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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN CORE KINGDOM LIMITED INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

Financial adviser to the Company



英皇融資有限公司
Emperor Capital Limited

THE SALE AND PURCHASE AGREEMENT DATED 8 DECEMBER 2014

The Board is pleased to announce that on 8 December 2014 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the entire issued share capital in and shareholder's loan due by Core Kingdom Limited, which indirectly owns 51% equity interest in Tong Yin, a company engaged in retail of luxury brand silverware and silver utensils in the PRC. The Consideration will be satisfied as to HK\$31,200,000 by the allotment and issue, credited as fully paid, of 26,000,000 Consideration Shares and as to HK\$4,800,000 in cash to the Vendor.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

WARNING

Shareholders and potential investors of the Company should be aware that Completion is subject to the satisfaction (or waiver, where applicable) of various conditions on or before the Completion Date, including but not limited to the Listing Committee having granted its approval to the listing of and permission to deal in the Consideration Shares, which will only be granted if the minimum public float of the Company is in compliance with Rule 11.23(7) of the GEM Listing Rules after the issue and allotment of the Consideration Shares. Therefore the Completion may or may not take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

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 9 December 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 10 December 2014.

INTRODUCTION

The Board is pleased to announce that on 8 December 2014 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the entire issued share capital in and shareholder's loan due by Core Kingdom Limited, which indirectly owns 51% equity interest in Tong Yin, a company engaged in retail of luxury brand silverware and silver utensils in the PRC. The Consideration will be satisfied as to HK\$31,200,000 by the allotment and issue, credited as fully paid, of 26,000,000 Consideration Shares and as to HK\$4,800,000 in cash to the Vendor.

THE SALE AND PURCHASE AGREEMENT DATED 8 DECEMBER 2014

Vendor: Mr. Chow Tsi Tung, the sole registered and beneficial owner of the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is a third party independent of and is not connected with the Company and the connected persons of the Company.

Purchaser: the Company.

Assets to be acquired

- (i) the Sale Shares, which represent the entire issued share capital of the Target Company; and
- (ii) the Sale Loan, being the entire amount of the shareholder's loan owing by the Target Company to the Vendor as at the Completion Date. As at the date of this announcement, the Target Company is indebted to the Vendor in the principal sum of approximately HK\$908,544.

Consideration of the Acquisition

The Consideration for the Sale Shares and the Sale Loan shall be HK\$36,000,000, to be settled (i) as to HK\$31,200,000 by issue of 26,000,000 Consideration Shares; and (ii) as to the remaining HK\$4,800,000 in cash, which shall be funded by internal resources of the Company.

The Consideration shall be paid by the Company to the Vendor in the following manner:

- (a) as to HK\$4,800,000 being paid on the signing of the Sale and Purchase Agreement as deposit; and
- (b) as to HK\$31,200,000 by the issue of the Consideration Shares to the Vendor on Completion.

The Consideration was arrived at after the arm's length negotiations between the Company and the Vendor after taking into account (i) the business valuation on 51% of Tong Yin of approximately HK\$42,446,000 as at 31 October 2014 conducted by an independent professional valuer; (ii) the business development and future prospects of the Target Group; (iii) the unaudited net asset value of Tong Yin as at 30 November 2014; (iv) the profit guarantee given by the Vendor as described in the paragraph headed "Profit guarantee" below; and (v) the reasons and benefits of the Acquisition as stated under the section headed "REASONS FOR THE ACQUISITION" in this announcement.

The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

The 26,000,000 Consideration Shares represent approximately 17.33% of the existing issued share capital of the Company of 150,000,000 Shares and approximately 14.77% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The 26,000,000 Consideration Shares will be allotted and issued by the Company pursuant to the General Mandate.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares, which will rank *pari passu* in all respects with the existing issued Shares when issued.

The issue price of the Consideration Shares of HK\$1.20 per Consideration Share was determined with reference to the recent market prices of the Shares and represents:

- (i) a discount of approximately 18.92% to the closing price of HK\$1.48 per Share as quoted on the Stock Exchange on 8 December 2014, being the date of the Sale and Purchase Agreement; and
- (ii) a discount of approximately 17.81% to the average closing price of HK\$1.46 per Share for the 5 consecutive trading days up to 5 December 2014, being the last trading day immediately prior to the date of the Sale and Purchase Agreement.

The Board is of view that the issue price of the Consideration Shares, which is determined with reference to the recent market prices of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Profit guarantee

Under the Sale and Purchase Agreement, the Vendor has provided an irrevocable and unconditional guarantee in favor of the Company that the audited net profits of Tong Yin (the “**Audited Net Profits**”) for the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall be no less than RMB20 million, RMB24 million and RMB30 million respectively (each a “**Guaranteed Net Profit**”).

In the event that the actual Audited Net Profits for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 is less than the respective Guaranteed Net Profit, the shortfall shall be settled by the Vendor to the Company (the “**Shortfall Payment**”) as follows:

Shortfall Payment = (Guaranteed Net Profit – Audited Net Profit) x 51%

Note: The Shortfall Payment payable by the Vendor shall be paid in HK\$ at the mid rate for exchange of offshore RMB quoted by Bank of China (Hong Kong) Limited at 11 a.m. on the Business Day immediately before the date of payment.

Pursuant to the Sale and Purchase Agreement, the Vendor agrees that 10,000,000 Shares of the Consideration Shares (“**Escrow Shares**”) shall be deposited into a securities account in the name of the Vendor but all trading of such account can only be operated by a Director singly and no amount shall be withdrawn from such account except with joint instruction of the Vendor and a Director, until the obligations and liabilities of the Vendor in relation to the Guaranteed Net Profit have been fully discharged and satisfied. There is no restriction on the Vendor in relation to his exercise of voting rights over the Escrow Shares. The Vendor further authorized the Company to sell and dispose of the Escrow Shares at such price and time as the Company may at its discretion determine without liability to the Vendor whatsoever, if and after the Vendor fails to pay the Shortfall Payment or any part thereof within 7 days of the due day for payment thereof.

Conditions precedent

Completion is conditional upon fulfillment of the following conditions on or before the Long Stop Date:

- (a) the Company being satisfied with the results of the due diligence review on the Target Group;
- (b) the articles of Tong Yin having been amended to allow the formation of a board of directors and with Yin Xin having the right to nominate and appoint a majority of such board of directors, such amendments to be in the form and substance and in all respects satisfactory to the Company, and all necessary PRC governmental or regulatory approval having been obtained and/or necessary filing completed;
- (c) each of the warranties given by the Vendor in the Sale and Purchase Agreement is true and accurate in all material respects and not misleading as at the date of the Sale and Purchase Agreement and shall remain true and accurate in all material respects and not misleading as at date of Completion;

- (d) there is no material adverse change in the operation, business, assets, financial position or aspects of the Target Group from 1 December 2014 up to and as at the Completion Date;
- (e) the Listing Committee having granted its consent to the listing of and permission to deal in the Consideration Shares; and
- (f) the Company having obtained a legal opinion from its PRC legal advisors in respect of the legality, continual existence, business, operation and assets and such other matters of Yin Xin and Tong Yin as it may require (including but not limited to the matters referred to in condition (b)), in form and substance satisfactory to the Company.

The Vendor shall use all reasonable endeavours to procure the fulfilment of the above conditions (b), (c) and (e). The Company and the Vendor shall jointly use their reasonable endeavours to procure the fulfilment of the conditions (a) and (f). If any of the above conditions (b), (e) and (f) is not fulfilled or, if applicable, waived by the Company on or before the Long Stop Date and/or the conditions (a), (c) and (d) do not remain fulfilled (and is not waived by the Company) on the Completion Date, the rights and obligations of the parties shall lapse and be of no further effect except for antecedent breach of any obligations of any parties and the Vendor shall forthwith refund the deposit of HK\$4,800,000, being part of the Consideration, to the Company but without any interest. The Company may at its discretion waive any of the above conditions except condition (e) which is not waivable by either the Company or the Vendor.

Completion

Completion shall take place at or before 3:00 p.m. on or before the 7th Business Day after the conditions precedent (a), (b), (e) and (f) stated above have been fulfilled, or waived by the Company (as the case may be) and on condition that the conditions precedent (c) and (d) remained fulfilled (unless waived by the Purchaser), or such other date as may be agreed between the Vendor and the Company.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company and all the profit and loss and assets and liabilities of the Target Group will be consolidated to the accounts of the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon Completion and issue and allotment of the Consideration Shares:

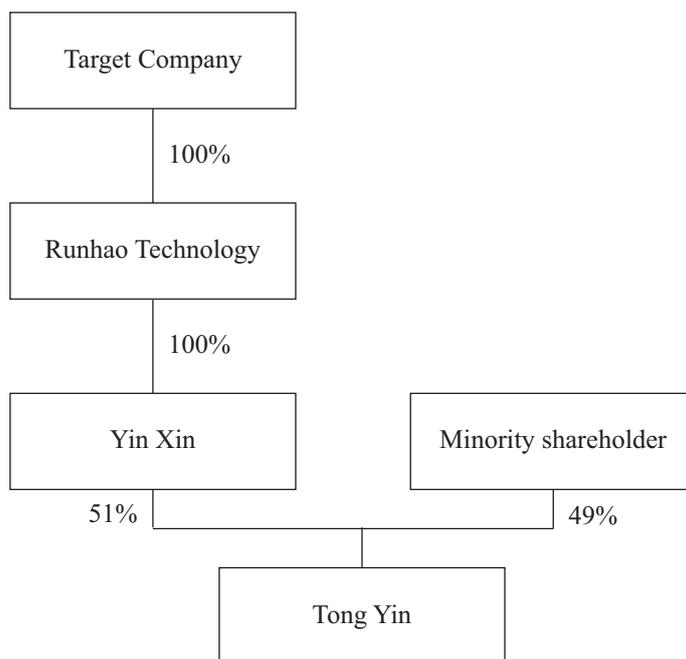
	As at the date of this announcement		Upon Completion and issue and allotment of the Consideration Shares (Note 2)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
King Full Inc Limited (Note 1)	112,492,000	74.99	112,492,000	63.92
Vendor	—	—	26,000,000	14.77
Public Shareholders	<u>37,508,000</u>	<u>25.01</u>	<u>37,508,000</u>	<u>21.31</u>
TOTAL	<u>150,000,000</u>	<u>100.00</u>	<u>176,000,000</u>	<u>100.00</u>

Notes:

1. *King Full Inc Limited is wholly and beneficially owned by Mr. Fei Jie, who is the chairman of the Board and an executive Director.*
2. *The shareholding structure of the Company upon Completion as set out above is for illustrative purposes only where the public float (“Public Float”) of the Company is only 21.31 % which is below the minimum public float of 25% as required by Rule 11.23(7) of the GEM Listing Rules. The Company will ensure the compliance with Rule 11.23(7) of the GEM Listing Rules upon Completion by way of, including but not limited to, issue of new Shares and/or procuring the Company’s controlling Shareholder, King Full Inc Limited selling its Shares to third parties independent of the Company and its connected persons before Completion.*

INFORMATION ON THE TARGET GROUP

Set out below is the group structure of the Target Group based on information provided by the Vendor:



To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the minority shareholder of Tong Yin and its beneficial owners are third parties independent of the Company and its connected persons.

The Target Company is a company incorporated in BVI on 16 October 2014 with limited liability. As represented by the Vendor, the principal business activity of the Target Company is investment holding and the principal asset of the Target Company is its 100% equity interest in Runhao Technology.

Runhao Technology is a company incorporated in Hong Kong on 26 March 2014 with limited liability, and as represented by the Vendor, with its principal business activity being investment holding and its principal asset being its 100% equity interest in Yin Xin.

Yin Xin is a wholly foreign owned enterprise established in the PRC on 14 November 2014, and as represented by the Vendor, with its principal business activity being investment holding and its principal asset being its 51% equity interest in Tong Yin.

Due to their short operational history, the financial performance of the Target Company, Runhao Technology and Yin Xin are insignificant, and based on the unaudited management accounts of the Target Group (excluding Tong Yin) for the period from 16 October 2014 to 30 November 2014 as provided by the Vendor which has been prepared in accordance with the generally accepted accounting principles in Hong Kong, the loss before and after tax of the Target Group (excluding Tong Yin) were approximately HK\$150,330. The net assets of the Target Group (excluding Tong Yin) as at 30 November 2014 was approximately HK\$239,670.

Tong Yin is a company established in the PRC on 21 November 2013 with limited liability and is principally engaged in retail of luxury brand silverware and silver utensils in the PRC. Tong Yin targets high class customers and retails high-tier and high quality silverware with luxurious designs. Tong Yin is the principal operating company of the Target Group which commenced its operation since 18 September 2014.

The unaudited turnover and net loss of Tong Yin for the 11 months ended 30 November 2014 were approximately RMB3.7 million (approximately HK\$4.6 million) and RMB0.2 million (approximately HK\$0.3 million) respectively. The unaudited net asset value of the Target Group as at 30 November 2014 amounted to approximately RMB5 million (approximately HK\$6.2 million).

DISCLOSURE IN RELATION TO RULES 19.60A AND 19.62 OF THE GEM LISTING RULES

The business valuation of Tong Yin as conducted by Ascent Partners Valuation Service Limited (the “**Independent Valuer**”/“**Ascent Partners**”), an independent professional valuer appointed by the Group for the Acquisition, constitutes profit forecast under Rule 19.61 of the GEM Listing Rules (the “**Profit Forecast**”). As such, Rules 19.60A and 19.62 of the GEM Listing Rules are applicable.

Pursuant to Rule 19.62(1) of the GEM Listing Rules, the following is the details of the principal assumptions, including commercial assumptions, upon which the forecast is based:

1. in accordance with the business plan of Tong Yin, there would be two types of retail and exhibit stores to be opened during the forecasted period from 2014 to 2019. The 1st type stores would target high class customers with higher income and aim to complement its high-tier goods with better services. The 2nd type stores would target the middle class with the provision of low tier silverware. According to the management of Tong Yin, it is forecasted that each of the 1st type stores would generate an annual revenue of RMB7,072,000; while each of the 2nd type stores is projected to generate an annual revenue of RMB4,709,000. This estimation is based on the historical record of Tong Yin;
2. according to the forecast of the management, Tong Yin targets to open 6 units of the 1st type stores by the end of 2014, 4 units in 2015 and additional 9 units from 2016 to 2019 making a total of 19 units by the end of 2019. It is expected that 8 units of the 2nd type stores would be opened by 2015 and additional 18 units opened from 2016 to 2019 making a total of 26 units by the end of 2019; and
3. during the forecast period from 2014 to 2019, there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of Tong Yin. It is also assumed that the price of raw materials and the operating expenses of Tong Yin would remain stable over the forecast period.

Valuation conclusion

According to the business valuation conducted by the Independent Valuer dated 8 December 2014, the value of the 51% equity interests in Tong Yin as at 31 October 2014 was HK\$42,446,000.

The Directors confirm that the business valuation of Tong Yin as contained in the valuation report, which constitutes a Profit Forecast, has been made after their due and careful enquiry.

BDO Limited, the auditor of the Company (“**BDO**”), confirms that the discounted future estimated cash flows of the business valuation on Tong Yin, so far as the arithmetical accuracy of calculations is concerned, has in all material respects been properly complied in accordance with the bases and assumptions made by the Directors. Emperor Capital Limited, the financial adviser of the Company (“**Emperor Capital**”), has reviewed the principal assumptions upon which the forecasts is based and is of the view that the Profit Forecast has been made by the Directors after due and careful enquiry.

Letters from BDO and Emperor Capital are included in the appendix I and II in this announcement pursuant to Rules 19.60A and 19.62 of the GEM Listing Rules.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

Name	Qualification
Ascent Partners Valuation Service Limited	Independent professional valuer
BDO Limited	Certified public accountants
Emperor Capital Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the financial adviser to the Company

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Ascent Partners, BDO and Emperor Capital is a third party independent of the Group and its connected persons (as defined in the GEM Listing Rules).

As at the date of this announcement, none of Ascent Partners, BDO or Emperor Capital has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of Ascent Partners, BDO and Emperor Capital has given and has not withdrawn its consent to the publication of this announcement with the inclusion of its opinion and advice and all references to its name in the form and context in which they are included.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the sourcing business providing sourcing and procurement solutions to customers who are mainly brand owners and importers. The Directors seek to explore new opportunities to improve the performance of the Group. The Acquisition of the Target Group will allow the Group to expand its business and offer a wider diversity of products and services. The Directors are optimistic about the long term prospects of the Target Group's business.

The Directors consider the terms of the Sale and Purchase Agreement to be fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios in relation to the Acquisition exceed 5% but fall below 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

WARNING

Shareholders and potential investors of the Company should be aware that Completion is subject to the satisfaction (or waiver, where applicable) of various conditions on or before the Completion Date, including but not limited to the Listing Committee having granted its approval to the listing of and permission to deal in the Consideration Shares, which will only be granted if the minimum public float of the Company is in compliance with Rule 11.23(7) of the GEM Listing Rules after the issue and allotment of the Consideration Shares. Therefore the Completion may or may not take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

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 9 December 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 10 December 2014.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan by the Company under the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong

“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
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place in accordance with the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration for the Acquisition
“Consideration Share(s)”	an aggregate of 26,000,000 new Shares to be allotted and issued to the Vendor, credited as fully paid at the issue price of HK\$1.2 per Share in accordance with the terms and conditions of the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 12 May 2014 to allot and issue new Shares in the Company up to 30,000,000 Shares, representing 20% of the total number of Shares in issue of the Company at the date of passing of the ordinary resolution
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Long Stop Date”	the date falling one (1) month after the date of the Sale and Purchase Agreement, being 8 January 2015, or such later date as the Vendor and the Company may agree in writing
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Runhao Technology”	Runhao Technology (HK) Limited, a company incorporated in Hong Kong with limited liability

“Sale and Purchase Agreement”	the agreement for the sale and purchase of the Sale Shares and Sale Loan dated 8 December 2014 entered into between the Vendor and the Company
“Sale Loan”	the entire amount of the shareholder’s loan owing by the Target Company to the Vendor as at the Completion Date
“Sale Shares”	50,000 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Core Kingdom Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Tong Yin”	浙江通銀貴金屬經營有限公司 (for identification purpose, Zhejiang Tong Yin Precious Metal Operation Company Limited), a company established in the PRC with limited liability and owned as to 51% by Yin Xin and as to 49% by an independent third party
“Vendor”	Mr. Chow Tsi Tung, the registered and beneficial owner of the entire issued share capital of the Target Company
“Yin Xin”	杭州銀鑫投資管理有限公司 (for identification purpose, Hangzhou Yin Xin Investment Management Company Limited), a company established in the PRC with limited liability
“%”	per cent

By order of the Board
Powerwell Pacific Holdings Limited
Fei Jie
Chairman and Executive Director

Hong Kong, 9 December 2014

As at the date of this announcement, the executive Directors are Mr. Fei Jie and Mr. Fung Chi Kin and the independent non-executive Directors are Mr. Cheung Siu Wah, Mr. Jim Yiu Ming and Mr. Sit Sai Hung, Billy.

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.

This announcement will remain on the website of the GEM 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.

APPENDIX I — COMFORT LETTER FROM BDO LIMITED

The following is the text of the report received from BDO Limited, Certified Public Accountants, the auditor of the Company relating to the discounted future estimated cash flows in respect of the valuation of 浙江通銀貴金屬經營有限公司, for the purpose of inclusion in this announcement.



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

9 December 2014

The Board of Directors
Powerwell Pacific Holdings Limited
Units 610–611 of Tower Two, Lippo Centre
89 Queensway, Hong Kong

Dear Sirs

POWERWELL PACIFIC HOLDINGS LIMITED (THE “COMPANY”) AND ITS SUBSIDIARIES DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION ON 浙江通銀貴金屬經營有限公司 (“浙江通銀”)

Independent assurance report

In accordance with our agreed terms of engagement, we have examined the arithmetical accuracy of the calculations of the discounted future estimated cash flows (the “**Underlying Forecast**”) on which the business valuation (the “**Valuation**”) dated 8 December 2014 prepared by Ascent Partners Valuation Service Limited in respect of the appraisal of the fair value of the 51% equity interests in 浙江通銀, owned as to 51% by an indirect wholly owned subsidiary of Core Kingdom Limited (the “**Target Company**”), as at 31 October 2014 is based. The Valuation has been referred to in an announcement of the Company dated 9 December 2014 (the “**Announcement**”). The Valuation based on the Underlying Forecast is regarded as a profit forecast under Rule 19.61 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**”).

Directors’ Responsibility for the Underlying Forecast

The directors of the Company (the “**Directors**”) are responsible for the preparation of the Underlying Forecast in accordance with the bases and assumptions approved by the Directors, a summary of which is set out on page 7 of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the Underlying Forecast for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Reporting Accountant's Responsibility

It is our responsibility to form a conclusion, based on our work on the arithmetical accuracy of the calculations of the Underlying Forecast on which the Valuation is based, and to report our conclusion to you solely for the purpose of reporting under Rule 19.62(2) of the GEM Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work. Because the Underlying Forecast relates to cash flows, no accounting policies of the Company have been adopted in its presentation.

The bases and assumptions adopted by the Directors as set out on page 7 of the Announcement include hypothetical assumptions about future events and management actions that cannot be confirmed or verified in the same way as past results, and these bases and assumptions may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the bases and assumptions and do not express opinion whatsoever thereon; and our work does not constitute any valuation on the 浙江通銀.

Basis of Conclusion

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. We have examined the arithmetical accuracy of the calculations of the Underlying Forecast. Our work has been undertaken solely to assist the Directors in evaluating whether the Underlying Forecast, so far as the arithmetical accuracy of the calculations is concerned, has been properly compiled in accordance with the bases and assumptions approved by the Directors, a summary of which is set out on page 7 of the Announcement.

Conclusion

In our opinion, the Underlying Forecast, so far as the arithmetical accuracy of the calculations is concerned, has been properly compiled in all material respects in accordance with the bases and assumptions approved by the Directors as set out on page 7 of the Announcement.

Yours faithfully
BDO Limited

APPENDIX II — COMFORT LETTER FROM EMPEROR CAPITAL LIMITED

The following is the text of the report received from Emperor Capital Limited, the financial adviser to the Company, relating to the discounted future estimated cash flows in respect of the valuation of 浙江通銀貴金屬經營有限公司, for the purpose of inclusion in this announcement.

9 December 2014

The Board of Directors
Powerwell Pacific Holdings Limited
Units 601–611, Tower Two, Lippo Centre
89 Queensway, Hong Kong

Dear Sirs

Powerwell Pacific Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) Comfort letter in connection with profit forecast comprised in the valuation of 浙江通銀貴金屬經營有限公司

We refer to the announcement of the Company dated 9 December 2014 (“**Announcement**”) in connection with the discloseable transaction in relation to the acquisition by the Company of the entire issued share capital of Core Kingdom Limited, the principal operating subsidiary of which, 浙江通銀貴金屬經營有限公司 (“**Tong Yin**”) is engaged in the sale of silverware products (the “**Acquisition**”). Unless specified otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

About the valuation of Tong Yin (the “Tong Yin Valuation”)

According to the business valuation dated 8 December 2014 by Ascent Partners Valuation Service Limited (the “**Independent Valuer**”), an independent professional valuer appointed by the Company for the Acquisition, the fair value of 51% equity interest in Tong Yin as at 31 October 2014 amounted to HK\$42,446,000 (“**Tong Yin Valuation**”). The Tong Yin Valuation has been arrived at using discounted cash flow methodology based on the future cash flow prepared by the Independent Valuer and for which the Directors are solely responsible. The future cash flow is regarded as a profit forecast under Rule 19.61 of the GEM Listing Rules and is required to be reported on by us pursuant to Rule 19.62 of the GEM Listing Rules.

We have reviewed the forecasts upon which the Tong Yin Valuation has been made for which you as the Directors are solely responsible, and have discussed with you and the Independent Valuer the information and documents provided by you which formed part of the basis and assumptions upon which the forecasts have been prepared. We have also considered the letter from BDO Limited dated 9 December 2014 addressed to yourselves as set out in appendix I to the Company’s announcement dated 9 December 2014 regarding the arithmetical accuracy of the calculations upon which the forecasts have been made.

On the basis that the Directors are satisfied that there are no further matters that should be brought to our attention, in our opinion, the Tong Yin Valuation and the basis and assumptions of the Tong Yin Valuation, for which the Independent Valuer and the Directors are solely responsible, has been made by the Directors after due and careful enquiry. Our opinion has been given for the sole purpose of compliance with Rule 19.62(3) of the GEM Listing Rules and for no other purpose.

Yours faithfully

For and on behalf of

Emperor Capital Limited

Louisa Choi

Director