

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Soft Power Technology Holdings Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 AND CONNECTED TRANSACTION
DISPOSAL OF ENTIRE INTEREST IN
CSPT HOLDINGS LIMITED,
PROPOSED RE-ELECTION OF DIRECTOR
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and the
Independent Shareholders**

Nuada Limited

Corporate Finance Advisory

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee, containing its recommendation to the Independent Shareholders, is set out on pages 14 to 15 of this circular. A letter from Nuada, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 16 to 26 of this circular.

A notice convening the SGM to be held at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong, on Friday, 19 August 2016 at 9:45 a.m. (or immediately after the conclusion or adjournment of the annual general meeting of the Company which will be held at 9:30 a.m. at the same place and on the same date) is set out on pages 31 to 32 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and lodge the same with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof.

Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

3 August 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms have the corresponding definitions listed below:

“Agreement”	an agreement dated 16 June 2016 entered into between the Vendor and the Purchaser in relation to the Disposal
“Announcement”	the announcement of the Company dated 16 June 2016 in relation to the Disposal
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“China Youth Concern Committee”	China Youth Concern Committee Enterprise Development Center
“Company”	China Soft Power Technology Holdings Limited (中國軟實力科技集團有限公司), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 139)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Cooperative Agreement”	a cooperative agreement entered into between Sufu Technology and China Youth Concern Committee on 6 August 2015 in relation to the Project
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries from time to time
“Growth Information Card”	the information card named “Hundreds Cities and Millions Babies Growth Information Card (百城萬嬰成長信息卡)” which is aimed to provide information and services on diet, medical, education and lifestyle for the healthy development of infants and children at or under the age of 12 in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Kwok Chi Kwong, Mr. Chen Youchun and Mr. Mai Qijian, to consider the terms of the Disposal and advise the Independent Shareholders with regard to the Disposal
“Independent Financial Adviser” or “Nuada”	Nuada Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Disposal
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Wei and his associates
“Latest Practicable Date”	29 July 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 August 2016, or such other date as may be agreed by the Company, the Purchaser and the Vendor in writing
“Mr. Wei”	Mr. Wei Zhenyu, an executive Director and the Chairman of the Company
“Ms. Lam”	Ms. Lam Hay Yin, an executive Director
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project”	the project which involves the development, production and issuance of the Growth Information Card
“Purchaser”	D9ING International Limited, a company incorporated in the British Virgin Islands with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the entire amount of the unsecured and non-interest bearing shareholder’s loan owing from the Target Group to the Company being approximately HK\$77,759,000 as at the Latest Practicable Date

DEFINITIONS

“Sale Share”	one ordinary share of US\$1.00 in the share capital of the Target, representing its entire issued share capital as at the Latest Practicable Date
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be held at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 19 August 2016 at 9:45 a.m. (or immediately after the conclusion or adjournment of the annual general meeting of the Company which will be held at 9:30 a.m. at the same place and on the same date) to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 31 to 32 of this circular
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sufu Technology”	Shanghai Sufu Technology Development Co., Ltd. (上海蘇芙科技發展有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Target
“Target”	CSPT Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target and its subsidiaries
“Transaction Consideration”	US\$10.5 million (equivalent to approximately HK\$81.9 million), being the aggregate consideration for the Disposal
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“Vendor”	Hoshing Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

Translation of US\$ into HK\$ is based on the exchange rate of US\$1.00 = HK\$7.8.



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)

Executive Directors:

Wei Zhenyu (*Chairman*)

Lam Hay Yin

Yu Qingrui

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent non-executive Directors:

Kwok Chi Kwong

Chen Youchun

Mai Qijian

Principal Place of Business

in Hong Kong:

Room 1603–05

Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

3 August 2016

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF ENTIRE INTEREST IN
CSPT HOLDINGS LIMITED,
PROPOSED RE-ELECTION OF DIRECTOR
AND
NOTICE OF SPECIAL GENERAL MEETING**

A. INTRODUCTION

Reference is made to the Announcement in relation to the Disposal. On 16 June 2016, the Company announced that the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase the Sale Share and accept the assignment of the Sale Loan at the Transaction Consideration of US\$10.5 million (equivalent to approximately HK\$81.9 million), which will be satisfied by way of cash or cheque upon Completion. Upon Completion, the Target Group will cease to be subsidiaries of the Company.

LETTER FROM THE BOARD

The Disposal contemplated under the Agreement constitutes a discloseable transaction and a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Disposal, and Nuada has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal.

The purpose of this circular is to provide you with, among other things, (i) further information on the Disposal contemplated under the Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Disposal; (iii) the letter from Nuada containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Disposal; (iv) the proposed re-election of Director; and (v) the notice of SGM.

B. THE AGREEMENT

Principal Terms of the Agreement

Date

16 June 2016

Parties

Vendor: Hoshing Limited, a wholly-owned subsidiary of the Company.

Purchaser: D9ING International Limited, a wholly-owned company of Ms. He Xin, the step-mother of Mr. Wei (an executive Director and the Chairman of the Company) and hence a connected person of the Company under the Listing Rules.

Assets to be disposed of

Pursuant to the terms and conditions of the Agreement, the Vendor has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase the Sale Share and accept the assignment of the Sale Loan. The Sale Share represents the entire issued share capital of the Target. The Sale Loan represents the entire unsecured non-interest bearing shareholder's loan owing from the Target Group to the Company as at the Latest Practicable Date.

Consideration

The Transaction Consideration for the Disposal is US\$10.5 million (equivalent to approximately HK\$81.9 million) and shall be paid in cash or cheque by the Purchaser to the Vendor upon Completion.

LETTER FROM THE BOARD

The Transaction Consideration was determined between the Purchaser and the Vendor after arm's length negotiations with reference to the unaudited consolidated cash and bank balances of the Target Group of approximately HK\$78,088,000 as at 31 May 2016 and the potential economic benefits of the Cooperative Agreement entered into between Sufu Technology and China Youth Concern Committee. It is expected that by capitalising on the Project when it is set up, the Target Group can expand its business presence to those industries related to the internet sector, big data, and infant and children services. Under vigorous support by the PRC government for "Internet Plus" business models as well as collection, integration and analysis of big data as shown in the "Thirteenth Five-Year Plan on National Economics and Society Development of the PRC" (中國國民經濟和社會發展第十三個五年規劃綱要) and amidst high-tech innovation process, the new business will present a broad development landscape and good investment prospect for the Purchaser and the Target Group.

The Directors (including the independent non-executive Directors who form the Independent Board Committee) consider that the Transaction Consideration is fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional upon the fulfillment (or, as appropriate, waiver) of the following conditions:

- (a) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect, including but not limited to the Shareholders (or the Independent Shareholders as the case may be) having passed the relevant resolution(s), in accordance with all applicable requirements under the Listing Rules;
- (b) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect; and
- (c) the Purchaser's satisfactory completion of a due diligence investigation on the Target Group.

If the conditions set out above have not been satisfied (or, as appropriate, waived by the Purchaser in respect of (c)) on or before 5:00 p.m. on the Long Stop Date, or such other date as the Purchaser and the Vendor may agree in writing, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the conditions precedent have been fulfilled or waived.

LETTER FROM THE BOARD

Completion

Completion shall take place on or before the Long Stop Date on which all the conditions precedent of the Disposal have been satisfied (or, as appropriate, waived). If the conditions precedent have not been fulfilled (or, as appropriate, waived) on the Long Stop Date or such later date as the parties to the Agreement may agree in writing, the Agreement shall cease and determine. Following Completion, the Target Group will cease to be subsidiaries of the Company.

C. INFORMATION OF THE GROUP, THE PURCHASER, THE VENDOR, AND TARGET GROUP

(i) Information relating to the Group

The Group is principally engaged in trading and distribution of electronic and accessory products and other merchandise, financial investments and trading, money lending business and the research and development of integrated circuit technology, information and big data technology.

(ii) Information relating to the Purchaser

The principal business activity of the Purchaser is investment holding. It is a wholly-owned company of Ms. He Xin, the step-mother of Mr. Wei (an executive Director and the Chairman of the Company).

(iii) Information relating to the Vendor

Hoshing Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

(iv) Information relating to the Target Group

The Target, an investment company incorporated in the British Virgin Islands on 7 December 2015, is a direct wholly-owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company. The Target Group comprises the Target and its subsidiaries, namely: (i) China Soft Power Technology Limited, a company incorporated on 25 June 2015 in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target; (ii) Shanghai Zhujun Information Technology Service Co., Ltd. (上海著鈞信息技術服務有限公司), a limited liability company incorporated on 29 July 2015 in the PRC and an indirect wholly-owned subsidiary of the Target; and (iii) Sufu Technology, a limited liability company incorporated on 29 July 2015 in the PRC and an indirect wholly-owned subsidiary of the Target.

The main assets of the Target Group are (i) the unaudited consolidated cash and bank balances of the Target Group of approximately HK\$78,088,000 as at 31 May 2016; and (ii) the Cooperative Agreement entered into between Sufu Technology and China Youth Concern Committee.

LETTER FROM THE BOARD

China Youth Concern Committee is a nationwide non-profit organisation established under the authority of the Central Committee of the Communist Party of China and registered with the State Administration of Registration of Institutions, which aims to devote care on the development of children and teenagers by conducting research, promoting education, organising educational and cultural activities for children and teenagers and provide relevant training and consulting services.

The parties to the Cooperative Agreement agreed to consolidate their respective resources to develop, manufacture and issue the Growth Information Card to children at or under the age of 12 in the PRC, as well as implementing the Project.

Pursuant to the Cooperative Agreement, China Youth Concern Committee shall grant the sole and exclusive licence to Sufu Technology in relation to the marketing of the Growth Information Card and Sufu Technology shall be solely responsible for the production and implementation of the Growth Information Card, as well as providing added-value services. Sufu Technology will pay a sum of RMB1,500,000 as working fee to China Youth Concern Committee each year during the term of the Cooperative Agreement.

Pursuant to the Cooperative Agreement, China Youth Concern Committee is responsible for liaising with relevant PRC authorities in order to promote the development, issuance and use of the Growth Information Card in the PRC, and the Target Group has no control over the promotion process and results. In relation to China Youth Concern Committee's obligations to promote the Growth Information Card, the Target Group understands that they have approached parents of the targeted children at or under the age of 12 in the PRC for their registration in the Growth Information Card, but the response by the parents so far has not been favourable contrary to the Target Group's expectations when they entered into the Cooperation Agreement.

As a result of the abovementioned unfavourable response and lack of participation, the Target Group has not performed any actual work for the Project since the entering into of the Cooperative Agreement and up to the Latest Practicable Date. Accordingly, the Target Group did not record any revenue for the eleven month period from 25 June 2015 (date of incorporation of China Soft Power Technology Limited) to 31 May 2016. As at the Latest Practicable Date, the Project is still at the stage of start-up and planning, and is not expected to generate any revenue for the Target Group in the coming year. The Directors believe that it takes time and further promotion for the parents to understand the aims and benefits of the Growth Information Card and to build trust in the implementation of the Growth Information Card.

However, taking into account the recent deterioration in economy (as shown by the drop of over 4,300 points in Hang Seng Index from the closing price of 24,375 points on the date of entering into of the Cooperative Agreement to that of 20,038 points on the date of entering into of the Agreement) and uncertainty in investment environment (as shown by the turbulent fluctuations of the Hang Seng Index between 18,278 points and 24,924 points during the period from the date of entering into of the Cooperative Agreement to the date of entering into of the Agreement), investors are cautious towards

LETTER FROM THE BOARD

funding the research and development, production and issuance of the Growth Information Card for the Project when the market demand for the Growth Information Card is not strong.

Set out below is a summary of the unaudited consolidated net loss of the Target Group for the period from 25 June 2015 (date of incorporation of China Soft Power Technology Limited) to 31 March 2016 and for the two months ended 31 May 2016 respectively as follows (for illustration purposes only):

	For the period from 25 June 2015 to 31 March 2016 (HK\$'000)	For the 2 months ended 31 May 2016 (HK\$'000)
Net loss before taxation and extraordinary items	1,307	11
Net loss after taxation and extraordinary items	1,307	11

As at 31 May 2016, the unaudited consolidated net deficiency in assets of the Target Group was approximately HK\$850,000.

D. FINANCIAL IMPACT ON THE COMPANY

It is expected that the Group will record a gain on the Disposal in the amount of approximately HK\$4.6 million, which is calculated based on (i) the Transaction Consideration for the Disposal; (ii) the carrying value of the Sale Loan as at the date of Completion; (iii) the unaudited consolidated net deficiency of assets of the Target Group of approximately HK\$850,000 as at 31 May 2016; and (iv) the estimated transaction costs in relation to the Disposal.

The net proceeds after the transaction costs from the Disposal will be used by the Group as its working capital, including for its money lending business.

E. REASONS FOR AND THE BENEFITS OF THE DISPOSAL

Given the current uncertain investment environment and the stagnant investment market, the Directors believe that reducing the exposure during these difficult times would be desirable. As at the Latest Practicable Date, the exposure of the Target Group consists mainly of the payment of working fee to China Youth Concern Committee in the sum of RMB1,500,000 each year during the term of the Cooperative Agreement.

It is expected that the Group will realise an estimated gain (after taking into account the transaction costs related to the Disposal estimated to be approximately HK\$390,000) of approximately HK\$4.6 million in relation to the Disposal. On this basis, the Company estimates that the consolidated net asset value of the Group will increase by approximately HK\$4.6 million. Considering that the Target Group recorded an unaudited consolidated loss of approximately HK\$1.3 million for the eleven month period from 25 June 2015 (date of incorporation of China Soft Power Technology Limited) to 31 May 2016 mainly due to the

LETTER FROM THE BOARD

working fee payable to China Youth Concern Committee as calculated on a pro-rata basis, it is also expected that the Disposal could reduce the Group's administrative and operation expenses, and thereby ease the loss-making pressure on the Group. Based on the above, the Disposal may have an overall positive effect on the Group's financial position and also would be beneficial to the Company and its Shareholders to take a sizable profit in such a short period of time.

Having considered that (i) the Target has not recorded any revenue since its incorporation and the entering into of the Cooperative Agreement, while recording an unaudited consolidated loss of approximately HK\$1.3 million for the eleven month period from 25 June 2015 (date of incorporation of China Soft Power Technology Limited) to 31 May 2016 mainly due to the working fee payable to China Youth Concern Committee as calculated on a pro-rata basis; (ii) although the Cooperative Agreement has been entered into for around ten months, the Target Group has not yet performed any actual work for the Project, which is still at the stage of start-up and planning as at the Latest Practicable Date and is not expected to generate any revenue in the near future, which casts uncertainty on the business development of the Target Group; and (iii) the Transaction Consideration represents a premium of 5% over the total investment cost incurred by the Group, being the registered capital of US\$10.0 million (equivalent to approximately HK\$78.0 million) of the Target fully paid by the Group, as well as an estimated gain in the amount of approximately HK\$4.6 million, the Directors consider that it is a suitable timing and in the interest of the Company and the Shareholders as a whole to dispose the Target Group.

The Directors believe that the terms of the Disposal are on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

F. LISTING RULES IMPLICATIONS

As the Purchaser is a wholly-owned company of Ms. He Xin, the step-mother of Mr. Wei (an executive Director and the Chairman of the Company), the Purchaser is an associate of Mr. Wei and hence a connected person of the Company under the Listing Rules. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios in respect of the Disposal is more than 5% but less than 25%, the Disposal also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As such, the Disposal is, in addition to the reporting and announcement requirements, subject to the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Mr. Wei has abstained from voting on the board resolution in relation to the Agreement and the Disposal due to conflict of interest. Other than Mr. Wei, no other Director was required to abstain from voting on the board resolution in relation to the Agreement and the Disposal.

LETTER FROM THE BOARD

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Agreement, and the transactions contemplated thereunder. Mr. Wei and his associates will abstain from voting on the resolution in relation to the Agreement and the Disposal. As at the Latest Practicable Date, to the extent that the Directors are aware having made all reasonable enquiries, Mr. Wei and his associates are interested in 4,000,000,000 Shares and they control or are entitled to exercise control over the voting rights in respect of their respective Shares.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Kwok Chi Kwong, Mr. Chen Youchun and Mr. Mai Qijian, has been established to advise the Independent Shareholders on whether the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Nuada has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the Disposal.

G. PROPOSED RE-ELECTION OF DIRECTOR

Reference is made to the announcement of the Company dated 20 July 2016 in relation to, among others, the appointment of Ms. Lam as an executive Director with effect from 20 July 2016. Pursuant to the Company's Bye-laws, any Director who is appointed either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting. Accordingly, Ms. Lam shall retire and, being eligible, has offered herself for re-election at the SGM.

The biographical details and other information of Ms. Lam are set out in Appendix I to this circular.

H. DIRECTORS

As at the date hereof, Mr. Wei, Ms. Lam and Mr. Yu Qingrui are the executive Directors and Mr. Kwok Chi Kwong, Mr. Chen Youchun and Mr. Mai Qijian are the independent non-executive Directors.

Apart from Mr. Wei, none of the Directors has a material interest in the Disposal. The Director associated with the Purchaser, namely Mr. Wei, has abstained from voting regarding the Agreement and the Disposal. Except as disclosed above, none of the Directors has any material interests in the Agreement and the Disposal and hence no other Director has abstained from voting on such Board resolution.

I. SPECIAL GENERAL MEETING

The notice convening the SGM is set out on pages 31 to 32 of this circular. At the SGM, amongst others, ordinary resolutions will be proposed to approve the Disposal and the re-election of Director.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this document. Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share register in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions in relation to the Disposal and the re-election of Director to be proposed at the SGM will be voted by way of a poll by the Shareholders.

J. RECOMMENDATION

Nuada has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Agreement and the transactions contemplated thereunder.

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder; and (ii) the letter of advice from Nuada as set out on pages 16 to 26 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement and the transactions contemplated thereunder and the principal factors and reasons considered by it in concluding its advice.

Having considered the factors mentioned above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder have been negotiated on an arm's length basis and on commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Shareholders and the Company as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal.

Completion is subject to the satisfaction of certain conditions precedent in the Agreement. There is no assurance that the Disposal will proceed. Shareholders and investors of the Company are advised to exercise caution in dealing in the Shares.

The Directors also recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the re-election of Director.

LETTER FROM THE BOARD

K. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
China Soft Power Technology Holdings Limited
Wei Zhenyu
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Disposal:



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)

3 August 2016

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF ENTIRE INTEREST IN CSPT HOLDINGS LIMITED

INTRODUCTION

We refer to the circular dated 3 August 2016 issued by the Company (the “**Circular**”), of which this letter forms part. Terms defined therein shall have the same meanings which used in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether in our opinion, the terms of the Agreement and the transactions contemplated thereunder as described in pages 4 to 13 in the Circular are fair and reasonable in so far as the Independent Shareholders are concerned.

Nuada has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of Agreement and the transactions contemplated thereunder. Details of the advice of Nuada, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 16 to 26 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

We wish to draw your attention to the Letter from the Board as set out on pages 4 to 13 of the Circular which contains details of the Agreement and the transactions contemplated thereunder, the letter from Nuada as set out on pages 16 to 26 of the Circular which contains its advice and recommendation in respect of the transactions mentioned above to the Independent Board Committee and the Independent Shareholders, and the additional information set out in Appendix II to the Circular.

Having taken into account the advice and recommendation of Nuada and the principal factors and reasons considered by Nuada, we consider that the terms of the Agreement and the transactions contemplated thereunder have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution in relation to the Disposal to be proposed at the SGM.

Yours faithfully,
Mr. Kwok Chi Kwong
Mr. Chen Youchun
Mr. Mai Qijian
Independent Board Committee

LETTER FROM NUADA

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited dated 3 August 2016 prepared for the purpose of inclusion in this circular.

Nuada Limited
Corporate Finance Advisory

Unit 1805-08, 18/F
OfficePlus @Sheung Wan
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Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

3 August 2016

*To the Independent Board Committee
and the Independent Shareholders of
China Soft Power Technology Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF ENTIRE INTEREST IN CSPT HOLDINGS LIMITED

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the section headed “Letter from the Board” (the “**Letter from the Board**”) in the Company’s circular dated 3 August 2016 to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in this circular unless the context requires otherwise.

As disclosed in the Letter from the Board, on 16 June 2016, the Company announced that the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase the Sale Share and accept the assignment of the Sale Loan at the Transaction Consideration of US\$10.5 million (equivalent to approximately HK\$81.9 million), which will be satisfied by way of cash or cheque upon Completion. Upon Completion, the Target Group will cease to be subsidiaries of the Company.

The Disposal contemplated under the Agreement constitutes a discloseable transaction and a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Disposal. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal.

LETTER FROM NUADA

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, we have issued the following letters in respect of certain transactions of the Group:

Transactions	Relevant letters issued by us	Date of our letters
Rights issue	(i) Letter of advice as an independent financial adviser to the then independent shareholders of the Company; and	23 January 2015
	(ii) Comfort letter as an independent financial adviser in relation to adjustments to the terms of the outstanding options of the Company as a result of the rights issue	31 March 2015
Subscription of new Shares under a specific mandate	(i) Comfort letter as an independent financial adviser in relation to disclosure of material change of the financial and trading position of the Group in the relevant circular as required under Rule 10.11 of the Hong Kong Codes on Takeovers and Mergers; and	7 July 2015
	(ii) Comfort letter as an independent financial adviser in relation to adjustments to the terms of the warrants of the Company as a result of the subscription of new Shares	18 August 2015

Save for the above engagements and this appointment as the Independent Financial Adviser in respect of the Disposal, there were no other engagements between the Group and Nuada Limited. Apart from normal professional fees for our services to the Company in connection with the aforementioned engagements as well as this appointment as the Independent Financial Adviser in respect of the Disposal, no other arrangement exists whereby we will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we are independent from, and are not associated with the Company, the Purchaser, or their respective substantial shareholder(s) or connected person(s) as defined under the Listing Rules, and therefore are considered eligible to give independent advice on the Disposal.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in this circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in this circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of this circular, the Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in this circular and have confirmed in this circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company and the Directors and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this circular to provide a reasonable basis for our opinions and recommendations. We have not, however, carried out any independent verification of the information provided by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

1. Background information on the Disposal

(a) Information of the Group

The Group is principally engaged in trading and distribution of electronic and accessory products and other merchandise, financial investments and trading, money lending business and the research and development of integrated circuit technology, information and big data technology.

LETTER FROM NUADA

Set out below are the summary of the financial information of the Group for the year ended 31 March 2014, 31 March 2015 and 31 March 2016 respectively as extracted from the annual report of the Company for the year ended 31 March 2015 (the “**Annual Report 2015**”) and the annual report of the Company for the year ended 31 March 2016:

	For the year ended		
	31 March 2016	31 March 2015	31 March 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Revenue	(472,438)	6,548	36,119
Loss for the year	1,214,745	1,275,139	7,906

For the year ended 31 March 2015

The Group recorded revenue of approximately HK\$6.5 million for the year ended 31 March 2015 (“**FY2015**”), representing a decrease of approximately 81.9% as compared with that of approximately HK\$36.1 million in the previous year. As stated in the Annual Report 2015 and as discussed with the management of the Company, the decrease in revenue was mainly attributable to the realised losses on the disposal of listed securities of approximately HK\$11.1 million in the financial investments and services segment.

The Group recorded a net loss for FY2015 of approximately HK\$1,275.1 million as compared with that of approximately HK\$7.9 million for the previous year. As stated in the Annual Report 2015 and as discussed with the management of the Company, such net loss for FY2015 was mainly due to (i) the fair value losses on derivative component of the convertible bonds issued by the Company (the “**Convertible Bonds**”) of approximately HK\$206.6 million; and (ii) the loss arising from modification of the Convertible Bonds of approximately HK\$1,000.8 million, both of which are non-cash in nature and have no effect on the cash flow of the Group.

For the year ended 31 March 2016

The Group recorded a negative revenue of approximately HK\$472.4 million for the year ended 31 March 2016 (“**FY2016**”). As discussed with the management of the Company, the adverse change in revenue was mainly attributable to the drop in sales revenue from the electronic and accessory products segment (from approximately HK\$10.7 million for FY2015 to approximately HK\$0.7 in FY2016) and the realised losses on the disposal of listed securities of approximately HK\$473.1 million in the financial investments and services segment.

LETTER FROM NUADA

The Group recorded a net loss for FY2016 of approximately HK\$1,214.7 million as compared with that of approximately HK\$1,275.1 million for the previous year. As discussed with the management of the Company, such net loss for FY2016 was mainly due to realized losses on the disposal of listed equity investments and available-for-sale equity investments of approximately HK\$504.4 million and the impairment loss of available-for-sale equity investments of approximately HK\$669.6 million in the financial investments and services segment.

As at 31 March 2016, the cash and bank balance and net assets of the Group were approximately HK\$86.5 million and HK\$934.5 million respectively.

(b) Information of the Target Group

The Target, an investment company incorporated in the British Virgin Islands on 7 December 2015, is a direct wholly-owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company. The Target Group comprises the Target and its subsidiaries, namely: (i) China Soft Power Technology Limited, a company incorporated on 25 June 2015 in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target; (ii) Shanghai Zhujun Information Technology Service Co., Ltd. (上海著鈞信息技術服務有限公司), a limited liability company incorporated on 29 July 2015 in the PRC and an indirect wholly-owned subsidiary of the Target; and (iii) Sufu Technology, a limited liability company incorporated on 29 July 2015 in the PRC and an indirect wholly-owned subsidiary of the Target.

The main assets of the Target Group are (i) the unaudited consolidated cash and bank balances of the Target Group of approximately HK\$78,088,000 as at 31 May 2016; and (ii) the Cooperative Agreement entered into between Sufu Technology and China Youth Concern Committee.

According to the Company's announcement dated 9 August 2015 (the "**Cooperative Agreement Announcement**") and the management of the Company and pursuant to the Cooperative Agreement provided to us by the Company, the parties to the Cooperative Agreement agreed to consolidate their respective resources to develop, manufacture and issue the Growth Information Card to children at or under the age of 12 in China. The Growth Information Card is aimed to provide information and services on diet, medical, education and lifestyle for the healthy development of infants and children at or under the age of 12 in China. China Youth Concern Committee shall grant the sole and exclusive licence to Sufu Technology in relation to the marketing of the Growth Information Card and Sufu Technology shall be solely responsible for the production and implementation of the Growth Information Card, as well as providing added-value services. Sufu Technology will pay a sum of RMB1,500,000 as working fee to China Youth Concern Committee each year during the term of the Cooperative Agreement for China Youth Concern Committee's (i) provision of experts and resources in medical, education, training, food and daily necessities to assist the research and development of the Growth Information Card; and (ii) liaison with relevant authorities in order to promote the development, issuance and use of the Growth Information Card in the PRC.

LETTER FROM NUADA

We obtained and review the unaudited consolidated management accounts of the Target Group for the period from 25 June 2015 (date of incorporation of China Soft Power Technology Limited) to 31 March 2016 and the 2 months ended 31 May 2016. According to the management of the Company, such management accounts are prepared according to Accounting Standards for Business Enterprises of the PRC (中國企業會計準則) issued by the Ministry of Finance of the PRC (for PRC companies within the Target Group), and Hong Kong Financial Reporting Standards which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (for Hong Kong companies within the Target Group). Set out below is a summary of the unaudited consolidated net loss of the Target Group for the period from 25 June 2015 to 31 March 2016 and for the two months ended 31 May 2016 respectively as follows (for illustration purposes only):

	For the 2 months ended 31 May 2016 <i>HK\$'000</i>	For the period from 25 June 2015 to 31 March 2016 <i>HK\$'000</i>
Net loss before taxation and extraordinary items	11	1,307
Net loss after taxation and extraordinary items	11	1,307

As at 31 May 2016, the unaudited consolidated net deficiency in assets of the Target Group was approximately HK\$850,000.

As discussed with the management of the Company, we understand that the Target Group have not performed any actual work since the entering into of the Cooperative Agreement and up to the Latest Practicable Date as the recent deterioration in economy and uncertainty in investment environment is unfavourable for its progress. Accordingly, the Target Group did not record any revenue for the eleven months period from 25 June 2015 to 31 May 2016. The net loss of approximately HK\$1.3 million for the eleven months period from 25 June 2015 to 31 May 2016 was mainly contributed by the aforementioned RMB1,500,000 as working fee payable to China Youth Concern Committee each year during the term of the Cooperative Agreement, as calculated on pro-rata basis while the fee has not yet been paid as at the Latest Practicable Date. In addition, according to the management of the Company and as stated in the Letter from the Board, the Project is still at the stage of start-up and planning as at the Latest Practicable Date, and is not expected to generate any revenue for the Target Group in the coming year.

2. Reasons for and benefits of the Disposal

As stated in the Letter from the Board, given the current uncertain investment environment and the stagnant investment market, the Directors believed that reducing the exposure during these difficult times would be desirable. Also it would also be beneficial to the Company and the Shareholders to take a sizable profit in such a short period of time.

As stated in the Cooperative Agreement Announcement, the Company expected that by capitalizing on the Project, the Group will expand its business presence to those industries related to the internet sector, big data, and infant and children services. Accordingly, we studied the “Thirteenth Five-Year Plan on National Economics and Society Development of the PRC” (中國國民經濟和社會發展第十三個五年規劃綱要) for year 2016 to 2020 as published in March 2016 on the PRC government website (<http://www.gov.cn>) and note that the PRC government (i) is aware of the recent trend of, among other information technology, “Internet Plus” and big data; and (ii) intends to promote the development of “Internet Plus” business models as well as collection, integration and analysis of big data (including government official statistics).

As the Growth Information Card is aimed to provide information and services on diet, medical, education and lifestyle for the healthy development of infants and children at or under the age of 12 in China as stated above, we intend to study the number of that group of people in recent years to try to understand the potential market of Growth Information Card.

In order to find out the relevant official statistic information as stated above, we tried to seek for the aforesaid information from the website of National Bureau of Statistics of the PRC (中國國家統計局) (“NBS”) who is an agent directly under the State Council of the PRC (中國國務院) and is in charge of statistics and economic accounting in the PRC.

According to the website of NBS, there is no such information available. However, we found some similar information in the website of NBS, i.e. information regarding the number of infants and children at or under the age of 14 in the PRC. We are of the view that the data that we found is not the one that we look for (infants and children at or under the age of 12) but is similar (infants and children at or under the age of 14) and, therefore, the data can present the potential market of the Growth Information Card.

According to the website of NBS, we noted that the number of infants and children at or under the age of 14 in the PRC decreased from approximately 265.0 million in 2005 to approximately 225.6 million in 2014 (which is the latest information available in the website of NBS), representing a decrease of approximately 14.9% in that period of time, while the population in the PRC increased from approximately 1.32 billion in 2005 to approximately 1.37 billion in 2014.

Having taken into consideration the above statistics which shows a decreasing number of infants and children, we are of the view that the industry prospect for the Growth Information Card is uncertain.

LETTER FROM NUADA

In addition, after discussion with the management of the Company and according to the Cooperative Agreement, we noted that the success of the Project depends on the implementation of the aforesaid project by the various PRC authorities that China Youth Concern Committee is responsible for liaison with, and the Target Group has no control over that issue. In relation to China Youth Concern Committee's obligations to promote the Growth Information Card, the Target Group understands that they have approached parents of the targeted children at or under the age of 12 in the PRC for their registration in the Growth Information Card, but the response by the parents so far has not been favourable contrary to the Target Group's expectations when they entered into the Cooperation Agreement. As such, taking into account the decreasing number of infants and children in the PRC and the fact that the Target Group have not performed any actual work since the entering into of the Cooperative Agreement and up to the Latest Practicable Date despite the aforesaid intention of the PRC government, we are cautious as to the business outlook for the Target Group.

We have obtain information and documents from the Company relevant to the Disposal, including the Cooperative Agreement (as mentioned in the subparagraph headed "(b) Information of the Target Group" under the paragraph headed "1. Background information of the Disposal" above in this letter) and the Disposal Agreement (as discussed in the subparagraph headed "(a) Transaction Consideration" under the paragraph headed "3. Terms of the Agreement" below in this letter). Having considered that (i) the Target have not recorded any revenue since its incorporation and the entering into of the Cooperative Agreement, while recording an unaudited consolidated loss of approximately HK\$1.3 million for the eleven months period from 25 June 2015 to 31 May 2016 mainly due to the working fee payable to China Youth Concern Committee as calculated on a pro-rata basis as stated in the subparagraph headed "(b) Information of the Target Group" under the paragraph headed "1. Background information of the Disposal" above in this letter; (ii) although the Cooperative Agreement has been entered into for around ten months, the Target Group have not yet performed any actual work for the Project, which is still at the stage of start-up and planning as at the Latest Practicable Date and is not expected to generate any revenue in the near future as stated in the subparagraph headed "(b) Information of the Target Group" under the paragraph headed "1. Background information of the Disposal" above in this letter, which cast uncertainty on the business development of the Target Group; and (iii) the Transaction Consideration represent a premium of 5% over the total investment cost incurred by the Group, being the registered capital of US\$10.0 million (equivalent to approximately HK\$78.0 million) of the Target fully paid by the Group, as well as an estimated gain in the amount of approximately HK\$4.6 million as stated in the subparagraph headed "(a) Transaction Consideration" under the paragraph headed "3. Terms of the Agreement" below in this letter, we are of the view and concur with the view of the management of the Company that the Disposal is in the interest of the Company and the Shareholders as a whole.

3. Terms of the Agreement

(a) Transaction Consideration

The Transaction Consideration for the Disposal is US\$10.5 million (equivalent to approximately HK\$81.9 million) and shall be paid either in cash or cheque by the Purchaser to the Vendor upon Completion.

The Transaction Consideration was determined between the Purchaser and the Vendor after arm's length negotiations with reference to (i) the consolidated cash and bank balances of the Target Group of approximately HK\$78,088,000 as at 31 May 2016; and (ii) the Cooperative Agreement entered into between Sufu Technology and China Youth Concern Committee.

According to the management of the Company and information provided by the Company, based on the registered capital of US\$10.0 million (equivalent to approximately HK\$78.0 million) of the Target fully paid by the Group, which is the total investment cost in the Target Group incurred by the Group, the Transaction Consideration of US\$10.5 million (equivalent to approximately HK\$81.9 million) represents a premium of 5% over the total investment cost. In addition, the Transaction Consideration represent a premium of approximately 6.49% over the Sale Loan of approximately HK\$77,759,000 as at the Latest Practicable Date and minus the net liabilities of the Target Group of approximately HK\$850,000 as at 31 May 2016.

Also as stated in the Letter from the Board and according to the management of the Company, it is expected that the Group will record a gain on the Disposal in the amount of approximately HK\$4.6 million, which is calculated based on (i) the Transaction Consideration for the Disposal; (ii) the carrying value of the entire amount of the unsecured and non-interest bearing shareholder's loan owing from the Target Group to the Company as at the date of Completion, the amount of which was approximately HK\$77,759,000 as at the date of this announcement; and (iii) the unaudited consolidated net deficiency of assets of the Target Group of approximately HK\$850,000 as at 31 May 2016; and (iv) the estimated transaction costs in relation to the Disposal.

Having also considered, among other factors, that the Target have not recorded any revenue since its incorporation and the entering into of the Cooperative Agreement with an unaudited consolidated loss of approximately HK\$1.3 million for the eleven months period from 25 June 2015 to 31 May 2016, we are of the view and concur with the view of the management of the Company that the Transaction Consideration representing a gain on the Disposal and a premium over the total investment cost incurred by the Group is fair and reasonable.

(b) Other terms of the Agreement

We have also reviewed other terms of the Agreement including, among others, the conditions precedent to Completion, and noted that the clause of the Agreement is normal commercial terms. Taking into account our analysis of the Transaction Consideration above, we are of the view that the Disposal is on normal commercial terms and the terms of the Disposal are fair and reasonable.

We have discussed with the management of the Company regarding potential alternative offers. We asked the management of the Company and they confirm that, apart from the Purchaser, no other potential buyer of the Target Group approached the management of the Company from the date of the entering into of the Cooperative Agreement to the date of the entering into of the Agreement, and that since the entering into of the Agreement there has been no alternative offer. Apart from the discussion with the management of the Company, we also conducted a search through internet, by entering the name of the Project, the name of Growth Information Card and the name of the Target to see whether there is any potential alternative offers disclosed in the public. According to our search in the internet, there is no information about the aforesaid.

4. Financial Effect of the Disposal

After completion of the Disposal, the Target and its subsidiaries will cease to be wholly-owned subsidiaries of the Company and their respective financial results will no longer be consolidated into the consolidated financial statements of the Group.

(a) Net Assets

As discussed in the subparagraph headed “(a) Transaction Consideration” under the paragraph headed “3. Terms of the Agreement” above in this letter, it is expected that the Group will realise an estimated gain (after taking into account the transaction costs related to the Disposal) of approximately HK\$4.6 million in relation to the Disposal. On this basis, the Company estimates that the consolidated net asset value of the Group will increase by approximately HK\$4.6 million.

(b) Earnings

As discussed in the subparagraph headed “(b) Information of the Target Group” under the paragraph headed “1. Background information of the Disposal” above in this letter, the Target Group recorded an unaudited consolidated loss of approximately HK\$1.3 million for the eleven months period from 25 June 2015 to 31 May 2016. It is expected that the Disposal could reduce the Group’s administrative and operation expenses, and thereby ease the loss-making pressure on the Group.

Based on the above, the Disposal may have an overall positive effect on the Group’s financial position. Therefore, we consider that the Disposal is in the interest of the Company and the Shareholders as a whole.

LETTER FROM NUADA

RECOMMENDATION

Notwithstanding the Disposal is not in the ordinary and usual course of business of the Company, having considered the above principal factors and reasons, including

- (i) the Target have not recorded any revenue since its incorporation and the entering into of the Cooperative Agreement, while recording an unaudited consolidated loss of approximately HK\$1.3 million for the eleven months period from 25 June 2015 to 31 May 2016;
- (ii) since the entering into of the Cooperative Agreement, the Target Group have not yet performed any actual work for the Project, which is still at the stage of start-up and planning as at the Latest Practicable Date and is not expected to generate any revenue in the near future; and
- (iii) the Transaction Consideration represent a premium of 5% over the total investment cost incurred by the Group as well as an estimated gain in the amount of approximately HK\$4.6 million (after taking into account the transaction costs),

we are of the view that (i) the Disposal is in the interests of the Company and the Shareholders as a whole; (ii) the Disposal is on normal commercial terms; and (iii) the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Nuada Limited
Kevin Wong
Vice President

Mr. Kevin Wong is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 12 years of experience in corporate finance industry.

Set out below are the biographical details and other information of the Director proposed to be re-elected as executive Director at the SGM.

The biographical details of Ms. Lam are set out below:

Ms. Lam, aged 36, was appointed as an executive Director on 20 July 2016. She holds a bachelor degree in accountancy from the Hong Kong Polytechnic University. She has extensive experience in property investment, brokerage and trading fields. Ms. Lam has not held other directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. Lam has not been appointed for any fixed term but is subject to retirement and re-election in accordance with the Company's Bye-laws. Pursuant to the service agreement entered into between the Company and Ms. Lam, Ms. Lam is entitled to receive a remuneration package of HK\$600,000 per year plus a discretionary bonus as may be determined by the Board with reference to her performance. The foregoing emolument of Ms. Lam is recommended by the Company's Remuneration Committee and approved by the Board with reference to her qualifications, experience and responsibilities with the Company.

As far as the Board is aware, as at the Latest Practicable Date, Ms. Lam has an interest of 13,176 Shares, representing approximately 0.01% of the issued share capital of the Company. Save as disclosed above, Ms. Lam does not have or is not deemed to have any interests or short positions in the Shares or underlying Shares of the Company pursuant to Part XV of the SFO. In addition, Ms. Lam does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules).

As confirmed by Ms. Lam and as far as the Board is aware, Ms. Lam has no information to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Ms. Lam that need to be brought to the attention of the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

Interests in Shares:

Name of Director	Capacity and nature of interest	Number of Shares (Long Position)	Approximate percentage of Shares in issue
Mr. Wei	Beneficial Owner	4,000,000,000	44.62%
Ms. Lam	Beneficial Owner	13,176	0.01%

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executives of the Company and their respective associates had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

The Directors confirm that there is no contract or arrangement subsisting at the date hereof in which a Director is materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which, since 31 March 2016, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had any interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, the date to which the latest published audited financial statements of the Group were made up.

5. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

Name	Qualification
Nuada Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which, since 31 March 2016, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and his/her respective close associates has an interest in a business apart from the Company's business which competes or may compete, either directly or indirectly, with the Company's business.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Room 1603-05, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including the date of the SGM:

- (i) the Agreement;
- (ii) the letter from Nuada; and
- (iii) this circular.

9. MISCELLANEOUS

In case of any discrepancy, the English text of this circular and the form of proxy shall prevail over the Chinese text.



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “**SGM**”) of China Soft Power Technology Holdings Limited (the “**Company**”) will be held at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 19 August 2016 at 9:45 a.m. (or immediately after the conclusion or adjournment of the annual general meeting of the Company which will be held at 9:30 a.m. at the same place and on the same date) for the purpose of considering and, if though fit, passing with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the entering into of the agreement dated 16 June 2016 (the “**Agreement**”) between Hoshing Limited (the “**Vendor**”) and D9ING International Limited (the “**Purchaser**”) pursuant to which the Vendor has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase one (1) share with a par value of US\$1.00 which is the entire share capital of CSPT Holdings Limited and accept the assignment of the entire amount of the unsecured and non-interest bearing shareholder’s loan owing from CSPT Holdings Limited and its subsidiaries to the Company at an aggregate considerations of US\$10,500,000, and the transactions contemplated thereunder, details of which are more particularly described in the circular of the Company dated 3 August 2016, be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company (the “**Directors**”) be and are hereby authorised to execute all such documents and do all such acts and things and to sign all documents and to take any steps as they consider desirable, necessary or expedient in connection with and to give effect to the Agreement and the transactions contemplated thereunder.”

NOTICE OF SGM

2. “**THAT** the re-election of Ms. Lam Hay Yin to serve as an executive Director with immediate effect be and is hereby approved, and the board of Directors be and is hereby authorised to fix her remuneration.”

By Order of the Board
China Soft Power Technology Holdings Limited
Wei Zhenyu
Chairman

Hong Kong, 3 August 2016

As at the date hereof, Mr. Wei Zhenyu, Ms. Lam Hay Yin and Mr. Yu Qingrui are the executive Directors and Mr. Kwok Chi Kwong, Mr. Chen Youchun and Mr. Mai Qijian are the independent non-executive Directors.

Notes:

- (i) In order to qualify to attend and vote on the proposed resolutions set out in this notice, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 18 August 2016.
- (ii) A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies (if he is a holder of more than one share) to attend and vote on his behalf. A proxy needs not be a member of the Company.
- (iii) The instrument appointing a proxy and the power of attorney or other authorisation document(s), if any, under which it is signed, or a notarially certified copy of such power of attorney or other authorisation document(s), must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof.