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 2011

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 2011 (the "Year") together with the comparative audited figures for the corresponding year in 2010 (the "Previous Year") as follows:

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately HK$240.2 million for the Year which represented an increase of approximately HK$32.0 million or 15.4% as compared with the Previous Year.
- The profit attributable to owners of the Company was approximately HK$10.3 million for the Year, an increase of approximately HK$2.7 million or 37.4%, compared to approximately HK$7.6 million for the Previous Year.
- Basic earnings per share for the Year amounted to HK7.1 cents (2010: HK7.0 cents).
- A final dividend of HK2.0 cents per share is proposed for the Year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 December 2011 *HK$'000*	2010 *HK$'000*
Revenue	*3*	**240,249**	208,195
Cost of sales		**(183,823)**	(160,350)
Gross profit		**56,426**	47,845
Other income		**236**	727
Selling and distribution costs		**(8,555)**	(9,747)
Administrative expenses		**(33,520)**	(23,459)
Other operating expenses		**(1)**	(3,585)
Finance costs	*6*	**(120)**	(30)
Profit before income tax	*5*	**14,466**	11,751
Income tax expense	*7*	**(4,068)**	(3,862)
Profit for the year		**10,398**	7,889
Other comprehensive income for the year			
— Exchange differences arising on translation of foreign operations		**259**	170
Total comprehensive income for the year		**10,657**	8,059
Profit for the year attributable to:			
Owners of the Company		**10,393**	7,563
Non-controlling interests		**5**	326
		10,398	7,889
Total comprehensive income for the year attributable to:			
Owners of the Company		**10,652**	7,733
Non-controlling interests		**5**	326
		10,657	8,059
		HK cents	*HK cents*
Earnings per share for profit attributable to owners of the Company — Basic and diluted	*9*	**7.1**	7.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,034**	6,976
Goodwill		**230**	230
Other intangible assets		**5,861**	5,555
		15,125	12,761
Current assets			
Inventories		**20,051**	16,412
Trade receivables	*10*	**32,169**	24,575
Prepayments and deposits		**7,647**	18,857
Prepaid tax		**—**	1,552
Cash and cash equivalents		**41,180**	28,262
		101,047	89,658
Current liabilities			
Trade and other payables	*11*	**46,859**	68,803
Provision for income tax		**1,685**	3,239
Short-term bank borrowings		**9,192**	—
		57,736	72,042
Net current assets		**43,311**	17,616
Total assets less current liabilities/Net assets		**58,436**	30,377
EQUITY			
Share capital		**15,000**	10
Proposed final dividend	*8*	**3,000**	3,000
Other reserves	*12*	**40,436**	27,347
Equity attributable to owners of the Company		**58,436**	30,357
Non-controlling interests		**—**	20
Total equity		**58,436**	30,377

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"), as well as the design, manufacture and sale of the Group's owned brands of watches through its sales points 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 (the "Listing").

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

In the 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 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new/revised HKFRSs has no material impact on the Group's financial statements.

HKFRS 7 (Amendments) — Financial Instruments: Disclosures

As part of the Improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The carrying amounts of the Group's trade receivables and bank balances represent the Group's maximum exposure to credit risk in respect of these financial assets as at 31 December 2011 and 2010. The Previous Year financial statements included a positive statement to this effect which is removed in the 2011 financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) — Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has revised its accounting policy for the identification of its related parties and has reassessed counterparties of transactions in accordance with the revised definition. The reassessment did not result in new related parties being identified. Related parties identified in prior years remain unchanged under the new accounting policy and the Group concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

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	
	2011	2010
	HK$'000	*HK$'000*
Sales of goods	**238,889**	206,560
Freight income	**1,360**	1,635
	240,249	208,195

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	**PRC Watch Business**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'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))*	**27,078**	**(3,500)**	**—**	**23,578**
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**

	Sourcing Business *HK$'000*	PRC Watch Business *HK$'000*	Total *HK$'000*
Year ended 31 December 2010			
Reportable segment revenue *(note (a))*	200,288	7,907	208,195
Reportable segment profit/(loss)	22,086	(6,863)	15,223
Interest income			129
Fair value gain on financial instruments			501
Corporate income and expenses			(4,102)
Profit before income tax			11,751
Adjusted EBITDA *(note (c))*	23,093	(6,820)	16,273
At 31 December 2010			
Reportable segment assets	80,651	19,063	99,714
Prepaid tax			1,552
Corporate assets			1,153
Total assets			102,419
Year ended 31 December 2010			
Other information:			
Interest expense	30	—	30
Depreciation of property, plant and equipment	1,007	43	1,050
Loss on disposal of property, plant and equipment	3	—	3
Addition to non-current assets *(note (b))*	624	6,820	7,444

Notes:

(a) There were no inter-segment sales in Previous Year.

(b) Addition to non-current assets represents additions to property, plant and equipment and other intangible assets including those assets arising/acquired from the acquisition of a subsidiary.

(c) During the Year, 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 any non-recurring expenditure from the operating segments and depreciation and amortisation charge are not included in the Adjusted EBITDA. Similar information is presented in Previous Year for comparison.

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	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**30,364**	26,319	**7,172**	5,984
PRC, excluding Hong Kong	**18,244**	7,932	**7,953**	6,777
USA	**107,527**	93,107	**—**	—
Europe				
— Denmark	**52,791**	33,455	**—**	—
— France	**4,157**	7,135	**—**	—
— Italy	**4,365**	7,648	**—**	—
— Others	**10,310**	18,444	**—**	—
Asia	**5,971**	4,902	**—**	—
Others	**6,520**	9,253	**—**	—
Total	**240,249**	208,195	**15,125**	12,761

5. PROFIT BEFORE INCOME TAX

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

	For the year ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Auditor's remuneration	**558**	970
Cost of inventories recognised as expenses	**179,213**	157,944
Depreciation of property, plant and equipment	**1,326**	1,050
Employee benefit expenses (including directors' remuneration)		
Salaries, allowances and benefits in kind	**25,338**	16,896
Retirement benefit — defined contribution plans[2]	**819**	791
	26,157	17,687
Exchange (gain)/loss	**(65)**	167
Fair value gain on financial instruments[1]	**—**	(501)
Listing expenses[1]	**—**	3,581
Loss on disposal of property, plant and equipment[1]	**1**	3
Operating lease charges in respective of land and building	**1,089**	861

[1] included in "Other income/other operating expenses" in the consolidated statement of comprehensive income.

[2] no forfeited contributions available for offset against existing contributions during the Year and Previous Year.

6. FINANCE COSTS

	For the year ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts wholly repayable within five years	**120**	30

7. INCOME TAX EXPENSE

	For the year ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
— charge for the year	**4,246**	3,963
— over provision in prior years	**(181)**	(101)
	4,065	3,862
Current tax — PRC Enterprise Income Tax		
— under provision in prior years	**3**	—
Income tax expense	**4,068**	3,862

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the Year.

The Group acquired Shenzhen Tianhaiba Watches Company Limited ("Tianhaiba"), a PRC entity, on 1 February 2010 which 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.

8. DIVIDENDS

	For the year ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Interim — HK1.0 cent (2010: Nil) per ordinary share	**1,500**	—
Proposed final — HK2.0 cents (2010: HK2.0 cents) per ordinary share	**3,000**	3,000
	4,500	3,000

Proposed final dividend is subject to the approval by the shareholders at the forthcoming annual general meeting. The proposed final dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits of the Year.

The rate of dividend for the Previous Year was determined based on the number of shares in issue of 150,000,000, the issued capital of Company upon the Listing.

The dividends paid in 2011 amounted to HK$4,500,000 (2010: HK$14,301,000), comprising the final dividend for the year ended 31 December 2010 of HK$3,000,000 and the interim dividend for the year ended 31 December 2011 of HK$1,500,000, which were paid in May and September 2011 respectively.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the Year is based on the profit attributable to the owners of the Company amounting to HK$10,393,000 (2010: HK$7,563,000), and the weighted average number of shares of 147,123,000 in issue (2010: 108,000,000 shares, being the number of shares in issue immediately after the completion of capitalisation 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 that were past due at the reporting date but are not considered as impaired is as follows:

	2011	2010
	HK$'000	*HK$'000*
Not past due	**26,951**	22,174
1–30 days past due	**4,543**	2,378
31–60 days past due	**568**	13
61–90 days past due	**54**	10
Over 90 days past due	**53**	—
	32,169	24,575

The Group normally allows credit period of 30 to 60 days (2010: 45 to 60 days) to its major customers. Credit period is normally not granted to other customers.

The directors consider the carrying amounts of trade receivables approximate their fair values.

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:

	2011	2010
	HK$'000	*HK$'000*
Not past due	**10,421**	14,057
1–30 days past due	**11,110**	9,803
31–60 days past due	**4,982**	9,707
61–90 days past due	**412**	42
Over 90 days past due	**86**	—
	27,011	33,609

The directors consider that the carrying amounts of trade payables approximate their fair values.

12. 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$'000*	Proposed final dividend *HK$'000*	Retained profits* *HK$'000*	Total *HK$'000*
At 1 January 2010	—	—	—	10	—	—	35,727	35,737
Dividend paid	—	—	—	—	—	—	(14,301)	(14,301)
Acquisition of non-controlling interests	—	—	155	—	—	—	—	155
Capital contribution to a subsidiary	—	—	—	1,033	—	—	—	1,033
Issue of ordinary shares	10	—	—	(10)	—	—	—	—
Transactions with owners	10	—	155	1,023	—	—	(14,301)	(13,113)
Profit for the year	—	—	—	—	—	—	7,563	7,563
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	—	—	—	—	170	—	—	170
Total comprehensive income for the year	—	—	—	—	170	—	7,563	7,733
2010 final dividend proposed *(note 8)*	—	—	—	—	—	3,000	(3,000)	—
At 31 December 2010 and 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	15,000	6,937	155	1,033	429	3,000	31,882	58,436

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Sourcing Business

The year of 2011 was quite challenging despite financial crises tumbling in the United States of America and Europe and the earthquake in Japan at the beginning of the Year. With the support and coordinated effort, the Group managed to gain continuous growth, particularly in watches and costume jewelries products, from our customers and end customers in its Sourcing Business. Working closely with our branded customers and to cater for their growing needs under the global geographical challenges, our stringent control and flexible efficient management have allowed us to deliver quality and reliable products.

The Group foresaw the revenue from display and packaging products would decrease owing to some our branded customers were rephrasing their display programme in 2011, and launching display programme in the coming year. In order to maintain the growth, we hence embarked on new businesses with other international brands.

PRC Watch Business

We have achieved growth in revenue during the Year in our PRC Watch Business. It is our mission to refine the performance of sales points with our high sensitivity towards the demands in the PRC domestic market.

Our distribution channels were strengthened by successfully developing new businesses with bulk purchase customers, export sales and e-commerce sales. Meanwhile, we have since established new strategic markets in Beijing, Shanghai, Hunan, Anhui and Jiangxi. As at 31 December 2011, we managed a sales network of approximately 100 sales points across the PRC. To further enhance and expedite our market penetration, we have developed distribution channels with more than 20 new wholesalers, covering geographic areas which we do not operate our own outlets. In all, we have around 140 distribution outlets in over 30 provinces. We have participated in the 22nd China Watch and Clock Fair held in Shenzhen in order to enhance the brand awareness of our watches and to further expand our sales network. To be in pace with market needs, we have launched approximately 50 new watch styles under nine different series to cater for diversified demands from the market in 2012.

FINANCIAL REVIEW

The Group continued the positive trend at the beginning of the Year and is pleased to announce a profit attributable to owners of the Company of approximately HK$10.3 million for the Year, representing a year-on-year increase of approximately HK$2.7 million or 37.4% compared to approximately HK$7.6 million for the Previous Year.

Revenue

Barring global market instability and uncertainty, the Group's growth momentum is carried forward from Previous Year to the Year. The Group reported a total revenue of approximately HK$240.2 million (2010: approximately HK$208.2 million) and recorded a year-on-year increase of approximately HK$32.0 million or 15.4% from the Previous Year.

Revenue mainly came from the Sourcing Business of approximately HK$220.3 million, representing approximately 91.7% of total revenue. They rose approximately 10.0% or HK$20.0 million from approximately HK$200.3 million.

Sourcing of watches generated the largest revenue to the Group of approximately HK$134.4 million, recorded year-on-year increase of approximately HK$28.4 million or 26.8% compared to approximately HK$106.0 million Previous Year. Revenue from sourcing of costume jewelries representing 11.1% of Group revenue, which was fairly consistent with Previous Year. It delivered a strong performance with sales of approximately HK$26.6 million, an improvement of approximately 15.5% or approximately HK$3.6 million over than the Previous Year.

Display and packaging products sourcing contributed revenue of approximately HK$59.3 million, a reduction of approximately HK$12.0 million or 16.8% from approximately HK$71.3 million in the Previous Year. Similar to Previous Year, we managed to ride the storm cautiously and adopted appropriate strategies in a timely manner.

Started in 2010, the performance of PRC Watch Business is encouraging. Revenue leapt more than double to approximately HK$19.9 million from approximately HK$7.9 million, representing approximately 8.3% 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, developing networks in second- and third- tier cities, and extending its distribution to wholesalers and independent watch retailers.

Cost of sales and gross profit

Cost of sales of the Group increased by approximately 14.6% from approximately HK$160.4 million for the Previous Year to approximately HK$183.8 million for the Year.

The overall gross profit of the Group increased from approximately HK$47.8 million for Previous Year to approximately HK$56.4 million for the Year, representing an increase of approximately 17.9%. The gross profit of the Sourcing Business rose by approximately HK$4.1 million to approximately HK$47.9 million (2010: approximately HK$43.8 million). Gross profit margin of the Sourcing Business was approximately 21.8%, slightly decrease from approximately 21.9% of the Previous Year, primarily due to increase in cost of raw materials from the increase in prices charged by our contracted manufacturers. The PRC Watch Business contributed additional gross profit of approximately HK$4.5 million with gross profit margin of approximately 42.5% to the Group.

Expenses

Selling and distribution costs for the Year decreased by approximately HK$1.2 million, which was mainly as a result of one-off advertising expenses relating to television advertisement in Previous Year offsetting by additional employee benefit expenses incurred for the expansion of PRC Watch Business during the Year.

Administrative and other operating expenses for the Year were approximately HK$33.5 million (2010: approximately HK$27.0 million), an increase of approximately HK$6.5 million from the Previous Year, primarily due to the increase in employee benefit expenses and professional fees after the Listing.

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 2011, the Group had bank balances and cash of approximately HK$41.2 million (2010: approximately HK$28.3 million) and short-term borrowings of approximately HK$9.2 million (2010: Nil). The gearing ratio representing the ratio of total borrowings to the total assets of the Group was approximately 7.9% as at 31 December 2011 (2010: N/A). Taking into account cash and other current assets of approximately HK$101.0 million as at 31 December 2011, 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 2011, the Group did not have any charges on its assets.

Contingent Liabilities and Capital Commitment

As at 31 December 2011, the Group did not have any material contingent liabilities or capital commitment.

Dividends

The Directors declared a final dividend of HK2.0 cents per share for the Year payable on or about 25 May 2012, Friday to shareholders whose name appear on the register of members of the Company as at the close of business on 17 May 2012, Thursday.

Employees and Remuneration Policies

The Group had 271 (2010: 247) 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 period from 21 December 2010, being the latest practicable date as defined in the Prospectus ("LPD") to 31 December 2011 (the "Review Period") with the Group's actual business progress up to 31 December 2011 is set out below:

Business objectives for the Review Period	**Actual business progress up to 31 December 2011**
Sourcing Business	
Strengthen our current Sourcing Business capabilities	Regular emails and visits had been arranged in due course by the sales teams to strengthen the networking with existing customers.
	Developed design on new product series.
	The Group's websites were updated regularly with the latest information.
Cross-selling of our products and broadening our client bases	We attended Hong Kong International Jewellery Show 2011, Hong Kong Gifts & Premium Fair, and Basel World 2011, Hong Kong Watch & Clock 2011, Asia's Fashion Jewellery & Accessories Fair, Hong Kong Jewellery & Gem Fair, and Cosmoprof.
	Carried out evaluation on current product range and mix.
Enhancing our level of inventory	Evaluated and maintained appropriate level of plastic raw materials and watch movements.
PRC Watch Business	
Expanding our PRC Watch Business	Launched new models to enrich product range and drive sales performance.
	Reviewed the sales performance of sales points in order to enhance the profitability of the sales points.
	We had successfully developed new distribution channels, including wholesales, export sales and e-commerce to overseas and local customers which improved our sales effectiveness and penetration as a whole.
Enhancing brand equity of Tianba in the PRC	Launched new counter design, display items and light box advertising in major shopping malls to enhance brand image.
	Launched promotional campaigns for occasions and festivals during Lunar New Year, Women's Day, and etc.
	Placed advertisements on (i) the billboards outside target shopping malls, such as Nanjing Central Shopping Mall, (ii) watches magazines, such as "Moment", and "Watch & Clock", and (iii) ChinaWatchNet.com and our official website.
	We held roadshows in various cities, namely, Nanjing, Harbin, Chengdu and Chengsha.

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, 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. As at the date of this announcement, we do not anticipate any change to the plan. During the Review Period, the Group has applied the net proceeds as follows:

	Adjusted use of proceeds in the same manner and proportion as stated in the Prospectus	**Actual usage**
	HK$'million	*HK$'million*
Sourcing Business	5.9	5.9
PRC Watch Business	3.2	3.1
General working capital	0.8	0.8
	9.9	9.8

The remaining unused net proceeds as at 31 December 2011 have been placed as interest bearing deposits with licensed bank in Hong Kong and will be used as intended and as stated in the Prospectus.

PROSPECTS

The Group is committed to provide our customers with comprehensive product solutions by strengthening our product design and development capability, improvement in quality and efficiency management of our contracted manufacturers, enhancing product quality and reliability and maintaining precise delivery to support our customers' business. Moreover, we are confident that we can closely monitor our internal resources to take advantage of new opportunities and developments and will remain focused to improve our operational efficiencies.

Looking forward, the Group will remain committed to develop our core Sourcing Business. We shall refine our distribution networks and further develop and manage our sales networks in a systematic way for the PRC Watch Business. We would proactively make substantial progress in growth and strive for potential business opportunities to synergize our existing business and product lines.

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.

CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders' entitlement to the proposed final dividend, the register of members will be closed from 14 May 2012, Monday to 17 May 2012, Thursday (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 11 May 2012.

The payment of dividends shall be subjected to the approval of the shareholders at the Annual General Meeting (AGM) of the Company to be held at 33/F, Nine Queen's Road Central, Central, Hong Kong on 3 May 2012, Thursday at 3:00 p.m. The Notice of AGM will be published on the websites of the Company and the Exchange and dispatched on or about 16 March 2012.

CORPORATE GOVERNANCE PRACTICES

The Company adopted the provisions of Appendix 15 Code on Corporate Governance Practices of the GEM Listing Rules as its own code effective from the Listing upon the listing of the Company and had complied with the CG Code since then and up to the date of this announcement.

DIRECTORS SECURITIES TRANSACTIONS

The Company adopted the Model Code on terms no less exacting than the required standard of dealings set out in Rule 5.46 to 5.67 of the GEM Listing Rules effective from the Listing. On specific enquiry made, all the Directors have confirmed compliance with the Model Code since its effective date up to the date of this 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, 9 March 2012

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.