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POWERWELL PACIFIC HOLDINGS LIMITED

宏峰太平洋集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 8265)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE PROFIT WARNING AND INSIDE INFORMATION

This announcement is made pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and Rule 17.10 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

POSSIBLE TRANSACTION INVOLVING SHARES OF THE COMPANY

The board (the “**Board**”) of directors (the “**Directors**”) of Powerwell Pacific Holding Limited (the “**Company**”) announces that the Board has been informed by Data Champion Limited (the “**Controlling Shareholder**”), the controlling shareholder of the Company that it is in a negotiation with a potential investor (the “**Potential Investor**”) in relation to possible disposal of all its interest in the Company (the “**Proposal**”). The Controlling Shareholder is a company incorporated in the British Virgin Islands and is owned as to 47.6% by Mr. Liu Tin Chak, Arnold, 23.8% by Mr. Lam Chi Wai, Peter and 23.8% by Mr. Wong Yu Man, Elias, all of whom are executive Directors. As at the date of this announcement, the Controlling Shareholder holds 108,000,000 ordinary shares of HK\$0.10 each of the Company (“**Shares**”), representing 72% of the issued share capital of the Company.

The Board has been informed by the Controlling Shareholder that in respect of the Proposal, discussion is at a preliminary stage and no formal or legally binding agreement has been entered into between the Controlling Shareholder and the Potential Investor. The Controlling Shareholder and the Company have counter-signed a confidentiality letter from the Potential Investor today in respect of confidential information to be provided by the Company and the Controlling Shareholder to the Potential Investor in connection with the Proposal. The Proposal, if materialised, may result in the Potential Investor being required to make a mandatory offer for all the issued Shares (other than those already owned by or agreed to be acquired by the Potential Investor or parties acting with it) in accordance with Rule 26.1 of the Takeovers Code.

Further announcement(s) will be made of any further development with regard to the Proposal as and when necessary in accordance with the GEM Listing Rules and the Takeovers Code, and on a monthly basis pursuant to Rule 3.7 of the Takeovers Code until an announcement of a firm intention to make an offer or of a decision not to proceed with an offer is made in compliance with the Takeovers Code.

The issued share capital of the Company is HK\$15,000,000 comprising 150,000,000 Shares as at the date of this announcement. The Company has no other class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in issue in accordance with the Takeovers Code.

Associates of the Company (including a person who owns or controls 5% or more of any class of relevant securities of the Company or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of the Company) are reminded to disclose their dealings in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

There is no assurance that any discussion mentioned in this announcement will either materialise or eventually be consummated, and the discussion may or may not lead to the making of an offer for the Shares. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code in accordance with Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

PROFIT WARNING

The following profit warning constitutes a profit forecast under Rule 10 of the Takeovers Code and would need to be reported on by both the Company’s financial advisers and its accountants or auditors in accordance with Rule 10.4 of the Takeovers Code.

The Board wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that based on the preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2013, except for the gain on the Disposal as set out in the circular of the Company dated 30 January 2013, the Group is expected to record a [loss] for the year ended 31 December 2013 as compared to a profit for the year ended 31 December 2012. The expected loss is primarily attributable to the decrease in sales of the Group.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2013. The information contained in this announcement is only based on the preliminary assessment made by the management of the Company with reference to the unaudited management accounts of the Group and information currently available and such information has not been reviewed by the Company’s auditor and the audit committee of the Company. Given the time constraints when issuing this announcement in relation to the profit warning, the Company would like to draw the attention of the Shareholders and potential investors that the profit warning does not meet the standard required by Rule 10 of the Takeovers Code but the reporting on process will commence as soon as possible and the relevant reports will be contained in the next document to be sent to shareholders of the Company, if any.

Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2013, which is expected to be published before the end of March 2014.

This profit warning does not meet the standard required by Rule 10 of the Takeovers Code and Shareholders and potential investors are advised to exercise caution in placing reliance on the profit warning when dealing in the Shares and assessing the merits and demerits of the Proposal (if any).

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

By order of the Board
Powerwell Pacific Holdings Limited
Liu Tin Chak, Arnold
Chairman and Executive Director

Hong Kong, 16 January 2014

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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 website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at 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.