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*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00380)**

## **CONTINUING CONNECTED TRANSACTION**

### **CONSULTANCY SERVICES AGREEMENT**

Reference is made to the announcement of the Company dated 1 April 2020 in relation to the Previous Consultancy Services Agreement. The Previous Consultancy Services Agreement expired on 31 March 2021.

The Board announces that on 1 April 2021, the Consultancy Services Agreement was entered into between the Company and BCL on substantially the same terms as the Previous Consultancy Services Agreement, pursuant to which the Company agreed to appoint BCL for the provision of certain consultancy services.

As at the date of this announcement, Mr. Lai Guanglin (“**Mr. Lai**”) indirectly holds approximately 32.82% of the issued share capital of the Company, is the controlling shareholder of the Company. As BCL is directly wholly-owned by Mr. Lai, BCL is an associate of Mr. Lai and therefore, is an associate of the connected person of the Company under Rule 14A.13(3) of the Listing Rules. As such, the provision of services by BCL under the Consultancy Services Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the annual consultancy fees payable by the Company under the Consultancy Services Agreement is more than 0.1% but less than 5%, the said continuing connected transaction is subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 1 April 2020 in relation to the Previous Consultancy Services Agreement. The Previous Consultancy Services Agreement expired on 31 March 2021.

The Board announces that on 1 April 2021, the Consultancy Services Agreement was entered into between the Company and BCL on substantially the same terms as the Previous Consultancy Services Agreement, pursuant to which the Company agreed to appoint BCL for the provision of certain consultancy services. The details of the Consultancy Services Agreement are set out below:

## **THE PRINCIPAL TERMS OF THE CONSULTANCY SERVICES AGREEMENT**

- Date : 1 April 2021
- Parties : The Company; and  
BCL
- Services : BCL shall provide the Company with consultancy services in connection with its investment and corporate strategy (the scope of services can be adjusted by the Parties from time to time subject to their mutual agreement in writing)
- Term : one year commencing from the date of the Consultancy Services Agreement, i.e. 1 April 2021 and expiring on 31 March 2022, both dates inclusive
- Fee : The consulting service fee is HK\$4,476,000 per year. It is pre-paid in semi-annual basis (i.e. 1 April 2021 and 1 October 2021), and the semi-annual fee is HK\$2,238,000.

## **ANNUAL CAPS**

### **Historical figures**

The historical transaction amounts in respect of the Previous Consultancy Services Agreement for the year ended 31 December 2020 and the three months ended 31 March 2021 are as follows:

Period for the year ended 31 December 2020	HK\$4,101,000*
Period for the three months ended 31 March 2021	HK\$1,119,000

*\* Inclusive of the historical transaction amount in respect of both the Previous Consultancy Services Agreement for the period from 1 April 2020 to 31 December 2020 and a consultancy services agreement for the period from 1 January 2020 to 31 March 2020.*

## **New Annual Caps**

The annual cap of the consultancy fee payable by the Company under the Consultancy Services Agreement is as follows:

Period from 1 April 2021 to 31 December 2021	HK\$3,357,000
Period from 1 January 2022 to 31 March 2022	HK\$1,119,000

In arriving at the above annual cap, the Directors have taken into account the annual maximum fee and the semi-annual payment to be paid from the Company to BCL under the Consultancy Services Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Mr. Lai Guanglin (“**Mr. Lai**”) indirectly holds approximately 32.82% of the issued share capital of the Company, is the controlling shareholder of the Company. As BCL is directly wholly-owned by Mr. Lai, BCL is an associate of Mr. Lai and therefore, is an associate of the connected person of the Company under Rule 14A.13(3) of the Listing Rules. As such, the provision of services by BCL under the Consultancy Services Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the annual consultancy fees payable by the Company under the Consultancy Services Agreement is more than 0.1% but less than 5%, the said continuing connected transaction is subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

At a Board meeting convened to consider the Consultancy Services Agreement, Mr. Lai Fulin an executive Director and the Chairman of the Company, being the younger brother of Mr. Lai, regarded as potentially having a material interest in the Consultancy Services Agreement and accordingly abstained from voting on the relevant resolutions.

## **REASONS FOR THE TRANSACTION**

The principal activity of BCL is investment holding and consultancy services, and its sole director, Mr. Lai, acted as an executive director and the chairman of the Board for the period from 2009 to 2018, has extensive experience and knowledge in managing the Group’s business development and corporate strategy. The Directors believe that BCL’s personnel can assist the Company in the investment aspect and new business development.

As the consultancy fees payable by the Company under the Consultancy Services Agreement were determined after arm’s length negotiations between the Parties having regard to (i) the services to be provided by BCL under the Consultancy Services Agreement and that the

entering into of the Consultancy Services Agreement is in the ordinary and usual course of business of the Company; (ii) the extensive experience and expertise of the relevant personnel of BCL; and (iii) the current market situation, the Directors (including the Independent Non-Executive Directors) believe that the terms of the Consultancy Services Agreement (including the consultancy fee thereunder) are on normal commercial terms and fair and reasonable, and are also in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

BCL is a limited company incorporated in the British Virgin Islands and principally engaged in investment holding and consultancy services. BCL is directly wholly-owned by Mr. Lai.

The Company is incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange. The principal business of the Group is engaged in trading of construction materials, mainly pipes and fittings in Hong Kong and Macau.

## **DEFINITIONS**

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

<b>“associates”</b>	has the meaning ascribed to it under the Listing Rules
<b>“BCL”</b>	Brothers Capital Limited, a limited company incorporated in the British Virgin Islands
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Softpower International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Consultancy Services Agreement”</b>	a consultancy services agreement dated 1 April 2021 and entered into between the Company and BCL , pursuant to which BCL will provide consultancy services to the Company
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China

<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Previous Consultancy Services Agreements”</b>	the consultancy services agreement entered into between the Company and BCL on 1 April 2020
<b>“Shareholder(s)”</b>	holder(s) of the shares in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“%”</b>	per cent

By order of the Board  
**Softpower International Limited**  
**Lai Fulin**  
*Chairman*

Hong Kong, 1 April 2021

*As at the date of this announcement, the Board consists of Mr. Lai Fulin and Mr. Yu Ben Ansheng as executive directors; and Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Mr. Guan Zhiqiang as independent non-executive directors.*