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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. CLARIFICATION ANNOUNCEMENT: MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF SALE ASSETS INVOLVING THE ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; AND II. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Reference is made to the announcement (the “**Announcement**”) dated 9 November 2015 of Powerwell Pacific Holdings Limited (the “**Company**”) concerning the major and connected transaction in relation to the proposed acquisition of Sale Assets involving the issue of Convertible Bonds under Specific Mandate. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to clarify and supplement the following information:

FURTHER INFORMATION OF GUARANTORS

As disclosed in the Announcement, Mr. Huang and Mr. Zhang, the existing ultimate beneficial owners of Vendors, have agreed to guarantee the obligations of Vendors under the Acquisition Agreement. Set out below is further information regarding Mr. Huang and Mr. Zhang.

Mr. Zhang, is a director of Tong Yin (an indirect non-wholly owned subsidiary of the Company) and the controlling shareholder of a company which holds the remaining 49% interest of Tong Yin. Mr. Zhang graduated from 北京科技大學 (for identification purpose, University of Science and Technology Beijing), has obtained a doctorate degree in business administration from 中國人民大學 (for identification purpose, Renmin University of China), has over 18 years managerial experience, and has obtained the qualification of 高級黃金投資分析師 (for identification purpose, senior gold investment analyst) in the PRC in 2007.

Mr. Huang has over 20 years of operational experience in international trade and industrialization of patents. Mr. Huang is the founder of two companies established in the PRC which respectively engaged in bio-fertilizer industry and electric vehicles industry which cooperated with PRC universities for the research and development of lithium battery and electric vehicles system and has successfully established production and operating system of electric bus.

Mr. Huang is an Independent Third Party and a business partner of Mr. Zhang and to the best of the knowledge information and belief of the Company, they are independent and not connected with each other in other ways. As announced by the Company on 15 October 2015, Mr. Huang together with Mr. Zhang holds 90% of Brighsun EV-tech Co., Ltd., a company in which the Group subscribed for a 10% interest. Save for the aforesaid, the Company does not have any relationship with Mr. Huang.

To the best of the knowledge information and belief of the Company, each of Mr. Huang, Mr. Zhang and the Company's controlling Shareholder are independent and not connected with each other.

FURTHER INFORMATION ON ASSETS TO BE ACQUIRED

As disclosed in the Announcement, the Sale Assets comprise of the Land and Buildings and the Equipment. The Land and Buildings was acquired by Vendor 2 in July 2014 and owned by Vendor 2. The Equipment are partly owned by Vendor 1 and partly owned by Vendor 2 which were acquired by Vendor 1 and Vendor 2 after their respective dates of incorporation, namely in June 2014 and May 2014.

The Sale Assets are utilized by the Vendors for manufacturing of lithium battery for bus and motor vehicle and manufacturing of lithium battery bus. Vendor 1 started lithium batteries production since May 2015 and produced over 2,000 pieces of finished batteries products. Vendor 2 started production of lithium battery bus since July 2015 and produced five 12 meter prototypes electric bus. Given the Vendors are still in early stage of business operation, there was no direct identifiable income stream in connection with sale of finished products (i.e. lithium battery vehicles) as a result of utilization of the Sale Assets up to October 2015. As stated above, the Sale Assets is a revenue generating assets but without completed full year record and direct identifiable income stream.

According to condition precedent (a) as stated on page 5 of the Announcement, for Completion to take place, the Purchaser and the Patent holders have to agree on and enter into a licence agreement in respect of the Patent for the grant to the Purchaser of a licence to use the Patent for the manufacture of batteries and vehicles using such batteries and the Patent holders agreeing to provide technical support to the Purchaser. The Company intends to appoint additional suitable candidates to ensure efficient operation and production of the Sale Assets.

BASIS OF ALLOCATION OF CONSIDERATION

The allocation of the total Consideration of HK\$110 million to Vendor 1 (in the amount of HK\$34,948,026) and Vendor 2 (in the amount of HK\$75,051,974) is arrived at based on arm's length negotiation with reference to the preliminary valuation of those assets owned by them and total preliminary valuation of the Sale Assets with rounding adjustments made.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Acquisition Agreement, it involves the issuance of Convertible Bonds to the Vendors, being connected person of the Company at subsidiary level. After consultation with the Stock Exchange, it was clarified that issuance of Convertible Bonds to the Vendors does not fall within the exemptions under Rule 20.90 of the GEM Listing Rules. As such, issuance of Convertible Bonds to the Vendors is not exempt from independent financial advice and shareholders' approval under Rule 20.90 of GEM Listing Rules. Therefore, independent

financial advice and shareholders' approval in connection with the Acquisition Agreement and the transactions contemplated thereunder are required under Chapter 20 of the GEM Listing Rules.

An independent board committee of the Company, comprising Mr. Cheung Siu Wah, Mr. Jim Yiu Ming and Mr. Sit Sai Hung, Billy, all being the independent non-executive Directors, (the "**Independent Board Committee**") has been established to make recommendations to the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder.

Amasse Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the independent financial adviser (the "**Independent Financial Adviser**") to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee. The letter of advice from the Independent Financial Adviser in respect of the Acquisition Agreement and the transactions contemplated thereunder will be included in the circular which is expected to be despatched by the Company on or before 18 December 2015.

Except as stated above, the Board confirms that all the information in the Announcement remains unchanged.

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.

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

Hong Kong, 20 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.