. Ng") as an executive director and Chief Executive Officer.

Mr. Ng has entered into a service contract with the Company for a term of one year from 10 March 2017 and is subject to retirement and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-Laws. Under the service contract, Mr. Ng was entitled to receive an annual remuneration of HK$1,200,000 which has been reviewed by the Remuneration Committee and determined by the Board with reference to his experience, duties and the prevailing market conditions, as well as the remuneration policy in the Group.

AUDIT COMMITTEE

The Audit Committee comprised three Independent Non-executive Directors, namely Mr. Cheung Siu Wah, Mr. Jim Yiu Ming and Mr. Sit Sai Hung, Billy. Mr. Sit Sai Hung, Billy as the Chairman of the Audit Committee, who has appropriate professional qualifications and experience as required by the GEM Listing Rules. Specific terms of reference of the Audit Committee are published on the websites of the Company and the Exchange. The primary duties of the Audit Committee include the following:

(a) monitor and ensure a proper relationship with the Company's auditors;

(b) review of the Group's quarterly, interim and annual reports and compliance with accounting standards, the GEM Listing Rules, and legal requirements before submission to the Board; and

(c) oversight of the Company's financial reporting system, risk management and internal control system.

The Audit Committee has reviewed the audited financial statements of the Group for the Year and recommended to the Board the approval and announcement of such financial statements.

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

Hong Kong, 27 March 2017

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

This announcement will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.hklistco.com/8265.