

**POWERWELL PACIFIC HOLDINGS LTD:  
POWERNOT IS A MUCH-BETTER NAME**

Just before the year 2010 came to a close, Powerwell Pacific Holdings Ltd () (Stock Code: 8265) issued its Prospectus in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in an effort to land about \$HK24.10 million, net of expenses, by Placing 42 million, 10-cent Shares at a price range of between 80 cents and \$HK1.10 per Share.

This is a small sourcing company which, by all accounts, is destined to become smaller as the years go by unless Management changes its present approach to doing business.

The Company selected to go public on The **G**rowth **E**nterprise **M**arket (The **GEM**) of The Stock Exchange of Hongkong Ltd rather than the Main Board because, among other things, it did not qualify for a listing on the premier equity market of the territory.

It is likely, always, to be a GEM-listed Company, the way that things stand, today. Of course, if the Company ceases doing business, it is privatised, or it is acquired by another entity, then, that is another matter, isn't it?

The business of Powerwell Pacific Holdings Ltd is explained at Page 86 of the Placing Prospectus, dated December 29, 2010, as follows:

*'Our Group is principally engaged in the sourcing business providing sourcing and procurement solutions to our customers who are mainly brand owners and importers. We source a variety of products to our customers which include watches, costume jewelries, and display and packaging products. We provide our customers with a wide range of sourcing management solutions including product design and product development, raw materials and components sourcing and in particular, we supervise over the process of production outsourcing and procurement management solutions including quality assurance and quality control, logistics and delivery handling services. Finished products are mostly exported overseas. Revenue to the Group is recognised when the finished products are delivered and the customers accept the products.'*

*'We have established design and product development capabilities in support of our sourcing business. We offer our customers attractive product designs according to their requirements. We also work with our customers on their proposed product designs, providing them with advice and support on the production feasibility. Our Directors believe these capabilities are one of the principal strengths of our Group which gives us an edge over our competitors.'*

*'We source and procure for our customers a wide range of (i) parts and components of watches including mechanical and quartz movements, cases, dials and watch bands; (ii) costume jewelries including silver jewelries; and (iii) display and packaging products for their merchandise.'*

The history of the Company is given at Page 76 of the Placing Prospectus in the following manner:

*‘Our Company was incorporated as a company with limited liability in Bermuda on 14 June 2010. Our headquarter is in Hong Kong. Our Group is principally engaged in the provision of sourcing and procurement solutions to our customers who are mainly brand owners and importers. Our product lines include watches, costume jewelries, and display and packaging products. In March 2010, we began our PRC Watch Business.*

*‘In 1995, EC (Asia) (EC [Asia] Ltd [()]) was established to sell watch products. Funding for the establishment of our business was mainly derived from Founding Shareholders’ personal savings, in particular those from Mr. Liu (Arnold Liu Tin Chak []). The Founding Shareholders come from different backgrounds. Mr. Liu from banking and finance, Mr. Lam from trading and marketing, and Mr. Wong (Elias Wong Yu Man []) from design. Mr. Liu entered the timepiece industry in 1992 when he joined Watary International Holdings Limited (then stock code 0305), an electronic handheld games manufacturer which also produced liquid crystal display watches and clocks. Mr. Lam started to be involved in the timepiece industry in 1989 when he joined a watch trading company, and Mr. Wong in 1984 when he joined a watch manufacturer. For details of backgrounds of the Founding Shareholders, please refer to the paragraph headed “Executive directors” under the section headed “Directors, senior management and employees” of this prospectus.*

*‘In 2000, one of our watch products customers covering a wide variety of products began to source their jewelries products from us. In the same year, our design team, after gaining years of design experience, managed to solve a design problem associated with c-clamps, a display accessory, encountered by a customer. As a result, we started sourcing c-clamps in sizeable quantities for this customer.*

*‘Our relationship with this customer has further strengthened and it began to place orders with us to supply other display and packaging products, including retail display units. Our business relationship with this customer has continued to date.*

*‘During the early 2000s, we continued to build our customer base and our sourcing business has then been divided into three principal lines of products, being watches, costume jewelries and display and packaging products’*

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