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 2014

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 2014 (the "Year") together with the comparative figures for the corresponding year in 2013 (the "Previous Year") as follows:

FINANCIAL HIGHLIGHTS

- The Group's revenue from continuing operations amounted to approximately HK$158.1 million for the Year which represented an increase of approximately HK$30.3 million or 23.7% as compared to approximately HK$127.8 million for the Previous Year.
- The Group's revenue from discontinued operations amounted to approximately HK$44.4 million for the Year which represented a decrease of approximately HK$0.4 million or 0.9% as compared to approximately HK$44.8 million for the Previous Year.
- The profit attributable to owners of the Company was approximately HK$6.8 million for the Year (2013: HK$15.6 million which comprised of a gain on disposal of subsidiary of approximately HK$18 million and net off with a loss of approximately HK$2.4 million from its core operating business).
- Basic earnings per share for the Year amounted to HK4.5 cents (2013: HK10.4 cents).
- The Directors do not recommend the payment of a final dividend for the Year (2013: nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
			(Re-presented)
Continuing operations			
Revenue	3	**158,128**	127,808
Cost of sales		**(119,028)**	(99,500)
Gross profit		**39,100**	28,308
Other income		**174**	361
Gain on disposal of interest in a subsidiary	4	—	18,020
Selling and distribution costs		**(959)**	(1,216)
Administrative expenses		**(28,824)**	(23,405)
Other operating expenses		—	(2)
Finance costs	6	—	(99)
Profit before income tax	7	**9,491**	21,967
Income tax expense	8	**(2,974)**	(718)
Profit for the year from continuing operations		**6,517**	21,249

	Notes	For the year ended 31 December 2014 HK$'000	2013 HK$'000 (Re-presented)
Discontinued operation			
Profit/(Loss) for the year from discontinued operation	4	**282**	(5,685)
Profit for the year		**6,799**	15,564
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of foreign operations		**184**	85
— Exchange differences reclassified on disposal of subsidiaries	4	**(761)**	—
Other comprehensive income for the year		**(577)**	85
Total comprehensive income for the year		**6,222**	15,649
Profit for the year attributable to owners of the Company		**6,799**	15,564
Total comprehensive income for the year attributable to owners of the Company		**6,222**	15,649
Earnings per share from continuing and discontinued operations			
— Basic and diluted	10	**HK4.5 cents**	HK10.4 cents
Earnings per share from continuing operations			
— Basic and diluted	10	**HK4.3 cents**	HK14.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,869**	4,698
Goodwill		**—**	—
Other intangible assets		**—**	5,815
Deposit for acquisition of a subsidiary	13(ii)	**4,800**	—
		7,669	10,513
Current assets			
Inventories		**12,983**	42,426
Trade receivables	11	**5,201**	16,789
Prepayments and deposits		**3,432**	6,649
Prepaid tax		**—**	265
Cash at banks and on hand		**36,707**	37,337
		58,323	103,466
Current liabilities			
Trade and other payables	12	**30,228**	60,024
Amount due to holding company		**4,744**	—
Tax payables		**2,476**	—
Bank overdraft		**4,367**	—
		41,815	60,024
Net current assets		**16,508**	43,442
Total assets less current liabilities/Net assets		**24,177**	53,955
EQUITY			
Share capital		**15,000**	15,000
Reserves		**9,177**	38,955
Total equity		**24,177**	53,955

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company						
	Share capital *HK$'000*	**Share premium*** *HK$'000*	**Capital reserve*** *HK$'000*	**Merger reserve*** *HK$'000*	**Translation reserve*** *HK$'000*	**Retained profits*** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2013	15,000	6,937	155	1,033	492	34,189	57,806
Special dividend *(note 9)*	—	—	—	—	—	(19,500)	(19,500)
Transaction with owners	—	—	—	—	—	(19,500)	(19,500)
Profit for the year	—	—	—	—	—	15,564	15,564
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	—	—	—	—	85	—	85
Total comprehensive income for the year	—	—	—	—	85	15,564	15,649
At 31 December 2013 and 1 January 2014	**15,000**	**6,937**	**155**	**1,033**	**577**	**30,253**	**53,955**
Special dividend *(note 9)*	—	—	—	—	—	(36,000)	(36,000)
Transaction with owners	—	—	—	—	—	(36,000)	(36,000)
Profit for the year	—	—	—	—	—	6,799	6,799
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	—	—	—	—	184	—	184
Exchange differences reclassified on disposal of subsidiaries	—	—	—	—	(761)	—	(761)
Total comprehensive income for the year	—	—	—	—	(577)	6,799	6,222
At 31 December 2014	**15,000**	**6,937**	**155**	**1,033**	**—**	**1,052**	**24,177**

* The total of these balance at the end of the reporting period represents "Reserves" in the consolidated statement of financial position.

NOTES

1. GENERAL INFORMATION

Powerwell Pacific Holdings Limited (the "Company") was incorporated in Bermuda on 14 June 2010 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. 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, 6/F, 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 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"), as well as the design, manufacture and distribution of watches of the Group's own brands of the watches in the People's Republic of China (the "PRC Watch Business"). On 26 August 2014, the Company disposed of its entire equity interests in two subsidiaries, Goldnet Holdings Group Limited ("Goldnet (HK)") and Goldnet Holdings Group Limited ("Goldnet (BVI)"), which collectively conduct the PRC Watch Business. Accordingly, the PRC Watch Business is presented as a discontinued operation in these financial statements as it represented a major line of business of the Group. Further details about this discontinued operation are disclosed in note 4.

The Group's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Group's financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

2. ADOPTION OF NEW/REVISED HKFRSs

(a) New/Revised HKFRSs — effective 1 January 2014

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
HK (IFRIC) 21	Levies

Except as explained below, the adoption of these new amendments had no material impact on the Group's financial statements.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

HK (IFRIC) 21 — Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(b) New/Revised HKFRSs — issued but are not yet effective

The Group has not applied the following new/revised HKFRSs that have been issued but are not yet effective and are potentially relevant to the Group's financial statements.

Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018

Information on new and amended HKFRSs that are expected to have impact on the Group is explained as follows:

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps 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 each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. In particular, the Statement of Financial Position of the Company can be presented in the notes rather than a separate statement and the related notes need not be included, and statutory disclosures will be simplified.

3. REVENUE

An analysis of the revenue from the Group's principal activities (note 1), which is also the Group's turnover, is as follows:

	For the year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Sales of goods	**157,603**	126,940
Freight income	**525**	868
	158,128	127,808
Discontinued operation		
Sales of goods	**44,355**	44,832
	202,483	172,640

4. DISPOSAL OF INTEREST IN SUBSIDIARIES AND DISCONTINUED OPERATION

On 21 December 2012, one of the Group's subsidiaries, Good Destination Co. Limited ("Good Destination") entered into a conditional agreement to dispose of its entire 100% equity interest in a subsidiary, Richmind International Investment Limited ("Richmind"), which is engaged in holding of properties, and to transfer the benefit of a loan of approximately HK$2,119,000 advanced by Good Destination to Richmind to Data Champion Limited at an aggregate consideration of HK$24,000,000 (the "Disposal of Richmind"). Data Champion Limited was then a controlling shareholder of the Company which is owned by Mr. Liu Tin Chak, Arnold, Mr. Lam Chi Wai, Peter and Mr. Wong Yu Man, Elias, the then executive directors of the Company. The Disposal of Richmind was completed on 10 May 2013 and a gain of approximately HK$18,020,000 arising on the disposal was realised which was included in the consolidated statement of comprehensive income for the year ended 31 December 2013. Upon completion of the Disposal of Richmind, Richmind ceased to be a subsidiary of the Group. The net inflow of cash and cash equivalents in respect of the disposal and transfer of loan amounted to HK$23,670,000.

On 27 June 2014, the Company entered into a conditional disposal agreement with a company, which is a wholly owned subsidiary of Data Champion Limited, to dispose of its entire 100% direct equity interest in two subsidiaries, Goldnet (HK) and Goldnet (BVI) (collectively the "Goldnet Group"), and the benefits of all loans of approximately HK$43,462,000 advanced by the Company to the Goldnet Group (the "Loans") for a cash consideration of HK$23,000,000 (the "Disposal of Goldnet Group"). Goldnet (HK) was incorporated in Hong Kong and is principally engaged in investment holding. The major assets of Goldnet (HK) is its 100% equity interest in 深圳市天海霸鐘錶有限公司 (Shenzhen Tianhaiba Watches Company Limited) ("Tianhaiba") which was established in the PRC and carries out the PRC Watch Business. Goldnet (BVI) was incorporated in the British Virgin Islands and is principally engaged in investment holding. The Disposal of Goldnet Group was completed on 26 August 2014 and a gain of approximately HK$2,475,000 arising on the Disposal of Goldnet Group was realised which is included in "Profit/(Loss) for the year from discontinued operation" in the consolidated statement of comprehensive income for the year. Upon completion of the Disposal of Goldnet Group, Goldnet Group ceased to be subsidiaries of the Group.

The net liabilities of Goldnet Group at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	9,021
Goodwill	—
Intangible assets	5,747
Inventories	38,663
Trade receivables	13,214
Other receivables, prepayments and deposits	1,805
Cash and cash equivalents	605
Trade and other payables	(47,769)
Amount due to immediate holding company	(43,462)
Net liabilities disposed of	(22,176)
Release of exchange reserve upon disposal of subsidiaries	(761)
	(22,937)
Loans transfer	43,462
Gain on disposal of subsidiaries	2,475
Total consideration, satisfied by cash	23,000

The analysis of the inflow of cash and cash equivalents in respect of the Disposal of Goldnet Group is as follows:

	HK$'000
Cash received	23,000
Cash and cash equivalents disposed of	(605)
Net cash inflow on disposal	22,395

Profit/(Loss) and net cash flows from the discontinued operation for the period from 1 January 2014 up to the date of disposal and for last year are disclosed as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue *(note 3)*	**44,355**	44,832
Cost of sales	**(29,021)**	(27,099)
Gross profit	**15,334**	17,733
Other income	**16**	134
Selling and distribution costs	**(9,252)**	(10,731)
Administrative expenses	**(8,288)**	(11,960)
Other operating expenses	**—**	(858)
Loss before income tax	**(2,190)**	(5,682)
Income tax expense	**(3)**	(3)
Loss after income tax	**(2,193)**	(5,685)
Gain on disposal of subsidiaries	**2,475**	—
Profit/(Loss) for the year from discontinued operation	**282**	(5,685)
Cash inflow/(outflow) from operating activities	**1,810**	(4,128)
Cash outflow from investing activities	**(6,306)**	(2,633)
Cash inflow from financing activities	**3,750**	4,561
Net outflow of cash*	**(746)**	(2,200)

* *excluding the cash effect on the disposal as disclosed above*

For the purpose of presenting the discontinued operation, the comparative consolidated statement of comprehensive income and the related notes have been re-presented as if the PRC Watch Business had been discontinued at the beginning of the comparative period.

5. SEGMENT INFORMATION

The Group is principally engaged in the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products which is identified as a reportable segment as the "Sourcing Business", the operating result over which has been regularly reviewed by the executive directors in assessing the performance of the Group and making decision for resource allocation. In respect of Sourcing Business, the Group provides customers with a wide range of sourcing management solutions including product design and product development, raw materials and components sourcing and production outsourcing; and procurement management solutions including quality assurance and control, logistics and delivery handling services. The products are mainly exported to overseas countries. In addition, the Group has established the necessary procurement and production facilities and its own sales network for the design, manufacturing and distribution of its own brands of watches in the PRC. This line of business is identified as another reportable segment as the "PRC Watch Business".

Segment revenue, segment results and segment assets

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

	Continuing operations Sourcing Business *HK$'000*	Discontinued operation PRC Watch Business *HK$'000*	Total *HK$'000*
Year ended 31 December 2014			
Reportable segment revenue *(note (a))*	**158,128**	**44,355**	**202,483**
Reportable segment profit	**21,032**	**282**	**21,314**
Interest income			**177**
Corporate income and expenses:			
Directors' remuneration			**(4,911)**
Legal and professional fee			**(4,261)**
Operating lease charges in respective of land and building			**(612)**
Others			**(1,931)**
Profit before income tax			**9,776**
Adjusted EBITDA *(note (c))*	**21,470**	**1,361**	**22,831**
At 31 December 2014			
Reportable segment assets	**59,411**	**—**	**59,411**
Deposit for acquisition of a subsidiary			**4,800**
Other corporate assets			**1,781**
Total assets			**65,992**

	Continuing operations Sourcing Business *HK$'000*	Discontinued operation PRC Watch Business *HK$'000*	Unallocated/ Corporate *HK$'000*	Total *HK$'000*
Year ended 31 December 2014				
Other information:				
Depreciation of property, plant and equipment	**438**	**1,079**	**60**	**1,577**
Loss on disposal of property, plant and equipment	**—**	**38**	**—**	**38**
Addition to non-current assets *(note (b))*	**855**	**6,301**	**6,523**	**13,679**

	Continuing operations Sourcing Business *HK$'000*	Discontinued operation PRC Watch Business *HK$'000*	Total *HK$'000*
Year ended 31 December 2013			
Reportable segment revenue *(note (a))*	127,808	44,832	172,640
Reportable segment profit/(loss)	11,364	(5,786)	5,578
Interest income			189
Gain on disposal of interest in a subsidiary			18,020
Corporate income and expenses:			
Directors' remuneration			(4,940)
Legal and professional fee			(1,965)
Others			(597)
Profit before income tax			16,285
Adjusted EBITDA *(note (c))*	11,827	(4,335)	7,492
At 31 December 2013			
Reportable segment assets	61,380	52,128	113,508
Prepaid tax			265
Corporate assets			206
Total assets			113,979

	Continuing operations Sourcing Business *HK$'000*	Discontinued operation PRC Watch Business *HK$'000*	Unallocated/ Corporate *HK$'000*	Total *HK$'000*
Year ended 31 December 2013				
Other information:				
Interest expenses	99	—	—	99
Depreciation of property, plant and equipment	365	850	—	1,215
Loss on disposal of property, plant and equipment	2	258	—	260
Impairment loss on property, plant and equipment	—	150	—	150
Impairment loss on goodwill	—	230	—	230
Impairment loss on other intangible assets	—	220	—	220
Addition to non-current assets *(note (b))*	237	2,637	—	2,874

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 and deposit paid for acquisition of a subsidiary.

(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, depreciation and amortisation charges and impairment losses on non-financial assets 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 jewelleries, which is presented below:

	Continuing operations		**Discontinued operation**		**Total**	
	2014	2013	**2014**	2013	**2014**	2013
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*
Sales of						
— watches	**123,106**	78,088	**44,355**	44,832	**167,461**	122,920
— display and packaging products	**23,389**	36,841	**—**	—	**23,389**	36,841
— costume jewelries	**11,633**	12,879	**—**	—	**11,633**	12,879
	158,128	127,808	**44,355**	44,832	**202,483**	172,640

Geographical information

The Group's operations are mainly located in Hong Kong (place of domicile). The Group's revenue by geographical locations is determined based on shipment destination instructed by customers. The Group's non-current assets by geographical locations are determined based on physical location of the assets or location of operations in case of intangible assets.

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

	Revenue from external customers					
	Continuing operations		**Discontinued operation**		**Total**	
	2014	2013	**2014**	2013	**2014**	2013
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*
Hong Kong (place of domicile)	**19,019**	14,989	**—**	—	**19,019**	14,989
The PRC, excluding Hong Kong	**57**	118	**36,879**	37,014	**36,936**	37,132
USA	**60,657**	49,254	**—**	—	**60,657**	49,254
Europe						
— Germany	**59,532**	38,565	**—**	—	**59,532**	38,565
— Denmark	**—**	—	**7,259**	7,017	**7,259**	7,017
— United Kingdom	**2,568**	6,578	**—**	—	**2,568**	6,578
— France	**2,839**	2,565	**—**	72	**2,839**	2,637
— Others	**2,078**	4,473	**124**	729	**2,202**	5,202
Asia	**5,822**	4,676	**93**	—	**5,915**	4,676
Others	**5,556**	6,590	**—**	—	**5,556**	6,590
Total	**158,128**	127,808	**44,355**	44,832	**202,483**	172,640

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.

Information about major customers

During the year, there was one customer (2013: two customers) from the Group's Sourcing Business, whom (2013: each of whom) contributed 10% or more of the Group's total revenue. Revenue derived from this customer (2013: these 2 customers) during the year amounted to HK$125,748,000 (2013: HK$82,933,000 in aggregate).

6. FINANCE COSTS

	For the year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings and overdrafts wholly repayable within five years	**—**	99

7. PROFIT BEFORE INCOME TAX

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

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Auditor's remuneration:		
Audit fee	**560**	560
Fee for non-audit services	**565**	200
	1,125	760
Cost of inventories recognised as expenses, comprising:		
Amount of inventories recognised as expenses	**118,808**	99,284
Inventories write-off	**—**	109
Depreciation of property, plant and equipment	**438**	365
Net exchange gain	**696**	97
Operating lease charges in respective of land and building	**1,581**	687
Employee benefit expenses (including directors' remuneration)		
Salaries, allowances and benefits in kind	**16,522**	26,266
Retirement benefit — defined contribution plans[1]	**517**	984
	17,039	27,250
Loss on disposal of property, plant and equipment[2]	**—**	2

1 no forfeited contributions available for offset against existing contributions during the year and in prior year

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

8. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Current tax — Hong Kong profits tax		
— charge for the year	**3,102**	965
— over provision in prior years	**(128)**	(247)
	2,974	718

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 EIT at the tax rate of 25%. No provision for PRC EIT has been made for the year or in prior year as the directors estimate that taxable income arising in the PRC, if any, is not significant to the Group.

9. DIVIDENDS

Dividends proposed or declared by the Company during the year and in prior year are as follows:

	2014	2013
	HK$'000	*HK$'000*
Special dividend — HK$0.24 (2013: HK$0.13) per ordinary share	**36,000**	19,500

The dividends paid during the year ended 31 December 2014 amounting to HK$36,000,000 represent a special dividend of HK$0.24 per ordinary share, which were paid in August 2014 and mainly financed by the net proceeds generated from the Disposal of Goldnet Group (note 4) and general working capital.

The dividends paid during the year ended 31 December 2013 amounting to HK$19,500,000 represent a special dividend of HK$0.13 per ordinary share, which were paid in May 2013 and financed by the net proceeds generated from the Disposal of Richmind (note 4).

10. EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculation of basic earnings per share from continuing and discontinued operations is based on the profit attributable to the owners of the Company amounting to HK$6,799,000 (2013: HK$15,564,000), and the weighted average of 150,000,000 shares (2013: 150,000,000 shares) in issue throughout the year.

(b) From continuing operations

The calculation of basic earnings per share from continuing operations is based on the profit from continuing operations attributable to the owners of the Company amounting to HK$6,517,000 (2013: HK$21,249,000) and the weighted average number of shares of 150,000,000 shares (2013: 150,000,000 shares) in issue throughout the year.

(c) From discontinued operation

Basic earnings per share from discontinued operation for the year is HK0.2 cents (2013: loss per share of HK3.8 cents), which is calculated based on profit for the year from discontinued operations attributable to owners of the Company amounting to HK$282,000 (2013: loss of HK$5,685,000) and weighted average number of shares of 150,000,000 shares (2013: 150,000,000 shares) in issue throughout the year.

The Group had no potential dilutive ordinary shares in issue during the year and in prior year and therefore the basic and diluted earnings per share are the same for both years.

11. TRADE RECEIVABLES

The Group normally allows credit period of 30 to 60 days (2013: 30 to 60 days) to its major customers. Credit period is normally not granted to other customers. Based on the invoice dates, ageing analysis of the Group's accounts receivable at the reporting date is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
1–30 days	**2,294**	11,014
31–60 days	**2,381**	4,565
61–90 days	**526**	834
Over 90	**—**	376
	5,201	16,789

The ageing analysis (based on due date) of the Group's trade receivables that are not yet past due and that are past due but not impaired at the reporting date is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Not past due	**3,539**	11,753
1–30 days past due	**1,241**	3,850
31–60 days past due	**421**	709
61–90 days past due	**—**	101
Over 90 days past due	**—**	376
	5,201	16,789

12. TRADE PAYABLES

Based on the invoice dates, ageing analysis of the Group's accounts payable at the reporting date is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
1–30 days	**6,521**	11,783
31–60 days	**6,241**	12,194
61–90 days	**5,927**	4,341
Over 90	**3,896**	10,443
	22,585	38,761

13. EVENTS AFTER THE REPORTING PERIOD

(i) 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 HSBC and is repayable together with interest not later than 12 months from the drawdown date. Subject to the fulfillment of certain conditions, the Company shall have the right to extend the repayment date to another 12 months from the original repayment date.

(ii) On 8 December 2014, the Company entered into a sale and purchase agreement (the "SPA") with a third party in relation to the acquisition of the entire issued share capital in and shareholder's loan due by Core Kingdom Limited, which indirectly owns 51% equity interest in 浙江通銀貴金屬經營有限公司 (for identification purpose, Zhejiang Tong Yin Precious Metal Operation Company Limited)("Tong Yin"), a company engages in retail of luxury brand silverware and silver utensils in the PRC. The consideration in the amount of HK$36,000,000 will be satisfied as to HK$31,200,000 by the allotment and issue, credited as fully paid, of 26,000,000 new shares of the Company and as to HK$4,800,000 in cash to the vendor. The cash consideration was paid and recorded as deposit for acquisition of a subsidiary as at 31 December 2014.

According to the SPA, the vendor has provided an irrevocable and unconditional guarantee (the "Profit Guarantee") in favor of the Company that the audited net profits of Tong Yin (the "Audited Net Profits") for the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall be no less than RMB20 million, RMB24 million and RMB30 million respectively (each a "Guaranteed Net Profit"). In the event that the actual Audited Net Profits for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 is less than the respective Guaranteed Net Profit, the shortfall shall be settled by the vendor to the Company (the "Shortfall Payment") as follows:

Shortfall Payment = (Guaranteed Net Profit - Audited Net Profit) x 51%

The acquisition was completed on 27 February 2015, and the consideration shares were issued on the same date. The consideration shares issued rank pari passu with the existing shares of the Company in all respects. Further details of the acquisition have been set out in the Company's announcements dated 9 December 2014 and 27 February 2015.

The acquisition is to be accounted for as a business combination in accordance with HKFRS 3 Business Combinations. The Profit Guarantee is to be accounted for as a contingent consideration. Up to the approval date of these financial statements, the directors are still in the process of determining the fair values of the identifiable assets and liabilities of the Target Company and the contingent consideration.

(iii) On 13 March 2015, the Company entered into a placing agreement with a placing agent in relation to the placement of bonds (the "Bonds") to be issued by the Company up to the maximum principal amount of HK$50,000,000 within seven business days after entering into the placing agreement. The Bonds will be bearing interest of 6% per annum payable annually in arrears, and will have maturity date falling the day being the third anniversary of the issue date, or if that is not a business day, the first business day thereafter. The issue price will be 100% of the principal amount of the Bonds.

Up to approval of these financial statements, none of the Bonds have been issued. Further details of the placing arrangement have been set out in the Company's announcement dated 13 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Silverware and Silver Utensils Business

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 and shareholder's loan due by Core Kingdom Limited, which indirectly owns 51% equity interest in 浙江通銀貴金屬經營有限公司 (for identification purpose, Zhejiang Tong Yin Precious Metal Operation Company Limited) ("Tong Yin"), a limited liability company established in the PRC and engaged in retail of luxury brand silverware and silver utensils in Zhejiang Province, the PRC. The Group expects that through the acquisition of Tong Yin, the Group is well positioned to expand its business and offer a wider diversity of products and services to the customers so as to enhance the Group's overall performance for the benefit of its shareholders. Details of the acquisition were given in the announcement of the Company dated 9 December 2014.

Sourcing Business

The results of our Sourcing Business was mixed; amidst increasing sales in our watch business mainly in North American region and Europe, on the other hand, we were seeing slower movement for our display and packaging business. Overall, the Group was still benefited from our increasing in watch business resulting in a better year of 2014.

Watch business's revenue significantly increased due to increasing orders from our major brand owner customers during the Year, which led to better results for the Group's Sourcing Business.

Sales of our costume jewelries was mixed, on the one hand orders are slowing down from our central and mid-west US customers, on the other hand orders had increased from our customers in other US regions. Overall sales remain stable for the Year.

Display and packaging business remains slow for the Year, brand owners are conservative in their promotional program. We are awaiting for customers' final endorsement for their 2015/2016 promotion design to support customers' products strategy following the watch fairs in Basel/Switzerland this April 2015. Hence, sales will be reflected towards the 2nd and 3rd quarter of 2015.

PRC Watch Business

During the Year, the Group disposed its PRC Watch Business and the disposal removed its exposure to the loss-making PRC Watch Business. Details of the disposal are set out in the circular of the Company dated 31 July 2014 and the announcement of the Company dated 26 August 2014.

PROSPECTS

Silverware and Silver Utensils Business

The acquisition of 51% indirect equity interest in Tong Yin was completed in February 2015 as announced by the Company on 27 February 2015. The acquisition earmarks an important strategic step of the Group to successfully expand its business. The Group will step up expansion activities to increase the number of retail shops of Tong Yin at selected prime shopping and tourist locations in Zhejiang Province, the PRC aiming to strengthen this new business's performance and contributions to the Group steadily. Looking ahead, the PRC's economy is expected to maintain a relatively stable growth only while change of consumer sentiment from time to time with the ups and downs of the economy will pose challenges to the PRC retailers. However, with continual rising of the living standard of the middle class in the PRC and the quality and competing edge of the unique products provided by Tong Yin in the market, the Directors are optimistic about the long term prospects of Tong Yin's business.

Sourcing Business

While the watch sourcing business demonstrated improvement in the Year, the market condition of our sourcing business remained mixed and uncertain. We shall remain cautious on cost control and to uphold quality assurance of products in order to remain competitive for its valuable customers in our watch business. It is also our ongoing objective to develop business with new brand customers and enhance existing business relationship to stimulate growth and continue to maintain the overall costing level until signs of recovery is noticed in display and packaging products.

FINANCIAL REVIEW

Revenue

The Group reported a total revenue of approximately HK$202.5 million (2013: approximately HK$172.6 million) for the Year, a year-on-year increase of approximately HK$29.9 million or 17.3% from the Previous Year.

With respect to the Group's revenue for the year ended 31 December 2014, the Sourcing Business remained a core business and recorded growth in USA and Germany. Revenue mainly came from the Sourcing Business of approximately HK$158.1 million, representing approximately 78.1% of total revenue for the Year and it recorded an increase of approximately 23.7% or approximately HK$30.3 million compared with approximately HK$127.8 million for the Previous Year.

Sourcing of watches generated the largest revenue to the Group of approximately HK$123.1 million for the Year, recorded year-on-year increase of approximately HK$45 million or 57.6% comparing to approximately HK$78.1 million for the Previous Year. Revenue from sourcing of costume jewelries representing approximately 5.7% (2013: 7.5%) of the Group's total revenue, which was fairly consistent with Previous Year. It recorded a sales of approximately HK$11.6 million for the Year, a decline of approximately 10.1% or HK$1.3 million comparing to approximately HK$12.9 million for the Previous Year.

Sourcing business of display and packaging products contributed revenue of approximately HK$23.4 million for the Year, representing a reduction of approximately HK$13.4 million or 36.4% from approximately HK$36.8 million for the Previous Year.

Revenue from PRC Watch Business approximately HK$44.4 million remained at largely the same level as Previous Year (2013: HK$44.8 million) and represented approximately 21.9% (2013: 26%) of the Group's total revenue. During the Year, the Group disposed its PRC Watch Business and the disposal removed its exposure to the loss-making PRC Watch Business. Details of the disposal are set out in the circular of the Company dated 31 July 2014 and the announcement of the Company dated 26 August 2014.

Cost of Sales and Gross Profit

Cost of sales of the Group increased by approximately 17.0% from approximately HK$126.6 million for the Previous Year to approximately HK$148.1 million for the Year.

The overall gross profit of the Group increased from approximately HK$46 million for Previous Year to approximately HK$54.4 million for the Year, representing an increase of approximately 18.3%. The gross profit of the Sourcing Business increased by approximately HK$10.8 million to approximately HK$39.1 million (2013: approximately HK$28.3 million). Gross profit margin of the Sourcing Business was approximately 24.7%, similar to approximately 22.1% of the Previous Year. The PRC Watch Business contributed gross profit of approximately HK$15.3 million (2013: approximately HK$17.7 million), with gross profit margin of approximately 34.5% (2013: 39.6%), to the Group's total gross profit for the Year.

Expenses

As a result of the disposal of PRC Watch Business during the Year, overall selling and distribution costs for the Year were approximately HK$10.2 million (2013: approximately HK$11.9 million), decreased by approximately HK$1.7 million.

Overall administrative and other operating expenses for the Year were approximately HK$37.1 million (2013: approximately HK$36.2 million), increased by approximately HK$0.9 million mainly due to the Company to complete various transactions have resulted in a substantial increase in the professional fees of the Company over the year.

Profit

The Group's profit attributable to owners of the Company was approximately HK$6.8 million for the year (2013: profit of approximately HK$15.6 million which comprised of a gain on disposal of a subsidiary of approximately HK$18.0 million and net with a loss of approximately HK$2.4 million from its core operating business).

The Group's profit on core operating business comprised of the segment profit on Sourcing Business of approximately HK$21.0 million (2013: profit of approximately HK$11.4 million) and the segment profit on PRC Watch Business of approximately HK$0.3 million (2013: loss of approximately HK$5.8 million) and the aggregate of interest income, net corporate expenses (excluded gain on disposal) and income tax expense of totally approximately HK$14.5 million (2013: approximately HK$8.0 million) for the Year.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its daily operations from internally generated cash flows. As at 31 December 2014, the Group had bank balances and cash of approximately HK$36.7 million (2013: approximately HK$37.3 million) and a bank overdraft of approximately HK$4.4 million (2013: nil). Taking into account cash and other current assets of approximately HK$58.3 million as at 31 December 2014, 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 2014, 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 2014, the Company had commitment in relation to the acquisition of a subsidiary which is contracted but not provided for in the amount of HK$31,200,000.

Significant Investments held, Material Acquisitions and Disposals of subsidiaries, and Future Plans for Material Investments or Capital Assets

On 27 June 2014, the Company entered into a conditional disposal agreement with a company, which is a wholly owned subsidiary of Data Champion Limited, to dispose of its entire 100% direct equity interest in two subsidiaries, namely Goldnet Holdings Group Limited ("Goldnet (HK)") and Goldnet Holdings Group Limited ("Goldnet (BVI)") (collectively the "Goldnet Group"), and the benefits of all loans of approximately HK$43,462,000 advanced by the Company to the Goldnet Group for a cash consideration of HK$23,000,000 (the "Disposal of Goldnet Group"). Goldnet Group was principally engaged in the PRC Watch Business of the Group. The Disposal of Goldnet Group was completed on 26 August 2014. Upon completion, Goldnet Group ceased to be subsidiaries of the Group. Details of the disposal are set out in the circular of the Company dated 31 July 2014 and announcements of the Company dated 10 July 2014 and 26 August 2014 respectively.

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 and shareholder's loan due by Core Kingdom Limited, which indirectly owns 51% equity interest in 浙江通銀貴金屬經營有限公司, a company engages in retail of luxury brand silverware and silver utensils in the PRC. The Consideration in the amount of HK$36,000,000 will be satisfied as to HK$31,200,000 by the allotment and issue, credited as fully paid, of 26,000,000 new shares of the Company and as to HK$4,800,000 in cash to the vendor. All conditions to the Sale and Purchase Agreement have been fulfilled and completion took place on 27 February 2015. Further details of the acquisition have been set out in the Company's announcement dated 9 December 2014 and 27 February 2015 respectively.

There were no significant investments held as at 31 December 2014. Save as aforesaid, there were no other material acquisitions and disposals of subsidiaries during the Year.

Dividends

A special dividend of HK$36 million was paid during the Year (2013: 19.5 million). The Directors do not recommend the payment of a final dividend for the Year (2013: nil).

Employees and Remuneration Policies

The Group had 44 (2013: 353) 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.

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 upholding 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 Company has complied with the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules throughout the Year, except for certain deviations disclosed herein.

Under code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. Certain regular Board meetings were convened with less than 14 days' notice to enable the Board members to react timely and make expeditious decision making in respect of transactions which were of significance to the Group's business. As a results, the Board meetings were held with a shorter notice period than required with the consent of all the Directors for that time being. The Board will do its best endeavours to meet the requirement of code provision A.1.3 of the CG Code in future. Adequate and appropriate information is circulated normally three days in advance of Board meetings to the Directors.

Under code provision A.6.7 of the CG Code, all independent non-executive directors and non-executive directors should attend general meetings of listed issuers. Mr. Lui Tai Lok, an Independent Non-executive Director, was unable to attend the annual general meeting held on 12 May 2014 due to his personal commitment. Mr. Lui resigned from the Board on 23 September 2014.

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.

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 a sufficient public float during the Year.

Upon the close of the mandatory unconditional cash offer on 22 September 2014, there were 36,928,000 shares of the Company, representing approximately 24.62% of the issued share capital of the Company, held by the public (as defined in the GEM Listing Rules). Accordingly, the minimum public float requirement of 25% under Rule 11.23(7) of the GEM Listing Rules was not satisfied. A waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules for the period of three months commencing from 22 September 2014 was granted by the Stock Exchange. On 19 November 2014, King Full Inc Limited, the controlling shareholder of the Company, disposed of 580,000 shares of the Company on the open market, representing approximately 0.39% of the total issued share capital of the Company, for the purpose of restoring the public float of the Company in compliance with Rule 11.23(7) of the GEM Listing Rules. Immediately following the Disposal, a total of 37,508,000 Shares, representing approximately 25.01% of the entire issued share capital of the Company were held by the public. As such, after settlement of the above disposed shares, the public float of the Company has been restored in compliance with Rule 11.23(7) of the GEM Listing Rules.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited 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 was chaired by Mr. Cheung Chi Man, Dennis, who resigned as the chairman and a member of the Audit Committee on 22 September 2014. Mr. Sit Sai Hung, Billy was appointed as the chairman and a member of the Audit Committee on 22 September 2014, 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 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, 18 March 2015

As at the date of this announcement, the Executive Directors are Mr. Fei Jie and Mr. Fung Chi Kin and the Independent Non-executive Directors are Mr. Cheung Siu Wah, Mr. Jim Yiu Ming and Mr. Sit Sai Hung, Billy.

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.