

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## POWERWELL PACIFIC HOLDINGS LIMITED

宏峰太平洋集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 8265)

### RENEWAL OF CONTINUING CONNECTED TRANSACTION

Reference is made to the Prospectus in respect of the Existing Master Agreement entered into between Guifeng and the Company. The term of the Existing Master Agreement was expired on 31 December 2012. The Company entered into the Renewal Master Agreement with Guifeng on 20 March 2013 to renew the Existing Master Agreement.

Guifeng is 80% owned by Mr. Yu Bo, brother of Ms. Yu Ling, the wife of Mr. Yang, a executive Director. As such, Mr. Yu Bo is an Associate and is regarded as a connected person of the Company under the GEM Listing Rules. The Renewal Master Agreement and the Transaction accordingly constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios for the Transaction is on an annual basis less than 25% and the annual consideration is less than HK\$10,000,000, the Transaction is subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules, but exempt from independent shareholders' approval requirements pursuant to GEM Listing Rule 20.34.

### INTRODUCTION

Reference is made to the Prospectus in respect of the Existing Master Agreement entered into between Guifeng and the Company. The term of the Existing Master was expired on 31 December 2012. The Company entered into the Renewal Master Agreement with Guifeng on 20 March 2013 to renew the Existing Master Agreement.

### RENEWAL MASTER AGREEMENT

Date: 20 March 2013

Parties: Guifeng and the Company

Duration: from time to time for a term from 20 March 2013 until 31 December 2015

Nature of transaction: Guifeng agrees to carry out watch assembly work for the Company based on purchase orders placed by the Company from time to time for a term from 20 March 2013 until 31 December 2015

## **HISTORICAL TRANSACTION AMOUNTS**

The aggregate amounts paid to Guifeng under the Existing Master Agreement for the Company for each of the three financial years ended 31 December 2012 were approximately HK\$6,619,000, HK\$7,216,000 and HK\$5,744,000, respectively.

## **ANNUAL CAPS**

The Annual Caps for each of the three financial years ending 31 December 2015 are HK\$8,500,000, HK\$8,925,000, HK\$9,371,250, respectively.

The Annual Caps have been determined with reference to the historical annual transaction amounts, the orders on hand and the expected orders for the year ending 31 December 2013, with expectation of 5% annual growth rate for the transactions with Guifeng for these three years.

## **REASONS AND BENEFITS FOR ENTERING INTO THE RENEWAL MASTER AGREEMENT**

The Directors are of the view that the entering into of the Renewal Master Agreement with Guifeng, a reliable and long working relationship contract manufacturer, would ensure a good quality production and reliable products and is therefore beneficial to the Group.

In the opinion of the Directors (including the independent non-executive Directors), the Renewal Master Agreement was entered into under normal commercial terms and in the ordinary and usual course of business, and the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Annual Caps are also fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. Yang (who are interested in the Transaction) has abstained from voting on the board resolution approving the Renewal Master Agreement.

## **GEM LISTING RULES REQUIREMENTS**

Guifeng is 80% owned by Mr. Yu Bo, brother of Ms. Yu Ling, the wife of Mr. Yang, a executive Director. As such, Mr. Yu Bo is an associate and is regarded as a connected person of the Company under the GEM Listing Rules. The Renewal Master Agreement and the Transaction accordingly constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios for the Transaction is on an annual basis less than 25% and the annual consideration is less than HK\$10,000,000, the Transaction is subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules, but exempt from independent shareholders' approval requirements pursuant to GEM Listing Rule 20.34.

## **INFORMATION ON THE COMPANY AND GUIFENG**

The principal activity of the Group is the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products.

The principal activity of Guifeng is assembly of watches in the PRC.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Annual Caps”	the maximum aggregate annual transaction amounts payable to Guifeng for each of the three financial years ending 31 December 2015
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Company”	Powerwell Pacific Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the GEM
“Director(s)”	the director(s) of the Company
“Existing Master Agreement”	a master agreement dated 21 December 2010 entered into between the Company and Guifeng whereby Guifeng agrees to carry out watch assembly work for the Company based on purchase orders placed by the Company from time to time for a term from 21 December 2010 until 31 December 2012
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guifeng”	深圳市桂峰表業有限公司 (Shenzhen Guifeng Watch Company Limited*), a company which is 80% owned and controlled by Mr. Yu Bo, brother of Ms. Yu Ling, the wife of Mr. Yang, a executive Director and 20% by an Independent Third Party

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) the Directors, chief executive and substantial shareholders (within the meaning of the GEM Listing Rules) of our Company, our subsidiaries or any of their respective associates
“Mr. Yang”	Mr. Yang Yijun, an executive Director and a core management member of the Company
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the Prospectus of the Company dated 29 December 2010
“Renewal Master Agreement”	a master agreement dated 20 March 2013 entered into between the Company and Guifeng whereby Guifeng agrees to carry out watch assembly work for the Company based on purchase orders placed by the Company from time to time for a term from 20 March 2013 until 31 December 2015
“Share(s)”	ordinary share(s) of nominal value of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Renewal Master Agreement
“%”	per cent.

*\* for identification purposes only*

By Order of the Board  
**Powerwell Pacific Holdings Limited**  
**Chan Sun Kwong**  
*Company Secretary*

Hong Kong, 20 March 2013

*As at the date of this announcement, the executive directors of the Company 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, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at [www.hklistco.com/8265](http://www.hklistco.com/8265).*