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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
RELATING TO RULE 3.7 OF THE TAKEOVERS CODE,
INSIDE INFORMATION
AND
RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 3.7 of The 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**”).

References are made to the Company’s announcements dated 2 April 2014, 2 May 2014, 13 May 2014 and 13 June 2014 respectively (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board has been informed by Data Champion Limited, the Controlling Shareholder of the Company, that besides the Second Potential Investor mentioned in the Announcements, it is in negotiation with another independent third party not connected with the Company, its directors, chief executive, substantial shareholders, subsidiaries and associates (the “**Third Potential Investor**”) in relation to the Proposal.

On 17 June 2014 (after the trading hours), the Controlling Shareholder and the Company have counter-signed a confidentiality letter from the Third Potential Investor in respect of confidential information to be provided by the Company and the Controlling Shareholder to the Third Potential Investor in connection with the Proposal. The Controlling Shareholder also signed a memorandum of understanding (the “**MOU**”) with the Third Potential Investor in respect of the Proposal on the same date. The MOU is non-legally binding save for certain terms relating to the consideration, expenses, confidentiality, exclusivity and general provision regarding the governing law.

According to the legally binding exclusivity clause of the MOU, the Controlling Shareholder and the Third Potential Investor agreed that during the exclusivity period from 17 June 2014 and ending on the earlier of (i) 27 June 2014; and (ii) the date of execution of a formal sale

and purchase agreement by the parties to the MOU, the Third Potential Investor shall effectively have exclusive right of negotiation with the Controlling Shareholder on the Proposal. The Proposal, if materialised, may result in the Third 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 Third Potential Investor or parties acting with it) in accordance with Rule 26.1 of the Takeovers Code

As at the date of this announcement, no formal or legally binding agreement has been entered into between the Controlling Shareholder and the Second Potential Investor or the Third Potential Investor in respect of the Proposal. The negotiation with the Second Potential Investor is on hold while that with the Third Potential Investor is in progress and the Proposal may or may not proceed.

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 Shares, representing 72% of the issued Share capital of the Company

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.

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

DEALING DISCLOSURE

As at the date of this announcement, the issued share capital of the Company is HK\$15,000,000 comprising 150,000,000 Shares. 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.

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.”

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 18 June 2014 pending the release of this announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 18 June 2014.

By order of the Board
Powerwell Pacific Holdings Limited

Liu Tin Chak, Arnold
Chairman and Executive Director

Hong Kong, 18 June 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.

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.

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.