

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 Bermuda with limited liability)

(Stock Code: 139)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

The Board of Directors (the “Board”) of China Soft Power Technology Holdings Limited (the “Company”) announces the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2016 (the “Year”) together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

		For the year ended 31 March	
	<i>Notes</i>	2016	2015
		HK\$'000	HK\$'000
Revenue	2, 3		
Electronic and accessory products		650	10,743
Financial investments and services		(473,088)	(4,195)
		(472,438)	6,548
Cost of electronic and accessory products sold		(642)	(10,197)
Brokerage and commission expenses		(2,758)	(878)
		(3,400)	(11,075)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)*For the year ended 31 March 2016*

		For the year ended 31 March	
	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Gross loss		(475,838)	(4,527)
Other income and gains	3	12,875	2,966
Selling and distribution expenses		–	(363)
Administrative expenses		(40,004)	(83,989)
Research costs		(7,024)	(12,104)
Other operating expenses		(375)	(2,178)
Loss on disposal of subsidiaries	4	(85,786)	–
Gain/(loss) on disposal of available-for-sale equity investments		(31,322)	7,696
Impairment loss of available-for-sale equity investments		(669,615)	–
Fair value gains/(losses), net:			
Investment property		–	2,083
Equity investments at fair value through profit or loss		82,549	28,016
Derivative component of Acquired Convertible Bonds		–	2,112
Derivative component of Issued Convertible Bonds		–	(206,579)
Loss arising from modification of Issued Convertible Bonds		–	(1,000,815)
Finance costs	5	(204)	(7,291)
LOSS BEFORE TAX	6	(1,214,744)	(1,274,973)
Income tax expense	7	(1)	(166)
LOSS FOR THE YEAR		<u>(1,214,745)</u>	<u>(1,275,139)</u>
Attributable to:			
Owners of the parent		(1,252,637)	(1,266,154)
Non-controlling interests		37,892	(8,985)
		<u>(1,214,745)</u>	<u>(1,275,139)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		<u>HK\$(0.18)</u>	<u>HK\$(1.10)</u>
Diluted		<u>HK\$(0.18)</u>	<u>HK\$(1.10)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(1,214,745)</u>	<u>(1,275,139)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Equity investments:		
Changes in fair value	–	2,304
Release upon disposal of available-for-sale equity investments	–	(7,696)
Income tax effect	–	890
Debt component of Acquired Convertible Bonds:		
Fair value change in debt component of Acquired Convertible Bonds	–	2,577
Reclassification adjustment for gains included in profit or loss upon disposal	(2,577)	–
Exchange differences on translation of foreign operations	347	(21)
Release of exchange fluctuation reserve upon disposal of subsidiaries	(346)	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(2,576)</u>	<u>(1,946)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(1,217,321)</u>	<u>(1,277,085)</u>
Attributable to:		
Owners of the parent	(1,255,177)	(1,268,096)
Non-controlling interests	37,856	(8,989)
	<u>(1,217,321)</u>	<u>(1,277,085)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

		As at 31 March	
	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,216	2,135
Investment property		–	92,000
Prepaid land lease payment		–	–
Available-for-sale equity investments		655,121	153,000
Debt component of Acquired Convertible Bonds		–	15,529
Deposits		4,417	–
		<hr/>	<hr/>
Total non-current assets		662,754	262,664
CURRENT ASSETS			
Derivative component of Acquired Convertible Bonds		–	4,034
Equity investments at fair value through profit or loss	10	173,177	338,722
Loan receivables	11	–	165,000
Trade receivables	12	–	1,442
Prepayments, deposits and other receivables		25,517	10,242
Tax recoverable		–	23
Restricted bank balances		–	3,726
Cash and bank balances		86,467	529,660
		<hr/>	<hr/>
		285,161	1,052,849
Assets of a disposal group classified as held for sale		77,629	–
		<hr/>	<hr/>
Total current assets		362,790	1,052,849
CURRENT LIABILITIES			
Trade payables	13	3	3
Tax payable		179	179
Other payables and accruals	14	40,906	195,044
Shareholder loan		50,000	–
Finance lease payables		–	149
		<hr/>	<hr/>
Total current liabilities		91,088	195,375
NET CURRENT ASSETS			
		<hr/>	<hr/>
		271,702	857,474

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2016

		As at 31 March	
	<i>Notes</i>	2016	2015
		HK\$'000	HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		934,456	1,120,138
NON-CURRENT LIABILITIES			
Finance lease payables		–	363
Deferred tax liabilities		–	1,048
Total non-current liabilities		–	1,411
Net assets		934,456	1,118,727
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	85,004	41,908
Reserves		849,452	1,123,047
Non-controlling interests		934,456	1,164,955
		–	(46,228)
Total equity		934,456	1,118,727

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property, listed equity investments, debt component of Acquired Convertible Bonds and derivative financial instruments which have been measured at fair value. The disposal group held for sale is stated at the lower of its carrying amount and fair value less cost to sell. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Changes in accounting policies and disclosures

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ⁴
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁴ Effective for annual periods beginning on or after 1 January 2019

⁵ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2. OPERATING SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary of details of the operating segments are as follows:

- (a) the electronic and accessory products segment trades electronic and accessory products;
- (b) the financial investments and services segment comprises financial investments and trading; debt and equity investments and money lending business; and
- (c) the corporate and others segment comprises corporate income and expense items; research and development of integrated circuit technology and property investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is measured consistently with the Group's profit/loss before tax except that bank interest income, finance costs and head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and bank balances, restricted bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude shareholder loan, receipt in advance for the exercise of the Company's bonus warrants, excess cash received for the subscription application of the Company's rights shares, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There are no intersegment sales and transfers between the segments (2015: Nil).

	Electronic and accessory products		Financial investments and services		Corporate and others		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	650	10,743	-	-	-	-	650	10,743
Losses from financial investments and services	-	-	(473,088)	(4,195)	-	-	(473,088)	(4,195)
Total	650	10,743	(473,088)	(4,195)	-	-	(472,438)	6,548
Segment results	7,099	(5,519)	(1,094,506)	9,133	(39,996)	(63,796)	(1,127,403)	(60,182)
<i>Reconciliation:</i>								
Bank interest income							44	16
Fair value loss on derivative component of Issued Convertible Bonds							-	(206,579)
Loss arising from modification of Issued Convertible Bonds							-	(1,000,815)
Loss on disposal of subsidiaries							(85,786)	-
Unallocated expenses							(1,395)	(122)
Finance costs							(204)	(7,291)
Loss before tax							(1,214,744)	(1,274,973)
Income tax expense							(1)	(166)
Loss for the year							(1,214,745)	(1,275,139)
Assets and liabilities								
Segment assets	213	2,612	553,132	679,459	384,652	98,846	937,997	780,917
<i>Reconciliation:</i>								
Unallocated assets							87,547	534,596
Total assets							1,025,544	1,315,513
Segment liabilities	5,694	8,554	170	5,280	2,776	9,740	8,640	23,574
<i>Reconciliation:</i>								
Unallocated liabilities							82,448	173,212
Total liabilities							91,088	196,786

	Electronic and accessory products		Financial investments and services		Corporate and others		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Other segment information:								
Depreciation	59	84	-	-	375	650	434	734
Impairment losses recognised in the statement of profit or loss	3	154	669,615	-	-	1,868	669,618	2,022
Write-off of items of property, plant and equipment	-	59	-	-	3	-	3	59
Write-off of other receivables	-	-	300	-	-	-	300	-
Gain on disposal of items of property, plant and equipment	(7,778)	-	-	-	-	-	(7,778)	-
Fair value gains on equity investments at fair value through profit or loss, net	-	-	(82,549)	(28,016)	-	-	(82,549)	(28,016)
Loss/(gain) on disposal of available-for-sale equity investments	-	-	31,322	(7,696)	-	-	31,322	(7,696)
Fair value gain on an investment property	-	-	-	-	-	(2,083)	-	(2,083)
Fair value gains on derivative component of Acquired Convertible Bonds	-	-	-	(2,112)	-	-	-	(2,112)
Equity-settled share option arrangements, net	-	(18)	-	-	(1,579)	26,008	(1,579)	25,990
Capital expenditure*	-	-	-	-	3,229	91,124	3,229	91,124

* Capital expenditure consists of additions to property, plant and equipment and an investment property acquired through acquisition of a subsidiary.

Geographical information

The following table represents the Group's revenue and non-current assets information by geographical location for the years ended 31 March 2016 and 2015.

	People's Republic of China (including Hong Kong)		Europe and South Africa		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Segment revenue:						
Electronic and accessory products	650	7,322	-	3,421	650	10,743
Financial investments and services	(473,088)	(4,195)	-	-	(473,088)	(4,195)
	<u>(472,438)</u>	<u>3,127</u>	<u>-</u>	<u>3,421</u>	<u>(472,438)</u>	<u>6,548</u>
Non-current assets	<u>3,216</u>	<u>94,135</u>	<u>-</u>	<u>-</u>	<u>3,216</u>	<u>94,135</u>

The revenue information above is based on the locations of customers and the stock markets.

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about a major customer

Revenue of approximately HK\$650,000 (2015: HK\$4,006,000) was derived from sales by the electronic and accessory products segment to a single customer.

3. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts, gains/losses on disposal of equity investments at fair value through profit or loss, dividend income from listed equity investments and interest income from money lending business during the year.

An analysis of revenue and other income is as follows:

	For the year ended	
	31 March	
	2016	2015
	HK\$'000	HK\$'000
Revenue		
Sale of goods	650	10,743
Losses on disposal of equity investments at fair value through profit or loss*	(473,088)	(11,064)
Dividend income from investments	–	2,327
Interest income from money lending business	–	4,542
	<u>(472,438)</u>	<u>6,548</u>
Other income and gains		
Gain on disposal of items of property, plant and equipment	7,778	–
Bank interest income	44	16
Government grants	3,556	1,015
Service income	966	1,350
Others	531	585
	<u>12,875</u>	<u>2,966</u>

* The gross proceeds from the disposal of equity investments at fair value through profit or loss for the year were approximately HK\$731,618,000 (2015: HK\$207,541,000).

4. DISPOSAL OF SUBSIDIARIES

	For the year ended 31 March 2016 HK\$'000
Net assets disposed of:	
Investment properties	92,000
Available-for-sale equity investments	153,000
Debt component of Acquired Convertible Bonds	15,529
Derivative component of acquired convertible bonds	4,034
Property, plant and equipment	482
Cash and bank balances	1,273
Restricted bank balance	762
Prepayments, deposits and receivables	1,141
Other payables and accruals	(4,336)
Deferred tax liabilities	(1,048)
Available-for-sale investment revaluation reserve	(2,577)
	<hr/>
Net assets disposed of	260,260
	<hr/> <hr/>
Non-controlling interests	8,372
Release of exchange fluctuation reserve	(346)
Loss on disposal of subsidiaries	(85,786)
	<hr/>
	182,500
	<hr/> <hr/>
Satisfied by:	
Cash	182,500
	<hr/> <hr/>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	For the year ended 31 March 2016 HK\$'000
Cash consideration	182,500
Cash and bank balances disposed of	(1,273)
	<hr/>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	181,227
	<hr/> <hr/>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Interest on finance leases	8	28
Imputed interest on Issued Convertible Bonds	–	3,359
Interest on Issued Bonds	–	3,745
Interest on bank overdrafts	196	70
Interest on a promissory note	–	89
	<u>204</u>	<u>7,291</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Cost of inventories sold	642	10,197
Depreciation	434	734
Research costs	7,024	12,104
Impairment of trade receivables	–	154
Impairment of other receivables	–	1,868
Impairment of items of property, plant and equipment	3	–
Write-off of items of property, plant and equipment	3	59
Write-off of other receivables	300	–
Gain on disposal of items of property, plant and equipment	(7,778)	–
Foreign exchange differences, net	8	32
	<u>8</u>	<u>32</u>

7. INCOME TAX EXPENSE

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Current — Hong Kong		
Charge for the year	–	166
Underprovision in prior years	1	–
Current — elsewhere	–	–
	<u>1</u>	<u>166</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China in the prior year had been calculated at the rates of tax prevailing in Mainland China in which the Group operated, based on existing legislation, interpretations and practices in respect thereof.

8. DIVIDEND

The Board do not recommend the payment of any dividend for the year ended 31 March 2016 (2015: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the parent of HK\$1,252,637,000 (2015: HK\$1,266,154,000) and the weighted average number of 6,879,738,331 (2015: 1,152,391,934). The weighted average number of ordinary shares in issue used in the basic and diluted loss per share calculation for the years ended 31 March 2016 and 2015 have been adjusted for the bonus warrants issue in the current year and right issue and share consolidation in the prior year, respectively.

No adjustment has been made to the basic loss per share amount presented for the years ended 31 March 2016 and 2015 as no dilutive events existed because the exercise of share options and warrants during those years had an anti-dilutive effect on the basic loss per share amount presented.

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Listed equity investments in Hong Kong, at fair value	<u>173,177</u>	<u>338,722</u>

The above equity investments at 31 March 2016 and 2015 were classified as held for trading. The fair values of listed equity investments are based on quoted market prices.

11. LOAN RECEIVABLES

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Loan receivables	<u>-</u>	<u>165,000</u>

As at 31 March 2015, loan receivables represented loans of HK\$165,000,000 granted by the Group to the independent third parties. The loans bore interest at rates ranging from 6% to 8% per annum and were repayable within one year. The grants of these loans were approved and monitored by the Group's management. The loan balances were neither past due nor impaired for which there was no recent history of default.

The Group does not hold any collateral or other credit enhancement over its loan receivable balances. The carrying amount of the loan receivables approximates their fair value.

12. TRADE RECEIVABLES

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Trade receivables	–	1,596
Impairment	–	(154)
	<u>–</u>	<u>1,442</u>
	<u>–</u>	<u>1,442</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to two months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management. As at 31 March 2015, there was a significant concentration of credit risk as 90% of the balances represented receivables from one major customer within the electronic and accessory products segment. Trade receivables are non-interest-bearing. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. The carrying amounts of trade receivables approximate their fair values.

An aged analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Within 1 month	–	–
1 to 2 months	–	1,442
	<u>–</u>	<u>1,442</u>
	<u>–</u>	<u>1,442</u>

13. TRADE PAYABLES

An aged analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Over 3 months	–	3
Over 1 year	3	–
	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

Trade payables are non-interest-bearing and have a credit period of an average of two months. The carrying amounts of trade payables approximate their fair values.

14. OTHER PAYABLES AND ACCRUALS

As at 31 March 2016, included in other payables and accruals of the Group was receipt in advance of HK\$31,013,000 (2015: Nil) for the exercise of the Company's bonus warrants during the year.

As at 31 March 2015, included in other payables and accruals of the Group was excess cash received of HK\$171,871,000 for the subscription application of the Company's rights shares during the year.

The Group's payables and accruals are non-interest-bearing and are normally settled within three months.

15. SHARE CAPITAL

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Authorised		
— 80,000,000,000 (2015: 80,000,000,000) ordinary shares of HK\$0.01 each	800,000	800,000
Issued and fully paid		
— 8,500,360,724 (2015: 4,190,796,225) ordinary shares of HK\$0.01 each	85,004	41,908

A summary of movements of the Company's issued shares capital and share premium account is as follows:

	<i>Notes</i>	Number of shares in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2014		2,033,737,827	20,337	862,223	882,560
Rights issue, net of expenses	<i>(i)</i>	3,592,111,050	35,921	486,643	522,564
Placing of new shares, net of expenses	<i>(ii)</i>	1,823,082,287	18,231	249,345	267,576
Share options exercised	<i>(iii)</i>	530,031,642	5,300	129,491	134,791
Conversion of Issued Convertible Bonds	<i>(iv)</i>	1,600,000,000	16,000	1,333,001	1,349,001
Capital reorganisation	<i>(v)</i>	<u>(5,388,166,581)</u>	<u>(53,881)</u>	<u>—</u>	<u>(53,881)</u>
At 31 March 2015 and 1 April 2015		4,190,796,225	41,908	3,060,703	3,102,611
Placing of new shares, net of expenses	<i>(ii)</i>	4,000,000,000	40,000	958,285	998,285
Bonus warrants exercised	<i>(vi)</i>	<u>309,564,499</u>	<u>3,096</u>	<u>24,876</u>	<u>27,972</u>
At 31 March 2016		<u>8,500,360,724</u>	<u>85,004</u>	<u>4,043,864</u>	<u>4,128,868</u>

Notes:

(i) On 31 March 2015, the Company issued and allotted 3,592,111,050 ordinary shares of HK\$0.01 each to qualifying shareholders pursuant to the rights issue on the basis of six rights shares for every share held by members on the register as at 10 March 2015 at an issue price of HK\$0.15 per rights share for a total gross cash consideration of HK\$538,817,000 and the related issue expenses were HK\$16,253,000.

(ii) During the year ended 31 March 2015, an aggregate of 1,823,082,287 new shares were placed to various independent places at the subscription prices ranging from HK\$0.125 to HK\$0.175 per share with total gross proceeds of HK\$275,674,000 and the related issue expenses were HK\$8,098,000.

During the year ended 31 March 2016, an aggregate of 4,000,000,000 new shares were placed to Mr. Wei Zhenyu at the subscription price of HK\$0.25 per share with total gross proceeds of HK\$1,000,000,000 and the related issue expense was HK\$1,715,000.

(iii) During the year ended 31 March 2015, the subscription rights attaching to 530,031,642 share options were exercised at exercise prices ranging from HK\$0.168 to HK\$0.4822 per ordinary share, resulting in the issue of 530,031,642 ordinary shares for a proceed of HK\$100,124,000. An amount of HK\$34,667,000 was transferred from share option reserve to the share premium account upon exercise of the share options.

(iv) During the year ended 31 March 2015, the Company issued the Issued Convertible Bonds with a principal amount of HK\$200,000,000 for the conversion into a total of 1,600,000,000 ordinary shares of HK\$0.01 each at a conversion price of HK\$0.125 per ordinary share. Upon conversion, the aggregate carrying amount of the Issued Convertible Bond was transferred to the issued share capital of HK\$16,000,000 and the share premium account of HK\$1,333,001,000.

(v) Pursuant to a special resolution passed in the special general meeting on 27 February 2015, a capital reorganisation (“Capital Reorganisation”) became effective on 2 March 2015. The Capital Reorganisation involved:

(a) the consolidation of every ten issued shares of HK\$0.01 each into one consolidated share (“Consolidated Share(s)”) of HK\$0.10 (the “Share Consolidation”);

(b) the reduction in issued share capital of the Company whereby the par value of each Consolidated Share was reduced from HK\$0.10 to HK\$0.01 by cancelling HK\$0.09 of the paid-up capital on each Consolidated Share and any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation (“Capital Reduction”); and

(c) the transfer of the entire amount of the credit arising from the Capital Reduction to the contributed surplus account of the Company of HK\$53,881,000.

(vi) During the year ended 31 March 2016, the subscription rights attaching to 309,564,499 bonus warrants were exercised at subscription prices ranging from HK\$0.068 to HK\$0.1 per share, resulting in the issue of 309,564,499 ordinary shares for a proceed of HK\$27,972,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group for the year (the “Year”) recorded negative revenue of approximately HK\$472.4 million as compared to the revenue of approximately HK\$6.5 million last year. It was mainly attributable to the realized losses on the disposal of listed equity investments of approximately HK\$473.1 million in the financial investments and services segment. The net loss for the Year was approximately HK\$1,214.7 million as compared to the net loss of approximately HK\$1,275.1 million for the last year. Basic loss per share attributable to ordinary equity holders of the parent for the Year was HK\$0.18 (2015: HK\$1.10). The Group’s net loss for the Year was mainly attributable to the realized losses on the disposal of listed equity investments and available-for-sale equity investments of approximately HK\$504.4 million and the impairment loss of available-for-sale equity investments of approximately HK\$669.6 million in the financial investments and services segment.

Research and Development of Integrated Circuit, Information and Big Data Technology

In view of the diminishing marginal investment benefits, the Group has decided to slow down the pace of research and development of Multi-thread Virtual Pipeline (MVP) project and reallocate its resources to other projects with highly potential growth prospects. During the Year, the Group was exploring investment opportunities in tapping into the growing information and big data market in Mainland China.

On 6 August 2015, the Group entered into a cooperative agreement with China Youth Concern Committee Enterprise Development Centre in relation to the project named “Hundreds Cities and Millions Babies Growth Information Card”. Details of this agreement were disclosed in the Company’s announcement dated 9 August 2015. During the Year, this project has still been at the stage of start-up and planning given the current uncertain investment environment and stagnant investment market. On 16 June 2016, the Group disposed the project company for US\$10.5 million (approximately HK\$81.9 million) and earned a gain of approximately HK\$4.6 million. Details of this agreement were disclosed in the Company’s announcement dated 16 June 2016.

Electronic and Accessory Products

Amid the continued intense competition, mounting price pressures and the recent slowdown in retail consumption, the sales orders for the electronic and accessory products business were further deteriorating. During the Year, the drop in sales revenue from the electronic and accessory products segment became pronounced and the sales revenue was approximately HK\$0.7 million, compared to that of approximately HK\$10.7 million for the last year. The operating loss for this segment for this Year, excluding the one-off gain on disposal of land and buildings of approximately HK\$7.8 million, was approximately HK\$0.7 million (2015: HK\$5.5 million). Given the continuously increasingly difficult operating environment of electronic and accessory products business, the Group has been closely monitoring the progress of the business operation and determined to take necessary remedial actions including broadening the product range and strengthening its after sales and value added services.

Financial Investments and Services

The financial investments and services of the Group comprises securities investment and trading, debt and equity investments and money lending business. During the Year, the stock market of Mainland China experienced turmoil and roller coaster rides. In early July 2015, Shanghai Stock Exchange Composite Index fell approximately 30% within one month. The local stock market drastically fell also. During the Year, the Hang Seng Index was turbulent with fluctuations between 18,278 points to 28,588 points. Investors' confidence and market sentiment has been seriously affected. The financial investments and services segment recorded a realized loss on disposal of listed equity investments and available-for-sale equity investments of approximately HK\$504.4 million, impairment loss of available-for-sale equity investments of approximately HK\$669.6 million and an unrealized fair value gain on listed equity investments of approximately HK\$82.5 million for the Year.

Prospects

For the year to come, the Group is cautious about the subdued global economic recovery and slow economic growth of Mainland China with an increasing expectation of a US interest rate hike and the devaluation of RMB. Economic uncertainties and financial volatility will continue to drag on the global and local economies and stock markets. Nevertheless, in order to maximize returns to the shareholders, the Group, from time to time will strive to explore business expansion and investment opportunities.

With a view of capitalizing on the business opportunities created by the upcoming launch of Shenzhen-HK Stock Connect, the Group will consider actively engaging in and expanding its money lending business under financial investments and services segment for the year to come. Meanwhile, as the property market will enter into consolidation with downward price pressure, the Group has also been monitoring the property market in Hong Kong and Mainland China to seize investment opportunities. The recent emergence of the electric vehicles has changed the landscape in the automobile industry. Complementary industries will evolve as result such as car accessories and battery products and will provide new arrays of products range for the Group's electronic and accessory product business segment.

Looking ahead, apart from reinforcing its existing businesses, the Group will continue to place its efforts searching for suitable investment opportunities which strategically fit into its diversification moves and generate a steady source of income. However, the uncertain US monetary policies and the rising expectation of US interest hike, devaluation of RMB and the slowdown of Mainland China economy remain key factors dragging on the global economic recovery. As broad macroeconomic challenge persists, the Group will continue to be on the alert and to pursue a prudent investment strategy in developing its existing and new businesses.

Financial Review

The Group for the Year recorded negative revenue of approximately HK\$472.4 million as compared to the revenue of approximately HK\$6.5 million last year. The Group's revenue principally comprised the sales of electronic and accessory products of approximately HK\$0.7

million and the realized losses on disposal of listed equity investments of approximately HK\$473.1 million in financial investments and services. During the Year, the drop in sales revenue from the electronic and accessory products segment became pronounced and the sales revenue was approximately HK\$0.7 million, compared to that of approximately HK\$10.7 million for the last year.

The net loss for the Year was approximately HK\$1,214.7 million as compared to the net loss of approximately HK\$1,275.1 million for the last year. The Group's net loss for the Year was mainly attributable to the realized losses on the disposal of listed equity investments and available-for-sale equity investments of approximately HK\$504.4 million and the impairment loss of available-for-sale equity investments of approximately HK\$669.6 million in the financial investments and services segment. As at 31 March 2016, the Group's net assets was approximately HK\$934.5 million compared to the net assets of approximately HK\$1,118.7 million last year. The consolidated net assets per share of the Group as at 31 March 2016 was approximately HK\$0.11. The Group's total assets and total liabilities were approximately HK\$1,025.5 million and approximately HK\$91.1 million respectively. The total comprehensive loss for the Year was approximately HK\$1,217.3 million compared to the total comprehensive loss of approximately HK\$1,277.1 million last year.

Liquidity and Financial Resources

During the Year, the Group generally financed its operation with internally generated cash flow and fund raising activities. The Group's cash and bank balance as at 31 March 2016 were approximately HK\$86.5 million (31 March 2015: HK\$529.7 million).

As at 31 March 2016, the Group had no bank overdrafts, short and long term interest-bearing bank borrowings (31 March 2015: Nil).

As at 31 March 2016, the Group's current ratio was 4.0 times (31 March 2015: 5.4 times) based on current assets of approximately HK\$362.8 million (31 March 2015: HK\$1,052.8 million) and current liabilities of approximately HK\$91.1 million (31 March 2015: HK\$195.4 million).

As at 31 March 2016, the Group's capital commitment were approximately HK\$4.4 million (31 March 2015: Nil). The Group also had no other contingent liabilities or material commitments.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES SINCE JULY 2014

- (i) On 7 July 2014, the Company placed 406,747,565 new shares at a price of HK\$0.125 per placing share, representing approximately 20.00% of the then issued share capital of the Company. The net proceeds from the placing received by the Company were approximately HK\$49.3 million.

As at 31 March 2015, the net proceeds of the placing had been utilised as follows:

	Actual net proceeds HK\$' million	Amount utilised up to 31 March 2015 HK\$' million
General working capital	49.3	–
— securities investment and trading	–	39.0
— general working capital (including electronic trading and other expenses such as salary, rental, entertainment and other miscellaneous expenses)	–	10.3
	<u>49.3</u>	<u>10.3</u>
Total	<u><u>49.3</u></u>	<u><u>49.3</u></u>

- (ii) On 31 October 2014, the Company placed 495,192,763 new shares at a price of HK\$0.175 per placing share, representing approximately 12.05% of the then issued share capital of the Company. The net proceeds from the placing received by the Company were approximately HK\$84.2 million.

As at 31 March 2015, the net proceeds of the placing had been utilised as follows:

	Actual net proceeds HK\$' million	Amount utilised up to 31 March 2015 HK\$' million
General working capital	84.2	–
— securities investment	–	81.1
— administrative expenses	–	2.4
— electronic trading	–	0.7
	<u>84.2</u>	<u>84.2</u>
Total	<u><u>84.2</u></u>	<u><u>84.2</u></u>

- (iii) On 14 November 2014, the Company placed 921,141,959 new shares at a price of HK\$0.15 per placing share, representing approximately 20.00% of the then issued share capital of the Company. The net proceeds from the placing received by the Company were approximately HK\$134 million.

As at 31 March 2015, the net proceeds of the placing had been utilised as follows:

	Actual net proceeds HK\$' million	Amount utilised up to 31 March 2015 HK\$' million
Expansion of the money lending business	125	125
General working capital	9	–
— General working capital (including salary, rental, entertainment and other miscellaneous expenses)	–	9
	<u>134</u>	<u>9</u>
Total	<u><u>134</u></u>	<u><u>134</u></u>

- (iv) On 5 December 2014 and 7 January 2015, the Company entered into an agreement and supplemental agreement with an underwriter by issuing 3,592,111,050 new shares to qualifying shareholders by way of the rights issue at subscription price of HK\$0.15 per rights share on the basis of six rights shares for every share in issue on the record date. The net proceeds from the rights issue were approximately HK\$522.56 million.

As at 31 March 2016, the net proceeds had been utilised as follows:

	Actual net proceeds HK\$' million	Amount utilised up to 31 March 2016 HK\$' million
Investment property	82.80	82.80
Securities investment and trading and money lending business		
— investment and trading in both long-term and short-term securities	287.76	287.76
— money lending business comprising long-term and short-term loans	120.00	120.00
General working capital	32.00	—
— General working capital (including salary, rental, entertainment and other miscellaneous expenses)	—	32.00
	<u>522.56</u>	<u>522.56</u>
Total	<u>522.56</u>	<u>522.56</u>

- (v) On 20 May 2015, the Company entered into a subscription agreement with a subscriber (“Subscriber”), an independent party, pursuant to which the Company has conditionally agreed to allot and issue to the Subscriber and the Subscriber has conditionally agreed to subscriber for, in cash 4,000,000,000 subscription shares at the subscription price of HK\$0.25 each. The net proceeds of the subscription were approximately HK\$998 million.

As at 31 March 2016, the net proceeds of the subscription had been utilised as follows:

	Actual net proceeds HK\$' million	Amount utilised up to 31 March 2016 HK\$' million
Money lending business or/and long-term and short-term securities investment and trading business	898.2	898.2
Research, development and innovation of electronic chip technology and the general working capital	99.8	99.8
	<u>998.0</u>	<u>998.0</u>
Total	<u>998.0</u>	<u>998.0</u>

Capital Structure

During the year ended 31 March 2016, the subscription rights attaching to 309,564,499 bonus warrants were exercised at subscription prices ranging from HK\$0.068 to HK\$0.1 per share, resulting in the issue of 309,564,499 ordinary shares for a proceed of HK\$27,972,000.

As at 31 March 2016, the Group's gearing ratio, total borrowings to net assets was 5.35% (31 March 2015: Nil).

The Group's bank deposits and borrowings are mainly denominated in Hong Kong dollars. Most of the Group's sales and purchases are made in Hong Kong dollars. Therefore, the exchange risks that the Group is exposed to are minimal.

On 20 May 2015, the Company entered into a subscription agreement with a subscriber (the "Subscriber"), an independent third party, pursuant to which the Company has conditionally agreed to allot and issue to the Subscriber and the Subscriber has conditionally agreed to subscribe for, in cash, 4,000,000,000 subscription shares at the subscription price of HK\$0.25 each. The gross proceeds of the subscription were HK\$1 billion.

Significant Investments

As at 31 March 2016, the Group maintained a portfolio of equity investments (including available-for-sale equity investments and equity investments at fair value through profit or loss) with total carrying amount of approximately HK\$828.3 million (31 March 2015: HK\$491.7 million). The details of the portfolio of equity investments as at 31 March 2016 are set out as follows.

Stock Code	Name of Securities	% of shareholding in the listed securities held by the Group as at 31 March 2016	Unrealized gain/(loss) for the year ended 31 March 2016 HK\$'000	Fair value of the investment in listed securities as at 31 March 2016 HK\$'000
572	Central Wealth Financial Group Limited	0.26%	(936)	4,350
1004	China Smarter Energy Group Holdings Limited	4.26%	(313,447)	233,156
1141	Skyway Securities Group Limited (formerly known as Mission Capital Holdings Limited)	16.91%	(355,232)	417,615
	Total		<u>(669,615)</u>	<u>655,121</u>

		% of shareholding in the listed securities held by the Group as at 31 March 2016	Unrealized gain/(loss) for the year ended 31 March 2016 <i>HK\$'000</i>	Fair value of the investment in listed securities as at 31 March 2016 <i>HK\$'000</i>
Equity investments at fair value through profit or loss				
412	China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited)	0.49%	34,764	90,128
1004	China Smarter Energy Group Holdings Limited	0.18%	(7,420)	9,800
1141	Skyway Securities Group Limited	1.18%	11,550	29,250
1153	Skyway Securities Group Limited W1702	3.62%	43,655	43,999
	Total		<u>82,549</u>	<u>173,177</u>

Details of Charges on Assets

As at 31 March 2016, the Company had no charges on assets (31 March 2015: Nil).

Material Acquisitions

During the Year, the Company had no material acquisition.

Material Disposals

On 12 May 2015, the Group entered into a sale and purchase agreement to dispose of its entire interest in King Place Investments Limited, which was an indirect wholly-owned subsidiary of the Company, to an independent third party for a cash consideration of HK\$94 million.

On 29 May 2015, the Group entered into a sale and purchase agreement to dispose of its entire interest in Alpha Ease Investment Limited, which was an indirect wholly-owned subsidiary of the Company, to an independent third party for a cash consideration of HK\$13.5 million.

On 30 September 2015, the Group entered into a sale and purchase agreement to dispose of its entire interest in West West Limited, which was an indirect wholly-owned subsidiary of the Company, to an independent third party for a cash consideration of HK\$45 million.

On 30 September 2015, the Group entered into a sale and purchase agreement to dispose of its entire interest in Four Sheet Limited, which was an indirect wholly-owned subsidiary of the Company, to an independent third party for a cash consideration of HK\$30 million.

On 30 March 2016, the Group entered into a sale and purchase agreement to dispose of its entire interest in PLD Holdings Limited, an indirect wholly-owned subsidiary of the Company, to a related company for a cash consideration of US\$11.3 million (approximately HK\$88.14 million).

Events After the Reporting Period

On 16 June 2016, the Group entered into a sale and purchase agreement to dispose of its entire interest in CSPT Holdings Limited and its subsidiaries, which are indirect wholly-owned subsidiaries of the Company, to a related company for a total consideration of US\$10.5 million (approximately HK\$81.9 million). With reference to the carrying value of the entire interest of CSPT Holdings Limited and its subsidiaries, the transaction is estimated to result in a gain on disposal before tax of approximately HK\$4.6 million.

Employment, Training and Development

As at 31 March 2016, the Group had a total of 17 employees. The Group is committed to staff training and development and structured training programmes for all employees.

Remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Bonuses and share options are awarded to certain employees according to individual performance and industry practice.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2016 except that there was no separation of the roles of Chairman and Chief Executive Officer as specified in the code provision A.2.1 of the CG Code during the period from 20 April 2015 to 31 March 2016.

To achieve clear division of responsibilities between the management of Board and the day-to-day management of business and hence to ensure balance of power and authority, there are separation of duties for the Chairman and Chief Executive of the Company. However, after the resignation of Mr. Kwong Kai Sing, Benny as the Chief Executive of the Company with effective on 20 April 2015, the Group has been recruiting the appropriate substitution for the post of Chief Executive.

Detailed disclosure of the Company’s corporate governance practices is included in the annual report of the Company for the year ended 31 March 2016.

AUDIT COMMITTEE

The Audit Committee of the Company meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial reporting. The Audit Committee has met with the external auditors of the Company, Messrs Ernst & Young, to review the accounting principles and practices adopted by the Group and the annual results of the Group for the year ended 31 March 2016. The Audit Committee has also discussed auditing, financial reporting matters and risk management and internal control systems of the Company. The Audit Committee comprises the four independent non-executive directors of the Company, namely, Mr. Tsang Wing Ki (Chairman of the Audit Committee), Mr. Kwok Chi Kwong, Mr. Chen Youchun and Mr. Frank H. Miu.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31 March 2016 as set out in this preliminary announcement have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

DIRECTORS OF THE COMPANY

As at the date hereof, the Board comprises three executive directors namely, Mr. Wei Zhenyu (Chairman), Mr. Wang Haixiong and Mr. Yu Qingrui and five independent non-executive directors namely, Mr. Kwok Chi Kwong, Mr. Chen Youchun, Mr. Frank H. Miu, Mr. Tsang Wing Ki and Mr. Mai Qijian.

On behalf of the Board
China Soft Power Technology Holdings Limited
Wei Zhenyu
Chairman of the Board

Hong Kong, 22 June 2016