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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

The Board of Directors (the “Board”) of China Soft Power Technology Holdings Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2016 (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	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE			
Electronic and accessory products		11,138	650
Financial investments and services		(1,591)	71,888
	3	9,547	72,538
Cost of electronic and accessory products sold		(11,019)	(642)
Brokerage and commission expenses		(512)	(1,297)
		(11,531)	(1,939)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(Continued)

		For the six months ended	
		30 September	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross profit/(loss)		(1,984)	70,599
Other income and gains	3	4,217	8,554
Administrative expenses		(11,601)	(24,936)
Research costs		—	(3,118)
Other operating expenses		(5,058)	(60)
Loss on disposal of an available-for-sale equity investment		(56,086)	—
Gain/(loss) on disposal of subsidiaries	16	15,566	(79,031)
Impairment loss of available-for-sale equity investments		—	(498,551)
Fair value loss, net:			
Equity investments at fair value through profit or loss		(6,985)	(365,941)
Finance costs	5	(3)	(79)
Loss before tax	4	(61,934)	(892,563)
Income tax expense	6	—	—
LOSS FOR THE PERIOD		<u>(61,934)</u>	<u>(892,563)</u>
Attributable to:			
Owners of the parent		(61,934)	(890,547)
Non-controlling interests		—	(2,016)
		<u>(61,934)</u>	<u>(892,563)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		<u>HK(0.69) cent</u>	<u>HK(15.24) cents</u>
Diluted		<u>HK(0.69) cent</u>	<u>HK(15.24) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	<u>(61,934)</u>	<u>(892,563)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale equity investments:		
Equity investments:		
Change in fair value	191,974	—
Debt component of Acquired Convertible Bonds:		
Reclassification adjustment for gains included in profit or loss upon disposal	—	(2,577)
Release of exchange fluctuation reserve upon disposal of a subsidiary	881	—
Release of exchange fluctuation reserve upon deregistration of a subsidiary	890	—
Exchange differences on translation of foreign operations	<u>(1,199)</u>	<u>(51)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>192,546</u>	<u>(2,628)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u><u>130,612</u></u>	<u><u>(895,191)</u></u>
Attributable to:		
Owners of the parent	130,612	(893,160)
Non-controlling interests	<u>—</u>	<u>(2,031)</u>
	<u><u>130,612</u></u>	<u><u>(895,191)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2016 (Unaudited) <i>Notes</i>	At 31 March 2016 (Audited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		195	3,216
Available-for-sale equity investments	9	842,899	655,121
Deposits		961	4,417
		844,055	662,754
CURRENT ASSETS			
Equity investments at fair value through profit or loss	10	166,193	173,177
Loan receivables	11	81,900	—
Trade receivables	12	9,788	—
Prepayments, deposits and other receivables		725	25,517
Cash and bank balances		4,989	86,467
		263,595	285,161
Assets of a disposal group classified as held for sale		—	77,629
		263,595	362,790
CURRENT LIABILITIES			
Trade payables	13	9,025	3
Tax payable		—	179
Other payables and accruals	14	1,953	40,906
Shareholder loan		—	50,000
		10,978	91,088
NET CURRENT ASSETS		252,617	271,702

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

		At 30 September 2016 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,096,672</u>	<u>934,456</u>
Net assets		<u><u>1,096,672</u></u>	<u><u>934,456</u></u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	89,651	85,004
Reserves		<u>1,007,021</u>	<u>849,452</u>
Total equity		<u><u>1,096,672</u></u>	<u><u>934,456</u></u>

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 2016 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 revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's unaudited interim condensed consolidated financial information.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

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

2. Segment information

For the management purpose, the Group is currently organised 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Segment revenue:								
Sale to external customers	11,138	650	—	—	—	—	11,138	650
Gains/(losses) from financial investments and services	—	—	(1,591)	71,888	—	—	(1,591)	71,888
Total	11,138	650	(1,591)	71,888	—	—	9,547	72,538
Segment results	4,316	7,206	(65,204)	(793,898)	(16,594)	(26,763)	(77,482)	(813,455)
<i>Reconciliation:</i>								
Bank interest income							9	16
Gain/(loss) on disposal of subsidiaries							15,566	(79,031)
Unallocated expenses							(24)	(14)
Finance costs							(3)	(79)
Loss before tax							(61,934)	(892,563)
Income tax expense							—	—
Loss for the period							(61,934)	(892,563)

2. Segment information (Continued)

	Electronic and accessory products		Financial investments and services		Corporate and others		Consolidated	
	At 30 September 2016	At 31 March 2016	At 30 September 2016	At 31 March 2016	At 30 September 2016	At 31 March 2016	At 30 September 2016	At 31 March 2016
	(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	9,788	213	1,091,709	553,132	203	384,652	1,101,700	937,997
<i>Reconciliation:</i>								
Unallocated assets							5,950	87,547
Total assets							1,107,650	1,025,544
Segment liabilities	9,269	5,694	9	170	1,700	2,776	10,978	8,640
<i>Reconciliation:</i>								
Unallocated liabilities							—	82,448
Total liabilities							10,978	91,088

3. Revenue, other income and gains

	For the six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Sale of goods	11,138	650
Gain/(loss) on disposal of equity investments at fair value through profit or loss*	(2,298)	71,888
Interest income from money lending business**	707	—
	<u>9,547</u>	<u>72,538</u>
Other income and gains		
Gain on deregistration of a subsidiary	4,208	—
Gain on disposal of items of property, plant and equipment	—	7,778
Bank interest income	9	16
Government grants	—	108
Service income	—	75
Others	—	577
	<u>4,217</u>	<u>8,554</u>

* The gross proceeds from the disposal of equity investments at fair value through profit or loss for the Period were approximately HK\$53,210,000 (2015: HK\$356,622,000)

** Interest income from a connected person during the Period was approximately HK\$541,000 (2015: Nil)

4. Loss before tax

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

	For the six months ended 30 September	
	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>
Cost of inventories sold	11,019	642
Depreciation	<u>25</u>	<u>310</u>

5. Finance costs

	For the six months ended 30 September	
	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>
Interest on bank overdrafts	3	71
Interest on finance leases	<u>—</u>	<u>8</u>
	<u>3</u>	<u>79</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 (2015: 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 (2015: Nil).

7. Dividend

The Board has resolved not to pay any interim dividend for the Period (2015: 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\$61,934,000 (2015: HK\$890,547,000) and the weighted average number of ordinary shares of 8,951,691,839 (2015: 5,845,259,510) in issue during the Period.

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

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 September 2016.

9. Available-for-sale equity investments

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
Listed equity investments in Hong Kong, at fair value	<u>842,899</u>	<u>655,121</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 six months ended 30 September 2016, the gross gain in respect of the Group's available-for-sale equity investments recognised in other comprehensive income amounted to HK\$191,974,000 (2015: Nil).

10. Equity investments at fair value through profit or loss

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
Listed equity investments in Hong Kong, at fair value	<u>166,193</u>	<u>173,177</u>

11. Loan receivables

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
Loan receivables	<u>81,900</u>	<u>—</u>

Loan receivables represented loans of HK\$81,900,000 granted by the Group to a connected person of the Company and an independent third party. The loans bore interest at a rate of 5% 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.

An aged analysis of loan receivables (that are not considered to be impaired) as at the end of the reporting period, based on payment due date, is as follows:

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
Neither past due nor impaired	<u>81,900</u>	<u>—</u>

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

12. 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 receivables approximate their fair values.

12. Trade receivables (Continued)

Ageing analysis:

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
Within one month	<u>9,788</u>	<u>—</u>

13. Trade payables

Ageing analysis:

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
Within one month	9,022	—
Over 1 year	<u>3</u>	<u>3</u>
	<u>9,025</u>	<u>3</u>

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

14. 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 2016, included in other payables and accruals of the Group was receipt in advance of HK\$31,013,000 for the exercise of the Company's bonus warrants during the year.

15. Share capital

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (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:		
— 8,965,128,980 (31 March 2016: 8,500,360,724) ordinary shares of HK\$0.01 each	<u>89,651</u>	<u>85,004</u>

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

	Number of share in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2016	8,500,360,724	85,004	4,043,864	4,128,868
Bonus warrants exercised (<i>note i</i>)	<u>464,768,256</u>	<u>4,647</u>	<u>26,957</u>	<u>31,604</u>
As 30 September 2016	<u>8,965,128,980</u>	<u>89,651</u>	<u>4,070,821</u>	<u>4,160,472</u>

Note:

- (i) During the Period, the subscription rights attaching to 464,768,256 bonus warrants were exercised at a subscription price of HK\$0.068 per share, resulting in the issue of 464,768,256 ordinary shares for a proceed of HK\$31,604,000.

16. Disposal of subsidiaries

During the Period, the Group disposed of a number of subsidiaries at the aggregate consideration of US\$21,800,000 (approximately HK\$169,645,000) (2015: HK\$182,500,000). Please refer to “Material Disposals” for details.

	For the six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
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
Cash and bank balances	1,092	—
Prepayments, deposits and other receivables	153,270	599
Other payables and accruals	(1,164)	(6)
Deferred tax liabilities	—	(1,048)
	153,198	264,108
Available-for-sale investment revaluation reserve released upon disposal	—	(2,577)
Release of exchange fluctuation reserve	881	—
Net gain/(loss) on disposal of subsidiaries	15,566	(79,031)
	169,645	182,500
Satisfied by:		
Cash	169,645	182,500

The net inflow of cash and cash equivalents in respect of the disposal of subsidiaries was HK\$168,553,000 (2015: HK\$182,500,000).

17. 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 2016 <i>HK\$'000</i>	At 31 March 2016 <i>HK\$'000</i>	At 30 September 2016 <i>HK\$'000</i>	At 31 March 2016 <i>HK\$'000</i>
Financial assets				
Available-for-sale equity investments	842,899	655,121	842,899	655,121
Equity investments at fair value through profit or loss	166,193	173,177	166,193	173,177
	<u>1,009,092</u>	<u>828,298</u>	<u>1,009,092</u>	<u>828,298</u>

Management has assessed that the fair values of cash and 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.

17. Fair value hierarchy of financial instruments (Continued)

Fair value hierarchy

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

Assets measured at fair value

As at 30 September 2016

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Fair value measurement using		Total <i>HK\$'000</i>
		Significant observable input (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
Available-for-sale equity investments	842,899	—	—	842,899
Equity investments at fair value through profit or loss	<u>166,193</u>	<u>—</u>	<u>—</u>	<u>166,193</u>
	<u>1,009,092</u>	<u>—</u>	<u>—</u>	<u>1,009,092</u>

As at 31 March 2016

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Fair value measurement using		Total <i>HK\$'000</i>
		Significant observable input (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
Available-for-sale equity investments	655,121	—	—	655,121
Equity investments at fair value through profit or loss	<u>173,177</u>	<u>—</u>	<u>—</u>	<u>173,177</u>
	<u>828,298</u>	<u>—</u>	<u>—</u>	<u>828,298</u>

During the six months ended 30 September 2016, there were no transfers of fair value measurements between Level 1 and Level 2 (31 March 2016: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 September 2016 and 31 March 2016.

18. 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	
	2016	2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	439	2,211
Pension scheme contribution	6	89
	<u>445</u>	<u>2,300</u>

19. Approval of the unaudited interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 24 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a revenue of approximately HK\$9.5 million for the Period, compared to a revenue of approximately HK\$72.5 million for corresponding period of last year. It was mainly attributable to the sales in the electronic and accessory products of approximately HK\$11.1 million for the Period. The net loss for the Period was approximately HK\$61.9 million, compared to the net loss of approximately HK\$892.6 million for the corresponding period of last year. Loss per share attributable to ordinary equity holders of the parent for the Period was HK0.69 cent (2015: HK15.24 cents). The Group's net loss for the Period was primarily attributable to realised losses on disposal of an available-for-sale equity investment of approximately HK\$56.1 million and the fair value loss on equity investments at fair value through profit or loss of approximately HK\$7.0 million.

Electronic and Accessory Products

The electronic and accessory products business continued to slow down due to the sluggish sales demand. In response to the intense competition in the consumer electronic market, the Group, for the Period, placed much effort in broadening the existing product range by sourcing more new electronic products. During the Period, sales revenue from electronic and accessory products segment increase to approximately HK\$11.1 million, compared to that of approximately HK\$0.7 million for the corresponding period of last year. The operating profit was approximately HK\$4.3 million, including the gain on deregistration of a subsidiary of HK\$4.2 million (2015: loss of HK\$0.6 million, excluding the one-off gain on disposal of land and buildings of HK\$7.8 million).

Financial Investments and Services

The financial investments and services business of the Group comprise securities investment and trading, debt and equity investments and money lending business. During the Period, the Hang Seng Index was volatile with fluctuations between 19,595 points to 24,364 points. Amid the expectation of US interest hike, Brexit referendum and recent plunge of A shares of mainland China, investors' confidence remained low and market sentiments were bearish. During the Period, the Group's financial investments and services segment recorded a realised loss on disposal of an available-for-sale equity investment of approximately HK\$56.1 million, fair value loss on equity investments at fair value through profit or loss of approximately HK\$7.0 million and interest income of approximately HK\$0.7 million was derived from the money lending business.

On 16 June 2016, the Group disposed of its entire interest in CSPT Holdings Limited which is engaged in the operation of the project named “Hundreds Cities and Millions Babies Growth Information Card” for US\$10.5 million (approximately HK\$81.9 million) and earned a gain of approximately HK\$5.5 million. Details of which was disclosed in the Company’s announcement and circular dated 16 June 2016 and 3 August 2016 respectively. Despite of the disposal, the Group will continue to explore investment opportunities in tapping into the growing information and big data market in Mainland China and will not rule out entering to this market again should the right investment opportunity in this market arise.

Prospects

Looking ahead, apart from consolidating its existing businesses, the Group will continue to place its efforts in searching for suitable investment opportunities for diversification and possible expansion which will bring in a steady source of income to the Group. With a view of capitalising on the business opportunities created by the upcoming full scale launch of the Shenzhen-HK Stock Connect later this year, the Group will consider allocate more resources in its financial investments and services segment for the year to come. Meanwhile, as the property market may 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 in this segment. 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. The Group will continue to explore potential business alliances and cooperation with electric vehicles maker to strengthen its electronic and accessory product business.

However, the uncertain US monetary policies, the rising expectation of US interest hike, the greater uncertainty in US policy going ahead after the US presidential election, the devaluation of RMB and the slowdown of Mainland China economy remain key factors dragging on the global economic recovery. In light of these macroeconomic challenges, the Group will continue to be on the alert to pursue its prudent investment strategy in developing its existing and new businesses.

Financial Review

The Group recorded revenue of approximately HK\$9.5 million for the Period, compared to a revenue of approximately HK\$72.5 million for the corresponding period of last year. The Group’s revenue mainly comprised the sales of electronic and accessory products of approximately HK\$11.1 million, a realised loss on the disposal of equity investment of approximately HK\$2.3 million and interest income from money lending business of approximately HK\$0.7 million. The loss for the Period was approximately HK\$61.9 million. As at 30 September 2016, the Group’s net asset value was approximately HK\$1,096.7 million (31 March 2016: approximately HK\$934.5 million).

Liquidity and Financial Resources

During the Period, the Group generally financed its operation with internally generated cash flow. The Group's cash and bank balances as at 30 September 2016 amounted to approximately HK\$5.0 million (31 March 2016: approximately HK\$86.5 million).

As at 30 September 2016, the Group had no bank overdrafts, short or long term interest-bearing bank borrowings (31 March 2016: Nil).

As at 30 September 2016, the Group's current ratio was 24.0 times (31 March 2016: 4.0 times) based on current assets of approximately HK\$263.6 million (31 March 2016: approximately HK\$362.8 million) and current liabilities of approximately HK\$11.0 million (31 March 2016: approximately HK\$91.1 million).

As at 30 September 2016, the Group did not have any significant capital commitments (31 March 2016: Nil). The Group also had no other contingent liabilities.

Capital Structure

As at 30 September 2016, the Group's gearing ratio, being total borrowings to net asset value, was nil (31 March 2016: 5.35%) 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 that the Group is exposed to are minimal.

Significant Investments

As at 30 September 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\$1,009.1 million (31 March 2016: HK\$828.3 million). The details of the portfolio of equity investments as at 30 September 2016 are set out as follows:

Stock Code	Name of Securities	% of shareholding in the listed securities held by the Group as at 30 September 2016	Unrealised gain/ (loss) for the period ended 30 September 2016 <i>HK\$'000</i>	Fair value of the investment in listed securities as at 30 September 2016 <i>HK\$'000</i>
Available-for-sale equity investments				
572	Central Wealth Financial Group Limited	4.84%	168,863	266,771
1004	China Smarter Energy Group Holdings Limited	2.21%	—	121,156
1141	Skyway Securities Group Limited	13.62%	23,558	441,172
1370	Hengshi Mining Investments Limited	0.31%	(447)	13,800
Total			<u>191,974</u>	<u>842,899</u>

Stock Code	Name of Securities	% of shareholding in the listed securities held by the Group as at 30 September 2016	Unrealised gain/ (loss) for the period ended 30 September 2016 <i>HK\$'000</i>	Fair value of the investment in listed securities as at 30 September 2016 <i>HK\$'000</i>
Equity investments at fair value through profit or loss				
412	China Innovative Finance Group Limited	0.49%	(11,385)	78,744
1004	China Smarter Energy Group Holdings Limited	0.18%	—	9,800
1141	Skyway Securities Group Limited	0.95%	1,650	30,900
1153	Skyway Securities Group Limited W1702	2.92%	2,750	46,749
Total			<u>(6,985)</u>	<u>166,193</u>

Details of Charges on Assets

As at 30 September 2016, the Group had no charges on assets (31 March 2016: Nil).

Material Disposals

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\$87.7 million). This disposal was completed on 13 May 2016.

On 16 June 2016, the Group entered into a sale and purchase agreement to dispose of its entire interest in CSPT Holdings Limited, an indirect wholly-owned subsidiary of the Company, to a connected party for a cash consideration of US\$10.5 million (approximately HK\$81.9 million). This disposal was completed on 24 August 2016.

Employment, Training and Development

As at 30 September 2016, the Group had a total of 13 employees. 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 maximise 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 2016.

The Company has complied with the code provisions set out in Corporate Governance Code in Appendix 14 of the Listing Rules throughout the Period except for the following deviations.

Code Provision A.2.1

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.

Code Provision E.1.2

Due to unavoidable business engagement, Mr. Wei Zhenyu, the Chairman of the Company, was unable to attend the annual general meeting of the Company held on 19 August 2016. The Chairman had arranged for other directors and management, who are well-versed in the Company's business and affairs, to attend the meeting and communicate with shareholders of the Company.

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 reporting. The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the Period and discussed auditing, financial reporting matters and risk management and internal control systems of the Company. The Audit Committee comprises three members, namely, Mr. Kwok Chi Kwong (Chairman of the Audit Committee), Mr. Chen Youchun and Mr. Mai Qijian, 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, 24 November 2016

As at the date of this announcement, the Board comprises 3 executive directors, namely, Mr. Wei Zhenyu, Mr. Yu Qingrui and Ms. Lam Hay Yin; and 3 independent non-executive directors, namely, Mr. Kwok Chi Kwong, Mr. Chen Youchun and Mr. Mai Qijian.