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 2012

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 Stock 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 2012 (the "Year") together with the comparative audited figures for the corresponding year in 2011 (the "Previous Year") as follows:

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately HK$197.7 million for the Year which represented an decrease of approximately HK$42.5 million or 17.7% as compared to approximately HK$240.2 million for the Previous Year.
- The profit attributable to owners of the Company was approximately HK$2.3 million for the Year, an decrease of approximately HK$8.1 million or 77.8%, compared to approximately HK$10.4 million for the Previous Year.
- Basic earnings per share for the Year amounted to HK1.5 cents (2011: HK7.1 cents).
- The Directors do not recommend the payment of a dividend for the Year (2011: HK$4.5 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**197,655**	240,249
Cost of sales		**(149,537)**	(183,823)
Gross profit		**48,118**	56,426
Other income		**286**	236
Selling and distribution costs		**(10,766)**	(8,555)
Administrative expenses		**(33,622)**	(33,520)
Other operating expenses		**(43)**	(1)
Finance costs	5	**(340)**	(120)
Profit before income tax	6	**3,633**	14,466
Income tax expense	7	**(1,326)**	(4,068)
Profit for the year		**2,307**	10,398
Other comprehensive income for the year			
— Exchange differences arising on translation of foreign operations		**63**	259
Total comprehensive income for the year		**2,370**	10,657
Profit for the year attributable to:			
Owners of the Company		**2,307**	10,393
Non-controlling interests		**—**	5
		2,307	10,398
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,370**	10,652
Non-controlling interests		**—**	5
		2,370	10,657
Earnings per share for profit attributable to owners of the Company — Basic and diluted	9	**HK 1.5 cents**	HK 7.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,428**	9,034
Goodwill		**230**	230
Other intangible assets		**5,869**	5,861
		9,527	15,125
Current assets			
Inventories		**28,623**	20,051
Trade receivables	10	**16,624**	32,169
Prepayments and deposits		**9,586**	7,647
Prepaid tax		**1,017**	—
Cash and cash equivalents		**45,226**	41,180
		101,076	101,047
Assets classified as held-for-sale		**5,879**	—
Total current assets		**106,955**	101,047
Current liabilities			
Trade and other payables	11	**52,049**	46,859
Provision for income tax		**—**	1,685
Short-term bank borrowings		**6,574**	9,192
		58,623	57,736
Liabilities classified as held-for-sale		**53**	—
Total current liabilities		**58,676**	57,736
Net current assets		**48,279**	43,311
Total assets less current liabilities/Net assets		**57,806**	58,436
EQUITY			
Share capital		**15,000**	15,000
Proposed final dividend	8	**—**	3,000
Other reserves	12	**42,806**	40,436
Total equity		**57,806**	58,436

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 14 June 2010 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company's principal place of business is located at 19/F, Henry Centre, 131 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products (the "Sourcing Business") and the design, manufacture and distribution of watches of its own brands in the People's Republic of China (the "PRC") (the "PRC Watch Business").

The Company's shares were listed on the GEM of the Exchange on 26 January 2011.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2012:

Amendments to HKFRS 7	Disclosures — Transfer of Financial Assets

The adoption of these new amendments had no material impact on how the Group's results and financial position for the current and prior years have been prepared and presented.

3. REVENUE

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

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Sales of goods	**196,385**	238,889
Freight income	**1,270**	1,360
	197,655	240,249

4. SEGMENT INFORMATION

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

	Sourcing Business *HK$'000*	PRC Watch Business *HK$'000*	Total *HK$'000*
Year ended 31 December 2012			
Reportable segment revenue *(note (a))*	**168,021**	**29,634**	**197,655**
Reportable segment profit/(loss)	**16,282**	**(4,221)**	**12,061**
Interest income			**214**
Corporate income and expenses			**(8,642)**
Profit before income tax			**3,633**
Adjusted EBITDA *(note (c))*	**17,317**	**(3,670)**	**13,647**
At 31 December 2012			
Reportable segment assets	**68,232**	**41,067**	**109,299**
Prepaid tax			**1,017**
Assets classified as held-for-sale			**5,879**
Corporate assets			**287**
Total assets			**116,482**
Year ended 31 December 2012			
Other information:			
Interest expense	**340**	**—**	**340**
Depreciation of property, plant and equipment	**695**	**551**	**1,246**
Loss on disposal of property, plant and equipment	**—**	**43**	**43**
Addition to non-current assets *(note (b))*	**257**	**1,187**	**1,444**

	Sourcing Business *HK$'000*	PRC Watch Business *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Year ended 31 December 2011				
Total segment revenue	220,279	20,123	(153)	240,249
Inter-segment revenue	—	(153)	153	—
Reportable segment revenue	220,279	19,970	—	240,249
Reportable segment profit/(loss)	26,050	(3,798)	—	22,252
Interest income				81
Corporate income and expenses				(7,867)
Profit before income tax				14,466
Adjusted EBITDA *(note (c))*	27,198	(3,500)	—	23,698
At 31 December 2011				
Reportable segment assets	87,811	26,041	—	113,852
Corporate assets				2,320
Total assets				116,172
Year ended 31 December 2011				
Other information:				
Interest expense	120	—	—	120
Depreciation of property, plant and equipment	1,028	298	—	1,326
Loss on disposal of property, plant and equipment	—	1	—	1
Addition to non-current assets *(note (b))*	2,185	1,173	—	3,358

Notes:

(a) There were no inter-segment sales during the Year.

(b) Addition to non-current assets represents additions to property, plant and equipment and other intangible assets.

(c) Adjusted earnings before interest, taxation, depreciation and amortisation ("Adjusted EBITDA") is also a measurement basis regularly reviewed by the directors in assessing the performance of the Group and making decision for resources allocation. This measurement basis is consistent with that of the segment results except that interest expenses and depreciation and amortisation charge are not included in the Adjusted EBITDA.

Other than the above, the executive directors regularly review revenue analysis by products, including watches, display and packaging products, and costume jewelries, which is presented below:

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Sales of		
— watches	**129,429**	154,333
— display and packaging products	**48,556**	59,293
— costume jewelries	**19,670**	26,623
	197,655	240,249

Analysis of the Group's revenue and non-current assets by geographical locations are as follows:

	Revenue from external customers For the year ended 31 December		Non-current assets At 31 December	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**22,472**	30,364	**991**	7,172
The PRC, excluding Hong Kong	**21,891**	18,244	**8,536**	7,953
USA	**74,392**	107,527	**—**	—
Europe				
— Denmark	**31,828**	52,791	**—**	—
— Germany	**12,222**	293	**—**	—
— France	**5,728**	4,157	**—**	—
— United Kingdom	**4,212**	1,635	**—**	—
— Italy	**2,715**	4,365	**—**	—
— Others	**8,542**	8,382	**—**	—
Asia	**5,826**	5,971	**—**	—
Others	**7,827**	6,520	**—**	—
Total	**197,655**	240,249	**9,527**	15,125

The Company is an investment holding company incorporated in Bermuda where the Group does not have activities. Since the major operations of the Group are conducted in Hong Kong, Hong Kong is considered as the Group's place of domicile for the disclosure purpose of HKFRS 8.

5. FINANCE COSTS

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts wholly repayable within five years	**340**	120

6. PROFIT BEFORE INCOME TAX

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

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Auditor's remuneration	**558**	558
Cost of inventories recognised as expenses	**145,312**	179,213
Depreciation of property, plant and equipment	**1,246**	1,326
Exchange loss/(gain)	**451**	(65)
Operating lease charges in respective of land and building	**1,218**	1,089
Employee benefit expenses (including directors' remuneration)		
Salaries, allowances and benefits in kind	**24,914**	25,338
Retirement benefit — defined contribution plans[1]	**794**	819
	25,708	26,157
Loss on disposal of property, plant and equipment[2]	**43**	1

1 no forfeited contributions available for offset against existing contributions during the Year and in Previous Year

2 included in "other operating expenses" in the consolidated statement of comprehensive income

7. INCOME TAX EXPENSE

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax		
— charge for the year	**1,884**	4,246
— over provision in prior years	**(558)**	(181)
	1,326	4,065
Current tax — PRC Enterprise Income Tax		
— under provision in prior years	**—**	3
	—	3
Income tax expense	**1,326**	4,068

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the Year.

The Group's subsidiary, 深圳市天海霸鐘錶有限公司 (Shenzhen Tianhaiba Watches Company Limited) ("Tianhaiba"), a PRC entity, is subject to PRC Enterprise Income Tax at the tax rate of 25%. No provision for PRC Enterprise Income Tax has been made as Tianhaiba did not generate any taxable profits arising in the PRC during the Year or in Previous Year.

8. DIVIDENDS

Dividends proposed or declared by the Company during the Year and in Previous Year are as follows:

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Interim — Nil (2011: HK1 cent) per ordinary share	**—**	1,500
Proposed final — Nil (2011: HK2 cents) per ordinary share	**—**	3,000
	—	4,500

The dividends paid during the year ended 31 December 2012 amounting to HK$3,000,000 representing the final dividend for the year ended 31 December 2011, which were paid in May 2012.

The dividends paid during the year ended 31 December 2011 amounting to HK$4,500,000 comprised the final dividend for the year ended 31 December 2010 of HK$3,000,000 and the interim dividend declared during the year ended 31 December 2011 of HK$1,500,000.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2012 is based on the profit attributable to the owners of the Company amounting to HK$2,307,000 (2011: HK$10,393,000), and the weighted average of 150,000,000 shares (2011: 147,123,000 shares) in issue throughout the year.

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

10. TRADE RECEIVABLES

The ageing analysis (based on due date) of the Group's trade receivables net of impairment provision is as follows:

	2012	2011
	HK$'000	*HK$'000*
Not past due	**13,171**	26,951
1–30 days past due	**2,226**	4,543
31–60 days past due	**406**	568
61–90 days past due	**465**	54
Over 90 days past due	**356**	53
	16,624	32,169

The Group normally allows credit period of 30 to 60 days (2011: 30 to 60 days) to its major customers. Credit period is normally not granted to other customers.

11. TRADE PAYABLES

Included in trade and other payables are trade payables of the Group with an ageing analysis (based on due date) at the reporting date is as follows:

	2012	2011
	HK$'000	*HK$'000*
Not past due	**14,199**	10,421
1–30 days past due	**6,868**	11,110
31–60 days past due	**2,348**	4,982
61–90 days past due	**1,719**	412
Over 90 days past due	**6,891**	86
	32,025	27,011

12. EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Share capital	**Share premium***	**Capital reserve***	**Merger reserve***	**Translation reserve***	**Proposed final dividend**	**Retained profits***	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	10	—	155	1,033	170	3,000	25,989	30,357
Dividend paid during the year *(note 8)*	—	—	—	—	—	(3,000)	(1,500)	(4,500)
Issue of shares upon Placing	4,200	29,400	—	—	—	—	—	33,600
Issue of shares upon Capitalisation	10,790	(10,790)	—	—	—	—	—	—
Expenses incurred in connection with the issue of shares during the year	—	(11,673)	—	—	—	—	—	(11,673)
Transactions with owners	14,990	6,937	—	—	—	(3,000)	(1,500)	17,427
Profit for the year	—	—	—	—	—	—	10,393	10,393
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	—	—	—	—	259	—	—	259
Total comprehensive income for the year	—	—	—	—	259	—	10,393	10,652
2011 final dividend proposed *(note 8)*	—	—	—	—	—	3,000	(3,000)	—
At 31 December 2011 and 1 January 2012	15,000	6,937	155	1,033	429	3,000	31,882	58,436
2011 final dividend paid *(note 8)*	—	—	—	—	—	(3,000)	—	(3,000)
Transaction with owners	—	—	—	—	—	(3,000)	—	(3,000)
Profit for the year	—	—	—	—	—	—	2,307	2,307
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	—	—	—	—	63	—	—	63
Total comprehensive income for the year	—	—	—	—	63	—	2,307	2,370
At 31 December 2012	15,000	6,937	155	1,033	492	—	34,189	57,806

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group reported a mixed performance for the year of 2012. We experienced a challenging time in the Sourcing Business whilst achieved a continuous growth in revenue in the PRC Watch Business.

Sourcing Business

On account of the economy downturn in the western economy which is the main source of revenue of our sourcing businesses, we recognised a decrease in sales revenue in each of our watches, display and packaging products and costume jewelries business.

The less favorable performance of watch business was due to the control of inventory level by our major brand owner customer at the end of the financial year. As a result, the delivery of products had been postponed from November and December 2012 to early 2013. Nonetheless, we are seeing the orders for the beginning of year 2013 are in line with previous years.

The declined turnover of our display and packaging products business was owing to a general slowdown in sales of our brand owner customers during the Year affected by the economy downturn in the western countries.

The decrease in sales revenue of our costume jewelries business was mainly affected by our brand owner customer's drop in sales of silver jewelries items as a result of slower recovery of retail market in its domestic area.

PRC Watch Business

Sales revenue from our PRC Watch Business continued to grow for the Year and we continued to expand our market share as a result of our effort in brand building of Tianba through various channels. During the Year, we launched a promotional campaign for the 30th anniversary of Tianba watch and adopted celebrity endorsement simultaneously which played a significant role to enhance our brand identity among our end consumers. Mr. Hou Yong (侯勇先生), a famous and popular actor in domestic TV series in the PRC, became our celebrity spokesperson during the Year. We also held roadshows in Xiamen, Harbin, Nanjing and Chengdu to promote our brand. Moreover, we successfully contracted with new wholesalers during the Year and we have approximately 130 self-managed retail outlets and over 100 outlets operated by wholesalers by the end of the year 2012.

Prospect

Looking ahead, the Group will remain cautious of cost control and adopt effective strategies in order to maximize the Group performance and to stay competitive. We will remain committed to uphold quality assurance of our products in the Sourcing Business for our valuable customers and will keep developing new brand customers to improve the sales performance. In the course of dealing with our brand customers, there is a sign that the retail distribution market will be recovering by the second half of the year 2013. We are confident that the outlook of the Group will be recovering next financial year.

Encouraging performance in our PRC watch business is our motivation to excel. In order to sustain the turnover growth, we will continue to develop new products, to refine the sales network and to develop further on e-commerce and foreign trade. In terms of refining our sale network, we have planned to put more emphasis on Nanjing, Tianjin and Sichuan where Tianhaiba has strong presence in retail business and we will convert our networks in Shenyang, Xi'an and Kunming into wholesale operation to boost sales in those region. Moreover, we will closely monitor the distribution network to achieve growth in business. In terms of product development, we are devoted to expand our product range. To target young consumer market, we successfully launched our first series of digital watch, "T — Watch", which is equipped with multimedia player function in early March 2013 through various Internet Channels, such as Taobao (淘寶) and 360buy.com (京都商城). We will also invest further in various means of advertising to enhance our branding entity in the market.

FINANCIAL REVIEW

The Group's profit attributable to owners of the Company of approximately HK$2.3 million for the Year, representing a year-on-year decrease of approximately HK$8.1 million or 77.8% compared to approximately HK$10.4 million for year ended 31 December 2011.

Revenue

Barring global market instability and uncertainty and slow recovery in the western economy, the Group strove hard to maintain our share of market for the Year. The Group reported a total revenue of approximately HK$197.7 million (2011: approximately HK$240.2 million) and recorded a year-on-year decrease of approximately HK$42.5 million or 17.7% from the Previous Year.

Revenue mainly came from the Sourcing Business of approximately HK$168.0 million, representing approximately 85.0% of total revenue. They declined approximately 23.7% or HK$52.3 million from approximately HK$220.3 million.

Sourcing of watches generated the largest revenue to the Group of approximately HK$99.8 million, recorded year-on-year decrease of approximately HK$34.6 million or 25.7% compared to approximately HK$134.4 million Previous Year. Revenue from sourcing of costume jewelries representing approximately 10.0% of Group revenue, which was fairly consistent with Previous Year. It recorded a sales of approximately HK$19.7 million, an decline of approximately 26.1% or HK$7.0 million over than the Previous Year.

Display and packaging products sourcing contributed revenue of approximately HK$48.6 million, a reduction of approximately HK$10.7 million or 18.1% from approximately HK$59.3 million in the Previous Year. Similar to Previous Year, we managed to ride the storm cautiously and adopted appropriate strategies in a timely manner.

The performance of PRC Watch Business is encouraging. Revenue rose to approximately HK$29.6 million from approximately HK$20.0 million, recorded an increase of approximately HK$9.6 million or 48.4% compared to Previous Year, representing approximately 15.0% of the Group revenue. To cater for sustainable growth, and maximize and expedite the market penetration, Tianhaiba continued to develop channels of distribution by refining current sales outlets, extending its distribution to wholesalers and independent watch retailers, also, developing further on e-commerce business and export sales.

Cost of sales and gross profit

Cost of sales of the Group decreased by approximately 18.7% from approximately HK$183.8 million for the Previous Year to approximately HK$149.5 million for the Year.

The overall gross profit of the Group decreased from approximately HK$56.4 million for Previous Year to approximately HK$48.1 million for the Year, representing an decrease of approximately 14.7%. The gross profit of the Sourcing Business dropped by approximately HK$12 million to approximately HK$35.9 million (2011: approximately HK$47.9 million). Gross profit margin of the Sourcing Business was approximately 21.4%, slightly decrease from approximately 21.8% of the Previous Year, primarily due to increase in cost of raw materials. The PRC Watch Business contributed gross profit of approximately HK$12.2 million with gross profit margin of approximately 41.0% to the Group.

Expenses

In line with the expansion of PRC Watch Business during the Year, selling and distribution costs for the Year were HK$10.8 million (2011: HK$8.6 million), increased by approximately HK$2.2 million, mainly due to one-off promotional expenses in relation to the 30th anniversary of Tianba watch and celebrity endorsement. Mr. Hou Yong (侯勇先生), a famous and popular actor in domestic TV series in the PRC, became our celebrity spokesperson during the Year, under a service contract for a term from 1 August 2012 to 31 July 2014.

Administrative and other operating expenses for the Year were approximately HK$33.6 million (2011: approximately HK$33.5 million), which is fairly consistent with Previous Year.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its daily operations from internally generated cash flows and banking facilities. As at 31 December 2012, the Group had bank balances and cash of approximately HK$45.2 million (2011: approximately HK$41.2 million) and short-term borrowings of approximately HK$6.6 million (2011: HK$9.2 million). The gearing ratio representing the ratio of total borrowings to the total equity of the Group was approximately 11% as at 31 December 2012 (2011: 16%). Taking into account cash and other current assets of approximately HK$106.9 million as at 31 December 2012, and the unused facilities, the Group has sufficient financial resources to satisfy its working capital requirement and to achieve its business objectives.

Charges on Assets

As at 31 December 2012, the Group did not have any charges on its assets.

Foreign Exchange Exposure

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

Contingent Liabilities and Capital Commitment

As at 31 December 2012, the Group did not have any material contingent liabilities or capital commitment.

Dividends

The Directors do not recommend the payment of a dividend for the Year (2011: HK$4.5 million).

Employees and Remuneration Policies

The Group had 284 (2011: 271) 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.

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

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus of the Company dated 29 December 2010 (the "Prospectus") for the year ended 31 December 2012 (the "Review Period") with the Group's actual business progress for the Year is set out below:

Business objectives for the Review Period	**Actual business progress up to 31 December 2012**
Sourcing Business	
Strengthen our current Sourcing Business capabilities	Regular email contacts and visits have been arranged in due course by the sales teams to strengthen the networking with existing customers.
	Continue to develop design on new product series and to source new combinations of materials.
	The Group's websites were updated regularly with the latest information.
Cross-selling of our products and broadening our client bases	We have attended Hong Kong International Jewellery Show 2012, Hong Kong Gifts & Premium Fair, and Basel World 2012, Hong Kong Watch & Clock 2012, Asia's Fashion Jewellery & Accessories Fair, Hong Kong Jewellery & Gem Fair, and Cosmoprof. Few customers were introduced through the cross-selling of products.
	Evaluation on current product range and mix is carrying out.
Enhancing our level of inventory	Evaluated The level of plastic raw materials was evaluated and maintained appropriate level in accordance with customer's strategy.

Business objectives for the Review Period	Actual business progress up to 31 December 2012
PRC Watch Business	
Expanding our PRC Watch Business	We have launched new models to enrich product range and drive sales performance. We have developed a new series of digital watch with built-in multi-media player to target young consumer market. We have participated in 23rd China Watch Clock Fair held in Shenzhen to expand further our sales network. We have continued to review the sales performance of all sales points in order to enhance the profitability of the sales points.
Enhancing brand equity of Tianba in the PRC	We have entered into strategic alliance agreement with Hong Kong TV International Media Group Ltd to launch TV commercials on Hong Kong Satellite (香港衛視綜合台). We have launched national promotional campaigns for the 30th anniversary of the brand of Tianba. Notably, we jointly organized the 30th anniversary ceremony with Shenzhen Watch & Clock Association (深圳市鐘錶行業協會). We have organized roadshows in several cities, namely Xiamen, Harbin, Nanjing and Chengdu. Celebrity endorsement was adopted.

Use of Proceeds

The net proceeds from the issue of new shares of the Company under the placing as set out in the Prospectus were approximately HK$17.5 million, which was different from the estimated net proceeds of approximately HK$24.1 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). We intend to adjust the use of proceeds in the same manner and in the same proportion as shown in the Prospectus (the "Adjusted use of proceeds"), and approximately HK$10.2 million, HK$5.8 million and HK$1.5 million were adjusted for the corporate expansion of the Group, the expansion of the PRC Watch Business and general working capital respectively for the Review Period. During the Year, the Group has applied the net proceeds as follows:

	Adjusted use of proceeds *HK$'million*	**Actual usage** *HK$'million*
Sourcing Business	4.3	4.3
PRC Watch Business	2.6	2.6
General working capital	0.7	0.7
	7.6	7.6

The net proceeds had been used as intended and as stated in the Prospectus.

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 Year.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial for the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of shareholders of the Company.

The Corporate Governance Code (the "CG Code") issued by the Exchange in October 2011 is the new edition of the code provisions of the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules to replace the old Corporate Governance Code, and has been applicable to financial reports covering a period after 1 January 2012. The Company has complied with the CG Code since then and during the Year.

DIRECTORS SECURITIES TRANSACTIONS

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

ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

On 21 December 2012, one of the Group's subsidiaries, Good Destination Co. Ltd. ("Good Destination"), entered into a conditional sale and purchases agreement with Data Champion Limited, a controlling shareholder of the Company owned by Mr. Liu Tin Chak, Arnold, Mr. Lam Chi Wai, Peter, and Mr. Wong Yu Man, Elias, executive directors, to dispose of its entire 100% equity interest in a subsidiary, Richmind International Investment Ltd. ("Richmind"), and to transfer the benefit of a loan of HK$2.1 million advanced by Good Destination to Richmind, for a cash consideration of HK$24 million ("Disposal of Richmind"). Richmind was incorporated in Hong Kong and is principally engaged in holding of properties. The Disposal of Richmind is subject to approval of independent shareholders and has not been completed as at 31 December 2012. As assessed by the directors, the condition for the Disposal of Richmind will be satisfied and it is highly probable that it will be completed within 2013. Accordingly, the major classes of assets and liabilities relating to Richmind have been classified as held-for-sale in the consolidated statement of financial position as at 31 December 2012.

Richmind does not constitute a discontinued operation as it does not represent a major line of business or geographical area of operation.

The Disposal of Richmind was approved by independent shareholders at the special general meeting held on 28 February 2013. It is expected that a gain of approximately HK$18.2 million will be realised from the Disposal of Richmind. The directors expected that the completion date for the transaction to be on or before 31 May 2013. Upon completion, Richmind will cease to be a subsidiary of the Group.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee is currently composed of the three independent non-executive Directors and chaired by Mr. Cheung Chi Man, Dennis, who has appropriate professional qualifications and experience as required by the GEM Listing Rules. The primary duties of the Audit Committee include the following:

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

(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 process and internal control system.

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

By Order of the Board
Powerwell Pacific Holdings Limited
Liu Tin Chak, Arnold
Chairman

Hong Kong, 18 March 2013

As at the date of this announcement, the executive Directors are Liu Tin Chak, Arnold, Lam Chi Wai, Peter, Wong Yu Man, Elias and Yang Yijun and the independent non-executive Directors are Cheung Chi Man, Dennis, Lui Tai Lok and Yip Kwok Kwan.

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