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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)

CONNECTED TRANSACTION

DISPOSAL OF ENTIRE INTEREST IN PLD HOLDINGS LIMITED

On 30 March 2016, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement pursuant to which the Vendor has agreed to sell and assign, and the Purchaser has agreed to purchase the Sale Share and accept the assignment of the Sale Loan at the Transaction Consideration of US\$11.3 million (equivalent to approximately HK\$88.14 million), which will be satisfied by way of cash upon Completion. The main asset of the Target Group is the Supply Contract entered into between PLDC and TE SubCom.

Completion is expected to be taken place on or before 15 May 2016 and thereafter, PLD Holdings and PLDC will cease to be subsidiaries of the Company.

As the Purchaser is a wholly-owned company of Mr. Wei Junkang, the father of Mr. Wei (an executive Director and the Chairman of the Company), and the Purchaser is an associate of Mr. Wei and hence a connected person of the Company under the Listing Rules. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

THE AGREEMENT

Date: 30 March 2016

Parties:

- (1) The Vendor: Hoshing Limited, a wholly-owned subsidiary of the Company.
- (2) The Purchaser: China Culture Silicon Valley Limited, a wholly-owned company of Mr. Wei Junkang, the father of Mr. Wei (an executive Director and the Chairman of the Company) and hence a connected person of the Company under the Listing Rules.

ASSETS TO BE DISPOSED OF

Pursuant to the terms and conditions of the Agreement, the Vendor has agreed to sell and assign, and the Purchaser has agreed to purchase the Sale Share and accept the assignment of the Sale Loan. The Sale Share represents the entire issued share capital of PLD Holdings. The Sale Loan represents the entire unsecured non-interest bearing shareholder's loan owing from the Target Group to the Company as at the date of this announcement.

CONSIDERATION

The Transaction Consideration for the Disposal is US\$11.3 million (equivalent to approximately HK\$88.14 million) and shall be paid in cash by the Purchaser to the Vendor upon Completion.

The Transaction Consideration was determined between the Purchaser and the Vendor after arm's length negotiations with reference to the consideration paid under the Services Agreement entered into between PLDC and TE SubCom to carry out certain preliminary study and survey in relation to Pacific Light Cable Network Project stipulated under the Supply Contract.

CONDITIONS PRECEDENT

Completion is conditional upon the fulfillment of the following conditions:

- (a) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of this Agreement and the transactions contemplated having been obtained and remaining in full force and effect;
- (b) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of this Agreement and the transactions contemplated having been obtained and remaining in full force and effect;
- (c) the Purchaser's satisfactory completion of a due diligence investigation on the Target Group.

If the conditions set out above have not been satisfied (or, as appropriate, waived) on or before 5:00 p.m. on 15 May 2016, or such other date as the Purchaser and the Vendor may agree in writing, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

COMPLETION

Completion is expected to be taken place on 15 May 2016 and thereafter, PLD Holdings and PLDC will cease to be subsidiaries of the Company.

INFORMATION ON THE TARGET GROUP

PLD Holdings, a company incorporated in the British Virgin Islands with limited liability, is an investment holding company. The main asset of the Target Group is the Supply Contract entered into between PLDC and TE SubCom.

PLD Holdings was established on 4 December 2015. PLDC was established on 19 October 2015. Set out below is a summary of the unaudited consolidated net loss of PLD Holdings for the five months ended 29 February 2016:

**For the
5 months ended
29 February
2016**
HK\$ million

Net loss before taxation and extraordinary items	78.0
Net loss after taxation and extraordinary items	78.0

As at 29 February 2016, the unaudited consolidated net asset deficiency of PLD Holdings was approximately HK\$77,995,990.

INFORMATION REGARDING THE PURCHASER AND THE GROUP

The principal business activity of the Purchaser is investment holding. It is a wholly-owned company of Mr. Wei Junkang, the father of Mr. Wei (an executive Director and the Chairman of the Company).

The Group is principally engaged in trading and distribution of electronic and accessory products and other merchandise, financial investments and trading, money lending business and the research and development of integrated circuit technology.

FINANCIAL IMPACT ON THE COMPANY

It is expected that the Group will record a gain on the Disposal in the amount of approximately HK\$10,000,000, which is calculated based on (i) the Transaction Consideration for the Disposal; (ii) the carrying value of the entire amount of the unsecured and non-interest bearing shareholder's loan owing from the Target Group to the Company as at the date of Completion, the amount of which was approximately HK\$78,045,998 as at the date of this announcement; and (iii) the estimated transaction costs in relation to the Disposal.

The net proceeds after the transaction costs from the Disposal will be used by the Group as its working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Given the current uncertain investment environment and the stagnant investment market, the Directors believed that reducing the exposure during these turbulent times would be desirable. Also it would also be beneficial to the Company and its shareholders to take a sizable profit in such a short period of time.

The Directors believe that the terms of the Disposal are on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Purchaser is a wholly-owned company of Mr. Wei Junkang, the father of Mr. Wei (an executive Director and the Chairman of the Company), the Purchaser is an associate of Mr. Wei and hence a connected person of the Company under the Listing Rules. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

Mr. Wei has abstained from voting on the board resolution to the Agreement and the Disposal due to conflict of interest. Other than Mr. Wei, no other director was required to abstain from voting on the board resolution to the Agreement.

DEFINITIONS

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

“Agreement” an agreement dated 30 March 2016 entered into between the Vendor and the Purchaser in relation to the Disposal

“associate”	has the meaning ascribed to it in the Listing Rules
“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 Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 0139)
“Completion”	completion of the Disposal
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wei”	Mr. Wei Zhenyu, an executive Director and the Chairman of the Company
“PLDC”	Pacific Light Data Communication Co Ltd., a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of PLD Holdings
“PLD Holdings”	PLD Holdings Limited, a company incorporated in the British Virgin Island with limited liability and a direct wholly-owned subsidiary of the Vendor
“Purchaser”	China Culture Silicon Valley Limited, a company incorporated in Hong Kong with limited liability
“Sale Loan”	the entire amount of the unsecured and non-interest bearing shareholder’s loan owing from the Target Group to the Company being HK\$78,045,998 as at the date of the announcement
“Sale Share”	one ordinary share of US\$1.00 each in the share capital of PLD Holdings, representing its entire issued share capital as at the date of this announcement

“Services Agreement”	the professional services agreement entered into between PLDC and TE SubCom on 13 November 2015, pursuant to which TE SubCom agreed to provide certain services to PLDC and PLDC agreed to pay TE SubCom a sum of US\$10,000,000 as working fee in relation to Pacific Light Cable Network Project
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Contract”	the Pacific Light Cable Network Supply Contract entered into between PLDC and TE SubCom dated 17 January 2016, pursuant to which PLDC engaged TE SubCom to design, develop, engineer, manufacture and install the Pacific Light Cable Network system, which is a high-capacity submarine cable system, approximately 12,800 kilometers long linking Hong Kong to Los Angeles, California, the United States
“TE SubCom”	Tyco Electronics Subsea Communications LLC, a limited liability company incorporated in Delaware, the United States
“Target Group”	PLD Holdings and PLDC
“Transaction Consideration”	US\$11.3 million (equivalent to approximately HK\$88.14 million), being the aggregate consideration for the disposal of the Sale Share and assignment of the Sale Loan by the Vendor to the Purchaser
“United States”	The United States of America
“US\$”	United States dollars, the lawful currency of the United States
“Vendor”	Hoshing Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Patrick Szeto Pui Tong
Company Secretary

Hong Kong, 30 March 2016

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

Executive Directors

Mr. Wei Zhenyu (*Chairman*)

Mr. Li Yunfeng

Mr. Wang Haixiong

Independent Non-executive Directors

Mr. Kwok Chi Kwong

Mr. Chen Youchun

Mr. Frank H. Miu

Mr. Tsang Wing Ki