

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

This announcement is made for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

SHARE TRANSACTION

SHARE SWAP BETWEEN THE COMPANY AND FWF

THE SHARE SWAP AGREEMENT

On 27 July 2017 (after trading hours), the Company and FWF entered into the Share Swap Agreement pursuant to which, subject to fulfillment of the Conditions Precedent, both parties have agreed amongst other things that:

- (i) the Company shall subscribe for (or procure its designated subsidiary to subscribe for), and FWF shall allot and issue to the Company (or its designated subsidiary), 470,000,000 FWF Subscription Shares under the FWF General Mandate, representing approximately 7.25% of the existing issued share capital of FWF as at the date of this announcement and approximately 6.76% of the enlarged issued share capital of FWF immediately after issuing the FWF Subscription Shares, credited as fully paid at a price of HK\$0.11 per FWF Subscription Share, for a total consideration of HK\$51,700,000. The FWF Subscription Shares, together with the 221,830,188 FWF Shares held by the Company at the date of this announcement, shall represent approximately 9.95% of the enlarged issued share capital of FWF immediately after issuing the FWF Subscription Shares; and

(ii) FWF shall subscribe for (or procure its designated subsidiary to subscribe for), and the Company shall allot and issue to FWF (or its designated subsidiary), 470,000,000 CSPT Subscription Shares under the CSPT General Mandate, representing approximately 4.58% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.38% of the enlarged issued share capital of the Company immediately after issuing the CSPT Subscription Shares, credited as fully paid at a price of HK\$0.11 per CSPT Subscription Share, for a total consideration of HK\$51,700,000. The CSPT Subscription Shares, together with the 83,954,650 CSPT Shares held by FWF as at the date of this announcement, shall represent approximately 5.16% of the enlarged issued share capital of the Company immediately after issuing the CSPT Subscription Shares.

The completion of the FWF Subscription and the CSPT Subscription shall take place simultaneously.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Share Swap Agreement is under 5%, the Share Swap Agreement constitutes a share transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is subject to the satisfaction of the Conditions Precedent, the transactions contemplated under the Share Swap Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the CSPT Shares.

THE SHARE SWAP AGREEMENT

On 27 July 2017 (after trading hours), the Company and FWF entered into the Share Swap Agreement pursuant to which, subject to fulfillment of the Conditions Precedent, both parties have agreed amongst other things that:

(i) the Company shall subscribe for (or procure its designated subsidiary to subscribe for), and FWF shall allot and issue to the Company (or its designated subsidiary), 470,000,000 FWF Subscription Shares under the FWF General Mandate, representing approximately 7.25% of the existing issued share capital of FWF as at the date of this announcement and approximately 6.76% of the enlarged issued share capital of FWF immediately after issuing the FWF Subscription Shares, credited as fully paid at a price of HK\$0.11 per FWF Subscription Share, for a total consideration of HK\$51,700,000. The FWF Subscription Shares, together with the 221,830,188 FWF Shares held by the Company at the date of this announcement, shall represent approximately 9.95% of the enlarged issued share capital of FWF immediately after issuing the FWF Subscription Shares; and

- (ii) FWF shall subscribe for (or procure its designated subsidiary to subscribe for), and the Company shall allot and issue to FWF (or its designated subsidiary), 470,000,000 CSPT Subscription Shares under the CSPT General Mandate, representing approximately 4.58% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.38% of the enlarged issued share capital of the Company immediately after issuing the CSPT Subscription Shares, credited as fully paid at a price of HK\$0.11 per CSPT Subscription Share, for a total consideration of HK\$51,700,000. The CSPT Subscription Shares, together with the 83,954,650 CSPT Shares held by FWF as at the date of this announcement, shall represent approximately 5.16% of the enlarged issued share capital of the Company immediately after issuing the CSPT Subscription Shares.

The completion of the FWF Subscription and the CSPT Subscription shall take place simultaneously.

The Share Swap Agreement does not contain any restrictions which apply to the subsequent sale of the FWF Subscription Shares and the CSPT Subscription Shares. Furthermore, the signing of the Share Swap Agreement does not restrict the Company and FWF from carrying out future fund raising activities by issuing new shares.

As at the date of this announcement, the Company (through its subsidiaries) is interested in 221,830,188 FWF Shares, representing approximately 3.42% of the existing issued share capital of FWF as at the date of this announcement. Mr. Chen Xiaodong, being an executive Director, is interested in 1,005,313 FWF Shares, representing approximately 0.02% of the existing issued share capital of FWF as at the date of this announcement. Mr. Yu Qingrui, being an executive Director, is also an executive director of FWF, and is interested in 54,404,425 FWF Shares, representing approximately 0.84% of the existing issued share capital of FWF as at the date of this announcement. In addition, Mr. Yu Qingrui is interest in 36,000,000 share options to subscribe for FWF Shares granted by FWF as at the date of this announcement. Ms. Lam Hay Yin, being an executive Director, is interested in 57,236,000 FWF Shares, representing approximately 0.88% of the existing issued share capital of FWF as at the date of this announcement. In addition, Ms. Lam Hay Yin is interested in 30,000,000 share options to subscribe for FWF Shares granted by FWF as at the date of this announcement. As such, Mr. Chen Xiaodong, Mr. Yu Qingrui and Ms. Lam Hay Yin had abstained from voting at the meeting of the Board to approve the Share Swap Agreement and the transactions contemplated thereunder.

As at the date of this announcement, FWF (through its subsidiaries) is interested in 83,954,650 CSPT Shares, representing approximately 0.82% of the existing issued share capital of the Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save as disclosed above, FWF and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons as defined under the Listing Rules as at the date of this announcement.

THE FWF SUBSCRIPTION

Pursuant to the Share Swap Agreement, the Company has agreed to subscribe for (or procure its designated subsidiary to subscribe for), and FWF has agreed to allot and issue to the Company (or its designated subsidiary), 470,000,000 FWF Subscription Shares under the FWF General Mandate, for a total consideration of HK\$51,700,000, which represents approximately 7.25% of the existing issued share capital of FWF as at the date of this announcement, and approximately 6.76% of the enlarged issued share capital of FWF immediately after issuing the FWF Subscription Shares.

The FWF Subscription Shares, when issued and fully paid up, shall rank *pari passu* in all respects *inter se* and with all other FWF Shares then in issue.

Subscription price for the FWF Subscription Shares

The subscription price of HK\$0.11 per FWF Subscription Share represents:

- (i) a premium of approximately 0.92% over the closing price of HK\$0.109 per FWF Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 1.85% over the average closing price of approximately HK\$0.108 per FWF Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the Last Trading Day; and
- (iii) a premium of approximately 13.52% over the audited consolidated net asset value per FWF Share of approximately HK\$0.0969 (based on the latest published audited net asset value of FWF and its subsidiaries of HK\$628,520,000 as at 31 December 2016 and 6,485,187,998 FWF Shares issued as at 31 December 2016).

The subscription price for the FWF Subscription Shares was arrived at after arm's length negotiations between the Company and FWF with reference to the recent market price of the FWF Shares as well as the net asset value per FWF Share. The Directors consider that the terms of the FWF Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE CSPT SUBSCRIPTION

Pursuant to the Share Swap Agreement, FWF has agreed to subscribe for (or procure its designated subsidiary to subscribe for), and the Company has agreed to allot and issue to FWF (or its designate subsidiary), 470,000,000 CSPT Subscription Shares under the CSPT General Mandate, for a total consideration of HK\$51,700,000, which represents approximately 4.58% of the existing issued share capital of the Company as at the date of this announcement, and approximately 4.38% of the issued share capital of the Company as enlarged immediately after issuing the CSPT Subscription Shares.

The CSPT Subscription Shares, when issued and fully paid up, shall rank *pari passu* in all respects *inter se* and with all other CSPT Shares then in issue.

Subscription price for the CSPT Subscription Shares

The subscription price of HK\$0.11 per CSPT Subscription Share represents:

- (i) a premium of approximately 3.77% over the closing price of HK\$0.106 per CSPT Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.77% over the average closing price of approximately HK\$0.104 per CSPT Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the Last Trading Day; and
- (iii) a discount of approximately 25.02% to the audited consolidated net asset value per CSPT Share of approximately HK\$0.1467 (based on the latest published audited net asset value of the Group of HK\$1,315,579,000 as at 31 March 2017 and 8,965,128,980 CSPT Shares issued as at 31 March 2017).

The subscription price for the CSPT Subscription Shares was determined after arm's length negotiations between the Company and FWF with reference to the recent market price of the CSPT Shares. The Directors consider that the terms of the CSPT Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

It shall be conditions precedent to Completion that prior thereto:

- (i) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject only to conditions to which neither the Company nor FWF shall reasonably object) the approval for listing of, and permission to deal in, both the CSPT Subscription Shares and the FWF Subscription Shares; and
- (ii) any other approval as may be required by applicable laws, rules or regulations for the CSPT Subscription and the FWF Subscription shall have been obtained.

If the Conditions Precedent have not been fulfilled on or before 5:00 p.m. on 17 August 2017 or such later date as may be agreed between the Company and FWF, the Share Swap Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

Completion

Subject to the fulfilment of the Conditions Precedent, the completion of the CSPT Subscription and the FWF Subscription shall take place simultaneously on the Completion Date, at such place and at such time as the Company and FWF may agree, and the parties to the Share Swap Agreement shall perform its respective obligations set out in the Share Swap Agreement. No partial Completion shall be permitted.

Upon Completion, the price of the CSPT Subscription payable by FWF to the Company shall be set off against the price of the FWF Subscription payable by the Company to FWF whereupon the payment obligation for the price of the CSPT Subscription by FWF and the payment obligation for the price of FWF Subscription by the Company shall be deemed to be fully released and discharged.

CSPT GENERAL MANDATE

The CSPT Subscription Shares will be allotted and issued pursuant to the CSPT General Mandate and therefore the CSPT Subscription is not subject to Shareholders' approval. Under the CSPT General Mandate, the Company is authorised to issue up to 1,793,025,796 new CSPT Shares (representing 20% of the total number of issued CSPT Shares as at the date of the AGM) until the revocation, variation or expiration of the CSPT General Mandate. As at the date of this announcement, 1,300,040,000 CSPT Shares has been allotted and issued under the CSPT General Mandate.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the CSPT Subscription Shares to be issued pursuant to the Share Swap Agreement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion and the allotment and issue of the CSPT Subscription Shares (assuming there is no other change in the shareholding structure of the Company before the allotment and issue of the CSPT Subscription Shares):

Shareholders	(i) As at the date of this announcement		(ii) Immediately upon completion of the CSPT Subscription	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Wei Zhenyu	2,150,000,000	20.94	2,150,000,000	20.03
Chen Xiangru	1,853,992,000	18.06	1,853,992,000	17.27
FWF and its subsidiaries	83,954,650	0.82	553,954,650	5.16
Other Shareholders	<u>6,177,222,330</u>	<u>60.18</u>	<u>6,177,222,330</u>	<u>57.54</u>
Total	<u>10,265,168,980</u>	<u>100.00</u>	<u>10,735,168,980</u>	<u>100.00</u>

INFORMATION OF FWF

FWF is an investment holding company. FWF and its subsidiaries are now principally engaged in (a) investment in listed securities and property in Hong Kong; (b) money lending business in Hong Kong; (c) e-commerce business; and (d) trading and related services.

Set out below is the audited consolidated financial information of FWF extracted from its 2016 annual report:

	For the years ended 31	
	December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	128,063	(47,274)
Profit/(loss) after taxation	97,451	(47,624)

REASONS FOR AND BENEFITS OF THE SHARE SWAP AGREEMENT

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

With a view of capitalising on the business opportunities created by the Shanghai-HK Stock Connect, the Shenzhen-HK Stock Connect and the HK-China Bond Connect, the Company entered into an agreement with FWF on 3 April 2017 for the transfer of shares equivalent to 34% equity interest of Instant Achieve Limited for a total consideration of HK\$7 million. Instant Achieve Limited directly holds the entire issued share capital of Central Wealth Securities Investment Limited, a licensed corporation carrying on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO; and the entire issued share capital of Central Wealth Futures Limited, a licensed corporation carrying on business in type 2 (dealing in futures contracts) and type 5 (advising on futures contracts) regulated activities under the SFO. The acquisition was completed on 7 April 2017.

In order to enhance the Company's overall competitiveness in the financial services industry and in view of riding on FWF's previous expertise in the brokerage business, the Company entered into the Share Swap Agreement so that the Company and FWF could form a strategic alliance with a more significant shareholding stake in each other.

The Company believes the share swap will enhance the partnership and co-operation between the Company and FWF. The Directors further believe that the FWF Subscription is an attractive investment to the Company.

Having considered the factors set out above, the Directors are of the view that the FWF Subscription, the CSPT Subscription and the terms of the Share Swap Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Share Swap Agreement is under 5%, the Share Swap Agreement constitutes a share transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is subject to the satisfaction of the Conditions Precedent, the transactions contemplated under the Share Swap Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the CSPT Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

- “AGM” the annual general meeting of the Company held on 19 August 2016 in which the Shareholders had approved, among other things, the CSPT General Mandate;
- “Board” the board of Directors;
- “Business Day” any day on which banks in Hong Kong are open for business (other than a Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is in effect or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon);
- “Company” China Soft Power Technology Holdings, 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” the simultaneous completion of the FWF Subscription and the CSPT Subscription pursuant to the Share Swap Agreement;
- “Completion Date” a day falling within five (5) Business Days following the date on which the Conditions Precedent are fulfilled or such other date as the Company and FWF may agree;
- “Conditions Precedent” the conditions precedent to Completion as set out in the Share Swap Agreement;
- “CSPT General Mandate” the general mandate granted by the Shareholders at the AGM to the Directors to issue, allot and deal with additional CSPT Shares not exceeding 20% of the total number of issued CSPT Shares as at 19 August 2016;
- “CSPT Share(s)” ordinary shares of HK\$0.01 each in the share capital of the Company;

“CSPT Subscription”	the subscription of the CSPT Subscription Shares by FWF (or its designated subsidiary) pursuant to the Share Swap Agreement;
“CSPT Subscription Share(s)”	the 470,000,000 CSPT Shares to be allotted and issued under the CSPT General Mandate by the Company to FWF (or its designated subsidiary) pursuant to the Share Swap Agreement;
“Director(s)”	directors of the Company;
“FWF”	Future World Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 572);
“FWF General Mandate”	the general mandate granted by the shareholders of FWF at the annual general meeting on 31 May 2017 to the directors of FWF to allot, issue and deal with authorised and unissued ordinary shares in the capital of FWF not exceeding 20% of the aggregate nominal amount of the issued ordinary share capital of FWF as at 31 May 2017;
“FWF Share(s)”	ordinary shares of HK\$0.001 each in the share capital of FWF;
“FWF Subscription”	the subscription of the FWF Subscription Shares by the Company (or its designated subsidiary) pursuant to the Share Swap Agreement;
“FWF Subscription Share(s)”	the 470,000,000 FWF Shares to be allotted and issued by FWF under the FWF General Mandate to the Company (or its designated subsidiary) pursuant to the Share Swap Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Last Trading Day”	27 July 2017, being the last day on which the Shares and the FWF Shares were traded on the Stock Exchange prior to the date of this announcement;
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share Swap Agreement”	a conditional agreement dated 27 July 2017 entered into between the Company and FWF in relation to the CSPT Subscription and the FWF Subscription;
“Shareholder(s)”	holders of the CSPT Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent

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

Hong Kong, 27 July 2017

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

Executive Directors:

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

Independent non-executive Directors:

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