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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 GRANT OF REVOLVING LOAN FACILITY AND THE PREVIOUS LOANS

GRANT OF THE REVOLVING LOAN FACILITY AND THE PREVIOUS LOANS

The Board announces that, after trading hours on 7 December 2018, the Lender entered into the Revolving Loan Agreement with the Borrower, pursuant to which the Lender agreed to grant to the Borrower the Revolving Loan Facility with a principal amount of HK\$50,000,000. The Revolving Loan Facility can be drawn down at any time within the period of one (1) year after the date of the Revolving Loan Agreement. The loan bears interest at a rate of 12% per annum.

Within 12 months prior to the entering into of the Revolving Loan Agreement, the Lender has also entered into the Previous Loan Agreements for the grant of three unsecured loans in an aggregate amount of HK\$22,000,000 to the Borrower.

LISTING RULES IMPLICATION

As an applicable percentage ratio for the Revolving Loan Facility in aggregate with the Previous Loans exceeds 5% but all of them are less than 25%, the grant of the Revolving Loan Facility and the Previous Loans constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules but exempt from the shareholders' approval requirement.

GRANT OF THE REVOLVING LOAN FACILITY

The Board announces that, after trading hours on 7 December 2018, the Lender entered into the Revolving Loan Agreement with the Borrower, pursuant to which the Lender agreed to grant the Revolving Loan Facility with the principal amount of HK\$50,000,000 to the Borrower for a term of one (1) year after the date of the Revolving Loan Agreement, details of which are as follows:

The Revolving Loan Agreement

Date:	7 December 2018 (after trading hours)
Availability period:	The Revolving Loan Facility can be drawn down at any time within the period of one (1) year after the date of the Revolving Loan Agreement
Lender:	The Lender, Top Billion Finance Limited, a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which is a licensed money lender in Hong Kong under the Money Lenders Ordinance
Borrower:	The Borrower, an individual who, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is an Independent Third Party
Revolving Loan Facility:	A Revolving Loan Facility of HK\$50,000,000 to be made available to the Borrower by the Lender subject to and upon the terms and conditions of the Revolving Loan Agreement. For the avoidance of doubt, any repaid principal amounts of the Revolving Loan Facility are available for drawing during the availability period
Final repayment date:	The date falling one (1) year after the date of the Revolving Loan Agreement
Repayment:	The Borrower shall repay the aggregate principal amount of the loan and interest thereon and all other sums for the time being outstanding to the Lender on or before the final repayment date
Early repayment:	The Borrower may prepay all or any part of the loan without penalty provided that the Borrower shall have given the Lender prior written notice one (1) Business Day in advance specifying the amount and date of prepayment
Interest:	The interest at a rate of 12% per annum is to be charged by the Lender on the outstanding amount of the Revolving Loan Facility. Interest shall accrue day to day and be calculated on a 365-day per year basis. All accrued and unpaid interest shall be repaid by the Borrower on the final repayment date

Security: Second legal charge/mortgage to be provided by the Borrower in favour of the Lender in respect of a residential and commercial property located in Kowloon, with valuation conducted by an independent property valuer on 22 November 2018 having a value of HK\$102,500,000

Conditions Precedent

The Lender shall not be obliged to make the Revolving Loan Facility available to the Borrower unless no events of default shall have occurred and be continuing and the Lender shall have been duly satisfied (unless otherwise waived by the Lender in writing) with the following:

- (a) each of the Revolving Loan Agreement and the relevant second mortgage having been duly executed by the Borrower to which he is a party together with all documents ancillary or incidental thereto duly signed and completed;
- (b) the provision by the Borrower to the Lender of such evidence to the satisfaction of the Lender that the Borrower is the beneficial owner of the relevant charged assets and that the charged assets shall be free from encumbrance of whatsoever nature (save as otherwise disclosed to the Lender);
- (c) the Borrower's acknowledgement duly signed by the Borrower in respect of the receipt of a copy of the Revolving Loan Agreement and other relevant documents; and
- (d) the notice of drawing having been duly executed by the Borrower.

The terms of the Revolving Loan Agreement have been arrived by the Lender and the Borrower after arm's length negotiation, having regard to the market conditions.

Funding of the Revolving Loan Facility

The provision of the Revolving Loan Facility will be funded by internal resources of the Group.

GRANT OF THE PREVIOUS LOANS

Within 12 months prior to the entering into of the Revolving Loan Agreement, the Lender has also entered into the Previous Loan Agreements for the grant of three unsecured loans in an aggregate amount of HK\$22,000,000 to the Borrower. A summary of the Previous Loan Agreements is set out below:

	Previous Loan Agreement 1	Previous Loan Agreement 2	Previous Loan Agreement 3
Date:	9 August 2018	30 August 2018	3 September 2018
Lender:	The Lender		
Borrower:	The Borrower		
Aggregate principal amount:	HK\$10,000,000	HK\$7,000,000	HK\$5,000,000
Final repayment date:	The date falling twelve (12) months from the day of drawing appearing on the first notice of drawing		
Repayment:	The loan and other monies outstanding in connection with the facility shall be repaid in full on or before the final repayment date mentioned above		
Early repayment:	The Borrower may at any time, without premium or penalty, prepay the loan in full by giving to the Lender not less than one (1) Business Day's prior written notice		
Interest:	7% per annum	7% per annum	7% per annum

As at the date of this announcement, the total outstanding principal amount under the Previous Loans is HK\$22,000,000.

Funding of the Previous Loans

The provision of the Previous Loans was funded by internal resources of the Group.

INFORMATION ON THE CREDIT RISK RELATING TO THE REVOLVING LOAN FACILITY

The provision of the Revolving Loan Facility is secured by the second mortgage of a property having a value of HK\$102,500,000. Before granting the Revolving Loan Facility to the Borrower, the Company assessed his creditworthiness, financial strength, repayment ability and record, the collaterals to be provided and the short term nature of the Revolving Loan Facility. After taking into account the factors mentioned above, the Company considers that the risk of granting the Revolving Loan Facility to the Borrower is relatively low.

INFORMATION ON THE GROUP AND THE LENDER

The Group is principally engaged in securities and futures dealing business, financial investments, property investments and money lending business. The Lender, being an indirect wholly-owned subsidiary of the Company, is a licensed money lender in Hong Kong under the Money Lenders Ordinance. The Lender conducts money lending business solely in Hong Kong through the provision of unsecured loans and secured loans to customers, including individuals and corporations.

INFORMATION ON THE BORROWER

The Borrower is an individual who is a repeat customer of the Group with no default record. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Borrower is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE GRANT OF THE REVOLVING LOAN FACILITY AND THE PREVIOUS LOANS

The granting of the Revolving Loan Facility and the Previous Loans is in the Lender's ordinary and usual course of business. The Directors are of the view that money lending business is one of the potential sectors for the future development of the Group's business. The Directors will explore further business opportunities in the money lending sector and develop the Group's customer's base as and when appropriate. Having considered the Borrower's repayment record, the collaterals to be provided and the interest income to be earned by the Group, the Directors consider that the terms of the Revolving Loan Agreement and the Previous Loan Agreements are on normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS ON THE GRANT OF THE REVOLVING LOAN FACILITY AND THE PREVIOUS LOANS

As an applicable percentage ratio for the Revolving Loan Facility in aggregate with the Previous Loans exceeds 5% but all of them are less than 25%, the grant of the Revolving Loan Facility and the Previous Loans constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules but exempt from the shareholders' approval requirement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	board of Directors
“Borrower”	an individual who is a repeat customer of the Group
“Business Day(s)”	day(s) (excluding Saturday) on which banks in Hong Kong are open for business
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Lender”	Top Billion Finance Limited, a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Money Lenders Ordinance”	Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong)
“Previous Loan Agreement 1”	loan agreement dated 9 August 2018 entered into between the Lender and the Borrower for the grant of the loan in the amount of HK\$10,000,000

“Previous Loan Agreement 2”	loan agreement dated 30 August 2018 entered into between the Lender and the Borrower for the grant of the loan in the amount of HK\$7,000,000
“Previous Loan Agreement 3”	loan agreement dated 3 September 2018 entered into between the Lender and the Borrower for the grant of the loan in the amount of HK\$5,000,000
“Previous Loan Agreements”	Previous Loan Agreement 1, Previous Loan Agreement 2 and Previous Loan Agreement 3
“Previous Loans”	loans granted by the Lender to the Borrower pursuant to the Previous Loan Agreements
“Revolving Loan Agreement”	revolving loan agreement dated 7 December 2018 entered into between the Lender and the Borrower in relation to the grant of the Revolving Loan Facility
“Revolving Loan Facility”	secured revolving loan facility of up to HK\$50,000,000 to be made available to the Borrower by the Lender pursuant to the Revolving Loan Agreement
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
China Soft Power Technology Holdings Limited
Chen Xiaodong
Chairman

Hong Kong, 7 December 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

Independent non-executive Directors

Mr. Kwok Chi Kwong
Mr. Chen Youchun
Mr. Wu Ming