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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

#### **Placing Agent**

**Central Wealth Securities Investment Limited**

**中達證券投資有限公司**

#### **PLACING OF 2,000,000,000 NEW SHARES UNDER GENERAL MANDATE**

On 21 May 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 2,000,000,000 Placing Shares at the Placing Price of HK\$0.1 per Placing Share to not less than six Placees who and whose ultimate beneficial owner(s) will be independent third parties not connected with the Company and its connected persons.

A maximum of 2,000,000,000 Placing Shares under the Placing represent (i) approximately 15.73% of the existing issued share capital of the Company of 12,716,650,461 Shares as at the date of this announcement; and (ii) approximately 13.59% of the issued share capital of the Company of 14,716,650,461 Shares as enlarged by the Placing, assuming no further change in the share capital structure of the Company prior to the Completion.

The Placing Price of HK\$0.1 represents (i) a discount of approximately 3.8% to the closing price of HK\$0.104 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 7.4% to the average closing price of approximately HK\$0.108 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$200 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$197 million which will be used for repayment of loan of the Group.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.**

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **THE PLACING AGREEMENT**

Date: 21 May 2018 (after trading hours)

### **Parties**

- (a) the Company as the issuer; and
- (b) Central Wealth Securities Investment Limited as the Placing Agent. Central Wealth Securities Investment Limited is a wholly-owned subsidiary of the Company.

## **PRINCIPAL TERMS OF THE PLACING AGREEMENT**

The principal terms of the Placing Agreement are summarised below:

### **Placing Shares**

The Placing Agent has conditionally agreed to procure, on a best effort basis, a total of not less than six Placées to subscribe for a total of 2,000,000,000 Placing Shares.

The 2,000,000,000 Placing Shares represent (i) 15.73% of the existing issued share capital of the Company of 12,716,650,461 Shares as at the date of this announcement; and (ii) approximately 13.59% of the issued share capital of the Company of 14,716,650,461 Shares as enlarged by the allotment and issue of the Placing Shares (assuming no further change in the share capital structure of the Company prior to the Completion). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$20,000,000.

## **Placing Price**

The price of HK\$0.1 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

- i. a discount of approximately 3.8% to the closing price of HK\$0.104 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- ii. a discount of approximately 7.4% to the average closing price of approximately HK\$0.108 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

## **Placing Commission**

The Placing Agent will receive a placing commission of 1.5% of the aggregate amount equivalent to the Placing Price multiplied by the actual number of the Placing Shares being placed. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

## **Placees**

The Placing Agent shall, on a best effort basis, place, or procure the placing of, the Placing Shares with not less than six independent institutional, corporate or individual investors who and whose ultimate beneficial owner(s) are independent of and not connected with, and are not acting in concert (as defined under the Takeovers Code) with the Company and its connected persons. Immediately after the Placing, none of the Placees will become a substantial shareholder of the Company.

## **Ranking of Placing Shares**

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **General Mandate**

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the SGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the SGM. Under the General Mandate, the Company is authorised to issue up to 2,543,330,092 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the Placing is not subject to the Shareholders' approval. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

## **Conditions of the Placing Agreement**

Completion of the Placing by the Placing Agent of the Placing Shares under the Placing Agreement is conditional upon:

1. the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in all of the Placing Shares; and
2. any other approval as may be required by applicable laws or regulations for the Placing.

If the foregoing conditions are not fulfilled on or before the Long Stop Date, the Placing Agreement shall terminate and the Placing will not proceed and all obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach.

## **Termination**

If, at any time prior to 10:00 a.m. on the date of Completion, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (a) any material breach of the representations, warranties and undertakings set out in the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten (10) consecutive trading days save for the purposes of clearing of this announcement or circulars relating to the Placing and in the ancillary agreements thereto; or
- (c) any of the following events:
  - (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the

success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the placing of Placing Shares; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the placing of the Placing Shares (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the placing of the Placing Shares;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the date of Completion. All obligations of each of the parties under the Placing Agreement, save for confidentiality, indemnity and applicable law and jurisdiction and miscellaneous provisions, shall cease and determine.

### **Completion of the Placing**

Completion of the Placing shall take place within five Business Days after the Placing Agreement has become unconditional (or such later date as may be agreed between the Company and the Placing Agent).

### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consisted of securities and futures dealing business, financial investments, property investments and money lending business.

The maximum gross proceeds from the Placing will be approximately HK\$200 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$197 million which will be used for repayment of a loan of the Group which will be due in July 2018.

The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the financial position of the Group. Accordingly, they consider that the Placing is in the interests of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months immediately before the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
22 and 31 July 2017 and 7 August 2017	Allotment and issue of 470,000,000 Shares pursuant to the Share Swap Agreement	No net proceeds receivable by the Company	To be set off against the subscription price payable by the Company under the Share Swap Agreement	Set off against the subscription price payable by the Company under the Share Swap Agreement

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon the Completion are set out below for illustration purposes:

	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Substantial Shareholders</b>				
Huang Chuan ( <i>Note</i> )	2,008,610,000	15.80	2,008,610,000	13.65
Chen Xiangru	1,853,992,000	14.58	1,853,992,000	12.60
<b>Directors</b>				
Chen Xiaodong	4,180,246	0.03	4,180,246	0.03
Yu Qingrui	3,323,610	0.03	3,323,610	0.02
Lee Chau Man Ada	28,261,150	0.22	28,261,150	0.19
Mai Qijian	179,533	0.00	179,533	0.00
Xu Ke	549,727,571	4.32	549,727,571	3.74
<b>Places</b>	—	—	2,000,000,000	13.59
<b>Other public Shareholders</b>	<u>8,268,376,351</u>	<u>65.02</u>	<u>8,268,376,351</u>	<u>56.18</u>
<b>Total</b>	<u>12,716,650,461</u>	<u>100.00</u>	<u>14,716,650,461</u>	<u>100.00</u>

*Note:* Out of the 2,008,610,000 Shares, 2,000,000,000 Shares were held by Dragon Regal Holdings Limited which was controlled by Huang Chuan.

## GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the existing General Mandate.

Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the Placing Agreement prior to the conditions precedent in the Placing Agreement being fulfilled. Shareholders and potential investors should note that the Placing is also subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

## DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Company”	China Soft Power Technology Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and condition as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the SGM to allot, issue and deal with new Shares up to 20% of the issued share capital of the Company as at the date of the SGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	the 21st day from the date of the Placing Agreement (or such later date as may be agreed between the Placing Agent and the Company)
“Placee(s)”	any individual(s), corporations(s) and/or institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of a maximum of 2,000,000,000 Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Central Wealth Securities Investment Limited, a licensed corporation within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional placing agreement dated 21 May 2018 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.1 per Placing Share
“Placing Shares”	a maximum of 2,000,000,000 new Shares to be placed under the Placing
“SGM”	the special general meeting of the Company held on 29 November 2017 at which (among others) a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 21 May 2018



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

*Executive Directors:*

Mr. Chen Xiaodong (*Chairman*)  
Mr. Xu Ke (*Chief Executive Officer*)  
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