



宏峰太平洋集團有限公司  
**Powerwell Pacific Holdings Limited**

(a company incorporated in Bermuda with limited liability)

Stock code : 8265

*Interim Report* **2016**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)**

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*This report, 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 report 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 report misleading.*

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## INDEPENDENT REVIEW REPORT



國衛會計師事務所有限公司  
**Hodgson Impey Cheng Limited**

31st Floor  
Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

### **TO THE BOARD OF DIRECTORS OF POWERWELL PACIFIC HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

#### **Introduction**

We have reviewed the interim financial statements set out on pages 4 to 34, which comprises the condensed consolidated statement of financial position of Powerwell Pacific Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of the interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on the interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagement 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements as at 30 June 2016 is not prepared, in all material respects, in accordance with HKAS 34 *Interim Financial Reporting*.

**HLB Hodgson Impey Cheng Limited**

Certified Public Accountants

**Yu Chi Fat**

Practising Certificate Number: P05467

Hong Kong, 9 August 2016

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 and six months ended 30 June 2016 together with the comparative unaudited figures for the corresponding periods in 2015 as follows:

## FINANCIAL HIGHLIGHTS

- The Group’s revenue amounted to HK\$120,428,000 (six months ended 30 June 2015: HK\$95,396,000) for the six months ended 30 June 2016 (the “Period”) which represented an increase of HK\$25,032,000 or 26.2% as compared with the corresponding previous period (the “Previous Period”).
- The profit attributable to owners of the Company for the six months ended 30 June 2016 was HK\$5,595,000 (2015: HK\$1,541,000) which represented an increase of HK\$4,054,000 or 263.1% 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 and six months ended 30 June 2016

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Revenue</b>	3	60,326	53,889	120,428	95,396
Cost of sales		(37,427)	(33,579)	(72,337)	(62,714)
<b>Gross profit</b>		22,899	20,310	48,091	32,682
Other income	4	161	63	545	211
Selling and distribution costs		(735)	(1,510)	(1,400)	(2,346)
Administrative expenses		(12,071)	(19,342)	(24,904)	(27,762)
Loss arising in fair value change in contingent consideration receivables		(290)	-	(290)	-
Bargain purchase gain recognised in a business combination	21	-	-	-	4,084
Finance costs	6	(810)	(227)	(1,034)	(296)
<b>Profit/(loss) before tax</b>	7	9,154	(706)	21,008	6,573
Income tax expense	8	(4,350)	(824)	(7,910)	(2,848)
<b>Profit/(loss) for the period</b>		4,804	(1,530)	13,098	3,725
<b>Other comprehensive (loss)/ income for the period</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
- Exchange differences arising from translation of foreign operations		(3,350)	607	(2,876)	712
<b>Total comprehensive income/(loss) for the period</b>		1,454	(923)	10,222	4,437

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the three months and six months ended 30 June 2016

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Company		1,177	(3,867)	5,595	1,541
Non-controlling interests		3,627	2,337	7,503	2,184
		4,804	(1,530)	13,098	3,725
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(1,858)	(3,322)	2,851	2,191
Non-controlling interests		3,312	2,399	7,371	2,246
		1,454	(923)	10,222	4,437
			(restated)		(restated)
<b>Earnings/(loss) per share</b>					
– Basic (cents)	10	HK0.08	HK(0.35)	HK0.36	HK0.16
– Diluted (cents)	10	HK0.06	HK(0.35)	HK0.24	HK0.16

The accompanying notes form an integral part of these condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	94,695	6,351
Interest in leasehold land	11	21,092	–
Contingent consideration receivables	12	1,537	2,982
Available-for-sale financial assets		9,000	9,000
		<b>126,324</b>	<b>18,333</b>
<b>Current assets</b>			
Contingent consideration receivables	12	6,555	5,400
Inventories	13	27,132	16,480
Trade receivables	14	33,582	23,719
Deposits, prepayments and other receivables	15	43,832	14,831
Cash and cash equivalents		128,545	145,700
		<b>239,646</b>	<b>206,130</b>
<b>Current liabilities</b>			
Trade and other payables	16	52,885	32,325
Secured loan	17	15,000	15,000
Amount due to a holding company		5,438	5,438
Amount due to non-controlling interests		110	225
Tax payables		7,798	9,274
		<b>81,231</b>	<b>62,262</b>
<b>Net current assets</b>		<b>158,415</b>	<b>143,868</b>
<b>Total assets less current liabilities</b>		<b>284,739</b>	<b>162,201</b>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2016

	<i>Notes</i>	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Convertible bonds	18	95,477	–
Deferred tax liability	19	2,726	–
		<b>98,203</b>	–
<b>Net assets</b>		<b>186,536</b>	162,201
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital	20	30,670	30,670
Reserves		128,849	111,885
<b>Total equity attributable to owners of the Company</b>		<b>159,519</b>	142,555
<b>Non-controlling interests</b>		<b>27,017</b>	19,646
<b>Total equity</b>		<b>186,536</b>	162,201

The accompanying notes form an integral part of these condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 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	Convertible bonds reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Six months ended 30 June 2016 (Unaudited)</b>											
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	-	-	-	-	-	-	-	5,595	5,595	7,503	13,098
Other comprehensive loss:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(2,744)	-	-	(2,744)	(132)	(2,876)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(2,744)	-	5,595	2,851	7,371	10,222
Recognition of equity component of convertible bonds	-	-	-	-	-	-	17,107	-	17,107	-	17,107
Deferred tax on convertible bonds (note 19)	-	-	-	-	-	-	(2,823)	-	(2,823)	-	(2,823)
Share issuing expenses	-	(171)	-	-	-	-	-	-	(171)	-	(171)
<b>At 30 June 2016 (Unaudited)</b>	<b>30,670</b>	<b>109,915</b>	<b>155</b>	<b>1,033</b>	<b>2,565</b>	<b>(4,086)</b>	<b>14,284</b>	<b>4,983</b>	<b>159,519</b>	<b>27,017</b>	<b>186,536</b>
<b>Six months ended 30 June 2015 (Unaudited)</b>											
At 1 January 2015 (Audited)	15,000	6,937	155	1,033	-	-	-	1,052	24,177	-	24,177
Profit for the period	-	-	-	-	-	-	-	1,541	1,541	2,184	3,725
Other comprehensive income:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	650	-	-	650	62	712
Total comprehensive income for the period	-	-	-	-	-	650	-	1,541	2,191	2,246	4,437
Issuance of new share upon open offer	8,600	52,800	-	-	-	-	-	-	61,600	-	61,600
Issuance of consideration shares	2,600	20,540	-	-	-	-	-	-	23,140	-	23,140
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	9,838	9,838
Recognition of equity-settled share-based payments	-	-	-	-	5,130	-	-	-	5,130	-	5,130
Share issuing expenses	-	(2,207)	-	-	-	-	-	-	(2,207)	-	(2,207)
<b>At 30 June 2015 (Unaudited)</b>	<b>26,400</b>	<b>78,070</b>	<b>155</b>	<b>1,033</b>	<b>5,130</b>	<b>650</b>	<b>-</b>	<b>2,593</b>	<b>114,031</b>	<b>12,084</b>	<b>126,115</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Cash used in operating activities	(5,896)	(17,307)
Tax paid	(9,386)	(246)
<b>Net cash used in operating activities</b>	<b>(15,282)</b>	<b>(17,553)</b>
<b>Cash flows from investing activities</b>		
Net cash inflow arising from acquisition of subsidiaries	–	16,627
Purchases of property, plant and equipment	(841)	(792)
Other cash flows generating from investing activities	114	125
<b>Net cash (used in)/generated from investing activities</b>	<b>(727)</b>	<b>15,960</b>
<b>Cash flows from financing activities</b>		
New secured loan raised	–	15,000
Issuance of shares upon open offer	–	61,600
Interest paid	(452)	(296)
Other cash flows (used in)/generated from financing activities	(171)	2,923
<b>Net cash (used in)/generated from financing activities</b>	<b>(623)</b>	<b>79,227</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(16,632)</b>	<b>77,634</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>145,700</b>	<b>32,340</b>
Effect of foreign exchange rate changes	(523)	620
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>128,545</b>	<b>110,594</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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 and its 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 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. Its ultimate holding company is King Full Inc Limited, a company incorporated in Hong Kong with limited liability.

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 jewellery, and display and packaging products (the “Sourcing Business”), the retail and wholesale of luxury brand silverware and silver utensils in the People’s Republic of China (“PRC”) (the “PRC Silverware Business”) and the production of electric vehicles in the PRC (the “Electric Vehicle Business”).

This unaudited condensed consolidated financial information (the “Interim Financial Statements”) is presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) except otherwise indicated.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for contingent consideration receivables that are measured at fair value at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Interim Financial Statements for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 December 2015.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

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

The directors of the Company considered the application of the above new or revised HKFRSs has no material impact on the Group's financial performance and financial position for the current and prior periods.

The Group has not applied any new and revised HKFRSs that have been issued by the HKICPA but not yet effective.

## 3. REVENUE

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Sales of goods	33,766	41,436	68,272	79,028
Sales of electric vehicles	5,155	–	5,155	–
Freight income	193	139	359	231
Sales of silverware	21,212	12,314	46,642	16,137
	<b>60,326</b>	<b>53,889</b>	<b>120,428</b>	<b>95,396</b>

#### 4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Bank interest income	56	53	113	125
Exchange gain	101	–	428	–
Sundry income	4	10	4	86
	<b>161</b>	63	<b>545</b>	211

#### 5. SEGMENT INFORMATION

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

The 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 reportable segment as the "Sourcing Business". 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, 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 its own sales network for the retail and wholesale of luxury brand silverware and silver utensils in the PRC and the production of electric vehicles in the PRC. These line of businesses are identified as reportable segments of "PRC Silverware Business" and "Electric Vehicle Business" respectively.

## 5. SEGMENT INFORMATION (CONTINUED)

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

	<b>Sourcing Business (Unaudited) HK\$'000</b>	<b>PRC Silverware Business (Unaudited) HK\$'000</b>	<b>Electric Vehicle Business (Unaudited) HK\$'000</b>	<b>Total (Unaudited) HK\$'000</b>
<b>Six months ended 30 June 2016</b>				
Reportable segment revenue	68,631	46,642	5,155	120,428
Reportable segment profit	6,873	22,260	163	29,296
Bank interest income				113
Loss arising in fair value change in contingent consideration receivables				(290)
Other corporate expenses				(8,111)
Profit before tax				21,008
Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA")	7,078	23,132	1,032	31,242
<b>Six months ended 30 June 2015</b>				
Reportable segment revenue	79,259	16,137	–	95,396
Reportable segment profit	8,148	9,723	–	17,871
Bank interest income				125
Other corporate expenses				(11,423)
Profit before tax				6,573
Adjusted EBITDA	8,429	6,040	–	14,469

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

## 5. SEGMENT INFORMATION (CONTINUED)

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

	Sourcing Business <i>HK\$'000</i>	PRC Silverware Business <i>HK\$'000</i>	Electric Vehicle Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 30 June 2016 (Unaudited)</b>				
Reportable segment assets	73,377	82,954	166,859	323,190
Unallocated assets				42,780
Total assets				365,970
Reportable segment liabilities	26,560	5,585	114,999	147,144
Unallocated liabilities				32,290
Total liabilities				179,434
<b>At 31 December 2015 (Audited)</b>				
Reportable segment assets	68,308	86,280	-	154,588
Unallocated assets				69,875
Total assets				224,463
Reportable segment liabilities	27,207	4,442	-	31,649
Unallocated liabilities				30,613
Total liabilities				62,262

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



## 5. SEGMENT INFORMATION (CONTINUED)

### Geographical information

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

The following is an analysis of the Group's revenue by geographical locations:

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>(Unaudited)</b> <i>HK\$'000</i>	2015 <b>(Unaudited)</b> <i>HK\$'000</i>
Hong Kong (place of domicile)	18,770	9,906
The PRC, excluding Hong Kong	46,642	16,139
The United States of America	18,847	35,602
Europe		
– Germany	28,312	27,368
– France	45	1,030
– Others	1,140	1,244
Asia	1,139	2,690
Oceania	5,155	–
Others	378	1,417
<b>Total</b>	<b>120,428</b>	<b>95,396</b>

The following is an analysis of the carrying amounts of the Group's non-current assets analysed by geographical areas in which the assets are located:

	<b>30 June</b> <b>2016</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 December 2015 <b>(Audited)</b> <i>HK\$'000</i>
	Hong Kong	12,049
The PRC, excluding Hong Kong	114,275	4,589
<b>Total</b>	<b>126,324</b>	<b>18,333</b>

## 5. SEGMENT INFORMATION (CONTINUED)

### Information about major customers

Revenue from customers for the period ended 30 June 2016 and 2015 contributing over 10% of the total revenue of the Group are as follows:

Reporting segments		Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Customer A	Sourcing Business	50,541	63,852
Customer B (Note)	PRC Silverware Business	35,390	N/A

No other customers contributed 10% or more to the Group's revenue for both period.

Note: Revenue derived from Customer B did not contribute over 10% of revenue of the Group during the period ended 30 June 2015.

## 6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on secured loan	225	227	449	296
Imputed interest on convertible bonds (note 18)	585	–	585	–
	810	227	1,034	296

## 7. PROFIT/(LOSS) BEFORE TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Amortisation of interest in leasehold land	40	–	40	–
Bargain purchase gain recognised in a business combination	–	–	–	(4,084)
Depreciation of property, plant and equipment	1,464	600	2,081	855
Impairment loss recognised in respect of trade receivables	8	633	8	633
Loss arising in fair value change in contingent consideration receivables	290	–	290	–
Exchange (gain)/loss	(101)	100	(428)	154
Operating lease charges in respect of premises	1,228	1,090	2,777	1,995
Employee benefit expenses (including directors' remuneration):				
Salaries, allowance and benefits in kind	9,153	8,728	14,661	13,498
Retirement benefit scheme contributions	294	288	555	430
Share-based payment expenses	–	5,130	–	5,130
	<b>9,447</b>	<b>14,146</b>	<b>15,216</b>	<b>19,058</b>

## 8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK'000	2015 (Unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax				
– charge for the period	296	794	1,138	1,653
PRC Enterprise Income Tax (“EIT”)				
– charge for the period	4,151	30	6,869	1,195
	4,447	824	8,007	2,848
Deferred tax:				
– credit for the period (note 19)	(97)	–	(97)	–
Total income tax expense of the period	4,350	824	7,910	2,848

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both periods.

PRC subsidiaries are subject to PRC EIT at 25% for both periods.

## 9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the six months ended 30 June 2016 (2015: nil).

## 10. EARNINGS/(LOSS) PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Earnings/(loss)</b>				
Earnings/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the period attributable to owners of the Company)	1,177	(3,867)	5,595	1,541
Effect of dilutive potential ordinary shares: Interest on convertible bonds, net of tax	489	–	489	–
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	1,666	(3,867)	6,084	1,541

**10. EARNINGS/(LOSS) PER SHARE (CONTINUED)**

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) '000	2015 (Unaudited) '000 (restated)	2016 (Unaudited) '000	2015 (Unaudited) '000 (restated)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per shares	1,533,500	1,115,285	1,533,500	986,967
Effect of dilutive potential ordinary shares:				
Share options	37,500	–	37,500	–
Convertible bonds	1,000,000	–	1,000,000	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per shares	2,571,000	1,115,285	2,571,000	986,967

The weighted average number of ordinary shares for the three months and six months ended 30 June 2015 for the purpose of calculating basic and diluted earnings/(loss) per shares have been adjusted for share subdivision which took place on 4 May 2016.

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic (loss)/earnings per share calculation for the three months ended and six months ended 30 June 2015, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted (loss)/earnings per share.

## 11. PROPERTY, PLANT AND EQUIPMENT AND INTEREST IN LEASEHOLD LAND

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of approximately HK\$91,452,000 (six months ended 30 June 2015: approximately HK\$792,000) and interest in leasehold land with a cost of approximately HK\$21,362,000 (six months ended 30 June 2015: nil), of which items of property, plant and equipment and interest in leasehold land with a cost of approximately HK\$90,636,000 (six months ended 30 June 2015: nil) and HK\$21,362,000 (six months ended 30 June 2015: nil) were settled through issuance of convertible bonds respectively.

During the six months ended 30 June 2015, property, plant and equipment with a cost of HK\$3,150,000 was acquired through business combination.

## 12. CONTINGENT CONSIDERATION RECEIVABLES

The fair value of the contingent consideration receivables represented the profit guarantee from the acquisition of Core Kingdom Limited ("Core Kingdom") and its subsidiaries (collectively referred as "Core Kingdom Group") (note 21). Contingent consideration receivables have been designated at financial assets at fair value through profit or loss upon initial recognition and measured at fair value at the end of the reporting period. The movement of the fair value of contingent consideration receivables are as follow:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>At fair value:</b>		
At the beginning of the reporting period	8,382	–
Arising in acquisition of subsidiaries (note 21)	–	20,536
Loss arising in fair value change	(290)	(12,154)
At the end of the reporting period	8,092	8,382

**12. CONTINGENT CONSIDERATION RECEIVABLES (CONTINUED)**

The fair value of the contingent consideration receivables at 30 June 2016 are based on valuation performed by Ascent Partners Valuation Service Limited ("Ascent Partners"), an independent qualified professional valuer, by using the expected present value method and a loss arising in fair value change of approximately HK\$290,000 was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

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

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Analysed for reporting purposes as:		
Non-current assets	1,537	2,982
Current assets	6,555	5,400
	<b>8,092</b>	<b>8,382</b>

**13. INVENTORIES**

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Raw material	15,607	3,808
Work in progress	1,607	–
Finished goods	9,918	12,672
	<b>27,132</b>	<b>16,480</b>

Inventories are expected to be recovered within one year.



#### 14. TRADE RECEIVABLES

The Group normally allows credit period of 1 to 60 days to its major customers. Credit period is normally not granted to other customers. The following is an aging analysis of trade receivables based on the invoice date, which approximates the respective revenue recognition and net of allowance for doubtful debts:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
0–30 days	19,988	11,958
31–60 days	10,672	11,542
61–90 days	502	–
Over 90 days	2,420	219
	<b>33,582</b>	<b>23,719</b>

#### 15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Deposits paid	969	969
Trade deposits paid	15,923	89
Prepayments	3,352	1,831
Other receivables	23,588	11,942
	<b>43,832</b>	<b>14,831</b>

**16. TRADE AND OTHER PAYABLES**

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

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Trade payables:		
0–30 days	26,562	11,713
31–60 days	10,039	6,070
61–90 days	5,995	5,864
Over 90 days	187	687
	42,783	24,334
Other payables and accruals	9,552	7,397
Receipt in advance	25	249
Trade deposits received	525	345
	52,885	32,325

The credit period granted by suppliers ranging from 30 to 90 days.

**17. SECURED LOAN**

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Secured loan repayable within one year	15,000	15,000

The secured loan 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 has extended the repayment date of the loan to another 12 months from the original repayment date.

## 18. CONVERTIBLE BONDS

On 1 June 2016, the Company issued unsecured convertible bonds in the principal amount of HK\$110,000,000 to two independent third parties. The bonds are interest-free. These independent third parties may convert the bonds into ordinary shares of the Company at any time prior to and exclusive of the maturity date on 31 May 2018 at an initial conversion price of HK\$0.55 per share in accordance with the convertible bonds agreement (subject to adjustment, if necessary). The conversion price was adjusted to HK\$0.11 per share on 4 May 2016 upon the completion of share subdivision. If the bonds have not been converted, they will be redeemed on 31 May 2018 at principal amount. The convertible bonds are denominated in HK\$.

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

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
At the beginning of the reporting period	–	–
Issuance of convertible bonds	94,892	–
Imputed interest expense ( <i>note 6</i> )	585	–
At the end of the reporting period	95,477	–

## 19. DEFERRED TAX LIABILITY

The followings are the major deferred tax balances recognised by the Group and movements thereon:

	Convertible bonds HK\$'000
At 1 January 2015, at 31 December 2015 and at 1 January 2016 (Audited)	–
Recognised directly in equity	2,823
Credit to condensed consolidated statement of profit or loss and other comprehensive income ( <i>note 8</i> )	(97)
<b>At 30 June 2016 (Unaudited)</b>	<b>2,726</b>

## 20. SHARE CAPITAL

	2016		2015	
	Number of ordinary shares '000	Carrying amount HK\$'000	Number of ordinary shares '000	Carrying amount HK\$'000
Ordinary shares of HK\$0.02 (2015: HK\$0.10) each				
Authorised:				
At the beginning of the reporting period	1,000,000	1,000,000	1,000,000	100,000
Share subdivision	4,000,000	-	-	-
At the end of the reporting period	5,000,000	1,000,000	1,000,000	100,000
Issued and fully paid:				
At the beginning of the reporting period	306,700	30,670	150,000	15,000
Issuance of shares upon open offer (i)	-	-	88,000	8,800
Issuance of consideration shares (ii)	-	-	26,000	2,600
Share subdivision (iii)	1,226,800	-	-	-
At the end of the reporting period	1,533,500	30,670	264,000	26,400

## Notes:

- (i) On 31 March 2015, the Company proposed to raise approximately HK\$61,600,000 by the way of open offer of 88,000,000 new ordinary shares (the "Offer Shares") at the subscription price of HK\$0.70 per Offer Share on the basis of one offer share for every two ordinary shares held by the shareholders of the Company (the "Open Offer"). The estimated net proceeds of the Open Offer will be approximately HK\$59,300,000. The Company intends to apply such net proceeds from the Open Offer for financing future investment activities if and when suitable opportunities arise and business development and working capital requirement of the Group. The Open Offer was completed on 20 May 2015.
- (ii) According to the sale and purchase agreement (the "SPA") dated 8 December 2014 in relation to the acquisition of the entire equity interest in Core Kingdom, the Company has issued the consideration shares of 26,000,000 new shares (the "Consideration Shares") on 27 February 2015, at issue price of HK\$0.89 per shares, being part of the consideration for the acquisition.

## 20. SHARE CAPITAL (CONTINUED)

Notes: (continued)

- (iii) At a special general meeting of the Company held on 3 May 2016, a resolution was passed to approved the share subdivision of every existing issued and unissued shares of par value of HK\$0.10 each in the share capital of the Company subdivided into five shares of par value of HK\$0.02 each in the share capital of the Company. The share subdivision was completed and effective on 4 May 2016.

## 21. 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 and corresponding shareholder's loan due by Core Kingdom, which indirectly owned 51% equity interest in 浙江通銀貴金屬經營有限公司 (Zhejiang Tong Yin Precious Metal Operation Company Limited\*) ("Tong Yin"), a company engaged 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 Consideration Shares upon completion.

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

Acquisition-related costs of approximately HK\$362,000 have been charged to "administrative expenses" in the condensed consolidated statement of profit or loss and other comprehensive income during the period ended 30 June 2015.

HK\$'000

### Consideration satisfied by:

– Deposits for acquisition of a subsidiary	4,800
– Consideration shares (i)	23,140
– Profit guarantee, at fair value (ii)	(20,536)

### Total consideration

7,404

\* for identification purpose only

**21. BUSINESS COMBINATION (CONTINUED)**

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

	<i>HK\$'000</i>
<b>Net assets acquired:</b>	
Property, plant and equipment	3,150
Inventories	3,013
Deposits, prepayments and other receivables	1,002
Cash and cash equivalents	16,627
Trade and other payables	(2,466)
Amount due to the shareholder	(7,293)
	<hr/>
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 a business combination	(4,084)
	<hr/>
<b>Total consideration</b>	<b>7,404</b>
	<hr/>
<b>Net cash inflow on business combination:</b>	
Cash consideration paid	–
Cash and cash equivalents acquired	16,627
	<hr/>
Net cash inflow	16,627
	<hr/>

Notes:

- (i) The fair value of the Consideration 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 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 51% of the shortfall ("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.

## 21. BUSINESS COMBINATION (CONTINUED)

*Notes: (continued)*

(ii) (continued)

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 tradings 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 obligations and liabilities of the Vendor have been fully discharged and satisfied.

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

### **Impact of acquisition on the results of the Group**

Included in the profit for the period of approximately HK\$4,458,000 was attributable to the additional business generated by Core Kingdom Group. Revenue for the period includes HK\$16,137,000 in respect of Core Kingdom Group.

Had these business combinations been effected at 1 January 2015, the revenue of the Group would have been HK\$25,257,000, and the profit for the period would have been HK\$7,423,000. The directors of the Company consider these ‘pro-forma’ numbers to represent an approximately measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the ‘pro-forma’ revenue and profit of the Group had Core Kingdom been acquired at the beginning of the current year, the directors of the Company have:

- calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

**22. MATERIAL RELATED PARTY TRANSACTIONS**

During the six months ended 30 June 2016 and 2015, the Group carried out the following transactions with its related party:

		<b>Six months ended 30 June</b>	
		<b>2016 (Unaudited) HK\$'000</b>	<b>2015 (Unaudited) HK\$'000</b>
<b>Nature of Transaction</b>			
Richmind International Investment Limited ("Richmind") <i>(note)</i>	Rental expense	<b>508</b>	480

*Note:*

Richmind is a subsidiary of Data Champion Limited ("Data Champion") in which Mr. Liu Tin Chak, Arnold, Mr. Lam Chi Wai, Peter and Mr. Wong Yu Man, Elias, members of the key management personnel of the Group, have equity interest in Data Champion.



**23. OPERATING LEASE COMMITMENTS**

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within one year	5,621	2,678
In the second to five years inclusive	3,768	1,416
	<b>9,389</b>	4,094

The Group leases certain properties under operating leases. The leases run for an initial period of one to three years (31 December 2015: three years), with options to renew the lease terms at the expiry dates or other dates as mutually agreed between the Group and the respective landlords. The Group does not have an option to purchase the leased properties at the expiry of the lease period.

**24. MAJOR NON-CASH TRANSACTIONS**

The Group entered into the following major non-cash investing and financing activity which are not reflected in the condensed consolidated statement of cash flows:

On 1 June 2016, the Group had completed the acquisition of property, plant and equipment and interest in leasehold land with the carrying amounts of approximately HK\$90,636,000 and HK\$21,362,000 respectively, satisfied by issuance of convertible bonds.

## 25. FAIR VALUE MEASUREMENT

### (a) Fair value hierarchy

	Quoted prices in active market for identical assets (Level 1) <i>HK\$'000</i>	Significant other observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 30 June 2016 (Unaudited)</b>				
<i>Fair value on a recurring basis</i>				
Financial assets at fair value through profit or loss				
– Contingent consideration receivables	–	–	8,092	8,092
<b>At 31 December 2015 (Audited)</b>				
<i>Fair value on a recurring basis</i>				
Financial assets at fair value through profit or loss				
– Contingent consideration receivables	–	–	8,382	8,382

As described in note 12 to the condensed consolidated financial statements, the fair value of contingent consideration receivables in relation to the acquisition of Core Kingdom Group are measured at fair value under expected present value method and take into consideration of whether the Profit Guarantee is probable to be fulfilled. The unobservable inputs used in respect of the valuation are (i) expected future profitability for three scenarios and (ii) probability distribution of three different conditions.

The fair value measurement is negatively correlated to the expected result of Tong Yin and its subsidiary.

The directors of the Company have engaged with Ascent Partners to determine the appropriate valuation techniques and inputs for fair value measurements.

## 25. FAIR VALUE MEASUREMENT (CONTINUED)

### (a) Fair value hierarchy (continued)

In estimating the fair value of an asset, management of the Company work closely with Ascent Partners to establish the appropriate valuation techniques and inputs to the model. Management of the Company reports the findings to the directors of the Company at the end of each reporting period to explain the cause of fluctuations in fair value of the asset.

Information about the valuation techniques and inputs used in determining the fair value of contingent consideration receivables are disclosed below.

The following table presents the changes in contingent consideration receivables which are classified as level 3 instruments:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
At the beginning of the reporting period	8,382	–
Arising in acquisition of subsidiaries ( <i>note 21</i> )	–	20,536
Loss arising in fair value change	(290)	(12,154)
At the end of the reporting period	8,092	8,382

During the period ended 30 June 2016 and year ended 31 December 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the events or change in circumstances that caused the transfer.

Due to the variety of basis of determination used in profit forecast, it is not practicable to provide any meaningful sensitivity in relation to the critical assumptions concerning future profitability of acquired business and the potential impact on the fair value change on contingent consideration receivables at the end of reporting period.

However, if the profit after tax of the acquired business is 20% lower or higher, the resulting aggregate impact to the fair value change of contingent consideration receivables are within 20%.

**25. FAIR VALUE MEASUREMENT (CONTINUED)****(b) Fair values of financial assets and financial liabilities**

The carrying amounts of the Group's financial assets and financial liabilities recognised in Interim Financial Statements approximate to their fair value at 30 June 2016 and 31 December 2015.

**26. EVENTS AFTER THE REPORTING PERIOD**

There was no significant event took place subsequent to the end of the reporting period.

**27. APPROVAL AND AUTHORISED OF THE INTERIM FINANCIAL STATEMENTS**

The Interim Financial Statements were approved and authorised for issue by the board of directors on 9 August 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### Sourcing Business

The overall result of sourcing business is mixed, with a shrink of revenue for the first half of 2016 compared to Previous Period.

As mentioned earlier, affected by the change in market and the introduction of smart watches, our analog watches business has noted a decline from our brand owner customers. On the other hand, there was a jump of turnover as compared to Previous Period in our display and packaging business.

As a result, the bottom line and profitability of sourcing business was affected as compared to Previous Period.

#### PRC Silverware Business

As compared with the Previous Period, our revenue from silverware business recorded a robust growth. Affluent PRC consumers prefer to purchase silverware utensils for their table setting. It was mainly driven by a favourable consumption environment, new retail shops opening in Zhejiang Province and the consumers' behaviour to place sales order over the internet.

#### Electric Vehicle Business

Upon Completion of acquisition of Sale Assets in Huzhou on 1 June 2016 (see below), the electric vehicle business was established through the acquiring of Sale Assets by the Group as a new segment. The Sale Assets have commenced operation to produce electric vehicles during the Period.

### Financial Review

#### *Revenue*

For the Period, the Group reported a total revenue of HK\$120,428,000 (six months ended 30 June 2015: HK\$95,396,000), representing an increase of HK\$25,032,000 or 26.2% from the Previous Period, resulting from growth in revenue from PRC Silverware Business. The decrease in revenue of the Sourcing Business by HK\$10,628,000 or 13.4%, to HK\$68,631,000 (six months ended 30 June 2015: HK\$79,259,000) was due to change in market and the introduction of smart watches. On the other hand, revenue from the PRC Silverware Business increased by HK\$30,505,000 to HK\$46,642,000 for the Period (six months ended 30 June 2015: HK\$16,137,000), approximately a triple of the Previous Period's revenue. This is contributed by the seasonal promotion of our silverware products and openings of more retail outlets in Zhejiang Province. The Electric Vehicle Business has contributed HK\$5,155,000 revenue (six months ended 30 June 2015: nil) to the Group during the Period.

### *Gross Profit*

For the Period, the Group's gross profit increased by HK\$15,409,000 or 47.1% to HK\$48,091,000 (six months ended 30 June 2015: HK\$32,682,000), of which HK\$18,583,000 (six months ended 30 June 2015: HK\$21,869,000) was contributed by the Sourcing Business; HK\$28,164,000 (six months ended 30 June 2015: HK\$10,813,000) was contributed by the PRC Silverware Business and HK\$1,344,000 (six months ended 30 June 2015: nil) was contributed by the Electric Vehicle Business.

### *Net Profit*

The Group's overall profit before taxation for the Period was HK\$21,008,000 (six months ended 30 June 2015: HK\$6,573,000) and profit attributable to owners of the Company was HK\$5,595,000 for the Period, representing a period-on-period increase of HK\$4,054,000 or 263.1% as compared with approximately HK\$1,541,000 for the Previous Period.

The Group's net profit comprised of the segment profit on Sourcing Business of approximately HK\$6,873,000 (six months ended 30 June 2015: HK\$8,259,000); the segment profit on the PRC Silverware Business of approximately HK\$22,260,000 (six months ended 30 June 2015: HK\$9,723,000) and the segment profit on the Electric Vehicle Business of approximately HK\$163,000 (six months ended 30 June 2015: nil) and the total of interest income, net corporate expenses and income tax expenses was HK\$15,610,000 (six months ended 30 June 2015: HK\$14,146,000).

## **Liquidity, Financial Resources and Capital Structure**

The Group generally finances its daily operations from internally generated cash flows. As at 30 June 2016, the Group had cash and cash equivalents of HK\$128,545,000 (31 December 2015: HK\$145,700,000) and the net assets value of approximately HK\$186,536,000 (31 December 2015: HK\$162,201,000). The Group did not have any bank borrowings, guarantee and banking facilities.

Taking into account the current assets of HK\$239,646,000 as at 30 June 2016 (31 December 2015: HK\$206,130,000), the Group has sufficient financial resources to satisfy its working capital requirement and to achieve its business objectives.

## 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 the secured loan amounted to HK\$449,000 (six months ended 30 June 2015: HK\$296,000).

## 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. Details of the Grant of Share Options was set out in the announcement of the Company dated 27 May 2015. 7,500,000 options had been exercised and gross proceeds of HK\$8,775,000 was received from exercise of these options. Upon the Share Subdivision became effective on 4 May 2016, the exercise price and the number of outstanding options were adjusted to HK\$0.234 and 37,500,000 shares respectively in accordance with the terms and conditions of the Share Option Scheme. As at 30 June 2016, no option was lapsed and there were 37,500,000 options outstanding under the Share Option Scheme.

## Capital Structure

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 was 4 May 2016. As the Share Subdivision became effective, the authorised share capital of the Company became HK\$100,000,000 divided into 5,000,000,000 Subdivided Shares of HK\$0.02 each, of which 1,533,500,000 Subdivided Shares were in issue and fully paid or credited as fully paid.

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 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.

### **Completed Acquisition of Sale Assets in Huzhou and Issue of Convertible Bonds**

On 1 June 2016, the Company issued convertible bonds with principal amount of HK\$110,000,000 as the consideration payable of the sale assets under the sale and purchase agreement dated 5 November 2015 entered into by the 湖州信成電動汽車有限公司 (transliterated into "Huzhou Xincheng Electric Vehicle Co. Ltd.", an indirect wholly owned subsidiary of the Company and as "Purchaser") and 湖州百成電池有限公司 (transliterated into "Huzhou Brighsun Battery Co. Ltd") and 湖州百成客車有限公司 (transliterated into "Huzhou Brighsun Automobile Co. Ltd") (collectively, "Vendors") and 黃科竣 (Huang Kejun) and 章根江 (Zhang Genjiang) (collectively, "Guarantors"). The holders of the convertible bonds have the right to convert the outstanding principal amount of the convertible bonds on the expiry of 6 months from the date of issue of the convertible bonds up to the maturity date of 1 June 2018. Pursuant to the Company Information Sheet dated 7 July 2016, the outstanding convertible bonds amounted to HK\$110,000,000 which can be converted into 1,000,000,000 Shares at the conversion price of HK\$0.11. Further details of the Acquisition were set out in the announcements of the Company dated 9 November 2015, 20 November 2015, 18 December 2015 and 13 January 2016, 1 June 2016 and the Circular issued by the Company dated 18 January 2016 respectively and the poll result of the Special General Meeting were set out in the Company's announcement dated 3 February 2016.

There were no significant investment held as at 30 June 2016. Save as aforesaid, there were no other material acquisitions and disposals of subsidiaries during the first half of 2016.

### **Fund Raising Activities**

No fund raising activities was taken place during the Period.

### **Foreign Exchange Exposure**

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

### **Contingent Liabilities and Capital Commitment**

As at 30 June 2016 and 2015, the Group did not have any material contingent liabilities or capital commitment.



## Employees and Remuneration Policies

The Group had 161 (2015: 112) employees as at the end of the Period. The Group's remuneration practices are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognizes 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.

## Prospects

### *Sourcing Business*

The markets will be remained challenging in the coming years due to the slow economy especially in our watches business. We will continue to maintain tight cost control in Sourcing Business and tight quality assurance of our product to enhance our quality and development to provide an edge on our products as to maintain competitive.

### *Retail of Silverware*

Currently, Tong Yin has set up eight retail outlets in Zhejiang Province to market luxury silverware and silver utensils products under the brand name of S-collodi. Tong Yin will strengthen its promotion through the internet marketing and to establish its own design team to launch etiquette products. PRC customers are willing to purchase and decorate with the silverware utensils in their homes.

### *Electric Vehicle Business ("EV Business")*

The EV Business is comprised of two divisions, namely battery division (the "Battery division") and electric vehicle division (the "EV division"). The Battery division is engaged in manufacture and supply of lithium batteries; while the EV division is engaged in manufacture of electric vehicles for the EV business. The Battery division will receive imminent orders from the EV division to supply the lithium batteries.

The EV Business will soon receive bulk orders from overseas in the second half of 2016. In 2017, the EV Business will focus on PRC domestic markets. Currently, the EV Business is planning to launch various model of electric vehicles such as 9-meter, 11-meter station wagon, bus, passenger van, cargo van, sweeper, tour shuttle, and two-wheels motor vehicle, etc.

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

As at 30 June 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 (Chapter 571 of the Laws of Hong Kong) (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 (Note)	781,950,000	50.99%

Note: These shares are held by an associated corporation King Full Inc Limited. Director's interests in an associated corporation are 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 30 June 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 30 June 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 and underlying shares of the Company*

<b>Name of shareholders</b>	<b>Capacity/ Nature of interest</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage of the issued share capital of the Company</b>
King Full Inc Limited	Beneficial owner (Note 1)	781,950,000	50.99%
Mr. Fei Jie	Corporate interest (Note 2)	781,950,000	50.99%
Ms. Wu Wen	Interest in spouse (Note 2)	781,950,000	50.99%
Huzhou Brighsun Automobile Co. Ltd	Beneficial owner (Note 3)	682,290,672	44.49%
Huzhou Brighsun Battery Co. Ltd	Beneficial owner (Note 4)	317,709,327	20.72%

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 the entire 781,950,000 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 the entire 781,950,000 shares by virtue of the SFO.

3. 682,290,672 shares represent the number of shares that could be converted after full exercise of the convertible rights on the convertible bonds issued by the Company to Huzhou Brighsun Automobile Co. Ltd pursuant to the Sales and Purchase Agreement dated 5 November 2015, which was ultimately owned 60% by Mr. Huang Kejun and 40% by Mr. Zhang Genjiang.
4. 317,709,327 shares represent the number of shares that could be converted after full exercise of the convertible rights on the convertible bonds issued by the Company to Huzhou Brighsun Battery Co. Ltd pursuant to the Sales and Purchase Agreement dated 5 November 2015, which was ultimately owned 62% by Mr. Huang Kejun and 38% by Mr. Zhang Genjiang.

Save as disclosed above, as at 30 June 2016, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

## SHARE OPTION SCHEME

The Company operates a share option scheme has become effective on 22 December 2010 (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The movements in share options granted under the Scheme during the Period are shown below:

Name or category of participant	Number of share options					At 30 June 2016	Date of grant of share options	Validity period of share options	Exercise price of share options
	At 1 January 2016	Granted during the period	Exercised during the period	Expired during the period	Lapsed during the period				
Eligible persons									
In aggregate	7,500,000 (Note i)	–	–	–	–	37,500,000 (Note i)	27-05-2015 to 26-05-2018		0.234 (i)
	7,500,000 (Note i)	–	–	–	–	37,500,000 (Note i)			

The closing price of the Company’s share immediately before the date on which the options were granted was HK\$1.20 per share.

Note:

- (i) During the Period, the Company has a total of 7,500,000 outstanding options granted under the share option scheme launched by the Company on 22 December 2010 to subscribe for 7,500,000 shares. Upon the share subdivision becoming effective on 4 May 2016, the exercise price and the number of outstanding options will be adjusted in accordance with the terms and conditions of the Share Option Scheme to HK\$0.234 and 37,500,000 respectively.

## **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.

## **CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules throughout the Period, save as disclosed below:

Code provision A.2.1 of the CG Code requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company does not officially have a position of chief executive, but Mr. Fei Jie, the Chairman of the Board, has been assuming the roles of chief executive of the Company during the Period. The Board believes that the roles of chairman and chief executive performed by Mr. Fei Jie can provide the Group with strong and consistent leadership and allow for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Code provision A.6.7 of the CG Code requires all independent non-executive directors and non-executive directors should attend general meetings of listed issuers, Mr. Jim Yiu Ming, an independent non-executive director, was unable to attend the annual general meeting and special general meeting held on 3 May 2016 due to his personal commitment. Mr. Cheung Siu Wah, an independent non-executive director, was unable to attend the annual general meeting held on 3 May 2016 due to his personal commitment.

## 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 Period.

## 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, which is of the opinion that such statements comply with the applicable accounting standards, the Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 9 August 2016

*As at the date of this report, the executive Directors are Mr. Fei Jie (Chairman) and Mr. Fung Chi Kin; and the independent non-executive Directors are Mr. Cheung Siu Wah, Mr. Jim Yiu Ming, Mr. Sit Sai Hung, Billy, and Mr. Shen Ruolei.*