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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)

(Stock Code of Warrants: 1436)

VOLUNTARY ANNOUNCEMENT ENTERING INTO THE SUPPLY CONTRACT

Reference is made to the announcement of the Company dated 13 November 2015 (the “**Announcement**”) in relation to the entering into the MOU and the Professional Service Agreement regarding the Project by Pacific Light (an indirect wholly-owned subsidiary of the Company). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that on 17 January 2016, Pacific Light entered into the Pacific Light Cable Network Supply Contract (the “**Supply Contract**”) with TE SubCom, pursuant to which Pacific Light engaged TE SubCom to design, develop, engineer, manufacture and install the Pacific Light Cable Network system (the “**System**”), which is a high-capacity submarine cable system, approximately 12,800 kilometers long linking Hong Kong to Los Angeles, California, the United States.

Reference is made to the Announcement. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that on 17 January 2016, Pacific Light entered into the Supply Contract with TE SubCom. The principal terms of the Supply Contract and the reasons for and benefits of entering into the Supply Contract are set out hereinbelow.

I. PRINCIPAL TERMS OF THE SUPPLY CONTRACT

Date: 17 January 2016

Parties:

- Pacific Light; and
- TE SubCom (together the “**Parties**”)

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, TE SubCom, together with its ultimate beneficial owners, are independent of, and not connected with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

Scope of construction work to be carried out by TE SubCom: The work of TE SubCom to be performed under the Supply Contract includes the design, engineering, procurement, construction, installation, commissioning, and other services, work, goods, licenses and things furnished or used or required to be furnished or used by TE SubCom for the provision of the System, any corrective works, and the whole of the work and services required to ensure the correct functioning and performance of the System, or as can be reasonably inferred, to be performed by TE SubCom in accordance with the Supply Contract, in accordance with best industry practices, applicable laws, codes and standards and the Supply Contract.

Conditions Precedent: The Supply Contract shall come into effect upon:

- (1) the signing of the Supply Contract by the Parties;
- (2) the parental guarantee having been received by Pacific Light;
- (3) Pacific Light and TE SubCom having obtained all necessary authorisations;
- (4) TE SubCom having received a down payment from Pacific Light; and
- (5) the establishment of project financial viability by Pacific Light to the satisfaction of TE SubCom.

Termination of the Supply Contract: The Supply Contract may be terminated:

- (1) by Pacific Light in whole or in part whenever it will so determine, by delivering a written notice to TE SubCom. Pacific Light shall be liable to the price of the completed work and partially completed work, reasonable cost of supplies and materials purchased, cost of settling and paying claims arising out of the termination of work under contracts and orders, and expenses of the settlement (including accounting, legal, clerical and other expenses, storage, transportation etc.);
- (2) by Pacific Light when there is default on the part of TE SubCom;

- (3) upon occurrence of an event of force majeure and TE SubCom is unable to execute the Supply Contract for a period of more than 6 months, during which TE SubCom may apply to Pacific Light for termination of the Supply Contract and termination is subject to the consent of Pacific Light;
- (4) by Pacific Light when there is an occurrence of winding-up event on TE SubCom.

II. REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLY CONTRACT

The Group is principally engaged in the trade and distribution of electronic products and other commercial products, as well as securities investment and trading businesses. In addition, the Group designs, researches, develops, and promotes technologies applied in the system on a chip, which can be extensively applied to mobile arithmetics, telecommunications, and other electronic devices.

Upon completion, the System is anticipated to be a direct link between Hong Kong and the United States across the Pacific with advanced fiber-optic undersea technology, providing global customers with high quality, reliable communication services. Additionally, the System will supplement the existing Pan-Pacific submarine cable communication systems to help increase connectivity efficiency, enhance network security, and help meet the needs for the Internet and international communications services in the fast-growing Pacific Rim.

In view of the aforementioned and considering that the submarine cable network plays an important role in various industries, the Board envisages that the business of operating submarine cable network will have a great potential in the future. Leveraging on the rich experience and expertise of TE SubCom, the Board believes the Group's expansion into the submarine cable network business will diversify the income stream of the Group and is in the interests of the Company and its shareholders as a whole.

The Group will comply with the requirements of the Listing Rules and applicable laws when it conducts the business of operating submarine cable network.

III. GENERAL INFORMATION OF THE PARTIES

Pacific Light is an indirect wholly-owned subsidiary of the Group and is principally engaged in investment holding.

TE SubCom is a limited liability company incorporated in Delaware, the United States. TE SubCom a wholly-owned subsidiary of TE Connectivity Ltd., whose shares are listed and traded on the New York Stock Exchange under the symbol "TEL". TE SubCom is one of the leading suppliers in the design, manufacture, deployment and maintenance services of undersea fiber-optic communication systems with an extensive track record of successful projects.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, TE SubCom, together with its ultimate beneficial owners, are independent of, and not connected with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

By order of the Board
China Soft Power Technology Holdings Limited
Wei Zhenyu
Chairman

Hong Kong, 18 January 2016

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

Executive Directors

Mr. Wei Zhenyu (*Chairman*)
Mr. Li Yunfeng
Mr. Wang Haixiong
Ms. He Xuan

Independent Non-executive Directors

Mr. Kwok Chi Kwong
Mr. Chen Youchun
Mr. Frank H. Miu
Mr. Tsang Wing Ki