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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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 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.

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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.

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

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2016 (the “Period”) together with the comparative unaudited figures for the corresponding period in 2015 (the “Previous Period”) as follows:

FINANCIAL HIGHLIGHTS

- The Group’s revenue amounted to HK\$60,102,000 (three months ended 31 March 2015: HK\$41,507,000) for the Period, which represented an increase of HK\$18,595,000 or 44.8% as compared with the Previous Period.
- The profit attributable to owners of the Company was HK\$4,418,000 (three months ended 31 March 2015: HK\$5,408,000), representing a decrease of HK\$990,000 or 18.3% as compared with the Previous Period.
- The Board does not recommend the payment of an interim dividend for the Period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2016

| | Notes | Three months ended 31 March | |
|--|-------|---------------------------------|---------------------------------|
| | | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| Revenue | 3 | 60,102 | 41,507 |
| Cost of sales | | (34,910) | (29,135) |
| Gross profit | | 25,192 | 12,372 |
| Other income | | 384 | 148 |
| Bargain purchase gain recognised in a business combination | 11 | - | 4,084 |
| Selling and distribution costs | | (665) | (836) |
| Administrative expenses | | (12,833) | (8,420) |
| Finance costs | 5 | (224) | (69) |
| Profit before income tax | 6 | 11,854 | 7,279 |
| Income tax expense | 7 | (3,560) | (2,024) |
| Profit for the period | | 8,294 | 5,255 |
| Other comprehensive income | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| – Exchange differences arising on translation of foreign operations | | 474 | 105 |
| Other comprehensive income for the period | | 474 | 105 |
| Total comprehensive income for the period | | 8,768 | 5,360 |
| Profit/(loss) for the period attributable to: | | | |
| Owners of the Company | | 4,418 | 5,408 |
| Non-controlling interests | | 3,876 | (153) |
| | | 8,294 | 5,255 |
| Total comprehensive income/(loss) for the period attributable to: | | | |
| Owners of the Company | | 4,709 | 5,513 |
| Non-controlling interests | | 4,059 | (153) |
| | | 8,768 | 5,360 |
| | | | (restated) |
| Earnings per share | 9 | | |
| – Basic | | HK0.29 cents | HK0.63 cents |
| – Diluted | | HK0.28 cents | HK0.63 cents |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2016

| | Equity attributable to owners of the Company | | | | | | | | | |
|---|--|---------------------------|-----------------------------|----------------------------|---|---------------------------------|--|-------------------|---------------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Capital reserve HK\$'000 | Merger reserve HK\$'000 | Share-based payment reserve HK\$'000 | Translation reserve HK\$'000 | Retained earnings/ (accumulated loss) HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | Total HK\$'000 |
| At 1 January 2015 (audited) | 15,000 | 6,937 | 155 | 1,033 | - | - | 1,052 | 24,177 | - | 24,177 |
| Profit/(loss) for the period | - | - | - | - | - | - | 5,408 | 5,408 | (153) | 5,255 |
| Other comprehensive income: | | | | | | | | | | |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | 105 | - | 105 | - | 105 |
| Total comprehensive income for the period | - | - | - | - | - | 105 | 5,408 | 5,513 | (153) | 5,360 |
| Issuance of consideration shares | 2,600 | 20,540 | - | - | - | - | - | 23,140 | - | 23,140 |
| Non-controlling interest arising from acquisition of subsidiaries | - | - | - | - | - | - | - | - | 9,838 | 9,838 |
| At 31 March 2015 (unaudited) | 17,600 | 27,477 | 155 | 1,033 | - | 105 | 6,460 | 52,830 | 9,685 | 62,515 |
| At 1 January 2016 (audited) | 30,670 | 110,086 | 155 | 1,033 | 2,565 | (1,342) | (612) | 142,555 | 19,646 | 162,201 |
| Profit for the period | - | - | - | - | - | - | 4,418 | 4,418 | 3,876 | 8,294 |
| Other comprehensive income: | | | | | | | | | | |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | 291 | - | 291 | 183 | 474 |
| Total comprehensive income for the period | - | - | - | - | - | 291 | 4,418 | 4,709 | 4,059 | 8,768 |
| At 31 March 2016 (unaudited) | 30,670 | 110,086 | 155 | 1,033 | 2,565 | (1,051) | 3,806 | 147,264 | 23,705 | 170,969 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2016

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 14 June 2010 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company's principal place of business is located at Units 610–611, Tower Two, Lippo Centre, 89 Queensway, Hong Kong. The Company's shares were listed on the GEM of the Exchange on 26 January 2011.

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

This condensed consolidated financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated. This condensed consolidated financial information was approved for issue on 6 May 2016.

This condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Except as for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2016, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the three months ended 31 March 2016 are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The application of these new and revised HKFRSs is not expected to have material impact on the condensed consolidated financial information of the Group.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The preparation of condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2015.

3. REVENUE

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

| | Three months ended 31 March | |
|----------------------|---------------------------------|---------------------------------|
| | 2016 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 |
| Revenue | | |
| Sales of goods | 34,506 | 37,592 |
| Freight income | 166 | 92 |
| Retail of Silverware | 25,430 | 3,823 |
| | 60,102 | 41,507 |

4. SEGMENT INFORMATION

The Group has two reportable segments:

1. Sourcing Business
2. PRC Silverware Business

4. SEGMENT INFORMATION (CONTINUED)

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

| | Sourcing Business <i>HK\$'000</i> | PRC Silverware Business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|----------------------------------|---|---|---------------------------------|
| Three months ended | | | |
| 31 March 2016 (unaudited) | | | |
| Reportable segment revenue | 34,672 | 25,430 | 60,102 |
| Reportable segment profit | 4,835 | 10,767 | 15,602 |
| Bank interest income | | | 57 |
| Corporate income and expenses | | | (3,805) |
| Profit before income tax | | | 11,854 |
| Adjusted EBITDA (note) | 4,939 | 11,193 | 16,132 |
| Three months ended | | | |
| 31 March 2015 (unaudited) | | | |
| Reportable segment revenue | 37,684 | 3,823 | 41,507 |
| Reportable segment profit | 5,152 | 839 | 5,991 |
| Bank interest income | | | 72 |
| Corporate income and expenses | | | 1,216 |
| Profit before income tax | | | 7,279 |
| Adjusted EBITDA (note) | 5,312 | 847 | 6,159 |

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

5. FINANCE COSTS

| | Three months ended 31 March | |
|---|-----------------------------|-------------|
| | 2016 | 2015 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Interest on secured loan wholly repayable within one year | 224 | 69 |

6. PROFIT BEFORE INCOME TAX

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

| | Three months ended 31 March | |
|---|-----------------------------|-------------|
| | 2016 | 2015 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Depreciation of property, plant and equipment | 617 | 255 |
| Net exchange (gain)/loss | (327) | 54 |
| Operating lease charges in respect of land and building | 1,549 | 905 |

7. INCOME TAX EXPENSE

| | Three months ended 31 March | |
|---------------------------------------|-----------------------------|-------------|
| | 2016 | 2015 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Current income tax: | | |
| Hong Kong Profits Tax | | |
| – charge for the period | 842 | 859 |
| PRC Enterprise Income Tax (“PRC EIT”) | | |
| – charge for the period | 2,718 | 1,165 |
| Total income tax expense | 3,560 | 2,024 |

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the respective periods.

7. INCOME TAX EXPENSE (CONTINUED)

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

No deferred tax has been provided as the Group did not have any material temporary differences which give rise to a deferred tax asset or liability for the current and prior periods.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (three months ended 31 March 2015: Nil).

9. EARNINGS PER SHARE

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

| | Three months ended 31 March | |
|--|-----------------------------|----------|
| | 2016 | 2015 |
| | HK\$'000 | HK\$'000 |
| Earnings | | |
| Earnings for the purpose of basic and diluted earnings per share (earnings for the period attributable to owners of the Company) | 4,418 | 5,408 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 1,533,500 | 857,223 |
| Effect of dilutive potential ordinary shares: Share options | 26,307 | – |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 1,559,807 | 857,223 |

(i) The weighted average number of ordinary shares for the three months ended 31 March 2015 for the purposes of calculating basic and diluted earnings per share has been adjusted for the issuance of new shares upon open offer which took place on 20 May 2015.

(ii) In addition, the weighted average numbers of ordinary shares for the three months ended 31 March 2016 and 2015 for the purposes of calculating basic and diluted earnings per shares have been adjusted for the Share Subdivision which took place on 4 May 2016 as disclosed in note 12.

10. CONTINGENT LIABILITIES

At the end of the Period, the Group did not have any guarantees and material contingent liabilities (31 December 2015: Nil).

11. BUSINESS COMBINATION

On 8 December 2014, the Company and Mr. Chow Tsi Tung (the “Vendor”) has entered into a Sale and Purchase Agreement (“SPA”), pursuant to which the Company has agreed to acquire the entire issued share capital in Core Kingdom Limited and corresponding 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 (“Tong Yin”), a company engages in retail of luxury brand silverware and silver utensils in the PRC. The consideration to be settled in the following manner upon completion of the acquisition:

- (i) HK\$4,800,000 in cash upon signing of the SPA as the refundable deposit;
- (ii) HK\$31,200,000 which shall be satisfied by issuance and allotment of the 26,000,000 consideration shares upon completion.

The acquisition has been completed on 27 February 2015 (the “Completion Date”) and had been accounted for using the acquisition method.

| | <i>HK\$'000</i> |
|--|-----------------|
| Consideration satisfied by: | |
| – Deposit for acquisition of a subsidiary | 4,800 |
| – Consideration shares (<i>Note i</i>) | 23,140 |
| – Profit guarantee, at fair value (<i>Note ii</i>) | (20,536) |
| Total consideration | 7,404 |

11. BUSINESS COMBINATION (CONTINUED)

Assets acquired and liabilities assumed at the date of acquisition are as follows:

Net assets acquired:

| | |
|--|---------|
| Property, plant and equipment | 3,150 |
| Inventories | 3,013 |
| Prepayment, deposits and other receivables | 1,002 |
| Cash and cash equivalents | 16,627 |
| Trade and other payables | (2,466) |
| Amount due to the shareholder | (7,293) |

| | |
|-------------------------------|--------|
| Total identifiable net assets | 14,033 |
|-------------------------------|--------|

| | |
|--|---------|
| Less: Non-controlling interests | (9,838) |
| Shareholder's loan assigned to the Group | 7,293 |
| Bargain purchase gain recognised in business combination | (4,084) |

| | |
|----------------------------|--------------|
| Total consideration | 7,404 |
|----------------------------|--------------|

Net cash inflow on business combination:

| | |
|------------------------------------|--------|
| Cash consideration paid | – |
| Cash and cash equivalents acquired | 16,627 |

| | |
|-----------------|--------|
| Net cash inflow | 16,627 |
|-----------------|--------|

Notes:

- (i) The fair value of 26,000,000 ordinary shares of the Company issued as part of the consideration paid for acquisition of Core Kingdom Group (HK\$23,140,000) was based on the spot price of the Company's share price as at the Completion Date, which is HK\$0.89 per share.
- (ii) Pursuant to the SPA entered into in relation to the acquisition, the Vendor has guaranteed that the audited profit after tax of 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 (each the "Profit Guarantee") respectively.

In case the Profit Guarantee is not fulfilled for the corresponding year, the Vendor shall pay the Shortfall to the Company within seven days of the delivery of the audited financial statements, and for the avoidance of doubt, if Tong Yin sustained loss for such financial year, 51% of the amount of such loss shall be included as part of the Shortfall.

The Vendor expressly agrees that 10,000,000 of the Consideration Shares ("Escrow Shares") shall be deposited into a securities account in the name of the Vendor but all trading of such account can only be operated by the Company singly and no amount shall be withdrawn from such account except with joint instruction of the Vendor and the Company, until the obligation and liabilities of the Vendor have been fully discharged and satisfied.

The fair value of Profit Guarantee as at Completion Date, amount to approximately HK\$20,536,000.

12. EVENTS AFTER THE REPORTING PERIOD

On 8 April 2016, the Company announced its proposal that each of the existing issued and unissued Shares of par value of HK\$0.10 each in the share capital of the Company be subdivided into five Subdivided Shares of par value of HK\$0.02 each. Ordinary resolution to approve the Share Subdivision was duly passed by the Shareholders by way of poll at the SGM held on 3 May 2016. The effective date of the Share Subdivision is 4 May 2016.

Further details of the Share Subdivision were set out in the announcement of the Company dated 8 April 2016 and the Circular issued by the Company dated 15 April 2016 respectively and the poll results of the Special General Meeting were set out in the Company's announcement dated 3 May 2016.

As a result of Share Subdivision, each of the shares of par value of HK\$0.1 subdivided into five subdivided shares of par value of HK\$0.02 each became effective on 4 May 2016, based on the relevant terms of the Company's share option scheme launched on 22 December 2010, the exercise price and number of shares falling to be issued upon exercise of the share options were adjusted from HK\$1.17 per share to HK\$0.234 per share and 7,500,000 shares to 37,500,000 shares, where such adjustments were effective from the date on which the share subdivision became effective. Further details of the adjustment were set out in the Company's announcement dated 3 May 2016.

As a result of Share Subdivision, the adjusted conversion price and the number of conversion shares can be converted into 1,000,000,000 shares at the conversion price HK\$0.11 upon the completion of the acquisition agreement entered between the Company, 湖州信成電動汽車有限公司, the vendors and the guarantors on 5 November 2015. Further details of the adjustment were set out in the Company's announcement dated 3 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Silverware and Silver Utensils Business

As compared to the Previous Period, our retail revenue from Silverware business recorded a stable growth, it was mainly driven by a relatively stable consumption environment and new Monopoly Shop openings in Zhejiang Province.

Sourcing Business

Year of 2016 is full of challenge for the Sourcing Business. We are experiencing retraction in revenue in our watch business as fewer orders received from our major customer during the Period. However, the revenue in display and packaging business has a reasonable growth for the Period compared to the Previous Period, which compensate large part of the decrease in watch business. Hence, the overall revenue was slightly dropped for the Period. And the results of the Sourcing Business have been maintained in same level as compared to the Previous Period.

Financial Review

Revenue

For the Period, the Group reported a total revenue of HK\$60,102,000 (three months ended 31 March 2015: HK\$41,507,000) representing an increase of HK\$18,595,000 or 44.8% from the Previous Period, mainly due to the growth in sales from PRC Silverware Business during the Period.

The decrease in the revenue of the Sourcing Business by HK\$3,012,000 or 8.0%, to HK\$34,672,000 (three months ended 31 March 2015: HK\$37,684,000) was due to fewer orders received from major customer during the Period. While revenue from the PRC Silverware Business has increased from HK\$3,823,000 for the Previous Period to HK\$25,430,000 for the Period, representing a significant increase of HK\$21,607,000 or 565.2%. The increase in revenue of PRC Silverware Business was mainly driven by the increase in number of retail shop opened as compared with the Previous Year.

Gross Profit

For the Period, the Group's gross profit increased by HK\$12,820,000 or 103.6% to HK\$25,192,000 (three months ended 31 March 2015: HK\$12,372,000), of which HK\$9,107,000 (three months ended 31 March 2015: HK\$10,135,000) was contributed by the Sourcing Business and HK\$16,085,000 (three months ended 31 March 2015: HK\$2,237,000) was contributed by the PRC Silverware Business.

Profit

The Group's profit comprised of the segment profit on the Sourcing Business of approximately HK\$4,835,000 (three months ended 31 March 2015: HK\$5,152,000) and the segment profit on the PRC Silverware Business of approximately HK\$10,767,000 (three months ended 31 March 2015: HK\$839,000) and the total of interest income, net corporate expenses and income tax expense of approximately HK\$7,307,000 (three months ended 31 March 2015: HK\$3,312,000) for the Period.

The profit attributable to owners of the Company was HK\$4,418,000 (three months ended 31 March 2015: HK\$5,408,000), representing a decrease of HK\$990,000 or 18.3% as compared with the Previous Period.

Cash and cash equivalents

As at 31 March 2016, the Group had bank balances and cash of approximately HK\$147,135,000 (31 December 2015: HK\$145,700,000) and net assets value of approximately HK\$170,969,000 (31 December 2015: HK\$162,201,000).

Secured Loan

The secured loan of HK\$15,000,000 drawn from an independent third party bears interest at 1% per annum above the Hong Kong dollars prime lending rate published by The Hong Kong and Shanghai Banking Corporation Limited and is repayable together with interest not later than 12 months from the drawdown date. The loan is fully secured by the share capital of Powerwell Pacific Limited, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands. On 6 February 2016, the Company signed a supplemental loan agreement to extend the repayment date of the secured loan to another 12 months from the original repayment date.

During the Period, the interest expense incurred on secured loan amounted to HK\$224,000 (three months ended 31 March 2015: HK\$69,000).

Capital Structure

During the Period, no share capital of the Company was issued.

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 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. 7,500,000 options have been exercised and gross proceeds of HK\$8,775,000 was received from exercise of these options. Details of the Grant of Share Options was set out in the announcement of the Company dated 27 May 2015. As at 31 March 2016, no option has lapsed and there were 7,500,000 options outstanding under the share option scheme.

Proposed Acquisition of Assets in Huzhou

On 5 November 2015, 湖州信成電動汽車有限公司 (“the Purchaser”, an indirect wholly owned subsidiary of the Company), 湖州百成客車有限公司 and 湖州百成電池有限公司 (the “Vendors”) and 黃科竣 and 章根江 (the “Guarantors”) entered into an acquisition agreement (the “Acquisition Agreement”), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the land, buildings, machineries and equipment (Collectively referred to as the “Sale Assets”) at the Consideration of HK\$110 million, which will be satisfied by way of issue of convertible bonds to the Vendors (or their respective nominee(s)) upon completion. Upon full conversion of the convertible bonds at the initial conversion price (as will be adjusted on issue of the Convertible Bonds by reason of the Share Subdivision be effective on 4 May 2016), a total of 200,000,000 conversion shares will be issued. The conversion shares will be issued under the Specific Mandate.

Ordinary resolutions to approve the Acquisition Agreement and all transactions contemplated thereunder (including the issue of the Convertible Bonds and the Conversion Shares) were duly passed by the Shareholders by way of poll at the SGM held on 3 February 2016.

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 and the Circular issued by the Company dated 18 January 2016 respectively and the poll results of the Special General Meeting were set out in the Company’s announcement dated 3 February 2016. The Acquisition has not been completed yet.

Save as aforesaid, there were no other material acquisitions and disposals of subsidiaries during the Period.

Fund Raising Activities

No fund raising activity was taken place during the period.

Prospects

Sourcing Business

The retail markets will be challenging in the coming year due to the slow economy. We will continue to maintain tight cost control in Sourcing Business and tight quality assurance of our product to better our quality and development to provide an edge on our products as to maintain competitive.

Silverware and Silver Utensils Business

The acquisition of Tong Yin earmarks an important strategic step of the Group to diversify 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.

Amidst the uncertainties underlining the current market environment, we remain highly focused on the refinement of our product offerings and the development of e-commerce channel, including the sales of our products through online sales platforms.

With continual rising of the living standard of the middle class in the PRC and the quality and competing edge of the unique products provided by Tong Yin in the market, the Directors are optimistic about the long term prospects of Tong Yin’s business.

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

As at 31 March 2016, the interests of the Directors in the share capital of the Company which were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests which they were taken or deemed to have under such provisions of the SFO, or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange were as follows:

Long positions in shares of the Company

(a) Interest in the shares of the Company

| Director | Capacity/ Nature of interest | Number of issued ordinary shares held | Approximate percentage of the issued share capital of the Company |
|-----------------|---|--|--|
| Mr. Fei Jie | Corporate interest (<i>Note</i>) | 156,390,000 | 50.99% |

Note: These shares are held by an associated corporation King Full Inc Limited. Director's interests in an associated corporation are as disclosed immediately below.

(b) Interest in the shares of an associated corporation

Name of associated corporation: King Full Inc Limited

| Director | Capacity/ Nature of interest | Number of shares held | Percentage of shareholding |
|-----------------|---|----------------------------------|---------------------------------------|
| Mr. Fei Jie | Beneficial owner | 5,000,000 | 100% |

Save as disclosed above, as at 31 March 2016, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Rules 5.48 to 5.67 of the GEM Listing Rules to be notified to the Company and the Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2016, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests disclosed above in respect of a Director, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long Positions

Ordinary shares of the Company

| Name of Shareholder | Capacity/ Nature of interest | Number of issued ordinary shares held | Approximate percentage of the issued share capital of the Company |
|---|---|--|--|
| King Full Inc Limited (<i>Note 1</i>) | Beneficial owner | 156,390,000 | 50.99% |
| Ms. Wu Wen (<i>Note 2</i>) | Interest of spouse | 156,390,000 | 50.99% |

Notes:

1. The entire issued share capital of King Full Inc Limited is wholly and beneficially owned by Mr. Fei Jie. By virtue of the SFO, Mr. Fei Jie is deemed to be interested in these 156,390,000 Shares held by King Full Inc Limited.
2. The Shares are held by King Full Inc Limited, the entire issued share capital of which is owned by Mr. Fei Jie, the spouse of Ms. Wu Wen. Accordingly, Ms. Wu Wen is deemed to be interested in these 156,390,000 Shares by virtue of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the Period, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors and chaired by Mr. Sit Sai Hung, Billy, who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period and is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures have been made.

EVENTS AFTER THE REPORTING PERIOD

Please refer to note 12 to the condensed consolidated financial statements for details of events after the reporting period.

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

Hong Kong, 6 May 2016

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, Mr. Shen Ruolei and Mr. Sit Sai Hung, Billy.