

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION PROPOSED DISPOSAL OF THE TARGET COMPANY

On 29 December 2017 (after trading hours), the Group, through the Vendor, conditionally agreed to dispose to the Purchaser the Sale Share and the Sale Loan at the Consideration, subject to the fulfillment of the Conditions Precedent, by entering into the Agreement in respect of the Proposed Disposal.

As one of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Disposal exceeds 25% but all of them are less than 100%, the Proposed Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and Shareholders' approval requirements under the Listing Rules.

The SGM will be convened and held for the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules to consider and, if thought fit, approve the Proposed Disposal and related matters. FWF and relevant Directors who have directorships in FWF and/or are interested in the FWF Shares or the share options to subscribe for FWF Shares, and their respective close associates will abstain from voting on the resolution(s) approving the Proposed Disposal and related matters at the SGM.

A circular containing further details of the Proposed Disposal as is required to be contained in it under the Listing Rules together with a notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 22 January 2018.

As Completion is subject to the fulfilment or waiver of the Conditions Precedent, the Proposed Disposal 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 29 December 2017 (after trading hours), the Group, through the Vendor, conditionally agreed to dispose to the Purchaser 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 Disposal, the principal terms and conditions of which are set out below.

THE AGREEMENT

Date: 29 December 2017 (after trading hours)

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

The Purchaser is a direct wholly-owned subsidiary of FWF.

As at the date of this announcement, the Company (through its subsidiaries) is interested in 691,830,188 FWF Shares, representing approximately 8.48% of the existing issued share capital of FWF as at the date of this announcement. Mr. Chen Xiaodong, being an executive Director holding 4,180,246 Shares, is also an executive director of FWF, and is interested in 1,005,313 FWF Shares, representing approximately 0.01% of the existing issued share capital of FWF as at the date of this announcement. Mr. Yu Qingrui, being an executive Director holding 5,563,610 Shares, is also an executive director of FWF, and is interested in 90,404,425 FWF Shares, representing approximately 1.11% of the existing issued share capital of FWF as at the date of this announcement. In addition, Mr. Yu Qingrui is interested in 64,000,000 share options to subscribe for FWF Shares as at the date of this announcement. Ms. Lam Hay Yin, being an executive Director, is interested in 30,000,000 FWF Shares, representing approximately 0.37% of the existing issued share capital of FWF as at the date of this announcement. In addition, Ms. Lam Hay Yin is interested in 64,000,000 share options to subscribe for FWF Shares as at the date of this announcement. Ms. Lee Chau Man Ada, being an executive Director holding 28,261,150 Shares, is interested in 82,945,431 FWF Shares, representing approximately 1.02% of the existing issued share capital of FWF as at the date of this announcement. Mr. Mai Qijian, being an independent non-executive Director holding 179,533 Shares, is interested in 40,000,000 share options to subscribe for FWF Shares as at the date of this announcement.

As at the date of this announcement, FWF (through its subsidiaries) is interested in 1,170,621,316 Shares, representing approximately 9.21% of the existing issued share capital of the Company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter to be disposed of

Pursuant to the Agreement, the Vendor has conditionally agreed to dispose to the Purchaser (i) the Sale Share comprising one (1) share in the share capital of the Target Company; and (ii) the Sale Loan amounting to approximately HK\$42,814,000 as at 30 November 2017.

Consideration

The Consideration for the Proposed Disposal is HK\$260,000,000, which shall be settled by way of allotment and issue of the Consideration Shares by FWF to the Vendor (or such designated party as the Vendor may direct) at the Issue Price on Completion.

The Consideration Shares will be allotted and issued under the FWF Specific Mandate at the Issue Price, credited as fully paid on the Completion Date. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the FWF Shares then in issue and shall be subject to a lock-up period of three months commencing from the Completion Date.

The Issue Price represents:

- (i) a discount of approximately 59.72% to the closing price of HK\$0.360 per FWF Share as quoted on the Stock Exchange on the date of the Agreement;
- (ii) a discount of approximately 55.25% to the average of the closing price of HK\$0.324 per FWF Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Agreement;
- (iii) a discount of approximately 47.65% to the average of the closing price of HK\$0.277 per FWF Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of the Agreement; and
- (iv) a premium of approximately 1.40% over the unaudited consolidated net asset value per FWF Share of approximately HK\$0.143 as at 30 June 2017.

The Issue Price was determined after arm's length negotiations between the parties to the Agreement taking into account, among others, the net asset value per FWF Share and the prevailing market price of the FWF Shares on the Stock Exchange. The Board considers that the Issue Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares represent (i) approximately 21.98% of the existing issued share capital of FWF as at the date of this announcement; and (ii) approximately 18.02% of the issued share capital of FWF as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the shareholding structure of FWF prior to 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\$400,000,000 as at 22 December 2017 conducted by an independent valuer and (ii) the outstanding mortgage on the Property amounting to approximately HK\$139,556,000 as at 30 November 2017.

The Board considers 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

The Proposed Disposal is subject to and conditional upon the satisfaction in full or (at the sole and absolute discretion of the Purchaser) the waiver of the following conditions (where appropriate):

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review, including the review of the legal, financial and business position and prospects of the Target Company;
- (b) the Purchaser being reasonably satisfied that the Sale Share, the Sale Loan and the Property are free from all encumbrances (other than the Guarantee and the mortgage in relation to the Property in favour of the lending bank provided as security for the Loan);
- (c) 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;
- (d)
 - (i) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at a general meeting of the Company to be convened and held of the necessary ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder;
 - (ii) the passing by the FWF Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at a general meeting of FWF to be convened and held of the necessary ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder;
- (e) the despatch of the circular by the Company and the circular by FWF as required under the Listing Rules;
- (f) the Stock Exchange granting or agreeing to grant the approval for the listing of and permission to deal in the Consideration Shares and such approval not having been revoked;
- (g) the warranties provided by the Vendor under the Agreement remaining true, accurate and complete in all material respects; and

(h) 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.

Neither the Vendor nor the Purchaser shall have the right to waive the conditions set out in (c), (d), (e) and (f) above. 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 cease to be a subsidiary of the Company and the financial results of the Target Company will be deconsolidated from the Group.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 7 June 2005. Since its incorporation, the Target Company has not carried on any business except for the acquisition and holding of the Property, and is principally engaged in investment holding.

The Target Company is currently holding the Property located at No. 1, Lincoln Road, Kowloon, Hong Kong. The Property comprises three 3-storey terraced houses built on a rectangular site with a registered site area of 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 November 2017, the unaudited book value of the Property was HK\$330,000,000.

Financial Information of the Target Company

The following table sets out the financial information of the Target Company:

	For the year ended 31 December 2015 (Unaudited) HK\$'000	For the year ended 31 December 2016 (Unaudited) HK\$'000	For the eleven months ended 30 November 2017 (Unaudited) HK\$'000
Net profit/(loss) before taxation	(618)	(957)	123,537
Net profit/(loss) after taxation	(618)	(957)	123,537

As at 31 December 2015 and 2016, the unaudited net asset values of the Target Company were approximately HK\$39,767,000 and HK\$38,810,000, respectively.

INFORMATION ABOUT THE PURCHASER AND FWF

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

FWF and its subsidiaries are principally engaged in (a) securities trading and investment; (b) provision of financing services; (c) investment property in Hong Kong; (d) e-commerce business; and (e) trading business and related services.

INFORMATION ABOUT THE VENDOR AND THE GROUP

The Vendor 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.

FINANCIAL IMPACT ON THE GROUP

It is expected that the Group will record a gain on the Proposed Disposal in the amount of approximately HK\$69,236,000, which is calculated based on (i) the Consideration; (ii) the carrying value of the Sale Loan; (iii) the unaudited net asset value of the Target Company of approximately HK\$147,800,000 as at 30 November 2017; and (iv) the estimated transaction costs in relation to the Proposed Disposal. The actual gain on the Proposed Disposal to be recorded by the Group is subject to audit and may be different from the expected amount as stated above.

As the Consideration will be settled by way of the allotment and issue of the Consideration Shares, no net proceeds will be receivable by the Company from the Proposed Disposal.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

Reference is made to the announcement of the Company dated 7 September 2017.

As previously announced, the Directors have been proactive in seeking appropriate investment opportunities to increase the return to the Shareholders. It is also stated in the interim report 2017 of the Company published on 7 December 2017 that the Group will continue to monitor its property portfolio with an aim to generate stable rental income and capital appreciation.

In light of the valuation of the Property and current property market condition, the Board considers that the Proposed Disposal and the disposal of the Property represent an appropriate opportunity to realise its investment. The Board believes that the Proposed Disposal enables the Group to achieve capital appreciation in view of the Consideration and the valuation of the Property.

The Board believes the allotment and issue of the Consideration Shares at discount is an attractive investment to the Company. The Board further believes that the increased shareholding in FWF will enhance the partnership and co-operation between the Company and FWF.

The Board considers the terms of the Proposed Disposal and the Agreement are reasonable and fair and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Disposal exceeds 25% but all of them are less than 100%, the Proposed Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and Shareholders' approval requirements under the Listing Rules.

At the SGM, any Shareholders with a material interest in the Proposed Disposal are required to abstain from voting on the resolution(s) approving the Proposed Disposal and related matters. As such, FWF and relevant Directors who have directorships in FWF and/or are interested in the FWF Shares or the share options to subscribe for FWF Shares (which include Mr. Chen Xiaodong, Mr. Yu Qingrui, Mr. Mai Qijian and Ms. Lee Chau Man Ada), and their respective close associates will abstain from voting on the resolution(s) approving the Proposed Disposal and related matters at the SGM.

SGM

The SGM will be convened and held for the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules to consider and, if thought fit, approve the Proposed Disposal and related matters.

A circular containing, among other things, (i) further details of the Proposed Disposal; (ii) financial information of the Group; (iii) valuation report on the Property to be prepared by an independent professional valuer to the Company; and (iv) other information as is required to be contained in the circular under the Listing Rules together with a notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 22 January 2018.

As Completion is subject to the fulfilment or waiver of the Conditions Precedent, the Proposed Disposal 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 29 December 2017 entered into between the Vendor and the Purchaser in relation to the Proposed Disposal
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors

“Business Day(s)”	day(s) on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or public holiday)
“close associates”	has the meaning ascribed to it under the Listing Rules
“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 Disposal 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 (or such other date as the Purchaser and the Vendor may agree before Completion) and the date on which the Completion takes place
“Conditions Precedent”	conditions for Completion set forth in the paragraph headed “Conditions Precedent” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$260,000,000, being the aggregate consideration for the Proposed Disposal under the Agreement
“Consideration Shares”	1,793,103,448 FWF Shares to be allotted and issued by FWF under the FWF Specific Mandate to the Vendor (or such designated party as the Vendor may direct) at the Issue Price pursuant to the Agreement
“Director(s)”	director(s) of the Company
“FWF”	Future World Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 572)
“FWF Shareholders”	holders of the FWF Shares
“FWF Share(s)”	ordinary shares of HK\$0.001 each in the share capital of FWF
“FWF Specific Mandate”	specific mandate to be granted by the FWF Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules to the directors of FWF to allot and issue the Consideration Shares

“Group”	the Company and its subsidiaries
“Guarantee”	deed of guarantee dated 9 October 2017 executed by the Company in favour of the lending bank as security for the Loan
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	HK\$0.145 per Consideration Share
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	loan due and owing to the lending bank by the Target Company pursuant to a facility letter dated 27 September 2017 and which is secured by, inter alia, the mortgage in relation to the Property and the Guarantee
“Long Stop Date”	30 April 2018 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 the Target Company and located at No. 1, Lincoln Road, Kowloon, Hong Kong
“Proposed Disposal”	proposed disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser on and subject to the terms and conditions of the Agreement and the performance of the transactions contemplated thereunder
“Purchaser”	Wise Victory Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of FWF
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor and its associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion
“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
“SGM”	special general meeting of the Company to be held and convened to consider and approve the Proposed Disposal and the transactions contemplated thereunder

“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”	Goodview Assets Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendor”	Winsey Enterprises Limited, a company incorporated in the British Virgins Islands with limited liability and a wholly-owned subsidiary of the Company
“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, 29 December 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
Ms. Lee Chau Man Ada

Independent non-executive Directors:

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