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China Soft Power Technology Holdings Limited

中國軟實力科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

**DISCLOSEABLE TRANSACTION
PROPOSED ACQUISITION OF THE TARGET COMPANY**

On 14 July 2017 (after trading hours), the Group, through the Purchaser, conditionally agreed to acquire from the Vendor the Sale Share and the Sale Loan at the Consideration, subject to fulfillment of the Conditions Precedent, by entering into the Agreement in respect of the Proposed Acquisition, the principal terms and conditions of which are set out below.

As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition, including the Agreement and the Goodview Agreement, exceed 5% but are less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As Completion is subject to the fulfilment or waiver of the Conditions Precedent, the Proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 14 July 2017 (after trading hours), the Group, through the Purchaser, conditionally agreed to acquire from the Vendor the Sale Share and the Sale Loan, subject to the fulfillment of the Conditions Precedent, by entering into the Agreement in respect of the Proposed Acquisition, the principal terms and conditions of which are set out below.

THE AGREEMENT

Date: 14 July 2017 (after trading hours)

Parties: (1) the Vendor; and
(2) the Purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

Assets to be acquired by the Group under the Agreement

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire from the Vendor (i) the Sale Share comprising one (1) share in the share capital of the Target Company and (ii) the Sale Loan amounting to HK\$46,005,999 as at the date of this announcement.

Consideration

The Consideration for the Proposed Acquisition is HK\$16,000,000, which shall be payable by the Purchaser to the Vendor on Completion. The Consideration was determined after arm's length negotiations between the parties to the Agreement with reference to the difference between (i) the valuation of the Property of HK\$330,000,000 as at 14 July 2017 conducted by an independent valuer and (ii) balance of the Purchase Price of HK\$314,000,000 pursuant to the Goodview Agreement.

The Directors consider that the Consideration to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent to Completion

The Proposed Acquisition is subject to and conditional upon the satisfaction or the waiver of the following conditions (where appropriate):

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review, including but not limited to the review of the legal, financial and business position and prospects of the Target Company;
- (b) all necessary licence, consent, approval, authorisation, permission, waiver, order, exemption, qualification, registration, certificate, authority or other approval required to be obtained on the part of the Purchaser, the Vendor and the Target Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (c) the warranties provided by the Vendor under the Agreement remaining true, accurate and complete; and

- (d) the Purchaser being reasonably satisfied that there has not been any material adverse change or effect in respect of the Target Company since the date of the Agreement.

In the event that any of the Conditions Precedent are not fulfilled (or waived as the case may be), in each case, on or before the Long Stop Date, the Agreement shall terminate and be null and void and of no further effect and neither the Vendor nor the Purchaser shall have any liability to any other party, save for any antecedent breaches.

Completion

Completion shall take place at the office of the Company on the Completion Date, or at such other place and time as shall be mutually agreed in writing by the Purchaser and the Vendor.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated with the Group.

Put Option

The Purchaser is granted the Put Option for no additional consideration, in which the Purchaser has the right to opt to sell the Sale Share and the Sale Loan to the Vendor at the Consideration in the event that the Goodview Agreement shall fail to be completed in accordance with the terms of the Goodview Agreement (other than due to the default of the Purchaser) after Completion.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability on 18 March 2017. Since its incorporation, the Target Company has not carried on any business except for the entering into of the Goodview Agreement, and it is intended that the Target Company will be principally engaged in investment holding.

The Goodview Agreement

On 7 June 2017, the Target Company entered into the Goodview Agreement with the Goodview Owner, pursuant to which the Target Company agreed to acquire from the Goodview Owner (i) one (1) share in the issued share capital of Goodview, representing the entire issued share capital of Goodview, and (ii) all such sum of money advanced by way of loan by the Goodview Owner to Goodview and due and owing by Goodview to the Goodview Owner as at completion pursuant to the Goodview Agreement at the consideration of HK\$360,000,000 plus/less the net current assets/liability (if any) shown on the balance sheet as at the Goodview Completion Date, which shall be paid by the Target Company to the Goodview Owner in the following manner:

- (a) the sum of HK\$18,000,000 as initial deposit and in part payment of the Purchase Price has been paid by the Target Company on 17 May 2017;
- (b) the sum of HK\$18,000,000 as further deposit and in part payment of the Purchase Price has been paid by the Target Company on 7 June 2017;

- (c) the sum of HK\$10,000,000 as further deposit and in part payment of the Purchase Price has been paid by the Target Company on 7 July 2017; and
- (d) the sum of HK\$314,000,000 as remaining balance of the Purchase Price shall be paid on the Goodview Completion Date, subject to adjustment as set out in the Goodview Agreement.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Goodview Owner is a third party independent of the Company and its connected persons.

Goodview is currently holding the Property located at No. 1, Lincoln Road, Kowloon, Hong Kong. The Property is a house with a saleable area of approximately 6,892 sq. ft. with a balcony of approximately 38 sq. ft. The Property comprises a 3-storey terrace houses plus roof erected on a parcel of land with a registered site area of approximately 10,656 sq. ft. completed in 2008 and renovated in 2014. The Property is currently used for domestic purpose and is not subject to any tenancy as at the date of this announcement. As at 30 June 2017, the book value of the Property was HK\$96,403,994.

Financial Information of Goodview

The following table sets out the unaudited financial information of Goodview:

	For the year ended 31 December 2015	For the year ended 31 December 2016	For the six months ended 30 June 2017
	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation	618,058	957,047	520,779
Net loss after taxation	618,058	957,047	520,779

As at 31 December 2015 and 2016, the unaudited net asset value of Goodview was HK\$39,767,419 and HK\$38,810,372, respectively.

Financial Information of the Target Company

As the Target Company has not commenced any business, according to the unaudited financial information of the Target Company, no profit has been recorded since its incorporation and up to the date of this announcement.

As at the date of this announcement, the net deficits of the Target Company is HK\$5,999.

INFORMATION ABOUT THE VENDOR

The Vendor is the sole shareholder of the Target Company, a third party independent of the Company and its connected persons.

INFORMATION ABOUT THE PURCHASER AND THE GROUP

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The Group is principally engaged in trading and distribution of electronic and accessory products and other merchandise, financial investments and trading and money lending business.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE FACILITY

The Directors have been proactive in seeking appropriate investment opportunities to increase the return to the Shareholders. As stated in the annual report 2016–2017 of the Company published on 11 July 2017, it is the Group’s plan to monitor the property market in Hong Kong to seize investment opportunities in this segment.

In light of the preliminary valuation of the Property, the Board considers that the Proposed Acquisition and the potential acquisition of the Property pursuant to the Goodview Agreement represent an appropriate investment opportunity. The Directors believe that the Proposed Acquisition enables the Group to:

- cope with and facilitate the expansion plan of the Group; and
- broaden its fixed asset base with potential capital appreciation in view of the proposed acquisition of the Property pursuant to the Goodview Agreement.

The Directors consider the terms of the Proposed Acquisition, the Agreement and the Goodview Agreement are reasonable and fair and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition, including the Agreement and the Goodview Agreement, exceed 5% but are less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As Completion is subject to the fulfilment or waiver of the Conditions Precedent, the Proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

DEFINITION

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Agreement”	sale and purchase agreement dated 14 July 2017 entered into between the Vendor and the Purchaser in relation to the Proposed Acquisition
“Business Day(s)”	day(s) on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or public holiday)
“Company”	China Soft Power Technology Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139)
“Completion”	completion of the Proposed Acquisition in accordance with the Agreement
“Completion Date”	date falling within five (5) Business Days after fulfillment (or waiver, as the case may be) of the Conditions Precedent and the date on which the Completion takes place
“Conditions Precedent”	conditions for Completion set forth in the paragraph headed “Conditions Precedent to Completion” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$16,000,000, being the aggregate consideration for the Proposed Acquisition payable by the Purchaser to the Vendor under the Agreement
“Director(s)”	director(s) of the Company
“Goodview”	Goodview Assets Limited, a company incorporated in the British Virgin Islands with limited ability
“Goodview Agreement”	sale and purchase agreement dated 7 June 2017 entered into between the Goodview Owner and Target Company in relation to the sale and purchase of the entire issued share capital of and the assignment of the shareholder’s loan of Goodview
“Goodview Completion Date”	on or before 5:00 p.m. on 17 August 2017
“Goodview Owner”	sole shareholder of Goodview, a third party independent of the Company and its connected persons

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	10 August 2017 or such later date as the Vendor and the Purchaser may from time to time agree in writing
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules
“Property”	property owned by Goodview and located at No. 1, Lincoln Road, Kowloon, Hong Kong
“Proposed Acquisition”	proposed acquisition of the Sale Share and the Sale Loan by the Purchaser from the Vendor on and subject to the terms and conditions of the Agreement and the performance of the transactions contemplated thereunder
“Purchase Price”	HK\$360,000,000, being the purchase price pursuant to the Goodview Agreement
“Purchaser”	Winsey Enterprises Limited, a company incorporated in the British Virgins Islands with limited liability and a wholly-owned subsidiary of the Company
“Put Option”	put option granted by the Vendor to the Purchaser pursuant to the Agreement
“Sale Loan”	shareholder’s loan due and owing to the Vendor by the Target Company which is interest-free and repayable on demand
“Sale Share”	one (1) share in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Dragon Huge Development Limited, a company incorporated in Hong Kong with limited liability

“Vendor”	sole shareholder of the Target Company, a third party independent of the Company and its connected persons
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“sq. ft.”	square feet
“%”	per cent.

By order of the Board
China Soft Power Technology Holdings Limited
Chen Xiaodong
Chairman

Hong Kong, 14 July 2017

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Chen Xiaodong (*Chairman*)
Mr. Yu Qingrui
Ms. Lam Hay Yin

Independent non-executive Directors:

Mr. Kwok Chi Kwong
Mr. Chen Youchun
Mr. Mai Qijian