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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)

MAJOR AND CONNECTED TRANSACTION: PROPOSED ACQUISITION OF THE SALE SHARE AND THE SALE LOAN INVOLVING THE ISSUE OF THE CONVERTIBLE BONDS

On 28 November 2016 (after trading hours), the Group, through the Purchaser, conditionally agreed to acquire from the Vendor the Sale Share and the Sale Loan at the Consideration, subject to fulfillment of the Conditions Precedent, by entering into the Agreement in respect of the Proposed Acquisition, the principal terms and conditions of which are set out below.

The Vendor, being a wholly-owned subsidiary of Skyway (a substantial shareholder of the Company), is an associate of Skyway and therefore a connected person of the Company. The Proposed Acquisition therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one of the applicable Percentage Ratios for the Proposed Acquisition exceeds 25% and the Consideration exceeds HK\$10,000,000, the Proposed Acquisition is subject to reporting, announcement, and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As one of the applicable Percentage Ratios in respect of the Proposed Acquisition exceeds 25% but is below 100%, the Proposed Acquisition also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the notification, publication and Shareholders' approval requirements.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Proposed Acquisition and related matters. Skyway and its associates will abstain from voting on the resolution approving the Proposed Acquisition and related matters at the SGM.

A circular containing further details of the Proposed Acquisition as is required to be contained in it under the Listing Rules together with a notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 19 December 2016.

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

INTRODUCTION

The Board is pleased to announce that on 28 November 2016 (after trading hours), the Group, through the Purchaser, conditionally agreed to acquire from the Vendor the Sale Share and the Sale Loan, subject to fulfilment of the Conditions Precedent, by entering into the Agreement in respect of the Proposed Acquisition, the principal terms and conditions of which are set out below.

THE PROPOSED ACQUISITION

The Agreement

Date: 28 November 2016

Parties:

- Vendor : Gold Mission Limited, a wholly-owned subsidiary of Skyway
- Purchaser : Celestial Lodge Limited, an indirect wholly-owned subsidiary of the Company

As at the date of this announcement, Skyway is a substantial shareholder of the Company holding 13.56% of the Shares in issue, and is therefore a connected person of the Company. The Vendor, being a wholly-owned subsidiary of Skyway, is an associate of Skyway and is also a connected person of the Company.

As at the date of this announcement, the Company is a substantial shareholder of Skyway holding 2,469,935,829 shares in Skyway, representing approximately 15.48% of the issued share capital of Skyway and 280,000,000 listed warrants of Skyway.

Assets to be acquired by the Group under the Agreement

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire from the Vendor (i) the Sale Share comprising one (1) share in the share capital of the Target Company, representing 100% of the entire issued share capital of the Target Company as at the date of this announcement; and (ii) the Sale Loan amounting to approximately HK\$181,000,000.

The paragraph below headed “INFORMATION OF THE TARGET GROUP AND THE PROPERTY” provides further information on the Target Group.

Consideration

The Consideration for the Proposed Acquisition is HK\$227,000,000, which shall be satisfied by the Purchaser in the following manner:

- (a) as to HK\$22,000,000, being the deposit (the “**Deposit**”) and the part payment towards the Consideration, shall be payable by the Purchaser to the Vendor within ten (10) Business Days from the date of signing of the Agreement; and
- (b) as to the remaining balance of HK\$205,000,000, shall be payable by the Purchaser by procuring the Company to issue the Convertible Bonds in the principal amount of HK\$205,000,000 to the Vendor (or as the Vendor may direct) upon Completion.

The Consideration was determined after arm’s length negotiations between the parties to the Agreement with reference to, among others, (i) the preliminary property valuation of the Property of HK\$410,000,000; and (ii) that the outstanding Bank Loan of the Target Company upon Completion shall not exceed HK\$179,000,000. The Directors (excluding the independent non-executive Directors) consider the Consideration to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The preliminary valuation of the Property was carried out by Ascent Partners Valuation Service Limited, an independent surveyor to the Company and the date of preliminary valuation was 28 November 2016. The valuer valued the Property by comparison method with reference to comparable market transactions as reported in the market at similar locations. The Company will include the valuation report of the Property in the circular to be despatched to the Shareholders. As at the date of this announcement, the outstanding Bank Loan amounts to approximately HK\$180,000,000.

In the event that the Conditions Precedent have not been reasonably satisfied on or before the Long Stop Date or Completion does not take place in accordance with the terms of the Agreement on or before the Completion Date, the Vendor shall immediately refund the Deposit in full to the Purchaser.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are as follows:

Issuer:	The Company
Principal amount:	HK\$205,000,000
Issue date:	Completion Date
Interest:	The Convertible Bonds shall not carry any interest
Maturity Date:	The second anniversary of the date of issue of the Convertible Bonds (which must be a Business Day, and if not, the Business Day immediately following)

- Redemption:** Unless previously converted or cancelled under the CB Conditions, all the Convertible Bonds will be redeemed at its then outstanding principal amount on the Maturity Date. The Convertible Bonds may be redeemed, at the option of the Company and with consent from the Bondholder, in whole or in part, any time before the Maturity Date, on giving not less than seven Business Days' notice to the Bondholder.
- Status:** The obligations of the Company arising under the Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, and rank pari passu and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds will rank at least equally with all its other present and future unsecured and unsubordinated obligations of the Company, save for such exceptions as may be provided by mandatory provisions of applicable law.
- The Conversion Shares shall rank pari passu in all respect with all other existing Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of conversion.
- Conversion Price:** HK\$0.183 per Conversion Share (subject to adjustments)
- Conversion Shares:** Based on the initial Conversion Price of HK\$0.183 per Conversion Share (subject to adjustments of the Conversion Price pursuant to the CB Conditions), a maximum number of 1,120,218,579 new Shares may fall to be allotted and issued upon exercise of the Conversion Rights in full. The 1,120,218,579 Conversion Shares representing (i) approximately 12.50% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.
- Transferability:** Subject to the CB Conditions, the Convertible Bonds will be freely transferable and shall be transferable in whole or in any part(s) in multiples of HK\$500,000, provided that unless with the prior written consent of the Company and in full compliance of the Listing Rules and other requirements of the Stock Exchange, none of the Convertible Bonds may be transferred to a connected person of the Company.

- Conversion Period: The period commencing on the date of issue of the Convertible Bonds and expiring on the fifth day prior to the Maturity Date, both days inclusive (the “**Conversion Period**”).
- Conversion Rights: Subject to the conversion restrictions below, the Bondholder shall have the right on any Business Day during the Conversion Period to convert in whole or in part the outstanding principal amount of the Convertible Bonds in whole or in integral multiples of HK\$500,000 into Conversion Shares, subject to and upon compliance with the CB Conditions.
- Conversion restrictions: The Conversion Rights shall not be exercised by the Bondholder, if it comes to the notice of the Company that immediately following such conversion, (i) the Company will be unable to meet the public float requirement under the Listing Rules; or (ii) any conversion of the Convertible Bonds will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder and its associates, together with parties acting in concert (as defined in the Takeovers Code) with it.
- Adjustments to Conversion Price: The Conversion Price is subject to adjustments upon the occurrence of the following events:
- (i) alteration of the nominal amount of the Shares in issue as a result of consolidation or subdivision;
 - (ii) issue (other than in lieu of a cash dividend) of any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
 - (iii) capital distribution (in cash or specie and whether on a reduction of capital or otherwise), including any dividend charged or provided for in the accounts of any financial period (whenever paid and however described);
 - (iv) offer of new Shares to Shareholders for subscription by way of rights, or grant, to Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price at the date of the announcement of such offer or grant;

- (v) issue of any securities wholly for cash which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares and the total effective consideration (as defined in the CB Conditions) per Share initially receivable for such securities is less than 80% of the market price at the date of the announcement of the terms of issue of such securities;
- (vi) issue of any Shares wholly for cash at a price per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue; or
- (vii) issue of any Shares for the acquisition of asset at a total effective consideration (as defined in the CB Conditions) per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue.

For the avoidance of any doubts, the per share value of the adjustment cannot exceed the per share value of the dilution in the shareholders' interest in the issuer's equity caused by the transaction.

Events of default:

After the occurrence of an event of default as specified in the CB Conditions, the Bondholder may give notice to the Company that the Convertible Bonds, on the giving of such notice, are due and payable on the Business Day falling after 10 days of the date of such notice.

Voting rights:

The Bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder of the Convertible Bonds.

Listing:

The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. The Conversion Shares will be issued pursuant to a specific mandate to be sought at the SGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The initial Conversion Price of the Convertible Bonds of HK\$0.183 per Conversion Share (subject to adjustments pursuant to the CB Conditions) represents:

- (i) the same price as the closing price of HK\$0.183 per Share as quoted on the Stock Exchange on the date of the Agreement;

- (ii) a premium of approximately 0.33% to the average closing price of approximately HK\$0.1824 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Agreement; and
- (iii) a premium of approximately 0.05% to the average closing price of approximately HK\$0.1829 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the date of the Agreement.

As (i) the Consideration represents only a slight premium of 2.08% to the adjusted net assets of the Target Group of approximately HK\$222.37 million attributable to the Sale Share as at 31 October 2016; (ii) the Consideration will be primarily settled by means of the Convertible Bonds, which if partly or fully exercised will enlarge the capital base of the Company and this settlement method does not require immediate cash outlay of the Company in order to conserve cash of the Company; and (iii) the benefits to be derived by the Group from the Proposed Acquisition as set out in the section headed “REASONS FOR AND THE BENEFITS OF THE PROPOSED ACQUISITION” of this announcement, the Directors (excluding the independent non-executive Directors) consider that the small discount of the Conversion Price to the current price of the Share is considered to be fair and reasonable.

CHANGES IN THE SHAREHOLDING STRUCTURE

Assuming that there will be no other changes in the issued share capital of the Company, set out below are the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds:

	As at the date of this announcement		Upon full conversion of the Convertible Bonds	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Directors				
Wei Zhenyu	2,150,000,000	23.98%	2,150,000,000	21.32%
Lam Hay Yin	13,176	0.01%	13,176	0.01%
Other shareholders				
Chen Xiangru	1,853,992,000	20.68%	1,853,992,000	18.38%
Skyway (<i>Note</i>)	1,215,971,647	13.56%	2,336,190,226	23.16%
Wang Haixiong	460,000,000	5.13%	460,000,000	4.56%
Public	<u>3,285,152,157</u>	<u>36.64%</u>	<u>3,285,152,157</u>	<u>32.57%</u>
Total	<u>8,965,128,980</u>	<u>100.00%</u>	<u>10,085,347,559</u>	<u>100.00%</u>

Note: As at the date of this announcement, 1,215,971,647 Shares were held by Magnum Pacific Limited, which was controlled by Cleanline Capital Limited, which was in turn a controlled company of Skyway.

Conditions Precedent to Completion

The Proposed Acquisition is conditional upon the satisfaction of the following:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review in particular the review of the assets, liabilities, operations and affairs of the Target Group as the Purchaser may reasonably consider appropriate;
- (b) the Purchaser being reasonably satisfied that there are no title defects to the Property in accordance with Section 13 and Section 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- (c) production of written evidence by the Vendor to the reasonable satisfaction of the Purchaser that all debts and liabilities of the Target Company (other than the Sale Loan and the Bank Loan which shall not exceed HK\$179,000,000 and other normal accruals in the ordinary course of business of the Target Group and acceptable by the Purchaser) having been discharged, released, waived or extinguished;
- (d) all necessary consents and approvals required to be obtained on the part of the Purchaser, the Vendor and the Target Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (e)
 - (i) the passing by the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at a general meeting of the Company to be convened and held of the necessary ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares), and all other consents and acts required to be obtained by the Purchaser under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
 - (ii) the passing by the Skyway Independent Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at a general meeting of Skyway to be convened and held of the necessary ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder, and all other consents and acts required to be obtained by the Vendor under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (f) the warranties provided by the Vendor under the Agreement remaining true, accurate and complete in all material respects;
- (g) the despatch of the circular by the Company and the circular by Skyway as required under the Listing Rules;

- (h) the Purchaser being reasonably satisfied that there has not been any material adverse change in respect of the Target Company since the date of the Agreement; and
- (i) the Stock Exchange granting the listing of and permission to deal in the Conversion Shares.

The Purchaser may at any time at its absolute and sole discretion waive in writing the conditions (a), (b), (f) and/or (h) (in whole or in part) set out above. The other conditions set out above are incapable of being waived. The Purchaser has no current intention to waive any conditions. If the conditions set out above have not been satisfied on or before the Long Stop Date, subject to the refund of the Deposit, the Agreement shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter.

Completion

Completion is expected to take place on the fifth Business Day after the fulfilment (or waiver) of the Conditions Precedent, or such later date as the parties to the Agreement may agree in writing (but in any event within one (1) month upon the fulfillment or waiver of the Conditions Precedent) at the office of the Purchaser in Hong Kong or such other place as the Vendor and the Purchaser may agree in writing.

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

INFORMATION ON THE TARGET GROUP AND THE PROPERTY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Target Company is the legal and beneficial owner of the entire issued share capital of the Hong Kong Subsidiary, which in turn holds the Property. Immediately prior to the entering into of the Agreement, the Target Company is held as to 100% by the Vendor. Immediately after Completion, the Purchaser shall be interested in the entire issued share capital of the Target Company and the Vendor shall cease to have any interests in the Target Company.

The Hong Kong Subsidiary is currently holding the Property located at No. 2, Lincoln Road, Kowloon, Hong Kong. The Property is a house with a gross floor area of approximately 6,702 sq. ft. and a saleable area of approximately 6,659 sq. ft. The Property comprises a 3-storey garden house with a swimming pool on the ground floor with an internal staircase and a lift. The Property is currently used for domestic purpose and is currently subject to a tenancy agreement with monthly rental of HK\$450,000. Based on the land search record, the Property was acquired by the Hong Kong Subsidiary in 2010 at a consideration of HK\$160,000,000.

Financial information of the Target Group

Set below is the financial information of the Hong Kong Subsidiary:

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the ten months ended 31 October 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)	(Unaudited)
Profit before taxation	1,362	41,017	184
Profit after taxation	1,362	41,017	184
Net asset value	162,911	203,928	203,743

Set below is the financial information of the Target Company:

	From 30 October 2014 (date of incorporation) to 31 December 2014	For the year ended 31 December 2015	For the ten months ended 31 October 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)	(Unaudited)
Loss before taxation	11	303	8
Loss after taxation	11	303	8
Net deficits	11	314	322

The Target Group did not record any revenue for the years ended 31 December 2014. The Target Group recorded revenue of approximately HK\$450,000 for the year ended 31 December 2015 and revenue of HK\$4,500,000 for the period ended 31 October 2016. The profits of the Target Group for the years ended 31 December 2014 and 2015 were mainly due to revaluation gain on the fair value of the Property and the profit for the period ended 31 October 2016 was mainly attributable to the rental income of the Property.

The losses of the Target Company for the years ended 31 December 2014 and 2015 and the period ended 31 October 2016, were mainly due to the administrative costs and expenses.

The valuation report of the Property shall be included in the circular to be despatched to the Shareholders in respect of the Proposed Acquisition.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Vendor is a wholly-owned subsidiary of Skyway, the issued shares of which are listed on the Main Board of the Stock Exchange under the stock code of 1141. Skyway together with its subsidiaries are principally engaged in investment holdings, provision of brokerage, securities margin financing and related services, securities investment and real estate.

INFORMATION ON THE PURCHASER AND THE GROUP

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

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

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Directors have been proactive in seeking appropriate investment opportunities to increase the return to the Shareholders. As stated in the interim results announcement of the Company for the six months ended 30 September 2016, it is the Group's plan to monitor the property market in Hong Kong to seize investment opportunities in this segment. In light of the preliminary valuation of the Property, the Board (excluding the independent non-executive Directors) considers that the Proposed Acquisition represents an appropriate investment opportunity. The Property is subject to a tenancy agreement which will provide a stable income to the Group. The Directors (excluding the independent non-executive Directors) believe that the Proposed Acquisition enables the Group to:

- cope with and facilitate its expansion plan which will bring a steady source of income to the Group; and
- broaden its fixed asset base with potential capital appreciation.

The Directors (excluding the independent non-executive Directors) consider the terms of the Proposed Acquisition and the Agreement are reasonable and fair and in the interests of the Shareholders as a whole. The view of the independent non-executive Directors on the Proposed Acquisition on, among others, the fairness and reasonableness of the Proposed Acquisition on the terms of the Agreement will be given and included in the circular of the Company to be despatched to the Shareholders after taking into account the advice of the Independent Financial Adviser.

LISTING RULES IMPLICATIONS

The Vendor, being a wholly-owned subsidiary of Skyway (a substantial shareholder of the Company), is an associate of Skyway and therefore a connected person of the Company. The Proposed Acquisition therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one of the applicable Percentage Ratios for the Proposed Acquisition exceeds 25% and the Consideration exceeds HK\$10,000,000, the Proposed Acquisition is subject to reporting, announcement, and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As one of the applicable Percentage Ratios in respect of the Proposed Acquisition exceeds 25% but is below 100%, the Proposed Acquisition also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the notification, publication and Shareholders' approval requirements.

At the SGM, any Shareholders with a material interest in the Proposed Acquisition are required to abstain from voting on the resolution approving the Proposed Acquisition and related matters. As such, Skyway and its associates will abstain from voting on the resolution approving the Proposed Acquisition and related matters at the SGM.

The Independent Board Committee has been established to consider the terms of the Proposed Acquisition and the Agreement and to advise the Independent Shareholders as to whether the Proposed Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Financial Adviser has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among other matters, the fairness and reasonableness of the Proposed Acquisition.

SGM

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Proposed Acquisition and related matters.

A circular containing, among other things, (1) further details of the Proposed Acquisition; (2) the recommendation from the Independent Board Committee on the Proposed Acquisition; (3) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Proposed Acquisition; (4) financial information of the Group and the Target Group; (5) unaudited pro forma financial information of the Group as enlarged by the Target Group; (6) valuation report on the Property to be prepared by an independent professional valuer to the Company; and (7) other information as is required to be contained in the circular under the Listing Rules together with a notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 19 December 2016.

DEFINITIONS

Unless the context otherwise requires, the following terms have the following meanings when used in this announcement:

“Agreement”	the sale and purchase agreement dated 28 November 2016 and entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Share and the assignment of the Sale Loan
“associates”	has the meaning ascribed to it under the Listing Rules
“Bank Loan”	the outstanding bank loan owed by the Target Company to bank(s), which shall not exceed HK\$179,000,000 upon Completion
“Board”	the board of Directors
“Bondholder”	the holder of the Convertible Bonds
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CB Certificate”	the certificate of the Convertible Bonds issued to the Vendor or its nominee evidencing its holding of the Convertible Bonds
“CB Conditions”	the terms and conditions of the Convertible Bonds
“Company”	China Soft Power Technology Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 139)
“Completion”	the completion of the Proposed Acquisition in accordance with the Agreement
“Completion Date”	the date falling on the fifth Business Day after the fulfillment (or waiver) of the Conditions Precedent or such other date as the Vendor and the Purchaser may agree in writing (but in any event within one month upon the fulfillment or waiver of the Conditions Precedent)
“Conditions Precedent”	the conditions for Completion set forth in the paragraph headed “Conditions Precedent to Completion” of this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules

“Consideration”	HK\$227,000,000, being the aggregate consideration for the Sale Share and the Sale Loan payable by the Purchaser to the Vendor under the Agreement
“Conversion Price”	the price at which the Conversion Shares will be issued upon exercise of the Conversion Rights and initially will be HK\$0.183 per Conversion Share (subject to adjustments pursuant to the CB Conditions)
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the principal amount thereof into the Conversion Shares
“Conversion Share(s)”	the Share(s) falling to be allotted and issued by the Company upon exercise by the Bondholder of the Conversion Rights pursuant to the CB Conditions
“Convertible Bonds”	the two-year zero coupon Convertible Bonds in the principal amount of HK\$205,000,000 to be issued by the Company to satisfy part of the Consideration and for the time being outstanding or, as the context may require, any part of the principal amount
“Director”	director of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Subsidiary”	Metro Victor Limited, the wholly-owned subsidiary of the Target Company incorporated in Hong Kong with limited liability
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on, among other matters, the fairness and reasonableness of the Proposed Acquisition
“Independent Financial Adviser”	Nuada Limited, the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders on, among other matters, the fairness and reasonableness of the Proposed Acquisition
“Independent Shareholders”	Shareholders, other than Skyway and its associates, who have no material interest in the Proposed Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	28 February 2017 (or such later time and date as the Vendor and the Purchaser may agree in writing), being the last time and date for fulfilment or, as the case may be, waiver of the Conditions Precedent
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“Property”	the property located at No. 2, Lincoln Road, Kowloon, Hong Kong
“Proposed Acquisition”	the proposed acquisition of the Sale Share and the Sale Loan by the Purchaser from the Vendor on and subject to the terms and conditions of the Agreement and the performance of the transactions contemplated thereunder
“Purchaser”	Celestial Lodge Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor and its associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion
“Sale Share”	one (1) share in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement
“SGM”	the special general meeting of the Company to be held and convened to consider and approve the Proposed Acquisition and the transactions contemplated thereunder (including the issue of the Conversion Bonds and specific mandate for the allotment and issue of the Conversion Shares upon exercise of the Convertible Rights)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Skyway”	Skyway Securities Group Limited (天順證券集團有限公司), a company incorporated in Bermuda with limited liability and a substantial shareholder of the Company holding 13.56% of the Shares in issue as at the date of this announcement, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1141) and the ultimate holding company of the Vendor and the Target Group

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Target Company”	Sky Eagle Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and the Hong Kong Subsidiary
“Vendor”	Gold Mission Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Skyway
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent.

By order of the Board
China Soft Power Technology Holdings Limited
Szeto Pui Tong Patrick
Company Secretary

Hong Kong, 28 November 2016

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

Executive Directors:

Mr. Wei Zhenyu (*Chairman*)
Mr. Yu Qingrui
Ms. Lam Hay Yin

Independent non-executive Directors:

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