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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The Board of Directors (the “Board”) of China Soft Power Technology Holdings Limited (Formerly known as “China Jinhai International Group Limited”) (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2015 (the “Period”) together with comparative figures for the corresponding previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 September	
		2015	2014
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
REVENUE	2		
Electronic and accessory products		650	6,842
Financial investments and services		71,888	(12,530)
		<u>72,538</u>	<u>(5,688)</u>
Cost of electronic and accessory products sold		(642)	(6,559)
Brokerage and commission expenses		(1,297)	(751)
		<u>(1,939)</u>	<u>(7,310)</u>
Gross profit/(loss)		70,599	(12,998)
Other income	3	8,554	625
Selling and distribution expenses		–	(227)
Administrative expenses		(24,936)	(18,345)
Research costs		(3,118)	(5,505)
Other operating expenses		(60)	(1,909)
Gain on disposal of available-for-sale equity investments		–	7,696

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

		For the six months ended 30 September	
		2015	2014
	<i>Notes</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Net loss on disposal of subsidiaries	15	(79,031)	–
Impairment loss of available-for-sale equity investments		(498,551)	–
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		(365,941)	27,989
Derivative component of Issued Convertible Bonds		–	(206,579)
Loss arising from modification of Issued Convertible Bonds		–	(1,000,816)
Finance costs	5	(79)	(7,200)
Loss before tax	4	(892,563)	(1,217,269)
Income tax expense	6	–	–
LOSS FOR THE PERIOD		(892,563)	(1,217,269)
Attributable to:			
Owners of the parent		(890,547)	(1,212,507)
Non-controlling interests		(2,016)	(4,762)
		(892,563)	(1,217,269)
DIVIDEND	7	–	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		HK(15.24) cents	HK(47.85) cents
Diluted		HK(15.24) cents	HK(47.85) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	(892,563)	(1,217,269)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Equity investments:		
Change in fair value	–	2,631
Release upon disposal of available-for-sale equity investments	–	(8,023)
Income tax effect	–	890
Release upon disposal of debt component of Acquired Convertible Bonds through disposal of a subsidiary	(2,577)	–
	(2,577)	(4,502)
Exchange differences on translation of foreign operations	(51)	266
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(2,628)	(4,236)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(895,191)	(1,221,505)
Attributable to:		
Owners of the parent	(893,160)	(1,216,891)
Non-controlling interests	(2,031)	(4,614)
	(895,191)	(1,221,505)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		666	2,135
Investment property		–	92,000
Prepaid land lease payment		–	–
Available-for-sale equity investments	9	420,003	153,000
Debt component of Acquired Convertible Bonds		–	15,529
		<hr/>	<hr/>
Total non-current assets		420,669	262,664
CURRENT ASSETS			
Derivative component of Acquired Convertible Bonds		–	4,034
Equity investments at fair value through profit or loss	10	644,316	338,722
Loan receivables		–	165,000
Trade receivables	11	–	1,442
Prepayments, deposits and other receivables		8,206	10,242
Tax recoverable		–	23
Restricted bank balances		2,009	3,726
Cash and bank balances		186,312	529,660
		<hr/>	<hr/>
Total current assets		840,843	1,052,849
CURRENT LIABILITIES			
Trade payables	12	3	3
Tax payable		178	179
Other payables and accruals	13	14,735	195,044
Finance lease payables		–	149
		<hr/>	<hr/>
Total current liabilities		14,916	195,375
NET CURRENT ASSETS		<hr/>	<hr/>
		825,927	857,474
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		1,246,596	1,120,138
NON-CURRENT LIABILITIES			
Finance lease payables		–	363
Deferred tax liabilities		–	1,048
		<hr/>	<hr/>
Total non-current liabilities		–	1,411
Net assets		<hr/>	<hr/>
		1,246,596	1,118,727
EQUITY			
Equity attributable to owners of the parent			
Issued capital	14	84,281	41,908
Reserves		1,210,574	1,123,047
		<hr/>	<hr/>
Non-controlling interests		1,294,855	1,164,955
		(48,259)	(46,228)
		<hr/>	<hr/>
Total equity		1,246,596	1,118,727
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These interim condensed consolidated financial statements have not been audited by the Company's auditors but have been reviewed by the Company's Audit Committee (the "Audit Committee").

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 March 2015 except for the adoption of the new standards and interpretations as noted below.

1.1 Changes In Accounting Policies and Disclosures

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's unaudited interim condensed consolidated financial information.

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the new and revised HKFRSs has had no material financial effect on the interim financial information.

2. Segment information

For the management purpose, the Group is currently organized into three operating segments – electronic and accessory products, financial investments and services, and corporate and others. An analysis of the Group's revenue and results by business segment for the Period and the corresponding previous period is as follows:

	Electronic and accessory products		Financial investments and services		Corporate and others		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:								
Sale to external customers	650	6,842	-	-	-	-	650	6,842
Gains/(losses) from financial investments and services	-	-	71,888	(12,530)	-	-	71,888	(12,530)
Total	650	6,842	71,888	(12,530)	-	-	72,538	(5,688)
Segment results	7,206	(2,106)	(793,898)	22,338	(26,763)	(22,889)	(813,455)	(2,657)
<i>Reconciliation</i>								
Bank Interest income							16	8
Fair value loss on derivative component of Issued Convertible Bonds							-	(206,579)
Loss arising from modification of Issued Convertible Bonds							-	(1,000,816)
Net loss on disposal of subsidiaries							(79,031)	-
Unallocated expenses							(14)	(25)
Finance costs							(79)	(7,200)
Loss before tax							(892,563)	(1,217,269)
Income tax expense							-	-
Loss for the Period							(892,563)	(1,217,269)

	Electronic and accessory products		Financial investments and services		Corporate and others		Consolidated	
	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31
	September	March	September	31 March	September	March	September	March
	2015	2015	2015	2015	2015	2015	2015	2015
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities								
Segment assets	271	2,612	1,064,319	679,459	7,549	98,846	1,072,139	780,917
Unallocated assets							189,373	534,596
Total assets							1,261,512	1,315,513
Segment liabilities	5,804	8,554	-	5,280	8,934	9,740	14,738	23,574
Unallocated liabilities							178	173,212
Total liabilities							14,916	196,786

3. Other income

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Bank interest income	16	8
Gain on disposal of land and buildings	7,778	–
Government grants	108	294
Service income	75	274
Others	577	49
	<u>8,554</u>	<u>625</u>

4. Loss before tax

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Cost of inventories sold	642	6,559
Depreciation	310	358
	<u>952</u>	<u>6,917</u>

5. Finance costs

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on bank overdrafts	71	9
Interest on finance leases	8	15
Imputed interest on Issued Convertible Bonds	–	3,359
Imputed interest on Issued Bonds	–	3,745
Interest on a promissory note	–	72
	<u>79</u>	<u>7,200</u>

6. Income tax expense

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Period (2014: Nil).

No provision for Mainland China corporate income tax has been made as no assessable profits has been generated by the subsidiaries operating in the Mainland China during the Period (2014: Nil).

7. Dividend

The Board has resolved not to pay any interim dividend for the Period (2014: Nil).

8. Loss per share attributable to ordinary equity holders of the parent

The calculation of basic loss per share amount is based on the loss attributable to owners of the parent for the Period of HK\$890,547,000 (2014: HK\$1,212,507,000) and the weighted average number of ordinary shares of 5,845,259,510 (2014: 2,534,208,787) in issue during the Period.

No adjustment has been made to basic loss per share amounts for the periods ended 30 September 2015 and 2014, as the warrants and share options outstanding during the periods ended 30 September 2015 and 2014 had an anti-dilutive effect on the basic loss per share amounts presented.

9. Available-for-sale equity investments

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Listed equity investments in Hong Kong, at fair value	420,003	–
Unlisted equity investments, at cost	–	153,000
	<u>420,003</u>	<u>153,000</u>

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

During the period ended 30 September 2015, there was a significant decline in the market value of certain listed equity investments. The directors consider that such a decline indicates that the listed equity investments have been impaired and an impairment loss of HK\$498,551,000 has been recognised in the statement of profit or loss for the Period.

As at 31 March 2015, the unlisted equity investments with an aggregate carrying amount of HK\$153,000,000 were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. These unlisted equity investments were disposed of through disposal of subsidiaries in the Period.

10. Equity investments at fair value through profit or loss

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Listed equity investments in Hong Kong, at fair value	<u>644,316</u>	<u>338,722</u>

11. Trade receivables

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. Trade receivables are non-interest-bearing. The carrying amounts of trade receivable approximate their fair values.

Ageing analysis:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
1 to 2 months	–	1,442

12. Trade payables

Ageing analysis:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Over 3 months	3	3

Trade payables are non-interest bearing. The carrying amounts of trade payables approximate their fair values.

13. Other payables and accruals

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

As at 31 March 2015, included in other payables and accruals was excess cash received of HK\$171,871,000 for the subscription application of the Company's rights shares. Such amount was refunded to subscribers in the Period.

14. Share capital

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Authorised:		
– 80,000,000,000 ordinary shares of HK\$0.01 each	<u>800,000</u>	<u>800,000</u>
Issued and fully paid:		
– 8,428,128,475 (31 March 2015: 4,190,796,225) ordinary shares of HK\$0.01 each	<u>84,281</u>	<u>41,908</u>

14. Share capital (continued)

Movements of the Company's issued share capital and share premium amount were as follows:

	Number of share in issue	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2015	4,190,796,225	41,908	3,060,703	3,102,611
Issue of new shares	4,000,000,000	40,000	960,000	1,000,000
Exercise of warrants	237,332,250	2,373	20,687	23,060
	<u>8,428,128,475</u>	<u>84,281</u>	<u>4,041,390</u>	<u>4,125,671</u>

15. Disposal of subsidiaries

During the Period, the Group disposed of a number of subsidiaries at the aggregate consideration of HK\$182,500,000. Please refer to "Material Disposals" for details.

	For the six months ended 30 September	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Net assets disposed of:		
Investment property	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	–
Prepayments, deposits and other receivables	599	–
Other payables and accruals	(6)	–
Deferred tax liabilities	(1,048)	–
	<u>264,108</u>	–
Available-for-sale investment revaluation reserve released upon disposal	(2,577)	–
Net loss on disposal of subsidiaries	<u>(79,031)</u>	–
	<u>182,500</u>	–
Satisfied by:		
Cash	<u>182,500</u>	–

The net inflow of cash and cash equivalents in respect of the disposal of subsidiaries was HK\$182,500,000.

16. Fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	At 30 September 2015 HK\$'000	At 31 March 2015 HK\$'000	At 30 September 2015 HK\$'000	At 31 March 2015 HK\$'000
Financial assets				
Available-for-sale equity investments	420,003	–	420,003	–
Debt component of Acquired Convertible Bonds	–	15,529	–	15,529
Derivative component of Issued Convertible Bonds	–	4,034	–	4,034
Equity investments at fair value through profit or loss	644,316	338,722	644,316	338,722
	1,064,319	358,285	1,064,319	358,285
Financial liabilities				
Financial lease payables	–	512	–	512

Management has assessed that the fair values of cash and bank balances, restricted bank balances, trade and loan receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of listed available-for-sale equity investments and equity investments at fair value through profit or loss are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

At 30 September 2015

	Quoted prices in active markets (Level 1) HK\$'000	Fair value measurement using		Total HK\$'000
		Significant observable input (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Available-for-sale equity investments	420,003	–	–	420,003
Equity investments at fair value through profit or loss	644,316	–	–	644,316
	1,064,319	–	–	1,064,319

16. Fair value hierarchy of financial instruments (continued)

At 31 March 2015

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Fair value measurement using Significant observable input (Level 2) <i>HK\$'000</i>	Fair value measurement using Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Debt component of Acquired Convertible Bonds	–	15,529	–	15,529
Derivative component of Acquired Convertible Bonds	–	–	4,034	4,034
Equity investments at fair value through profit or loss	338,722	–	–	338,722
	<u>338,722</u>	<u>15,529</u>	<u>4,034</u>	<u>358,285</u>

During the six months ended 30 September 2015, there were no transfers of fair value measurements between level 1 and level 2 and no transfer into or out of level 3.

The Group did not have any financial liabilities measured at fair value as at 30 September 2015 and 31 March 2015.

17. Related party transactions

In addition to the transactions and balances detailed elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the Period.

Compensation of key management personnel of the Group:

	For the six months ended 30 September	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Salaries, allowances and benefits in kind	2,211	1,745
Equity-settled share option expense	–	314
Pension scheme contribution	89	87
	<u>2,300</u>	<u>2,146</u>

18. Approval of the unaudited interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements were approved and authorized for issue by the Board on 26 November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a revenue of approximately HK\$72.5 million for the Period, compared to negative revenue of approximately HK\$5.7 million for corresponding period of last year. It was attributable to the realized gain on disposal of equity investments of approximately HK\$71.9 million for the Period. The net loss for the Period was approximately HK\$892.6 million, compared to the net loss of approximately HK\$1,217.3 million for the corresponding period of last year. Loss per share attributable to ordinary equity holders of the parent for the Period was HK15.24 cents (2014: HK47.85 cents). The Group's net loss for the Period was primarily attributable to the impairment loss of available-for-sale equity investments of approximately HK\$498.6 million and an unrealized fair value loss on equity investments at fair value through profit or loss of approximately HK\$365.9 million.

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

The Group has continued to place research and development efforts on its System-on-chip (SoC) technology. The core architecture in development is a Multi-thread Virtual Pipeline (MVP) on a scalable and programmable stream processor core, which is a new core architecture for computation performance based on multi-processing and parallel computing. In order to secure sales orders from potential customers in the highly competitive consumer electronic products market, the Group, for the Period, has made a great deal of product design and engineering efforts in the areas of qualifications for production and demo trials with potential customers. Due to the intense market competition and rapid technological products innovation, the Group has not yet secured sales orders in the consumer electronic products market. In view of the diminishing marginal investment benefits, the Group has decided to slow down the pace of research and development of MVP project and reallocate its resources to other projects with high growth potential and profit prospects.

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". The parties to the cooperative agreement agreed to consolidate their respective resources to develop, manufacture and issue the Growth Information Card to children at or under age of twelve in China. Pursuant to the cooperative agreement, the Group shall be granted the sole and exclusive license for the marketing, production and implementing the Growth Information Card as well as providing the added-value services. The Growth Information Card is aimed to provide information and services on diet, medical, education and lifestyle for the healthy development of infants and children at or under the age of twelve in China. The Growth Information Card has functions of information tracking, information feedback, smart education, comprehensive assessment and technically supported by Dingjiu matrix code and security chip technology. Through the information collection and providing value-added services, an exchange and communication platform for teenagers, their parents, government, social and relevant organizations can be built up as well as a big picture for the growth of children in China can be drawn.

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 Period, the drop in sales revenue from the electronic and accessory products segment became pronounced and the sales revenue was approximately HK\$0.6 million, compared to that of approximately HK\$6.8 million for the corresponding period of last year. The operating loss for this segment for this Period, excluding the one-off gain on disposal of land and buildings of HK\$7.8 million, was approximately HK\$0.6 million (2014: HK\$2.1 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 as and when appropriate.

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 Period, 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 Period, the Hang Seng Index was turbulent with fluctuations between 20,368 points to 28,588 points. Investors' confidence and market sentiment has been seriously affected. The financial investments and services segment recorded a realized gain on disposal of equity investments of approximately HK\$71.9 million, an impairment loss of available-for-sale equity investments of approximately HK\$498.6 million and an unrealized fair value loss on equity investments at fair value through profit or loss of approximately HK\$365.9 million for the Period.

Prospects

For the year ahead, the Group will continue to consolidate its existing business and diversify into new solid business. Mainland China is accelerating the pace of reformation for her economic and financial structure to support the economic growth. The State Council of Mainland China strongly encourages "Vigorously Advancing the Popular Entrepreneurship and Innovation." By capitalizing on the "Hundred Cities and Millions Babies Growth Information Card" project, the Group will be expanding its business presence to those industries related to the internet sector with big data and children service.

On 13 November 2015, the Group entered into a non-legally binding memorandum of understanding (the "MOU") with Tyco Electronics Subsea Communications LLC ("TE SubCom") in relation to the Pacific Light Cable Network Project (the "Project"). Pursuant to the MOU, the Group proposes to negotiate and discuss with the intent of entering into the supply contract with TE SubCom (the "Supply Contract") so as to design, install, construct and maintain the Project. The Project is a proposed high-capacity submarine cable project using advanced technology supporting WDM 100 gigabits/s transmission in the "C+L" ultra-wide transmission band, 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 regional connectivity. The contract value of the Supply Contract is currently estimated at approximately US\$400 million. The Project is targeted to commence the construction in the second quarter of 2016 and attain provisional acceptance 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 provided by TE SubCom, the Group also entered into a professional services agreement with TE SubCom and pay US\$10 million as working fee.

Driven by robust demands for international internet bandwidth access and direct transoceanic connectivity, submarine fiber-optic cable network which provides terabits of reliable data transmission, plays an increasingly important role in international economic growth and development and offers vast market opportunities to the market players in the submarine telecoms industry. 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 in the future.

Looking ahead, the Group is cautious about the performance in the local stock market in the second half of the year due to a plunge in Shanghai Stock Exchange Composite Index in early July 2015. In addition, the uncertain US monetary policies and interest rate hike remain key factors affecting 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 recorded revenue of approximately HK\$72.5 million for the Period, compared to negative revenue of approximately HK\$5.7 million for corresponding period of last year. The Group's revenue mainly comprised the sales of electronic and accessory products of approximately HK\$0.6 million, a realized gains on disposal of equity investments of approximately HK\$71.9 million from the financial investments and services segment. The loss for the Period was approximately HK\$892.6 million. As at 30 September 2015, the Group's net asset value was approximately HK\$1,246.6 million (31 March 2015: approximately HK\$1,118.7 million).

Liquidity and Financial Resources

During the Period, the Group generally financed its operations with internally generated cash flows, cash reserve and fund raising activities. The Group's cash and bank balances as at 30 September 2015 amounted to approximately HK\$186.3 million (31 March 2015: approximately HK\$529.7 million).

As at 30 September 2015, the Group had no bank overdrafts, short or long term interest-bearing bank borrowings (31 March 2015: Nil).

As at 30 September 2015, the Group's current ratio was 56.4 times (31 March 2015: 5.4 times) based on current assets of approximately HK\$840.8 million (31 March 2015: approximately HK\$1,052.8 million) and current liabilities of approximately HK\$14.9 million (31 March 2015: approximately HK\$195.4 million).

As at 30 September 2015, the Group did not have any significant capital commitments (31 March 2015: Nil). The Group also had no other contingent liabilities.

Capital Structure

As at 30 September 2015, the Group's gearing ratio, being total borrowings to net asset value, was nil (31 March 2015: Nil) since the group had no borrowings.

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

On 20 May 2015, the Group entered into a subscription agreement with a subscriber (the "Subscriber"), an independent third party, pursuant to which the Group 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 was estimated to be HK\$1 billion.

Significant Investments

As at 30 September 2015, 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\$1,064.3 million (31 March 2015: HK\$491.7 million).

Details of Charges on Assets

As at 30 September 2015, the Group had no charges on assets (31 March 2015: Nil).

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, a wholly-owned subsidiary of the Group 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, a wholly-owned subsidiary of the Group 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, a wholly-owned subsidiary of the Group 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 Sheets Limited, a wholly-owned subsidiary of the Group to an independent third party for a cash consideration of HK\$30 million.

Events after the Reporting Period

On 13 November 2015, an indirect wholly-owned subsidiary of the Company, Pacific Light Data Communication Co., Limited entered into a non-legally binding memorandum of understanding and professional services agreement with TE SubCom in relation to the Pacific Light Cable Network Project. Details of the above were disclosed in the Company's announcement dated 13 November 2015.

Employment, Training and Development

As at 30 September 2015, the Group had a total of 19 employees of which 14 were based in Hong Kong and 5 based in Mainland China. The Group is committed to staff training and development and structured training programs for all employees.

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

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effective accountability in order to maximize shareholders' benefit. Detailed disclosure of the Company's corporate governance practices was stated in its last published Annual Report for the year ended 31 March 2015.

The Company has complied with the code provisions set out in Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules throughout the Period except there is no separation of the roles of Chairman and Chief Executive during the period from 20 April 2015 to 30 September 2015 as specified in the code provision A.2.1 of CG Code.

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 Group's Chairman and Chief Executive. However, after the resignation of Mr. Kwong Kai Sing, Benny as the Group's Chief Executive with effective on 20 April 2015, the Group has been recruiting the appropriate substitution for the post of Chief Executive.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial report. The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the Period and discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises four members, namely, Mr. Tsang Wing Ki (Chairman of the Audit Committee), Mr. Kwok Chi Kwong, Mr. Chen Youchun and Mr. Frank H. Miu, all of whom are independent non-executive directors of the Company.

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

Hong Kong, 26 November 2015

As at the date of this announcement, the Board comprises 5 executive directors, namely, Mr. Wei Zhenyu, Mr. Wang Haixiong, Ms. He Xuan, Mr. Li Yao and Ms. Zhang Yiwen; and 4 independent non-executive directors, namely, Mr. Kwok Chi Kwong, Mr. Chen Youchun, Mr. Frank H. Miu and Mr. Tsang Wing Ki.