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**King Full Inc Limited**  
*(incorporated in Hong Kong with limited liability)*

  
**POWERWELL PACIFIC HOLDINGS LIMITED**  
**宏峰太平洋集團有限公司**  
*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 8265)**

## **JOINT ANNOUNCEMENT**

**(1) SHARE PURCHASE AGREEMENT IN RELATION TO THE SALE AND PURCHASE OF SHARES IN POWERWELL PACIFIC HOLDINGS LIMITED;**

**(2) MAJOR AND CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO DISPOSAL OF ASSETS;**

**(3) PROPOSED DECLARATION OF SPECIAL DIVIDEND;**

**(4) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF KING FULL INC LIMITED FOR ALL THE ISSUED SHARES IN POWERWELL PACIFIC HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY KING FULL INC LIMITED AND PARTIES ACTING IN CONCERT WITH IT);**

**AND**

**(5) RESUMPTION OF TRADING**

**Financial adviser to  
King Full Inc Limited**  
 **英皇融資有限公司**  
**Emperor Capital Limited**

**Financial adviser to  
Powerwell Pacific Holdings Limited**  
 **大有融資有限公司**  
**MESSIS CAPITAL LIMITED**

**Independent financial adviser to the Independent Board Committee and  
the Independent Shareholders**

**AmCap**  
**Ample Capital Limited**  
**豐盛融資有限公司**

## **THE SHARE PURCHASE AGREEMENT**

On 27 June 2014 (after trading hours), the Vendor and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Sale Shares, being 108,000,000 Shares, representing 72% of the entire issued share capital of the Company as at the date of the Share Purchase Agreement at an aggregate consideration of HK\$151,200,000 (equivalent to HK\$1.40 per Sale Share), which was agreed between the Vendor and the Purchaser after arm's length negotiations. The Share Purchase Completion is conditional upon fulfillment or waiver of the conditions specified in the Share Purchase Agreement and as described under the sub-section headed "Conditions" under the section headed "The Share Purchase Agreement" below.

## **DISPOSAL AGREEMENTS**

The Company entered into the Disposal Agreements on 27 June 2014 (after trading hours) for the disposal to the Disposal Purchaser of the entire issued share capitals of, and the benefit of loans advanced to, Goldnet HK and Goldnet BVI for an aggregate consideration of HK\$23 million in cash.

The Disposal Purchaser is a company wholly owned by DCL, a Controlling Shareholder of the Company.

The Disposal Agreements will be completed simultaneously with the Share Purchase Agreement following their becoming unconditional.

## **PROPOSED DISTRIBUTION**

Conditional on the Disposal Completion, the Directors propose to pay a Distribution of not more than HK\$0.24 per Share (totalling not more than HK\$36 million on the basis of 150 million Shares in issue on the date hereof) for the year ending 31 December 2014 to Shareholders whose names appear on the register of members of the Company on a record date to be determined by the Board, such record date shall in any event precede the date of the Share Purchase Completion.

An announcement on the arrangement for payment of the Distribution will be made in due course.

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Offeror, Mr. Fei and parties acting in concert with any of them are not interested in any Shares, other than the interest in the Sale Shares under the Share Purchase Agreement. Immediately after the Share Purchase Completion, the Offeror, Mr. Fei and parties acting in concert with any of them will be interested in 108,000,000 Shares, representing 72% of the issued share capital of the Company. The Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code upon the Share Purchase Completion.

Subject to and upon the Share Purchase Completion, Emperor Capital, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the terms to be set out in the offer document to be issued in accordance with the Takeovers Code on the following basis:

For every Offer Share . . . . . HK\$1.40 in cash

As at the date of this joint announcement, the Company has a total of 150,000,000 Shares in issue. Upon the Share Purchase Completion, 42,000,000 Shares will be subject to the Offer and are valued at HK\$58.8 million based on the Offer Price.

The Offeror intends to finance the consideration payable by the Offeror under the Share Purchase Agreement and the Offer by internal resources of the Offeror and the Emperor Securities Facility. Emperor Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that the Offeror has sufficient financial resources available to it to satisfy the amount of funds required for the acquisition of the Sale Shares and full acceptance of the Offer.

## **REGULATORY REQUIREMENTS**

### **GEM Listing Rules and Takeovers Code implications**

The Disposal together constitutes a major and connected transaction for the Company under the GEM Listing Rules and a special deal on the part of the Company under Note 4 to Rule 25 of the Takeovers Code which requires the approval of the Independent Shareholders by way of poll and the consent of the Executive. The Executive will normally require, as a condition of his consent, the IFA publicly states that in its opinion the terms of the Disposal are fair and reasonable. The Group does not have any transaction with the Disposal Purchaser which is required to be aggregated with the Disposal under Rules 19.22 or 20.79 of the GEM Listing Rules.

The Company has appointed Messis Capital Limited as financial adviser to the Company in respect of the Disposal Proposal and the Offer.

### **Independent Board Committee**

The Company has established an Independent Board Committee comprising Messrs. Cheung Chi Man, Dennis, Lui Tai Lok and Yip Kwok Kwan (all of whom are independent non-executive Directors) to advise the Independent Shareholders in respect of the Disposal Proposal and the Offer. Ample Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection therewith. The appointment of Ample Capital has been approved by the Independent Board Committee.

### **Despatch of documents**

A circular giving details of the Disposal Proposal, and setting out the recommendation of the Independent Board Committee and a letter of advice from Ample Capital, and incorporating a notice of the SGM is expected to be despatched by the Company to the Shareholders as soon as practicable within 15 Business Days after the date of this joint announcement.

As the Offer is subject to the Share Purchase Completion, application will be made by the Offeror for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for despatch of the offer document to within seven days from the Share Purchase Completion or 14 October 2014, whichever is earlier. The offer document will set out, among other things, details of the Offer. Further announcement will be made by the Offeror on the timing of the despatch of the offer document.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 30 June 2014 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 11 July 2014.

#### **Warning**

**Shareholders and potential investors of the Company should note that, (i) the Disposal Completion and the Share Purchase Completion are inter-conditional; (ii) the Share Purchase Completion is conditional upon the declaration of the Distribution; and (iii) payment of the Distribution is conditional upon the Disposal Completion. The Offer will only be made if the declaration of the Distribution, the Disposal Completion and the Share Purchase Completion take place. Accordingly, the declaration of the Distribution, Disposal Completion and the Share Purchase Completion may or may not take place and the Offer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

Reference is made to the announcement of the Company dated 18 June 2014 in relation to, inter alia, the memorandum of understanding entered into between the Vendor and the Purchaser on 17 June 2014 whereby the Vendor and the Purchaser 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, the Purchaser shall effectively have exclusive right of negotiation with the Vendor in relation to the possible disposal of all its interest in the Company.

On 27 June 2014 (after trading hours), the Vendor and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Sale Shares, being 108,000,000 Shares, representing 72% of the entire issued share capital of the Company as at the date of the Share Purchase Agreement at an aggregate consideration of HK\$151,200,000 (equivalent to HK\$1.40 per Sale Share).

## THE SHARE PURCHASE AGREEMENT

**Date:** 27 June 2014 (after trading hours)

**Vendor:** Data Champion Limited, a company incorporated in the BVI with limited liability and is owned as to 47.60% by Mr. Liu, 23.80% by Mr. Lam, 23.80% by Mr. Wong and 4.80% by Ms. Tam respectively as at the date of this joint announcement.

**Purchaser:** King Full Inc Limited, a company incorporated in Hong Kong with limited liability and is wholly and beneficially owned by Mr. Fei.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, its ultimate beneficial owner Mr. Fei and parties acting in concert with any of them are third parties independent of the Group and its connected persons.

### Subject matter

Pursuant to the Share Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Sale Shares, being 108,000,000 Shares, representing 72% of the entire issued share capital of the Company as at the date of the Share Purchase Agreement and the date of this joint announcement, free from all Encumbrances and together with all rights attaching thereto with effect from the Share Purchase Completion, including all rights to any dividend or other distribution (excluding the right to the Distribution, which will be declared and paid to Shareholders whose names appear on the register of members of the Company on a record date falling before the Share Purchase Completion). Immediately after the Share Purchase Completion, the Vendor will not hold any Shares.

### Consideration

The consideration for the Sale Shares of HK\$151,200,000 (equivalent to HK\$1.40 per Sale Share) was agreed between the Purchaser and the Vendor after arm's length negotiations with reference to the net asset value of the Group as at 31 December 2013, the completion of the Distribution and the listing status of the Company.

The Share Purchase Consideration shall be settled in the following manner:

- (a) HK\$15,000,000 in cash as deposit has been paid to the Vendor after signing of the Share Purchase Agreement;
- (b) HK\$121,200,000 shall be paid by the Purchaser upon the Share Purchase Completion in the following manner:
  - (i) as to HK\$98,200,000 to the Vendor (or any designated person as the Vendor may direct in writing not less than three Business Days prior to the Share Purchase Completion); and
  - (ii) as to HK\$23,000,000 to the Company for settlement of the total consideration payable by the Disposal Purchaser (a wholly owned subsidiary of the Vendor) under the Disposal Agreements as directed by the Vendor; and

- (c) the balance of HK\$15,000,000 shall be paid to the Vendor on a date falling six months from the Share Purchase Completion (or on an earlier date as may be agreed by the parties).

## **Conditions**

The Share Purchase Completion is conditional upon:

- (a) the Shares remaining listed and traded on the GEM, and no notification or indication being received from the Stock Exchange or the SFC prior to the Share Purchase Completion that the listing of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or suspended for more than seven consecutive Business Days (excluding any suspension for the purpose of obtaining clearance from the SFC or the Stock Exchange for this joint announcement and other announcements relating to, among other things, the transactions contemplated thereunder);
- (b) completion of the legal and financial due diligence review of the business, affairs, operation and financial position of the Remaining Group and the due incorporation of, the valid existence of and the power and capacity to carry on its business by the Remaining Group to the reasonable satisfaction of the Purchaser;
- (c) the passing by the Independent Shareholders at the SGM resolutions approving any special deal in accordance with Rule 25 of the Takeovers Code as a result of the Disposal and obtaining consent from the Executive of the SFC in relation to such special deal;
- (d) all necessary approvals and consents in respect of the Share Purchase Agreement and the transactions contemplated thereunder have been obtained;
- (e) the warranties remaining true and accurate in all material respects and not misleading in any material respect as of the Share Purchase Completion by reference to the facts and circumstances subsisting as at the Share Purchase Completion;
- (f) each of the Disposal Agreements having become unconditional (save for the condition for the Share Purchase Agreement to become unconditional); and
- (g) the declaration of the Distribution having been made.

The Purchaser shall be entitled to waive the conditions (a), (b) and (e) by serving a notice in writing to the Vendor. If any of the conditions above is not satisfied, or where applicable, waived, at or before 5:00 p.m. on the Long Stop Date, the Share Purchase Agreement shall cease and determine. As at the date of this joint announcement, condition (b) has been satisfied.

If:

- (a) any of the conditions above that is within the control of the Vendor has not been fulfilled due to the sole default of the Vendor, or, where applicable, waived in accordance with the Share Purchase Agreement, on or before the Long Stop Date; or

- (b) all the conditions precedent have been fulfilled, or, where applicable, waived in accordance with the Share Purchase Agreement, on or before the Long Stop Date but completion does not take place on the Share Purchase Completion or a deferred completion date in accordance with the Share Purchase Agreement as a result of the sole default of the Vendor,

the Vendor shall refund HK\$15,000,000 (without interest) to the Purchaser within three Business Days after the Purchaser's written notice demanding the same and the Share Purchase Agreement shall cease and determine.

If:

- (a) any of the conditions above that is not within the control of the Vendor has not been fulfilled, or, where applicable, waived in accordance with the Share Purchase Agreement, on or before the Long Stop Date; or
- (b) all the conditions precedent have been fulfilled, or, where applicable, waived in accordance the Share Purchase Agreement, on or before the Long Stop Date but completion does not take place on the Share Purchase Completion or a deferred completion date in accordance with the Share Purchase Agreement not as a result of the sole default of the Vendor,

the Vendor shall refund HK\$12,000,000 (without interest) to the Purchaser within three Business Days after the Purchaser's written notice demanding the same and the Share Purchase Agreement shall cease and determine.

If any of the above occurs and the Share Purchase Agreement shall cease to have effect, neither party shall have any further obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

### **Share Purchase Completion**

The Share Purchase Completion shall take place simultaneously with the Disposal Completion on or before the third Business Day after all the conditions under the Share Purchase Agreement have been fulfilled, or, where applicable, waived by the Purchaser in accordance with the Share Purchase Agreement on or before the Long Stop Date.

## DISPOSAL AGREEMENTS

**Date:** 27 June 2014

**Parties:**

**Vendor:** the Company

**Purchaser:** the Disposal Purchaser

### Assets to be disposed of:

1. 100 shares of HK\$1 each (representing 100% of the issued share capital) of, and the benefits of all loans up to the date of the Disposal Completion advanced by the Company to Goldnet HK. As at 31 May 2014, the total amount of loans advanced by the Company to Goldnet HK was HK\$43,272,444, which are interest free and repayable on demand; and
2. 100 shares with no par value (representing 100% of the issued share capital) of, and the benefits of loans totalling HK\$189,410 advanced by the Company to Goldnet BVI.

Goldnet HK is a company incorporated in Hong Kong on 8 October 2009. It is principally engaged in investment holding. The major asset of Goldnet HK is its 100% equity interest in Tianhaiba, a company established in the PRC on 23 June 2009 and principally engaged in assembly and sales of watches in the PRC. For the two years ended 31 December 2013, Goldnet HK's audited consolidated losses before taxation were HK\$4,212,591 and HK\$5,779,173 respectively while its audited consolidated losses after taxation were HK\$4,212,591 and HK\$5,782,392 respectively. There was no extraordinary item during these years.

Goldnet BVI is a company incorporated in BVI on 8 August 2008. It is principally engaged in investment holding. It holds the intellectual property rights of trademarks used by Tianhaiba in its operation. For the two years ended 31 December 2013, its audited losses both before and after taxation were HK\$696 and HK\$38,314 respectively. There was no extraordinary item during these years.

The assets to be sold under the Disposal Agreements had a book value of about HK\$22,120,700 as at 31 March 2014.

After the Disposal, the Company will cease to have any shareholding in the Goldnet Group.

### Consideration:

The consideration of the Disposal Agreements shall be HK\$23 million (in cash) in aggregate. The consideration was arrived at after arm's length negotiations and with reference to the book values of the assets to be disposed of as at 31 March 2014.

The Directors (excluding the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and in the interest of the Shareholders as a whole. The Interested Directors (who are interested in the Disposal) have abstained from voting on the board resolutions approving the Disposal.

There is a gain of about HK\$879,300 over book value arising on the Disposal.

**Payment terms:**

The consideration of the Disposal is due in cash on the Disposal Completion.

**Use of proceeds:**

The proceeds of the Disposal will be used for the Distribution.

**Conditions of the Disposal Agreements:**

Completion of the Disposal Agreements are conditional upon:

- (a) the passing of a resolution to approve the Disposal Agreements by the Independent Shareholders at a special general meeting of the Company in accordance with the GEM Listing Rules and the Takeovers Code; and
- (b) the Share Purchase Agreement becoming unconditional (save for the condition for the Disposal Agreements to become unconditional).

**If the conditions are not fulfilled or waived by the Purchaser (except item (a) thereof) on or before 30 September 2014 the Disposal Agreements will lapse.**

**Completion date:**

The Disposal Agreements will be completed simultaneously with the Share Purchase Agreement following their becoming unconditional.

**TERMINATION OF SERVICE AGREEMENTS OF EXECUTIVE DIRECTORS**

The Interested Directors and Mr. Yang Yijun (all of whom are executive Directors) have entered into service agreements with the Company for a term of 3 years from 25 March 2014. Upon the completion of the Disposal Agreements, these Directors will enter into termination deeds with the Company to terminate their respective service agreements. Pursuant to such termination deeds, the Company and these Directors agree to terminate these service agreements respectively and to release each other from all claims and obligations thereunder with effect from date of such termination deeds. In particular these Directors shall be released from all obligations and restrictions on them under the service agreements including restrictions on being interested in competing business, solicitation of customers and employees for 2 years after termination of employment with the Group, except the restrictions in respect of (i) the business of costume jewellery and display and packaging products and other products of the same or a similar design, function or application; and (ii) confidential information of the Remaining Group. Upon termination of the services agreements, the Interested Directors and Mr. Yang Yijun shall remain as executive Directors until the earliest time their resignations are permitted under the Takeovers Code.

**REASONS FOR THE DISPOSAL PROPOSAL**

The Goldnet Group has continuously suffered loss since its inception in 2010. Under the present economic environment, the Directors believe the Disposal would remove the Group's exposure to the loss-making PRC watch sales business and enable it to focus its management and financial resources on developing its sourcing business. The proposed termination of service agreements of executive Directors is part and parcel of the Disposal to allow the executive Directors to carry on the business of the Goldnet Group after the Disposal

Completion. The Group's sourcing business is relatively well established and has been self-sustainable in terms of working capital; following the Disposal, the Group will no longer require to reserve cash resources to finance the business development of the loss-making Goldnet Group. The Distribution is to distribute the net proceeds of the Disposal and surplus cash reserves to the Shareholders so that all Shareholders can benefit from the Disposal.

## **CONNECTION BETWEEN THE PARTIES**

The Disposal Purchaser is a company wholly owned by DCL, a Controlling Shareholder of the Company. DCL is owned by Mr. Liu, Mr. Lam, Mr. Wong and Ms. Tam as to 47.6%, 23.8%, 23.8% and 4.8% respectively.

## **INFORMATION OF THE COMPANY**

The Group is principally engaged in sourcing of watches, costume jewelries, and display and packaging products for customers and sale of watches in the PRC.

The Disposal Purchaser is principally engaged in investment holding.

## **PROPOSED DISTRIBUTION**

Conditional on the Disposal Completion, the Directors propose to pay a Distribution of not more than HK\$0.24 per Share (totalling not more than HK\$36 million on the basis of 150 million Shares in issue on the date hereof) for the year ending 31 December 2014 to Shareholders whose names appear on the register of members of the Company on a record date to be determined by the Board, such record date shall in any event precede the date of the Share Purchase Completion.

An announcement on the arrangement for payment of the Distribution will be made in due course.

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Offeror, Mr. Fei and parties acting in concert with any of them are not interested in any Shares, other than the interest in the Sale Shares under the Share Purchase Agreement. Immediately after the Share Purchase Completion, the Offeror, Mr. Fei and parties acting in concert with any of them will be interested in 108,000,000 Shares, representing 72% of the issued share capital of the Company. The Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, Mr. Fei and parties acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code upon the Share Purchase Completion.

### **Principal terms of the Offer**

Subject to and upon the Share Purchase Completion, Emperor Capital, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the terms to be set out in the offer document to be issued in accordance with the Takeovers Code on the following basis:

For every Offer Share . . . . . HK\$1.40 in cash

The Offer Price of HK\$1.40 per Offer Share under the Offer is the same as the purchase price per Sale Share under the Share Purchase Agreement.

As at the date of this joint announcement, the Company has a total of 150,000,000 Shares in issue. The Company has no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

### **Comparison of value**

The Offer Price of HK\$1.40 per Offer Share represents:

- (i) a premium of approximately 2.19% over the closing price of HK\$1.370 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.01% over the average closing price of HK\$1.346 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 6.71% to the average closing price of HK\$1.312 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 34.62% over the closing price of HK\$1.040 per Share as quoted on the Stock Exchange on 15 January 2014, being the last business day (as defined in the Takeovers Code) prior to the commencement of the offer period; and
- (v) a premium of approximately 288.89% over the audited net asset value of the Group of approximately HK\$0.36 per Share as at 31 December 2013, based on a total of 150,000,000 Shares in issue as at the date of this joint announcement and the audited net asset value of the Group of approximately HK\$53,955,000 as at 31 December 2013.

### **Highest and lowest Share prices**

During the six-month period immediately preceding 16 January 2014 (being the date of commencement of the offer period pursuant to Rule 3.7 of the Takeovers Code) and the period up to and including the Last Trading Day, the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.930 per Share on 2 January 2014 and the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.470 per Share on 21 November 2013.

### **Value of the Offer**

On the basis of the Offer Price of HK\$1.40 per Offer Share and 150,000,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$210 million. Upon the Share Purchase Completion, 42,000,000 Shares will be subject to the Offer and are valued at HK\$58.8 million based on the Offer Price.

### **Financial resources available for the Offeror**

The Offeror intends to finance the consideration payable by the Offeror under the Share Purchase Agreement and the Offer by the internal resources of the Offeror and the Emperor Securities Facility. Emperor Capital, being the financial adviser to the Offeror in respect of the

Offer, is satisfied that the Offeror has sufficient financial resources available to it to satisfy the amount of funds required for the acquisition of the Sale Shares and full acceptance of the Offer.

## **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) following the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

## **Taxation advice**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Emperor Capital, Messis Capital Limited, Ample Capital and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## **Effect of accepting the Offer**

By accepting the Offer, the relevant Shareholders will sell their Shares to the Offeror free from any liens, charges and encumbrance and together with all rights attached to them as at the date of the Share Purchase Completion, including the right to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made (other than the Distribution). For the avoidance of doubt, for the Shareholders who will be entitled to receive the Distribution(s) (if any), acceptance of the Offer shall not prejudice their entitlement to receive such Distribution(s). Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

As the Company intends to declare the Distribution before the Share Purchase Completion to the Shareholders whose names appear on the register of members of the Company on a record date falling before the Share Purchase Completion, all Shareholders as at the relevant date (including the Vendor) will be entitled to the Distribution. Accordingly, the Offeror will not be entitled to the Distribution in respect of the Sale Shares. The entitlement to the Distribution will not be affected by the Shareholders' decision as to whether or not to accept the Offer. Further announcement(s) will be made by the Company in respect of the record date, payment date and closure of register of members of the Company for determining the Shareholders' entitlement to the Distribution.

## **Overseas Shareholders**

The making of the Offer to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. The Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Shareholders in respect of such jurisdictions).

## **Dealing and interests in the Company's securities**

None of the Offeror, its ultimate beneficial owner nor parties acting in concert with any of them has dealt in the Shares, derivatives, warrants or other securities convertible into Shares during the six-month period prior to 16 January 2014 (being the date of commencement of the offer period pursuant to Rule 3.7 of the Takeovers Code).

## **Hong Kong stamp duty**

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

## **Other arrangements**

The Offeror confirms that, save as disclosed in this joint announcement, as at the date hereof,

- (i) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) there is no outstanding derivatives in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (iii) save for the Emperor Securities Facility granted to the Offeror by Emperor Securities, there is no other arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (iv) save for the Share Purchase Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (v) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them has received any irrevocable commitment to accept the Offer; and
- (vi) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

## **INFORMATION OF THE OFFEROR**

The Offeror is an investment holding company incorporated in Hong Kong with limited liability. As at the date of this joint announcement, save for entering into the Share Purchase Agreement and entering into the financial arrangement with Emperor Securities in relation to the Share Purchase Agreement and the Offer, the Offeror did not engage in any business activities. As at the date of this joint announcement, the Offeror is wholly and beneficially owned by Mr. Fei who is also the sole director of the Offeror. Mr. Fei, aged 34, has over 10 years of experience in the supervision of the design and development of mine exploration and production. Mr. Fei has held management level positions in several mining companies located in Zhejiang province, PRC which are mainly engaged in mine exploration, extraction, production and distribution and Mr. Fei is responsible for overseeing the overall business strategies and operation of these companies.

## **OFFEROR'S INTENTION ON THE COMPANY**

The Offeror intends to continue the principal business of the Remaining Group, which comprises of the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products.

The Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. However, as of the date of this joint announcement, no such investment or business opportunities had been identified nor had the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. Save for redesignation of certain management staffs to other positions of certain subsidiaries of the Group, the Offeror has not entered into any agreement, arrangements, understandings or negotiations in relation to the continued employment of the employees, disposal and/or re-deployment of the assets (including fixed assets) of the Group, or termination or scaling down of any of the Group's business other than in the ordinary course of business.

## **Maintaining the listing status of the Company**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer and will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any such placing down if the circumstances warrant.

**The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.**

## **PROPOSED CHANGE OF BOARD COMPOSITION**

The Board is currently made up of seven Directors, comprising four executive Directors, namely Mr. Liu, Mr. Lam, Mr. Wong and Mr. Yang Yijun and three independent non-executive Directors, namely Cheung Chi Man, Dennis, Lui Tai Lok and Yip Kwok Kwan. The Offeror intends to nominate new Directors to the Board with effect from the earliest time permitted under the Takeovers Code. All current Directors will tender their resignation to the Board on the Share Purchase Completion to take effect on the earliest time permitted under the Takeovers Code. Each of Mr. Liu, Mr. Lam and Mr. Wong will remain as directors of certain subsidiaries of the Group. Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and a further announcement will be made accordingly.

## **DEALING DISCLOSURE**

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of the Company and the Offeror (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

### **“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 of the Takeovers Code 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 of the Takeovers Code. 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 HK\$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 cooperation.”*

## **REGULATORY REQUIREMENTS**

### **GEM Listing Rules and Takeovers Code implications**

The Disposal together constitutes a major and connected transaction under the GEM Listing Rules and a special deal on the part of the Company under Note 4 to Rule 25 of the Takeovers Code which requires the approval of the Independent Shareholders by way of poll and the consent of the Executive. The Executive will normally require, as a condition of his consent, the IFA publicly states that in its opinion the terms of the Disposal are fair and reasonable. The Group does not have any transaction with the Disposal Purchaser which is required to be aggregated with the Disposal under Rules 19.22 or 20.79 of the GEM Listing Rules.

The Company has appointed Messis Capital Limited as financial adviser to the Company in respect of the Disposal Proposal and the Offer.

### **Independent Board Committee**

The Company has established an Independent Board Committee comprising Messrs. Cheung Chi Man, Dennis, Lui Tai Lok and Yip Kwok Kwan (all of whom are independent non-executive Directors) to advise the Independent Shareholders in respect of the Disposal Proposal and the Offer. Ample Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection therewith. The appointment of Ample Capital has been approved by the Independent Board Committee.

### **Despatch of documents**

A circular giving details of the Disposal Proposal, and setting out the recommendation of the Independent Board Committee and a letter of advice from Ample Capital, and incorporating a notice of the SGM is expected to be despatched by the Company to the Shareholders as soon as practicable within 15 Business Days after the date of this joint announcement.

As the Offer is subject to the Share Purchase Completion, application will be made by the Offeror for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for despatch of the offer document to within seven days from the Share Purchase Completion or 14 October 2014, whichever is earlier. The offer document will set out, among other things, details of the Offer. Further announcement will be made by the Offeror on the timing of the despatch of the offer document.

### **SGM**

The SGM will be convened before the Share Purchase Completion to approve the Disposal Proposal and the transactions contemplated thereunder.

### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 30 June 2014 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 11 July 2014.

### **Warning**

**Shareholders and potential investors of the Company should note that, (i) the Disposal Completion and the Share Purchase Completion are inter-conditional; (ii) the Share Purchase Completion is conditional upon the declaration of the Distribution; and (iii) payment of the Distribution is conditional upon the Disposal Completion. The Offer will only be made if the declaration of the Distribution, the Disposal Completion and the Share Purchase Completion take place. Accordingly, the declaration of the Distribution, the Disposal Completion and the Share Purchase Completion may or may not take place and the Offer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	a day (excluding Saturdays, Sundays and public holidays and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted at any time between 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are open for normal banking business
“BVI”	the British Virgin Islands
“Company”	Powerwell Pacific Holdings Limited (stock code: 8265), a company incorporated in Bermuda with limited liability which Shares are listed on GEM
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Controlling Shareholder”	has the meaning ascribed thereto in the GEM Listing Rules
“DCL” or “Vendor”	Data Champion Limited, a company incorporated in BVI with limited liability and is owned as to 47.6% by Mr. Liu, 23.8% by Mr. Lam, 23.8% by Mr. Wong and 4.8% by Ms. Tam respectively, and a Controlling Shareholder of the Company
“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the proposed disposal to the Disposal Purchaser of the entire issued share capitals of, and the benefits of loans advanced to Goldnet HK and Goldnet BVI for an aggregate consideration of HK\$23 million in cash pursuant to the terms of the Disposal Agreements
“Disposal Agreements”	the two sale and purchase agreements both dated 27 June 2014 between the Company and the Disposal Purchaser in respect of the Disposal
“Disposal Completion”	completion of the Disposal Agreements
“Disposal Proposal”	the Disposal, the proposed termination of service agreements of executive Directors and the Distribution
“Disposal Purchaser”	Golden Business Development Limited, a company incorporated in BVI and wholly owned by DCL

“Distribution”	a special dividend of not more than HK\$36 million to be distributed by the Company to the Shareholders whose names appear on the register of members of the Company on a record date to be determined by the Board, such record date shall in any event precede the date of the Share Purchase Completion
“Emperor Capital”	Emperor Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror
“Emperor Securities”	Emperor Securities Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities
“Emperor Securities Facility”	a loan facility granted by Emperor Securities in favour of the Offeror, which is secured, inter alia, by the charge of Shares owned by or to be owned by the Offeror in favour of Emperor Securities
“Encumbrance”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Goldnet BVI”	Goldnet Holdings Group Limited (金域控股集團有限公司), a company incorporated in BVI and a wholly owned subsidiary of the Company
“Goldnet HK”	Goldnet Holdings Group Limited (金域控股集團有限公司), a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“Goldnet Group”	Goldnet BVI, Goldnet HK and Tianhaiba
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“IFA” or “Ample Capital”	Ample Capital Limited, a licenced corporation under the SFO to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) activities and the independent financial adviser to the Independent Board Committee and/or the Independent Shareholders in respect of the Disposal Proposal and the Offer
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the terms of the Disposal Proposal and the Offer
“Independent Shareholders”	Shareholders other than the Disposal Purchaser, the Interested Directors, Ms. Tam, the Offeror, Mr. Fei and parties acting in concert with the any of them and those who are interested in or involved in the Disposal and/or the Offer
“Interested Directors”	Mr. Liu, Mr. Lam and Mr. Wong
“Last Trading Day”	27 June 2014, being the last trading day of the Shares immediately prior to the suspension in trading on the Stock Exchange pending the release of this joint announcement
“Long Stop Date”	30 September 2014, or such other date as the Vendor and the Purchaser may agree in writing
“Mr. Fei”	Mr. Fei Jie, the beneficial owner of the Offeror and the sole director of the Offeror
“Mr. Lam”	Mr. Lam Chi Wai, Peter, an executive Director
“Mr. Liu”	Mr. Liu Tin Chak, Arnold, the Chairman of the Company and an executive Director
“Mr. Wong”	Mr. Wong Yu Man, Elias, an executive Director
“Ms. Tam”	Ms. Tam Chiu Ming, Tammy, the general manager of the Company
“Offer”	subject to the Share Purchase Completion, the mandatory unconditional cash offer to be made by Emperor Capital on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, Mr. Fei and parties acting in concert with any of them) in accordance with the Takeovers Code
“Offer Price”	HK\$1.40 per Offer Share
“Offer Share(s)”	Share(s) not already owned or agreed to be acquired by the Offeror or parties acting in concert with it
“Offeror” or “Purchaser”	King Full Inc Limited, a company incorporated in Hong Kong with limited liability which is wholly and beneficially owned by Mr. Fei

“PRC”	the People’s Republic of China excluding, for the purpose of this joint announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Remaining Group”	the Group excluding the Goldnet Group after the Disposal
“Sale Shares”	108,000,000 Shares, representing 72% of the entire issued share capital of the Company as at the date of the Share Purchase Agreement, to be acquired by the Offeror from the Vendor pursuant to the terms and conditions of the Share Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, among others, the Disposal Proposal and the respective transactions contemplated thereunder
“Share(s)”	share(s) of HK\$0.1 each in the capital of the Company
“Share Purchase”	the proposed sale and purchase of the Sale Shares between the Vendor and the Purchaser pursuant to the terms and conditions of the Share Purchase Agreement
“Share Purchase Agreement”	the sale and purchase agreement dated 27 June 2014 between DCL and the Purchaser in relation to the sale and purchase of 108,000,000 Shares, representing 72% of the issued share capital of the Company
“Share Purchase Completion”	completion of the Share Purchase
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Tianhaiba”	深圳市天海霸鐘錶有限公司 (Shenzhen Tianhaiba Watches Company Limited*), a company established in the PRC and a wholly owned subsidiary of Goldnet HK
“%”	per cent.

By order of the sole director of  
**King Full Inc Limited**  
**Fei Jie**  
*Director*

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

Hong Kong, 10 July 2014

*As at the date of this joint 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.*

*All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, Mr. Fei and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, Mr. Fei and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*This joint 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 joint 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 joint announcement misleading.*

*As at the date of this joint announcement, Mr. Fei Jie is the sole director of the Offeror.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*This joint 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 joint announcement will also be published and remains on the website of the Company at [www.hklistco.com/8265](http://www.hklistco.com/8265).*

*The English text of this joint announcement shall prevail over its Chinese text.*

*\* For identification purpose only*

*# Literal translation of the Chinese company name*