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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)

CONNECTED TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE THROUGH THE SUBSCRIPTION OF 10% NEW SHARES OF BRIGHSUN EV-TECH CO., LIMITED

THE SUBSCRIPTION AGREEMENT

On 23 September 2015 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, has entered into the Subscription Agreement, pursuant to which the Subscriber has agreed to subscribe for the Subscription Shares, representing 10% of the issued shares of Brighsun as enlarged by the Subscription, at the consideration of HK\$9,000,000.

On completion of the Subscription, the Subscriber and the other shareholders of Brighsun will enter into the Shareholders' Agreement in respect of the affairs of Brighsun Group and the rights and obligations of its shareholders with respect to their interests therein.

Brighsun has entered into the Distribution Agreement and the Trademark License Agreement. The Subscription and investment in Brighsun will allow the Group to explore the electric vehicles market, and provide the Group with a business diversification opportunity.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 40% of the issued shares of Brighsun is owned by Mr. Zhang, a substantial shareholder and a director of an indirect non wholly-owned subsidiary of the Company. By virtue of this, both Mr. Zhang and Brighsun are connected persons of the Company at the subsidiary level under the GEM Listing Rules. As the applicable ratios under the GEM Listing Rules in respect of the Subscription Agreement and the transactions contemplated thereunder are less than 5%, pursuant to Rule 20.74(2)(a) of the GEM Listing Rules, the Subscription and the transactions contemplated thereunder constitute a connected transaction of the Company subject to reporting and announcement requirements, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Board is pleased to announce that on 23 September 2015 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement, details of which are set out below.

THE SUBSCRIPTION AGREEMENT

Date: 23 September 2015

Parties:

- (a) Subscriber: International Faith Limited, an indirect wholly-owned subsidiary of the Company.
- (b) Issuer: Brighsun; and
- (c) Guarantors: Mr. Huang and Mr. Zhang, the existing shareholders of Brighsun, who have agreed to guarantee the obligations of Brighsun under the Subscription Agreement.

As at the date of this announcement, 40% of the issued shares of Brighsun is owned by Mr. Zhang, a substantial shareholder and a director of Zhejiang Tong Yin Precious Metal Operation Company Limited, an indirect non wholly-owned subsidiary of the Company. By virtue of this, both Mr. Zhang and Brighsun are connected persons of the Company at the subsidiary level.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, Mr. Huang is an Independent Third Party.

Subscription Shares

1,200 shares of Brighsun, representing 10% of the issued shares of Brighsun as enlarged by the issue of the Subscription Shares.

Consideration

The consideration payable by the Subscriber for the Subscription Shares is HK\$9,000,000, which shall be paid to Brighsun in cash on Completion and be financed by internal resources of the Group.

The Consideration was arrived at after arms' length negotiation between the parties to the Subscription Agreement with reference to Brighsun's right under the Distribution Agreement and the potential prospect thereunder. The Board (including the independent non-executive Directors) considers that the Consideration, taking into account the terms of the Shareholders' Agreement the material terms of which are set out below, is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Conditions precedent to Completion

Completion is conditional upon fulfilment or waiver of, among other things, the following conditions:

- (a) all warranties contained in the Subscription Agreement are true and accurate and not misleading;

- (b) the Subscriber (with sole and absolute discretion) having been satisfied with the due diligence exercise to be conducted on Brighsun in all respect; and
- (c) Brighsun having amended all its bank mandates to include a nominee of the Subscriber as one of the necessary signatories for operating its bank account(s).

If any condition precedent is not satisfied or fulfilled or waived by Subscriber on or before 7 October 2015 or such other date as the Subscriber and Brighsun may agree in writing, the Subscription Agreement shall be terminated automatically and shall have no further effect (save for antecedent breach).

All conditions precedent are capable of being waived by the Subscriber.

Completion

Subject to fulfilment or waiver of the above conditions precedent, Completion shall take place on 15 October 2015 or such other date as the parties to the Subscription Agreement may agree.

THE SHAREHOLDERS' AGREEMENT

Immediately after Completion, Brighsun will be held as to 54% by Mr. Huang, 36% by Mr. Zhang and 10% by the Subscriber. Therefore, on Completion, the Subscriber, Mr. Huang, Mr. Zhang and Brighsun shall enter into the Shareholders' Agreement in respect of the affairs of Brighsun and its subsidiaries (if any) (including, without limitation, its operation, management and business), and the rights and obligations of the shareholders of Brighsun with respect to their interests in Brighsun Group. The principal terms of the Shareholders' Agreement are set out below:

- Board composition: The board of Brighsun shall comprise of not more than three (3) directors, with each of the Subscriber, Mr. Huang and Mr. Zhang having the right to nominate and appoint one (1) director.
- Financial management: The Subscriber has the right to nominate and appoint the financial controller of Brighsun, and all annual budgets of each member of Brighsun Group must be approved by the Subscriber.
- Dividend policy:
 - (i) In respect of each member of Brighsun Group which is an investment holding company, all profits available for distribution shall be distributed to its shareholder(s) by way of dividends; and
 - (ii) in respect of each member of Brighsun Group which is not an investment holding company, not less than 50% of its profits available for distribution shall be distributed to its shareholder(s) by way of dividends.
- Right of first refusal and tag-along right: If a shareholder wishes to dispose of its interest in Brighsun to a third party, all other shareholders are entitled to a right of first refusal to purchase all or part of the shares in and loans due by Brighsun which the transferring shareholder intends to dispose at the same price and material terms.

The other shareholder(s) who hold 10% or less of the then issued shares of Brighsun is/are entitled to a tag-along right whereby they may dispose of their interests in Brighsun on the same terms and conditions offered to the selling shareholder.

Put Option: In consideration of HK\$1, the Subscriber has the right, exercisable during the period commencing on the second anniversary of Completion (or such later date as the parties may agree) and ending one month thereof (or such later date as the parties may agree), to require Mr. Zhang and/or Mr. Huang to purchase the Subscription Shares at the consideration of HK\$9,000,000 if Brighsun is loss making on such second anniversary.

INFORMATION OF BRIGHSUN

Brighsun is a company incorporated in Hong Kong on 5 May 2015 with limited liability. As at the date of this announcement, Brighsun is owned as to 60% by Mr. Huang and 40% by Mr. Zhang. As represented by Brighsun, Brighsun has not yet commenced business other than entering into the Distribution Agreement and the Trademark License Agreement and it has no other material assets or liabilities.

Mr. Huang, together with an independent third party, is the registered owner of the Patent. As disclosed in the Distribution Agreement, Mr. Huang also owns and/or controls manufacturing plants in the PRC (“Manufacturers”) having the capabilities to manufacture electric vehicles utilizing the technology under the Patent.

Under the Distribution Agreement, Brighsun is granted, inter alia, exclusive right in the Greater China Region to promote, market, sell and distribute electric buses of 6 meters or longer, school buses and coaches manufactured by the Manufacturers and/or otherwise under the control of the Patent Licensors (including the necessary parts and components for maintenance and repair), at an annual license fee of HK\$200,000. The Distribution Agreement is for a term until the Patent expires or is revoked or cancelled.

Under the Trademark License Agreement, Brighsun was granted non-exclusive license to use certain trademark, for the duration of its registration, for its business at the annual license fee of HK\$100,000.

Since Brighsun has been set up for only 4 months and has no operation since its incorporation, no management account of Brighsun has been prepared. Upon Completion, Brighsun will be accounted for as an associated company of the Company.

REASONS FOR THE SUBSCRIPTION

The Group is principally engaged in the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products, as well as the retail of luxury brand silverware and silver utensils in the PRC. The Directors are actively looking for new opportunities to diversify the income stream of the Group. With consumers’ higher awareness of environmental protection and the recent development trend of electric vehicles, the Directors recognized the business potentials in the global electric vehicles market, the Subscription and investment in Brighsun will allow the Group to explore the electric vehicles market, and provide the Group with a business diversification opportunity.

Taking into account the rights granted to Brighsun under the Distribution Agreement and the manufacturing capabilities of the Manufacturers, the Company is confident of the business potential of Brighsun.

The Board (including the independent non-executive Directors) considered that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the Shareholders' Agreement) are fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 40% of the issued shares of Brighsun is owned by Mr. Zhang, a substantial shareholder and a director of Zhejiang Tong Yin Precious Metal Operation Company Limited, an indirect non wholly-owned subsidiary of the Company. By virtue of this, both Mr. Zhang and Brighsun are connected persons of the Company at the subsidiary level under the GEM Listing Rules. As the applicable ratios under the GEM Listing Rules in respect of the Subscription Agreement and the transactions contemplated thereunder are less than 5%, pursuant to Rule 20.74(2)(a) of the GEM Listing Rules, the Subscription and the transactions contemplated thereunder constitute a connected transaction of the Company subject to reporting and announcement requirements, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

None of the Directors has any material interest in the Subscription Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolutions approving the Subscription Agreement and the transactions contemplated thereunder.

DEFINITIONS

“Board”	the board of Directors
“Brighsun”	Brighsun Ev-tech Co., Limited, a company incorporated in Hong Kong with limited liability
“Brighsun Group”	Brighsun and its subsidiaries from time to time
“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 issue of the Subscription Shares under the Subscription Agreement
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Subscription Shares
“Director(s)”	director(s) of the Company

“Distribution Agreement”	a distribution agreement dated 18 September 2015 entered into between Brighsun and the Patent Licensors as described in the section headed “Information of Brighsun”
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Greater China Region”	the PRC, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) which is/are independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Mr. Huang”	Mr. Huang Kejun
“Mr. Zhang”	Mr. Zhang Genjiang
“Patent”	the patent registered in the PRC under patent number 201310128555X in relation to lithium ion battery related technology in the name of the Patent Licensors
“Patent Licensor(s)”	Mr. Huang and an Independent Third Party
“PRC”	the People’s Republic of China
“Share(s)”	share(s) of the Company
“Shareholders”	holders of Shares
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among the Subscriber, Mr. Huang, Mr. Zhang and Brighsun on Completion as described under the section “Shareholders’ Agreement” of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	International Faith Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 23 September entered into between the Subscriber, Brighsun, Mr. Huang and Mr. Zhang
“Subscription Shares”	1,200 new shares of Brighsun

“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Trademark License Agreement”	a trademark license agreement entered into between Brighsun and a company controlled by Mr. Huang in September 2015
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 23 September 2015

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.