

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.



China Soft Power Technology Holdings Limited

中國軟實力科技集團有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 139)

(Stock Code of Warrants: 1436)

INSIDE INFORMATION

ENTERING INTO THE MEMORANDUM OF UNDERSTANDING AND THE PROFESSIONAL SERVICES AGREEMENT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

THE MEMORANDUM OF UNDERSTANDING

The Board wishes to announce that on 13 November 2015, Pacific Light (an indirect wholly-owned subsidiary of the Company) entered into a non-legally binding memorandum of understanding (the “**MOU**”) with TE SubCom in relation to the Pacific Light Cable Network Project (the “**Project**”).

The Project is a proposed high-capacity submarine cable project, which is approximately 12,800 kilometers long and linking Hong Kong to Los Angeles, California, the United States. Pursuant to the MOU, both Pacific Light and TE SubCom propose to negotiate and discuss with the intent of entering into a supply contract (the “**Supply Contract**”), pursuant to which TE SubCom will design, install, construct and maintain the Project for Pacific Light.

THE PROFESSIONAL SERVICES AGREEMENT

As the construction of the Project requires certain preliminary study and survey (the “**Services**”) to be provided by TE SubCom, on 13 November 2015, Pacific Light and TE SubCom also entered into a professional services agreement (the “**Services Agreement**”), pursuant to which TE SubCom will provide the Services to Pacific Light and Pacific Light agrees to pay TE SubCom a sum of US\$10,000,000 as working fee (the “**Fee**”).

I. BACKGROUND

On 13 November 2015, Pacific Light (an indirect wholly-owned subsidiary of the Company) entered into a non-legally binding MOU with TE SubCom in relation to the Project. Pursuant to the MOU, both Pacific Light and TE SubCom propose to negotiate and discuss with the intent of entering into the Supply Contract, pursuant to which TE SubCom will design, install, construct and maintain the Project for Pacific Light.

The Project is a proposed high-capacity submarine cable project, which is approximately 12,800 kilometers long. It is a direct route linking Hong Kong to Los Angeles, California, the United States with two branching units for potential regional connectivity. The Project will be designed using advanced technology supporting WDM 100 gigabits/s transmission in the “C+L” ultra-wide transmission band. The design will support the use of leading edge undersea OADM techniques to optimise the capacity utilisation. The Project design capacity will be up to 120 terabits/s, subject to technological and geographical variables. The contract value of the Supply Contract is currently estimated at approximately US\$400 million, subject to final negotiation of the Supply Contract and its final scope.

Currently, Pacific Light and TE SubCom target to (i) commence the construction of the Project in the second quarter of 2016; and (ii) attain provisional acceptance of the Project in 2018.

Upon completion, the Project is anticipated to be one of the direct links 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 Project will supplement the existing Pan-Pacific submarine cable communication systems to help reduce connectivity costs, enhance network security, and help meet the needs for Internet and international communications services in the fast-growing Pacific Rim.

As the construction of the Project requires certain preliminary Services to be provided by TE SubCom, on 13 November 2015, Pacific Light and TE SubCom also entered into the Services Agreement, pursuant to which TE SubCom will provide the Services to Pacific Light and Pacific Light agrees to pay TE SubCom the Fee of US\$10,000,000. The payment of the Fee will be funded by internal resources of the Group.

II. PRINCIPAL TERMS OF THE MOU

Date: 13 November 2015

Parties:

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

Purposes of the MOU: Pursuant to the MOU, the Parties will work, diligently and in good faith, to negotiate and bring into force a definitive, binding Supply Contract on or before 31 March 2016, subject to extension upon mutual agreement of the Parties.

Investment strategies: The Parties have discussed the following investment strategies, which is subject to mutual agreement of the final scope of the Project:

- Pacific Light will own four (4) of the five (5) fiber pairs of the Project. It will take advantage of its local knowledge in Hong Kong and be responsible for the completion of the Hong Kong landing, and any associated and necessary approvals in accordance with Hong Kong laws. Upon the Project’s completion, Pacific Light will participate in the operation and maintenance of the Project. It will fund its proportionate share of the Project costs, which are yet to be determined and are subject to technological, geographical and other potential variables.
- TE SubCom will partner with Pacific Light on one (1) of the five (5) fiber pairs of the Project. It will utilise its local knowledge in the United States and will be responsible for securing required operational permits to carry out the work and, upon agreement with Pacific Light, could potentially act as the landing party in Los Angeles, California, the United States. TE SubCom will fund its proportionate share of the Project costs, which are yet to be determined and are subject to technological, geographical and other potential variables. Upon the Project’s completion and upon mutual agreement with Pacific Light, TE SubCom will provide maintenance services for the Project.

Exclusive negotiation: For a period of twelve (12) months from the date of the MOU, Pacific Light grants TE SubCom the sole and exclusive right and privilege to negotiate the Supply Contract and to design, engineer, manufacture, provide, install, test, and commission the Project or any submarine fiber optic cable system similar to the Project, or any portion thereof, undertaken (directly or indirectly) by Pacific Light or its shareholders, directors, employees, partners, or affiliates.

Term of the MOU: The term of the MOU commenced on the date of the MOU and shall continue until it expires on the date that (a) is twelve (12) months after the date of MOU or (b) the Supply Contract comes into force, whichever is earlier.

III. PRINCIPAL TERMS OF THE SERVICES AGREEMENT

Date: 13 November 2015

Parties:

- Pacific Light; and
- TE SubCom

Term of the Services Agreement: This Services Agreement will become effective on 13 November 2015 (the “**Effective Date**”) and will expire one (1) year from the Effective Date, unless terminated earlier.

Terms of the payment:

- In consideration for providing the Services by TE SubCom to Pacific Light, Pacific Light agrees to pay the TE SubCom a non-refundable Fee of US\$10,000,000 for the Services, plus the variable costs, if applicable.
- Pacific Light shall render payment of the Fee to TE SubCom within five (5) days after the Effective Date. TE SubCom has no obligation to commence any Services until full payment of the Fee has been received.

Description of the Services:

- Cable route desktop study with a primary goal of identifying suitable landing sites, selecting a viable route for marine survey, assessing the risks along the proposed route and obtaining information that may impact the survey, installation schedules and maintenance.
- Marine cable route survey with the principal objective of ascertaining a feasible and safe route for cable system, identifying route obstacles and cable hazards and providing information to support cable route and installation engineering.

IV. REASON FOR AND BENEFITS OF ENTERING INTO THE MOU AND THE SERVICES AGREEMENT

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.

The Board considers that the submarine cable network plays an important role in various industries and the business of operating submarine cable network has a great potential in the future. Leveraging on the rich experience and expertise of TE SubCom, the Board believes the Group's expansion into 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.

V. GENERAL INFORMATION ON 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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, TE SubCom is an Independent Third Party of the Company.

As Pacific Light and TE SubCom may or may not be able to agree and enter into the Supply Contract, shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company. Further announcements will be made by the Company as and when there are further material developments on this matters.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Soft Power Technology Holdings Limited (中國軟實力科技集團有限公司), a company incorporated in the Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	person(s) or company(ies) who is/are not connected persons (as defined in the Listing Rules) of the Company and is/are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Pacific Light”	Pacific Light Data Communication Co Ltd., a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Project”	the proposed high-capacity submarine cable project referred to as the Pacific Light Cable Network, extending approximately 12,800 kilometers and linking Hong Kong to the United States
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TE SubCom”	Tyco Electronics Subsea Communications LLC, a limited liability company incorporated in Delaware, the United States
“United States”	The United States of America
“US\$”	United States dollars, the lawful currency of the United States

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain technical terms used in this announcement. These terms and their meanings may not always correspond to the standard industry meaning or usage of these terms.

“branching unit(s)”	a piece of equipment used in submarine telecommunications cable systems to allow the cable to split to serve more than one destination
---------------------	--

“‘C+L’ ultra-wide transmission band”	C-Band stands for “Conventional” transmission Band — or the “conventional” Erbium-doped fiber amplifier band. L-Band stands for “Long” wavelength band — or the usable bandwidth that can be available if a second parallel Erbium-doped fiber amplifier is used. A “C+L” ultra-wide transmission band repeater carries more wavelengths than the C-Band only one; therefore, increases the usable bandwidth in order to increase the amount of traffic that can be put onto a fiber-pair and/or system.
“gigabit”	a multiple of the unit bit for digital information or computer storage
“OADM”	optical add-drop multiplexer, a device used in wavelength-division multiplexing systems for multiplexing and routing different channels of light into or out of a single mode fiber
“terabit”	a multiple of the unit bit for digital information or computer storage
“WDM”	wavelength-division multiplexing, a technology which multiplexes a number of optical carrier signals onto a single optical fiber by using different wavelengths (i.e., colors) of laser light.

By order of the Board
China Soft Power Technology Holdings Limited
Wang Haixiong
Chairman

Hong Kong, 13 November, 2015

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

Executive Directors

Mr. Wang Haixiong (*Chairman*)
Ms. He Xuan
Mr. Li Yao
Mr. Wei Zhenyu
Ms. Zhang Yiwen

Independent Non-executive Directors

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