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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 TRANSACTION — PROVISION OF GUARANTEES

On 5 May 2017, the Company entered into the First Guarantee in favour of Bank A, pursuant to which the Company agreed to provide guarantee in respect of the repayment obligations of the Borrower under the First Facility Agreement in the amount of HK\$50,000,000.

On 27 June 2017, the Company entered into the Second Guarantee in favour of Bank B, pursuant to which the Company agreed to provide guarantee in respect of the repayment obligations of the Borrower under the Second Facility Agreement in the amount of HK\$60,000,000.

The transactions under the Guarantees, on an aggregate basis pursuant to Rule 14.22 of the Listing Rules, constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules as the relevant percentage ratio(s), on an aggregate basis, exceeds 5% but is less than 25%.

INTRODUCTION

On 27 March 2017, the Borrower entered into the First Facility Agreement with Bank A, pursuant to which Bank A as lender agreed to make available to the Borrower a revolving term loan facility in the amount of up to HK\$30,000,000 and an overdraft facility in the amount of up to HK\$20,000,000 on the terms and subject to the conditions set out therein. Such facilities are subject to, among others, the execution of (i) a mortgage in respect of shares listed on the Stock Exchange as may be approved by Bank A and (ii) the First Guarantee. As such, the Company entered into the First Guarantee in favour of Bank A to guarantee the repayment obligations of the Borrower under the First Facility Agreement on 5 May 2017.

On 27 June 2017, the Borrower entered into the Second Facility Agreement with Bank B, pursuant to which Bank B as lender agreed to make available to the Borrower a shares overdraft facility in the amount of up to HK\$60,000,000 on the terms and subject to the conditions set out therein. Such facility is secured by (i) a charge on securities in the securities account of the Borrower maintained with Bank B and (ii) the Second Guarantee. As such, the Company entered into the Second Guarantee in favour of Bank B to guarantee the repayment obligations of the Borrower under the Second Facility Agreement on 27 June 2017.

THE FIRST GUARANTEE

Date: 5 May 2017

Parties: (1) The Company as guarantor; and
(2) Bank A as lender.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Bank A and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Principal terms:

The principal terms of the First Guarantee are as follows:

Scope of Guarantee:	To pay to Bank A on demand all sums of money and liabilities whether certain or contingent, now or hereafter owing or incurred to Bank A on any account whatsoever by the Borrower whether as principal or surety and whether from the Borrower solely or jointly with any other person(s) up to HK\$50,000,000 (the “ Liabilities ”), together with any interest, default interest and reasonable costs and expenses arising out of or in connection with the recovery of any Liabilities; and to guarantee the due and punctual performance of all obligations and liabilities of the Borrower under any agreement or arrangement with Bank A relating to or evidencing the Liabilities or any part thereof (the “ Guaranteed Obligations ”).
Term:	Commencing from the date of the First Guarantee and ending upon the discharge in full of the Liabilities and the Guaranteed Obligations.
Consideration:	The Company shall not receive any fee or commission for providing the First Guarantee.

THE SECOND GUARANTEE

Date: 27 June 2017

Parties: (1) The Company as guarantor; and
(2) Bank B as lender.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Bank B and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Principal terms:

The principal terms of the Second Guarantee are as follows:

Scope of Guarantee:	To pay to Bank B on demand all sums of money which are now or shall at any time be owing to Bank B anywhere on any account whatsoever from the Borrower on which the Borrower may be or become liable as surety or in any other way whatsoever up to HK\$60,000,000 (with compound interest thereon at such rate as Bank B may from time to time charge from the date of demand by Bank B for payment until the same has been repaid to Bank B in full), together with all interest, commission and other usual charges and all expenses, legal or otherwise, incurred by Bank B in connection therewith (the “ Obligations ”).
Term:	Commencing from the date of the Second Guarantee and ending upon the discharge in full of the Obligations.
Consideration:	The Company shall not receive any fee or commission for providing the Second Guarantee.

REASONS FOR AND BENEFITS OF THE TRANSACTION

IAL is an affiliated company of the Company owned as to 34% by the Company and 66% by Mr. Siu respectively. IAL has two wholly-owned subsidiaries, namely (i) the Borrower, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO; and (ii) Central Wealth Futures Limited, a licensed corporation to carry on Type 2 (dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities under the SFO. With regards to the business opportunities created by Shanghai-HK Stock Connect and Shenzhen-HK Stock Connect and the imminent launch of HK-China Bond Connect later this year, the Company intends to capitalise these business opportunities by further acquiring the remaining 66% from Mr. Siu subject to approval from the Securities and Futures Commission in Hong Kong.

The Board considers that the provision of the Guarantees will facilitate the Borrower in meeting its financial needs in relation general working capital requirements. The Board, after due consideration, agreed to provide the Guarantees and are of the view that the provision of the Guarantees to the Borrower will not undermine the interests of the Company and its shareholders.

The Board is of the view that the terms of the Guarantees are entered into on normal commercial terms, are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE COMPANY, BANK A AND BANK B

The Company

The Company is incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The principal business activity of the Company is investment holding. The Group is principally engaged in trading and distribution of electronic and accessory products and other merchandise, financial investments and trading and money lending business.

Bank A

Bank A is a licensed commercial bank in Hong Kong, and they provide a variety of financial products and services to corporate and personal banking customers.

Bank B

Bank B is a licensed commercial bank in Hong Kong, and they provide a variety of financial products and services to corporate and personal banking customers.

LISTING RULES IMPLICATIONS

The transactions under the Guarantees, on an aggregate basis pursuant to Rule 14.22 of the Listing Rules, constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules as the relevant percentage ratio(s), on an aggregate basis, exceeds 5% but is less than 25%.

DEFINITIONS

“Bank A”	a licensed commercial bank in Hong Kong, being the lender under the First Facility Agreement
“Bank B”	a licensed commercial bank in Hong Kong, being the lender under the Second Facility Agreement
“Board”	board of Directors
“Borrower”	Central Wealth Securities Investment Limited (中達證券投資有限公司), a company incorporated in Hong Kong with limited liability, being the borrower under the First Facility Agreement and the Second Facility Agreement
“Company”	China Soft Power Technology Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“First Facility Agreement”	facility agreement entered into between Bank A and the Borrower dated 27 March 2017
“First Guarantee”	deed of guarantee entered into between the Company as guarantor in favour of Bank A as lender dated 5 May 2017, pursuant to which the Company agreed to guarantee the repayment obligations of the Borrower under the First Facility Agreement
“Group”	the Company and its subsidiaries
“Guarantees”	the First Guarantee and the Second Guarantee
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IAL”	Instant Achieve Limited (即達有限公司), a company incorporated in the British Virgin Islands with limited liability

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Siu”	Mr. Siu Gee Tai (蕭芝蕙), a third party independent of the Company and its connected persons
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules
“Second Facility Agreement”	facility agreement entered into between Bank B and the Borrower dated 27 June 2017
“Second Guarantee”	deed of guarantee entered into between the Company as guarantor in favour of Bank B as lender dated 27 June 2017, pursuant to which the Company agreed to guarantee the repayment obligations of the Borrower under the Second Facility Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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, 27 June 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