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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)

I. MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF SALE ASSETS INVOLVING THE ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; AND II. RESUMPTION OF TRADING

I. THE ACQUISITION

The Board is pleased to announce that on 5 November 2015 (after trading hours), the Company, the Purchaser, the Vendors and the Guarantors entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Assets at the Consideration of HK\$110 million, which will be satisfied by way of issue of Convertible Bonds to the Vendors (or their respective nominee(s)) upon Completion. Upon full conversion of the Convertible Bonds at the initial Conversion Price, a total of 200,000,000 Conversion Shares will be issued, representing (i) approximately 66.8% of the existing issued share capital of the Company; and (ii) approximately 40.1% of the Company's issued share capital as enlarged by the issue of the Conversion Shares. The Conversion Shares will be issued under the Specific Mandate.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zhang, a director of and a beneficial owner of the remaining 49% interest of Tong Yin, an indirect non-wholly owned subsidiary of the Company (indirectly owned as to 51% by the Company), indirectly owns 38% and 40% respectively of the effective equity interest of Vendor 1 and Vendor 2 (collectively, the "Vendors"), therefore each of the Vendors is an associate of Mr. Zhang and the connected person of the Company as defined under the GEM Listing Rules. By virtue of this, both Mr. Zhang and the Vendors are connected persons of the Company at the subsidiary level under the GEM Listing Rules. As such, the Acquisition Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company.

The Directors (including the independent non-executive Directors) have approved the entering into of the Acquisition Agreement and the transactions contemplated thereunder and are of the view that the respective terms of the Acquisition Agreement and the Convertible Bonds are normal commercial terms that are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Pursuant to Rule 20.99 of the GEM Listing Rules, the Acquisition Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company and will be 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.

As some of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 25% but below 100%, the Acquisition also constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Conversion Shares will be issued under the Specific Mandate. Pursuant to Rule 17.39(1) of the GEM Listing Rules, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate are subject to approval by the Shareholders.

Taking into account the requirements under Chapter 17, 19 and 20 of the GEM Listing Rules as stated above, the Acquisition Agreement and the transactions contemplated thereunder will be subject to reporting, announcement, circular and Shareholders' approval requirements but exempt from the independent financial advice requirement.

GENERAL

The SGM will be convened for the purpose of considering and, if thought fit, approving, inter alia, the Acquisition Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of Conversion Shares under the Specific Mandate.

The Circular containing, among other things, (i) further information of the Acquisition; (ii) valuation reports on the Sale Assets; (iii) unaudited pro forma statement of assets and liabilities of the Enlarged Group; and (iv) notice of the SGM will be despatched to the Shareholders on or before 18 December 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

As completion of the Acquisition is conditional upon fulfilment of the conditions precedent set out in the Acquisition Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

II. 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 6 November 2015 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 November 2015.

THE ACQUISITION

The Board is pleased to announce that on 5 November 2015 (after trading hours), the Company, the Purchaser, the Vendors and the Guarantors entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell, the Sale Assets at the Consideration of HK\$110 million, which will be satisfied by way of issue of Convertible Bonds by the Company to the Vendors upon Completion.

THE ACQUISITION AGREEMENT

Date

5 November 2015 (after trading hours)

Parties

Purchaser: 湖州信成電動汽車有限公司 (Huzhou Xincheng Electric Vehicle Co. Ltd.)

Vendor 1: 湖州百成電池有限公司 (Huzhou Brighsun Battery Co. Ltd)

Vendor 2: 湖州百成客車有限公司 (Huzhou Brighsun Automobile Co. Ltd)

Guarantors: Mr. Huang and Mr. Zhang, the existing ultimate beneficial owners of Vendors, who have agreed to guarantee the obligations of Vendors under the Acquisition Agreement.

Vendor 1 is a company incorporated in PRC and principally engaged in manufacturing of lithium battery for bus and motor vehicle. Vendor 2 is a company incorporated in PRC and principally engaged in manufacturing of lithium battery bus. Vendor 1 is ultimately owned as to effectively 62% by Mr. Huang and effectively 38% by Mr. Zhang whereas Vendor 2 is ultimately effectively owned as to 60% by Mr. Huang and 40% by Mr. Zhang.

As at the date of this announcement, Mr. Zhang, a director of and a beneficial owner of the remaining 49% interest of Tong Yin, an indirect non wholly-owned subsidiary of the Company (indirectly owned as to 51% by the Company), indirectly owned 38% and 40% of the effective equity interest of Vendor 1 and Vendor 2 respectively, therefore each of the Vendors is an associate of Mr. Zhang and a connected person of the Company as defined under the GEM Listing Rules.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Assets.

The Sale Assets include the following:

(i) *Land and Building (the “Land and Buildings”)*

Land and various buildings located at No. 89 Guomuyuan Road, Huzhou, Zhejiang Province, the PRC. The property comprises a parcel of land with a site area of approximately 53,945.80 sq.m. in which three buildings are erected and completed in about 2012. The total gross floor area of the buildings is approximately 40,922.14 sq.m. including one single storey factory, one 3-storey composite building and one 3-storey ancillary office building. The land use rights of the property are held for a term of 50 years expiring on 2 March 2061 for industrial use. The original acquisition cost of the Land and Buildings are approximately RMB44 million.

(ii) *Equipment (the “Equipment”)*

The Equipment is located in Huzhou, Zhejiang Province, the PRC and comprises Dynamic Li-ion/Polymer Li-ion Battery Automatic Testing Device, electrode automatic molding machine, automatic lithium battery lamination machine, square film winding machine, double printing machine, sitting machine, vehicle body frame assemble equipment, heavy duty hydraulic press, vehicle spray painting room, office equipment, computer system, furniture and fixture, accessory and motor vehicles. The Equipment is utilized by the Vendors for manufacturing of lithium battery for bus and motor vehicle and manufacturing of lithium battery bus. The aggregate original acquisition cost of the Equipment is approximately RMB34.6 million.

Consideration

The Consideration is HK\$110 million. Pursuant to the terms of the Acquisition Agreement, upon Completion, the Consideration of HK\$110 million shall be satisfied by the Purchaser to the Vendors in the following manner:

- (a) HK\$34,948,026 shall be paid to Vendor 1 by way of issue of Convertible Bonds in the same principal amount upon Completion; and
- (b) HK\$75,051,974 shall be paid to Vendor 2 by way of issue of Convertible Bonds in the same principal amount upon Completion.

Further details of the Convertible Bonds are set out in the section headed “Convertible Bonds” below.

Basis of the Consideration

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendors and was determined after taking into account the following factors:

- (a) the preliminary valuation on Sale Assets (the "**Valuation**") as at 31 October 2015 of approximately RMB58.5 million and approximately RMB31.8 million for the Land and Buildings and Equipment respectively, prepared by an independent professional valuer, Ascent Partners Valuation Service Limited ("**Ascent Partners**"). Ascent Partners adopted a combination of the open market and depreciated replacement cost approach in assessing the land portions of the properties and the buildings and structures standing on the land respectively and cost approach in assessing the Equipment;
- (b) the net book value of the Sale Assets. The net book value of the Sale Assets was approximately RMB73.9 million as at 31 October 2015; and
- (c) the reasons and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" in this announcement.

In view of the above, the Board (including the independent non-executive Directors) consider that the terms (including the Consideration for the Acquisition) of the Acquisition are fair and reasonable and on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Acquisition Agreement is subject to the following conditions being fulfilled (or, as the case may be, waived):

- (a) the Purchaser and the holders of the Patent (being Mr. Huang and an independent third party) having entered into (to take effect on the Completion Date) a licence agreement in respect of the Patent, pursuant to which, inter alia, (1) the Patent holders grant a licence to the Purchaser, without further payment, to use the Patent for the manufacturing of batteries and vehicles using such batteries and to provide technical support to the Purchaser, for a term of not less than 5 years; (2) the Purchaser will have a first right of refusal to take up orders for batteries and electric vehicles placed on the Patent holders, their licencees and/or associates at a rate, on a cost plus basis, acceptable to the Purchaser; and (3) if the Patent holders shall have improvement in intellectual property in relation to the patented batteries or otherwise in relation to electric vehicles within 5 years of Completion, the Patent holders will provide the Purchaser with pre-emption rights in respect of such improvement, in such form and substance acceptable to the Purchaser;
- (b) the Purchaser and the holder of the trademark "Brighsun" and its associated mark registered in the PRC having entered into (to take effect on the Completion Date) a licence agreement pursuant to which the Purchaser is granted a licence, without further payment, to use such trademarks for the duration of the licence agreement referred to in paragraph (a) above, in such form and substance acceptable to the Purchaser;
- (c) the Purchaser and Brighsun Ev-tech Co., Limited having entered into a manufacturing agreement, in such form and substance acceptable to the Purchaser;

- (d) the warranties given by the Vendors in the Acquisition Agreement remaining true and accurate in all material respects and not misleading;
- (e) the Purchaser having obtained a legal opinion from its PRC legal advisers in respect to the Sale Assets, the business of the Vendors, the legality and enforceability of the Acquisition Agreement and the licence agreements referred to in paragraphs (a) and (b) above and such other matters relevant to the transactions contemplated under the Acquisition Agreement as the Purchaser may require, in form and substance satisfactory to the Purchaser;
- (f) the Shareholders (other than those who are required by the GEM Listing Rules or applicable laws and regulations to abstain from voting) having approved the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bonds and the Conversion Shares) at the SGM in compliance with all laws and regulations;
- (g) the Listing Committee having granted its consent to the listing of and permission to deal in the Conversion Shares;
- (h) if required, the Vendors and/or the Purchaser having obtained all requisite approvals and consents by the relevant PRC authorities in respect of the transfer of the Sale Assets;
- (i) the Purchaser and/or the Company having fulfilled all other matters required by the GEM Listing Rules, the Stock Exchange and/or other Hong Kong regulatory bodies in respect of the Acquisition Agreement and the transactions contemplated thereunder to be fulfilled before Completion;
- (j) the result of the due diligence review on the Sale Assets and other matters in relation to the Vendors to be conducted by the Purchaser being satisfactory to the Purchaser in all material aspects; and
- (k) no material adverse change on the Sale Assets and its prospect having occurred between the date of the Acquisition Agreement and the Completion Date.

The Purchaser has the absolute discretion to waive the above conditions (except (f), (g), (h) and (i)). The conditions under (f), (g), (h) and (i) cannot be waived by either the Purchaser or the Vendors.

If (i) the conditions in (a), (b) and (c) are not fulfilled within 20 Business Days (or such other later date as the parties to the Acquisition Agreement may agree) from the day of the Acquisition Agreement; (ii) any other of the above conditions are not fulfilled within 120 days from the date of the Acquisition Agreement; and/or (iii) condition (d) and (k) do not remain satisfied on the Completion Date, and is not waived by the Purchaser, the Acquisition Agreement shall lapse and be of no further effect and the parties thereto shall have no further obligations or liabilities thereunder save in respect of any antecedent breaches.

Completion

Completion shall take place on the third Business Days following the date on which the land title certificate and buildings certificate in respect of the Land and Buildings in the name of the Purchaser have been issued by the relevant PRC government authorities.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products (the “**Sourcing Business**”), as well as the retail of luxury brand silverware and silver utensils in PRC (the “**Silverware Business**”).

Sourcing Business contributed approximately HK\$158.1 million and approximately HK\$79.3 million, representing approximately 78.1% and 83.1% of the total revenue of the Group for the year ended 31 December 2014 and six months ended 30 June 2015 respectively. According to the interim report for the six months ended 30 June 2015, even though the watch sourcing business demonstrated some improvement for the period, the market condition of Sourcing Business generally remained mixed and uncertain as there is indication of slowing down of the retail distribution markets in Europe and US.

On the other hand, the Group completed the acquisition of 51% indirect equity interest in Tong Yin in February 2015. Tong Yin is principally engaged in retail of luxury brand silverware and silver utensils in the PRC. Silverware Business is the first-time contributed to the Group’s revenue, representing approximately 16.9% of the Group’s revenue and generating an operating profit of approximately HK\$5.7 million for the six months ended 30 June 2015. The acquisition of Tong Yin earmarks an important strategic step of the Group to successfully expand its business.

Upon Completion, the Sale Assets will become a new business and a new income stream of the Group which will engage in production and sale of lithium-ion batteries for electric vehicles and manufacturing of lithium battery bus. In recent years, the awareness of environmental protection and energy conservation has gradually shifted the customers’ behaviors, and the constant developments and improvements on the technology of electric vehicles contributed to its emerging recognition. In China, as a result of urbanization and upgrade in consumption, automobile is still in demand. According to the data from the China Association of Automobile Manufacturers (CAAM), sales of new energy vehicles in 2014 and the first seven months in 2015 are approximately 75,000 units and 90,000 units respectively and representing a year-on-year increase of around 3.2 times and 2.6 times respectively. Given that the new energy vehicles became more commercialized in China, the Directors consider that the demand for downstream lithium-ion batteries will be driven by the demand of electric vehicles.

The Directors consider that there will be a growing popularity of new energy vehicles together with the increase in demand of lithium-ion batteries, the Directors envisage that the prospect of this new business for lithium-ion batteries will be promising.

Apart from the existing businesses, the Group are actively searching for other suitable business opportunity so as to diversify the Group’s business into new line of business with growth potential and to broaden its source of income that can bring return to the Shareholders so that it will not unduly rely on the Sourcing Business and the silverware and silver utensils business, thus the business risk of the Group in the event of market downturn can be reduced. The Directors consider the Acquisition is in line with the Group’s business diversification strategy and represents an attractive investment opportunity for the Group to further expand and diversify its business portfolio and tap into the lithium-ion batteries and lithium bus industry with growth potential and to generate diversified income and additional cashflow. Upon Completion, the Group will continue to develop its existing businesses.

The Directors (including the independent non-executive Directors) have approved the entering into of the Acquisition Agreement and the transactions contemplated thereunder and are of the view that the respective terms of the Acquisition Agreement and the Convertible Bonds are normal commercial terms that are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

CONVERTIBLE BONDS

The following summarises certain of the principal terms of the Convertible Bonds:

Issuer	:	The Company
Principal amount	:	HK\$110 million
Issue price	:	HK\$110 million, representing 100% of the principal amount of the Convertible Bonds
Interest	:	The Convertible Bonds do not carry any interest
Maturity Date	:	Two years from the date of issue or if such date is not a Business Day, the next Business Day
Conversion rights	:	The Bondholders will have the right during the Conversion Period to convert the whole or part of the outstanding principal amount of the Convertible Bonds (if in part, in minimum amount of HK\$500,000 or whole multiple thereof) into Conversion Shares provided that no Convertible Bonds may be converted to the extent that following such exercise (a) the minimum public float requirement of the Company as required under the GEM Listing Rules cannot be satisfied; or (b) the Bondholder and parties acting in concert with it, taken together, will be interested in 29.9% or more of the then issued share capital of the Company (or such other percentage that will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code) or if the Bondholder would otherwise be obliged to make a mandatory general offer under the Takeovers Code
Conversion Shares	:	Assuming the conversion rights attached to the Convertible Bonds are exercised in full at the initial Conversion Price of HK\$0.55 per Conversion Share, a maximum of 200,000,000 Conversion Shares will be allotted and issued, representing: (i) approximately 66.8% of the entire issued share capital of the Company as at the date of this announcement; and (ii) approximately 40.1% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares.
Conversion Price	:	HK\$0.55 per Conversion Share, subject to adjustments for the anti-dilution provisions as summarized in the paragraph headed “Anti-dilution adjustments” below.

- The Conversion Price represents : (i) a discount of approximately 64.3% over the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the date of the Acquisition Agreement;
- (ii) a discount of approximately 57.6% over the average closing price of approximately HK\$1.30 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Acquisition Agreement;
- (iii) a discount of approximately 50.1% over the average closing price of approximately HK\$1.10 per Share as quoted on the Stock Exchange for the last ten (10) trading days immediately prior to the date of the Acquisition Agreement.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Vendors with reference to the market price of the Shares under the prevailing market conditions.

Maturity Redemption : At 100% of outstanding principal amount of the Convertible Bonds on the Maturity Date.

Early Redemption : The Company shall be entitled at any time after 18 months of the date of issue to redeem the outstanding Convertible Bonds from the Bondholder(s) at 100% of the principal amount thereof by serving 7 days prior notice of redemption to the relevant Bondholder(s).

Anti-dilution adjustments : The Conversion Price will be subject to adjustments upon the occurrence of the following events:

- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or sub-division;
- (ii) an issue (other than in lieu of a declared cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company to the Shareholders in their capacity as such;
- (iv) an offer or grant being made by the Company to the Shareholders by way of rights or options or warrants to subscribe for new Shares at a price which is less than 90% of the market price of the Shares;
- (v) an issue by the Company of securities convertible into or exchangeable for or carrying rights of subscription for Shares to the Shareholders in their capacity as such;

(vi) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if the total effective consideration per new Share receivable for such securities is less than 90% of the market price of the Shares or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 90% of the market price of the Shares; and

(vii) an issue of Shares being made wholly for cash at a price less than 90% of the market price of the Shares.

Transferability : The Convertible Bonds may be freely transferred by the holders thereof in whole amounts or multiple of principal amount of HK\$500,000 after 6 months from the date of issue of the Convertible Bonds to transferee who is not a restricted holder (as defined under the terms and conditions of the Convertible Bonds) and any transfer of the Convertible Bonds to any connected person shall be subject to prior written consent of the Company.

Voting : The Bondholders shall not be entitled to attend or vote at any meetings of the Company by reason only of its being a Bondholder.

Listing : No application will be made for the listing of the Convertible Bonds on the Hong Kong Stock Exchange or any other stock exchange.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Bonds.

Ranking of Conversion Shares : The Conversion Shares will rank pari passu in all respects among themselves and with other Shares in issue on the conversion date of the Convertible Bonds.

MANDATE TO ISSUE THE CONVERSION SHARES

The Conversion Shares will be issued under the Specific Mandate to be sought at the SGM.

EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (for illustration purpose only): (a) as at the date of this announcement; and (b) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price:

Shareholders	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (Note 2)	
	No. of Shares	%	No. of Shares	%
Substantial Shareholders:				
King Full Inc Limited (Note 1)	156,390,000	52.27%	156,390,000	31.33%
Vendor 1	—	0.00%	63,541,865	12.73%
Vendor 2	—	0.00%	136,458,135	27.34%
Public Shareholders	<u>142,810,000</u>	<u>47.73%</u>	<u>142,810,000</u>	<u>28.60%</u>
	<u>299,200,000</u>	<u>100%</u>	<u>499,200,000</u>	<u>100%</u>

Notes:

- King Full Inc Limited is a company incorporated in Hong Kong which is wholly and beneficially owned by Mr. Fei Jie.
- Pursuant to the conversion restriction in relation to the Convertible Bonds, the Company will not issue any Conversion Shares if (i) upon such issue, any holder(s) of the Convertible Bonds and parties acting in concert with it/them will be obligated to carry out a mandatory general offer under the Takeovers Code, and (ii) upon such issue, the shareholding by the public in the Company will be less than 25% or the minimum prescribed percentage as set out in the GEM Listing Rules from time to time. Therefore, the shareholding structure set out in this column is shown for illustrative purpose only.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising exercise in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
15 July 2015	Placing of new shares under general mandate	HK\$25.0 million	General working capital of the Group	(i) Approximately HK\$2.2 million was utilized as general and administrative expenditures of the Group; (ii) the remaining balance of the approximately HK\$22.8 million is maintained at bank.
31 March 2015	Open offer on the basis of one offer share for every two shares at the subscription price at HK\$0.70 per offer share which was completed in May 2015	HK\$59.3 million	Financing future investment activities if and when suitable opportunities arise and business development and working capital requirement of the Group	(i) Approximately HK\$29 million was utilized as expansion of silverware retail business and related investment development; (ii) Approximately HK\$9 million was utilized as investment in the business of electric vehicles; (iii) Approximately HK\$21.3 million is maintained at bank and earmarked for potential investment projects and general working capital of the Group.

GEM LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Zhang, a director of and a beneficial owner of the remaining 49% interest of Tong Yin, an indirect non-wholly owned subsidiary of the Company (indirectly owned as to 51% by the Company), indirectly owns 38% and 40% of the effective equity interest of Vendor 1 and the Vendor 2 respectively, therefore each of the Vendors is an associate of Mr. Zhang and a connected person of the Company as defined under the GEM Listing Rules. By virtue of this, both Mr. Zhang and the Vendors are connected persons of the Company at the subsidiary level under the GEM Listing Rules. As such, the Acquisition Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company.

The Directors (including the independent non-executive Directors) have approved the entering into of the Acquisition Agreement and the transactions contemplated thereunder and are of the view that the respective terms of the Acquisition Agreement and the Convertible Bonds are normal commercial terms that are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Pursuant to Rule 20.99 of the GEM Listing Rules, the Acquisition Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company will be 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.

As some of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 25% but below 100%, the Acquisition constitutes a major and connected transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Conversion Shares will be issued under the Specific Mandate. Pursuant to Rule 17.39(1) of the GEM Listing Rules, the issue of the Convertible Bonds and the allotment and issue of Conversion Shares under the Specific Mandate are subject to approval by the Shareholders.

Taking into account the requirements under Chapter 17, 19 and 20 of the GEM Listing Rules as stated above, the Acquisition Agreement and the transactions contemplated thereunder will be subject to reporting, announcement, circular and Shareholders' approval requirements but exempt from the independent financial advice requirement.

GENERAL

A SGM will be convened and held for the Shareholders to consider, and if thought fit, to approve, the Acquisition Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of Conversion Shares under the Specific Mandate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as no Shareholder has a material interest in the Acquisition, no Shareholder is required to abstain from voting in respect of the ordinary resolution(s) to approve the Acquisition Agreement and the transactions contemplated thereunder.

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

The Circular containing, among other things, (i) further information of the Acquisition; (ii) valuation reports on the Sale Assets; (iii) unaudited pro forma statement of assets and liabilities of the Enlarged Group; and (iv) notice of the SGM, will be despatched to the Shareholders on or before 18 December 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

As completion of the Acquisition is conditional upon fulfilment of the conditions precedent set out in the Acquisition Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in 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 6 November 2015 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 November 2015.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Assets pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 5 November 2015 entered into among the Purchaser, the Vendors and the Guarantors in respect of the Acquisition
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rule
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of Convertible Bond(s)
“Business Day”	means a day (other than Saturday, Sunday, public holidays in PRC and public holidays in Hong Kong or a day on which typhoon signal no. 8 or above or black rainstorm is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open to conduct business generally throughout their normal business hours and Business Days shall be construed accordingly
“Circular”	the shareholders’ circular to be issued by the Company and despatched to its Shareholders, which will contain (among other matters) further details of the Acquisition and the notice of SGM
“Company”	Powerwell Pacific Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the GEM of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Assets in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the third Business Days following the date on which the land title certificate and buildings certificate in respect of the Land and Buildings in the name of the Purchaser have been issued by the relevant PRC government authorities or such other date as the Parties may agree in writing on which the Acquisition Agreement shall be completed
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration of HK\$110 million payable by the Purchaser for the acquisition of the Sale Assets under the Acquisition Agreement

“Conversion Period”	the period commencing on the expiry of 6 months from the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date
“Conversion Price”	HK\$0.55 per Conversion Share, subject to adjustments pursuant to the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	new Share(s) to be issued upon the exercise by the Bondholders of the rights attached to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$110 million to be issued as Consideration under the Acquisition
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group and the Sale Assets
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rule”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, Mr. Huang and Mr. Zhang
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholders who are required by the GEM Listing Rules to abstain from voting at the SGM
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons (as defined in the GEM Listing Rules)
“Maturity Date”	the date falling two (2) years from the date of issue of the Convertible Bonds or if such date is not a Business Day, the next Business Day
“Mr. Huang”	Mr. Huang Kejun
“Mr. Zhang”	Mr. Zhang Genjiang
“Parties”	the parties of the Acquisition Agreement and “Party” means any of them
“Patent”	the patent registered in the PRC under patent number 201310128555X in relation to lithium ion battery related technology
“PRC”	the People’s Republic of China

“Purchaser”	湖州信成電動汽車有限公司 (for identification purpose, Huzhou Xincheng Electric Vehicle Co. Ltd.), an enterprise established in the PRC and an indirect wholly owned subsidiary of the Company
“Sale Assets”	collectively, Land and Buildings and Equipment
“SFC”	The Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other matters, the Acquisition Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of Conversion Shares under the Specific Mandate
“Share(s)”	ordinary share(s) in the Company of HK\$0.01 each
“Shareholders”	holders of the Shares
“Specific Mandate ”	the specific mandate to be sought at the SGM for the issue and allotment of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC as amended from time to time
“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 an indirect non-wholly owned subsidiary of the Company which is indirectly owned as to 51% by the Company
“Vendor 1”	湖州百成電池有限公司 (for identification purpose, Huzhou Brighsun Battery Co. Ltd), a company established in the PRC
“Vendor 2”	湖州百成客車有限公司 (for identification purpose, Huzhou Brighsun Automobile Co. Ltd), a company established in the PRC
“Vendors”	collectively, Vendor 1 and Vendor 2
“%”	per cent

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

Hong Kong, 9 November 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.