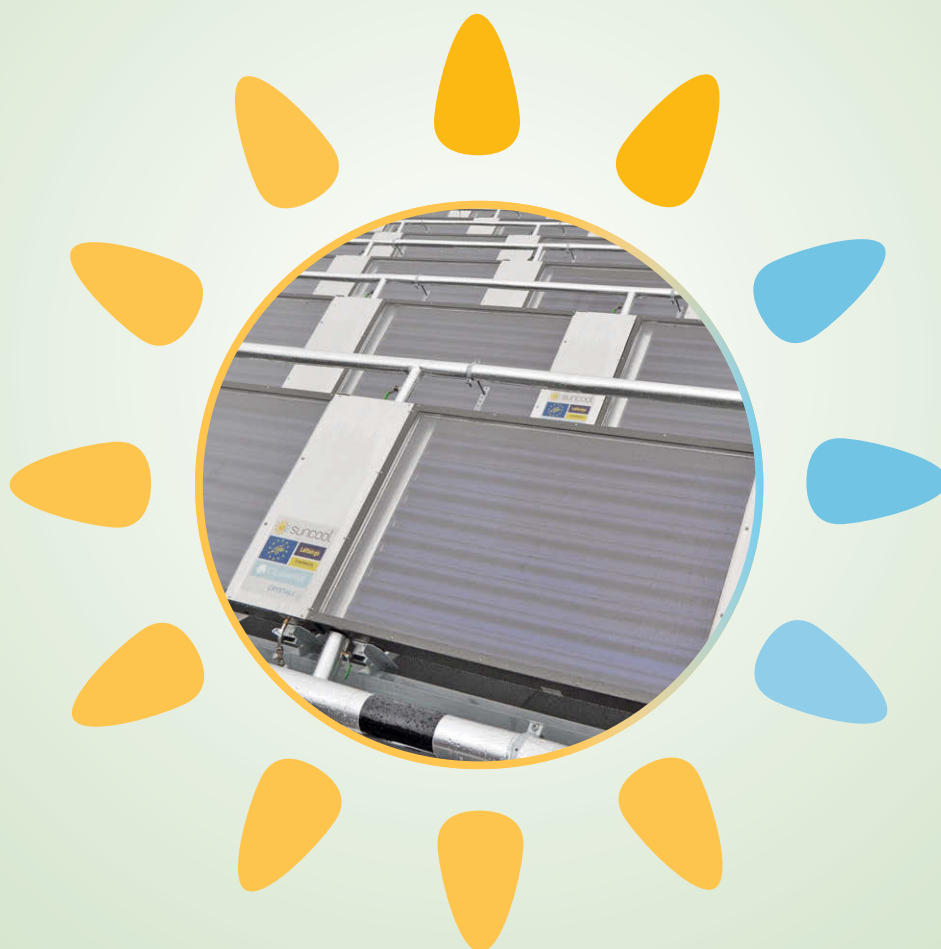




# 中發展控股有限公司

## ZHONG FA ZHAN HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability  
Stock Code : 00475



# INTERIM REPORT

## 2015/16

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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Wu Hao (*Chairman*)  
Mr. Hu Yangjun  
Mr. Hu Yishi  
Mr. Chan Wing Yuen, Hubert (*Chief Executive*)  
Ms. Kwong Wai Man, Karina (*Chief Financial Officer*)

### Non-executive Director

Mr. Li Wei Qi, Jacky

### Independent non-executive Directors

Mr. Wu Chi Keung  
Mr. Heung Chee Hang, Eric  
Ms. Kwok Pui Ha

## Audit Committee

Mr. Wu Chi Keung (*Chairman*)  
Mr. Heung Chee Hang, Eric  
Ms. Kwok Pui Ha

## Remuneration Committee

Mr. Wu Chi Keung (*Chairman*)  
Mr. Chan Wing Yuen, Hubert  
Mr. Heung Chee Hang, Eric

## Nomination Committee

Mr. Wu Chi Keung (*Chairman*)  
Mr. Chan Wing Yuen, Hubert  
Ms. Kwok Pui Ha

## Company Secretary

Mr. Chow Chi Shing

## Head Office and Principal Place of Business in Hong Kong

23/F., Chinachem Century Tower  
178 Gloucester Road  
Wanchai  
Hong Kong

## Registered Office

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Principal Share Registrar

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## Principal Bankers

The Hong Kong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited

## Legal Advisers

K&L Gates  
Angela Ho & Associates

## Auditor

Deloitte Touche Tohmatsu

## Company Website

[www.475hk.com](http://www.475hk.com)

## Stock Code

00475

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

During the six months ended 30 September 2015 (the “Review Period”), the Group was mainly engaged in the domestic jewelry wholesale business in the People’s Republic of China (the “PRC”). The business scale has remained relatively modest due to the implementation of austerity measures by the PRC government coupled with fierce market competition. This has limited the Group’s bargaining power, resulting in less favorable operating conditions.

In response to the challenges mentioned, the Group has elected to diversify its operations in an effort to expand income sources. On 1 July 2015, the Group announced its entry into the new energy business by signing a subscription agreement (the “Suncool Subscription Agreement”) with Suncool AB (a Swedish company owned by ClimateWell AB (publ) (“ClimateWell”) to allot and issue 6,000,000 new shares of the Company to Suncool AB at a subscription price of HK\$2.10 per share. Warrants were also granted to Suncool AB for subscribing to an aggregate of 24,000,000 new shares of the Company at an exercise price of HK\$2.50 per warrant share. The Group also signed subscription agreements (the “Investor Subscription Agreements”) with six independent investors to allot and issue an aggregate of 36,000,000 new shares of the Company to six independent investors at a subscription price of HK\$2.10 per share.

On the same date, Suncool AB entered into a 15-year license agreement (the “License Agreement”) with Nation Power Group Limited (“Nation Power”), a wholly-owned subsidiary of the Company, which granted exclusive rights and permissions to Nation Power to use CoolStore concepts, intellectual property and authorized solar heating and cooling collector technologies, which are components of the proprietary triple-state absorption technology, for solar-powered interior climate solutions in the Greater China region. In addition, the Group entered into a consultation agreement (the “Consultation Agreement”) on the same date with China-UK Low Carbon Enterprise (Jiangyin) Investment Management Ltd, a company owned by China Energy Conservation and Environmental Protection Group (“CECEP”) for the provision of consultation services to the Group.

For details regarding the Suncool Subscription Agreement, the Investor Subscription Agreements, the License Agreement and the Consultation Agreement, please refer to the Company’s announcement dated 5 July 2015 and the circular dated 13 August 2015.

The Group completed the subscription for a total of 36,000,000 shares as at 2 November 2015, which generated total gross proceeds of approximately HK\$75,600,000. After deducting related expenses payable by the Company, the net proceeds are intended to be used for the following purposes: (i) approximately HK\$50.0 million for the development of the solar business in the PRC; (ii) approximately HK\$7.6 million for the repayment of the loan from a controlling shareholder of the Company; and (iii) remaining total net proceeds for general working capital purpose of the Group. The net proceeds received have not been utilized before the date of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Prospect

The fine jewelry industry in the PRC will continue to face intense competition in the future. The Group will remain prudent and reduce direct and indirect costs to maintain a stable operating environment. The Group will also explore business opportunities in the jewelry wholesale and retail markets in Hong Kong through various channels, in addition to developing its existing jewelry wholesale business in the PRC.

The PRC government outlined its “Enhanced Actions on Climate Change: China’s Intended Nationally Determined Contributions” this June, the strategies of which were subsequently submitted to the United Nations Framework Convention on Climate Change. Mr. Li Keqiang, Premier of the State Council, announced the target of lowering CO<sub>2</sub> emissions per unit of GDP by 60% to 65% by 2030 as compared to 2005 levels. As CO<sub>2</sub> emissions from air-conditioning systems in commercial and residential buildings account for a considerable percentage of total emissions, the Group is eager to contribute to emissions reduction by leveraging the Groups technical prowess.

“Recommendations for the Development of Economy and Society under the Thirteenth Five-Year Plan from The Central Government” was recently promulgated, which aims to spur energy reforms, instigate innovations in energy technologies and develop a modern energy framework that is clean, generates low levels of carbon, safe and highly efficient. The document has set the direction for energy reforms in the PRC, and the Group believes that massive commercial opportunities will emerge in this field.

The agreements with Suncool AB marks the beginning of the Group’s involvement in the renewable energy business. It will consolidate the Group’s financial status and enhance its liquidity. Suncool AB enjoys strong support from ClimateWell, its parent company with Industrifonden as one of the substantial shareholders. Industrifonden is a venture capital fund backed by the Swedish government and a leading investor in green technologies. ClimateWell is a premier developer of green technologies that are focused on solar heating and cooling, heat-driven air-conditioning systems for heavy-duty vehicles and household air energy water heaters. ClimateWell has formed partnerships with a number of renowned multinational corporations such as GE, Rheem and Caterpillar to manufacture and develop its products. Another one of the substantial shareholders of ClimateWell is Skirner, a family-owned business in Sweden mainly engaged in property development projects and the founder and majority shareholder of SWECO, which is well-known for providing engineering and environmental consultation services in the region. The Group believes that the experiences of both ClimateWell and Skirner in green technologies and environmental consulting will generate greater synergies with the Group as it enters the business of the renewable energy.

In addition, the Group believes that the extensive knowledge and industry experience of CECEP will enable it to capitalize on potential opportunities in the Chinese solar technology industry. The Suncool Subscription Agreement also makes the start of the Group’s enter into the renewable energy business.

In view of the increasing support from the PRC government, the use of solar energy is expected to become more widespread, thereby driving local market demand for solar heating and cooling collectors is also expected to increase continuously. The Group will utilize its cutting-edge technology and industry experience to develop the cooling pipe, a part of solar collectors, business and will allocate capital raised from the share subscription to install new production lines in the Group’s plant in Yuyao, the PRC. The Group will purchase cooling pipe components from Suncool AB directly and sell them to target customers such as educational institutions and government authorities in the Greater China region on a trial basis. The Group is actively anticipated in the setting up of a Sino-foreign joint venture in Yuyao. The production line of cooling pipe is expected to commence operation by the end of 2016 and contribute significant profits to the Group.

Looking ahead, the Group will actively explore new opportunities to achieve the ultimate goal of creating greater value for its shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Financial Review

#### Review of Results

During the Review Period, the Group was affected by the adverse business environment of the wholesale jewelry sector in the PRC domestic market. The drop in the demand for fine jewelry due to the poor consumer sentiment in the PRC, austerity measures by the government and intense industry competition has directly affected the sales and profit margin of the Group. The sales revenue of the Group for the Review Period was approximately HK\$9.7 million, representing a decrease of 74% from HK\$38.0 million for the six months ended 30 September 2014, while the gross profit margin also decreased from 10.7% to 4.9%.

Despite implementing cost control measures, the decrease of gross profit has increased our net loss for the period from HK\$9.1 million for the six months ended 30 September 2014 to HK\$11.4 million for the Review Period, representing an increase of 25%. Basic loss per share was 3.9 HK cents (2014: basic loss per share was 3.2 HK cents).

#### Liquidity, Financial Resources and Capital Structure

As at 30 September 2015, the Group has net current assets of HK\$31.3 million (31 March 2015: HK\$23.1 million) of which cash and bank balances were HK\$32.8 million (31 March 2015: HK\$14.8 million). As at 30 September 2015 and 31 March 2015, the Group had no bank borrowings and no banking facilities. The Group's gearing ratio as at 30 September 2015 and 31 March 2015 was nil (total interest bearing borrowings divided by bank balance and cash as a percentage of total equity).

The Group financed its liquidity operations requirements through cash flow generated from operations as well as through the loans from a controlling shareholder and the net proceeds from issue of new shares for the Review Period.

On 30 September 2015, a total of 9,000,000 ordinary shares at par value of HK\$0.01 each had been allotted and issued by the Company to two independent investors at a price of HK\$2.10 per share pursuant to the Investor Subscription Agreements with gross proceeds of HK\$18.9 million. Subsequent to the Review Period, a total of 21,000,000 and 6,000,000 ordinary shares at par value of HK\$0.01 each had been allotted and issued by the Company to various independent investors and Suncool AB respectively at a price of HK\$2.10 per share pursuant to the Investors Subscription Agreements and the Suncool Subscription Agreement with gross proceeds of HK\$56.7 million. In addition, on 2 October 2015, the Company issued 24,000,000 warrants with an exercise price of HK\$2.50 per warrant share at nil consideration to Suncool AB pursuant to the Suncool Subscription Agreement. The total net proceeds, after deduction of related expenses from the total gross proceeds, are intended to be used as to (i) approximately HK\$50.0 million for the development of the solar business in the PRC; (ii) approximately HK\$7.6 million for the repayment of the loan from a controlling shareholder of the Company; and (iii) the remaining total net proceeds for the general working capital purposes of the Group. As at 30 September 2015, the net proceeds received have not been utilized and remained available for their intended uses.

During the Review Period, 300,000 ordinary shares at par value of HK\$0.01 each had been issued and allotted by the Company as a result the exercise of share options at an exercise price of HK\$1.53. The gross proceeds of approximately HK\$0.5 million were used as general working capital for the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Charges on Group Assets

As at 30 September 2015 and 31 March 2015, the Group did not have any charges on the Group's assets.

### Dividend

The Board did not recommend the payment of any interim dividend for the Review Period (2014: Nil).

### Capital Commitment and Contingent Liabilities

As at 30 September 2015, the Group did not have any capital commitments (31 March 2015: Nil) and had HK\$1.1 million of operating lease commitments (31 March 2015: HK\$2.2 million). As at 30 September 2015 and 31 March 2015, the Group did not have any significant contingent liabilities.

### Staff and Remuneration Policy

As at 30 September 2015, the Group had a total of approximately 24 employees (31 March 2015: 39). Staff costs for the Review Period was HK\$6.2 million, representing a decrease of 20.5% as compared to the six months ended 30 September 2014 of HK\$7.8 million. The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group also provides internal training to its employees when necessary and other benefits including share option scheme and contribution to statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

### Foreign Exchange Fluctuation and Hedges

Currently, the Group was principally based in the PRC and was not significantly exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transaction and recognized assets and liabilities. While the Group would closely monitor the volatility of the RMB exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 30 September 2015 and 31 March 2015, no forward foreign currency contracts are designated in hedging accounting relationships.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Share Option Scheme

The Group has approved and adopted a share option scheme on 26 February 2007 for the Directors, its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group.

Details of the movements of share options granted, exercised or cancelled/lapsed during the period under review and outstanding as at 30 September 2015 are as follows:

	Number of share options				Outstanding as at 30 September 2015	Exercise period (both dates inclusive)	Exercise price HK\$	Closing price immediately before the date of grant HK\$
	At 1 April 2015	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period				
Directors:								
Mr. Chan Wing Yuen, Hubert	2,736,000	-	-	-	2,736,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Wu Chi Keung	270,000	-	-	-	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Heung Chee Hang, Eric	270,000	-	-	-	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Ms. Kwok Pui Ha	270,000	-	-	-	270,000	27 June 2012 to 30 December 2016	1.53	1.53
<b>Total Directors</b>	<b>3,546,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,546,000</b>			
Employees	300,000	-	(300,000)	-	-	27 June 2012 to 30 December 2016	1.53	1.53
<b>Total Employees</b>	<b>300,000</b>	<b>-</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>			
<b>Total All Categories</b>	<b>3,846,000</b>	<b>-</b>	<b>(300,000)</b>	<b>-</b>	<b>3,546,000</b>			



## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

### Directors' Interests and Short Positions in Shares

As at 30 September 2015, the interests and short positions of the Directors and their associates in the shares and underlying shares of the Company ("Shares") as recorded in the register to be kept under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

#### Long Positions

Ordinary Shares of HK\$0.01 each

Name of Director	Capacity	Number of issued ordinary Shares held (Including underlying Shares) (Note 1)	Percentage of the issued ordinary share capital of the Company
Mr. Hu Yangjun	(Note 2)	207,454,000	68.45%
Mr. Hu Yishi	(Note 3)	207,454,000	68.45%
Mr. Wu Hao		2,736,000	0.90%
Mr. Chan Wing Yuen, Hubert	(Note 4)	2,736,000	0.90%
Mr. Li Wei Qi, Jacky		2,736,000	0.90%
Mr. Wu Chi Keung	(Note 5)	270,000	0.09%
Mr. Heung Chee Hang, Eric	(Note 5)	270,000	0.09%
Ms. Kwok Pui Ha	(Note 5)	270,000	0.09%

Notes:

- (1) The share options granted by the Company to Directors which are outstanding as shown under the section "Share Option Scheme" of this interim report have been included in the long positions of respective Directors.
- (2) Mr. Hu Yangjun had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited ("Resources Rich"), a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.
- (3) Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.
- (4) Mr. Chan Wing Yuen, Hubert had a direct interest of 2,736,000 Shares which are outstanding share options granted by the Company to subscribe for 2,736,000 Shares at exercise price of HK\$1.53 per Share.
- (5) Each of Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha had a direct interest of 270,000 Shares which are outstanding share options granted by the Company to subscribe for 270,000 Shares at exercise price of HK\$1.53 per Share.

Save as disclosed above, as at 30 September 2015, no interests and short position in the Shares or underlying Shares were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executives of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

### Substantial Shareholders' Interests in Shares

As at 30 September 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors and their associates, the following shareholders have notified the Company of relevant interests in the issued share capital of the Company:

#### Long Positions

Ordinary Shares of HK\$0.01 each

Name of Shareholder	Capacity	Number of issued ordinary Shares held	Percentage of the issued ordinary share capital of the Company
Resources Rich	(Note 1)	204,718,000	67.55%
Ms. Zhang Qi	(Note 2)	207,454,000	68.45%
Ms. Lin Min	(Note 3)	207,454,000	68.45%

Notes:

- (1) 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.
- (2) Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yangjun is interested in pursuant to the SFO.
- (3) Ms. Lin Min is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yishi is interested in pursuant to the SFO.

Save as disclosed above, as at 30 September 2015, no other parties, other than the Directors whose interests are set out in the section "Directors' Interests and Short Positions in Shares" above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

### Corporate Governance Practices

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Company has applied the principles and complied with all the applicable code provisions set out in the Code throughout the six months ended 30 September 2015 except for the deviation from code provision A.6.7 as explained below.

Under code provision A.6.7, independent non-executive Directors and non-executive Director should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other business engagement and work commitments, one of the independent non-executive Directors was unable to attend the Company’s annual general meeting and extraordinary general meeting, both held on the same day on 8 September 2015.

### Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2015.

### Audit Committee and Independent Review by External Auditor

The audit committee of the Company (the “Audit Committee”) was established with written terms of reference in compliance with the code provisions under the Code set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including the review of the unaudited interim results for the six months ended 30 September 2015. The Group’s external auditor, Deloitte Touche Tohmatsu, has been appointed to review the interim financial information. On the basis of their review, they are not aware of any material modifications that should be made to the interim financial information for the six months ended 30 September 2015.

### Purchase, Sale or Redemption of the Company’s Listed Shares

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed Shares during the six months ended 30 September 2015.

On behalf of the Board

**Wu Hao**

*Chairman and Executive Director*

Hong Kong, 20 November 2015

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## TO THE BOARD OF DIRECTORS OF ZHONG FA ZHAN HOLDINGS LIMITED

*(Incorporated in Cayman Islands with limited liability)*

### Introduction

We have reviewed the condensed consolidated financial statements of Zhong Fa Zhan Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 12 to 22, which comprise the condensed consolidated statement of financial position as of 30 September 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

#### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

20 November 2015

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	NOTES	Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	9,742	38,009
Cost of sales		(9,265)	(33,932)
Gross profit		477	4,077
Other income		81	58
Other gains and losses	4	149	201
Distribution costs		(1,341)	(2,590)
Administrative expenses		(10,753)	(10,849)
Loss before taxation		(11,387)	(9,103)
Taxation	5	–	–
Loss for the period	6	(11,387)	(9,103)
Other comprehensive expense for the period			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation		(367)	(230)
Total comprehensive expense for the period		(11,754)	(9,333)
Loss per share	7		
Basic and diluted (HK cents)		(3.87)	(3.22)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	<i>NOTES</i>	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Non-current asset			
Property, plant and equipment		1,777	2,384
Current assets			
Inventories		5,240	11,607
Trade receivables	9	6,332	7,605
Deposits, prepayments and other receivables		1,964	1,487
Bank balances and cash		32,786	14,758
		<b>46,322</b>	35,457
Current liabilities			
Trade payables	10	36	2,110
Other payables and accruals	11	7,435	3,288
Loan from a controlling shareholder	12	7,585	6,953
		<b>15,056</b>	12,351
Net current assets		<b>31,266</b>	23,106
Total assets less current liabilities		<b>33,043</b>	25,490
Capital and reserves			
Share capital	13	3,031	2,938
Reserves		30,012	22,552
Equity attributable to owners of the Company		<b>33,043</b>	25,490

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2015 (audited)	2,938	76,559	2,615	7,581	(64,203)	25,490
Loss for the period	-	-	-	-	(11,387)	(11,387)
Other comprehensive expense for the period	-	-	-	(367)	-	(367)
Total comprehensive expense for the period	-	-	-	(367)	(11,387)	(11,754)
Issue of new shares (Note 13)	90	18,810	-	-	-	18,900
Exercise of share options	3	660	(204)	-	-	459
Transaction cost attributable to issue of new shares	-	(52)	-	-	-	(52)
At 30 September 2015 (unaudited)	3,031	95,977	2,411	7,214	(75,590)	33,043
At 1 April 2014 (audited)	2,736	32,243	16,347	8,047	(42,083)	17,290
Loss for the period	-	-	-	-	(9,103)	(9,103)
Other comprehensive expense for the period	-	-	-	(230)	-	(230)
Total comprehensive expense for the period	-	-	-	(230)	(9,103)	(9,333)
Transfer upon lapse of share options	-	-	(34)	-	34	-
Exercise of share options	202	44,316	(13,698)	-	-	30,820
At 30 September 2014 (unaudited)	2,938	76,559	2,615	7,817	(51,152)	38,777



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Loss before taxation	(11,387)	(9,103)
Adjustment for:		
Depreciation	607	574
Operating cash flows before movements in working capital	(10,780)	(8,529)
Decrease (increase) in inventories	6,367	(420)
Other working capital items	(2,444)	(864)
Net cash used in operating activities	(6,857)	(9,813)
Net cash from investing activities		
Interest received	21	14
Purchases of property, plant and equipment	(18)	(60)
	3	(46)
Net cash from financing activities		
Advance from a controlling shareholder	793	3,000
Repayment to a controlling shareholder	–	(12,333)
Proceeds from exercise of share options	459	30,820
Proceeds from issue of shares	18,900	–
Advance from an investor for subscription of shares	5,000	–
Transaction cost directly attributable to issue of new shares	(52)	–
	25,100	21,487
Net increase in cash and cash equivalents	18,246	11,628
Cash and cash equivalents at beginning of the period	14,758	13,372
Effect of foreign exchange rate changes	(218)	(283)
Cash and cash equivalents at end of the period	32,786	24,717

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

In addition, in the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 - 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 - 2013 cycle
Amendments to HKAS 19	Defined benefit plans: Employee contributions

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2015

### 3. Revenue and Segment Information

#### Revenue

Revenue represents the amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

#### Segmental information

The Group's revenue and result is solely derived from a single business operation of jewelry manufacturing and wholesale business in the People Republic of China (the "PRC") (the "Jewelry Business"). The financial information for the Jewelry Business as a whole is regularly reviewed by the executive directors of the Company and used for the purposes of assessment of performance and resource allocation. Accordingly, the Jewelry Business as a whole constitutes the sole operating segment for the purpose of segment information presentation under HKFRS 8. Accordingly, no segment information was disclosed.

### 4. Other Gains and Losses

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	(3)	–
Net foreign exchange gain	152	201
	<b>149</b>	201

### 5. Taxation

No provision for Hong Kong Profits Tax has been made as there were no assessable profits generated in Hong Kong for both periods.

No provision for PRC Enterprise Income Tax has been made for the Group's PRC subsidiary as the PRC subsidiary has no assessable profits for both periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2015

### 6. Loss for the Period

Loss for the period has been arrived at after charging:

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of inventories recognised as expense	9,265	33,932
Depreciation of property, plant and equipment	607	574
Staff cost (including directors' remuneration)	6,189	7,784
Auditor's remuneration	160	142

### 7. Loss Per Share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The Group's loss for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	(11,387)	(9,103)
	'000	'000
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	293,882	282,306

The calculation of diluted loss per share for the six months ended 30 September 2015 and 30 September 2014 does not assume the exercise of the Company's outstanding share options as their exercise would result in a decrease in loss per share.

### 8. Dividends

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period (2014: nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2015

### 9. Trade Receivables

The credit terms granted by the Group to its customers normally ranging from 30 to 180 days.

The following is an analysis of the Group's trade receivables by age, presented based on the invoice date, which approximated the revenue recognition date.

	<b>At</b> <b>30 September</b> <b>2015</b> <b>HK\$'000</b> <b>(unaudited)</b>	At 31 March 2015 HK\$'000 (audited)
Within 1 month	<b>1,461</b>	1,172
Over 1 month but within 3 months	<b>3,343</b>	2,280
Over 3 months but within 6 months	<b>1,528</b>	4,153
	<b>6,332</b>	7,605

### 10. Trade Payables

The following is an analysis of the Group's trade payables by age, presented based on the invoice date.

	<b>At</b> <b>30 September</b> <b>2015</b> <b>HK\$'000</b> <b>(unaudited)</b>	At 31 March 2015 HK\$'000 (audited)
Within 1 month	<b>3</b>	88
Over 1 month but within 3 months	<b>6</b>	299
Over 3 months but within 6 months	<b>23</b>	1,719
Over 6 months	<b>4</b>	4
	<b>36</b>	2,110

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2015

### 11. Other Payables and Accruals

As at 30 September 2015, included in other payables and accruals is an amount of HK\$5,000,000 (31 March 2015: nil) which represents an advance from an investor for subscription of the Company's ordinary shares. Details of the subscription are set out in note 13.

### 12. Shareholder's Loan

The shareholders's loan is unsecured, interest-free and repayable on demand.

### 13. Share Capital

	Number of shares '000	Amount HK\$'000
Ordinary shares with nominal value of HK\$0.01 each		
Authorised:		
At 1 April 2014, 31 March 2015, 1 April 2015 and 30 September 2015	10,000,000	100,000
Issued and fully paid:		
At 1 April 2015 (audited)	293,754	2,938
Exercise of share options	300	3
Issue of new shares ( <i>note</i> )	9,000	90
At 30 September 2015 (unaudited)	303,054	3,031

Pursuant to the Suncool subscription agreement (the "Suncool Subscriptions") and the investors subscription agreements (the "Investor Subscriptions") dated 1 July 2015 entered into between the Company, a technology provider and various investors respectively, the Company agreed to (i) allot and issue to the technology provider 6,000,000 new ordinary shares at a price of HK\$2.10 per share and grant the technology provider an aggregate of 24,000,000 warrants with an exercise price of HK\$2.50 per warrant share at nil consideration under the Suncool Subscriptions; and (ii) allot and issue to various investors an aggregate of 36,000,000 new ordinary shares at a price of HK\$2.10 per share under the Investors Subscriptions. On the same date, the technology provider and a wholly-owned subsidiary of the Company entered into a license agreement in pursuant to which the technology provider granted an exclusive right and license to the subsidiary of the Company for the use of solar energy related technologies and equipment (the "Technologies and Equipment") for a term of 15 years upon the completion of the Suncool Subscriptions. The Technologies and Equipment will be applied in the Group's proposed new solar business. The technology provider shall be entitled to receive royalty from the Group representing 5% of the revenue generated from the new solar business. Details of these transactions and the Company's proposed new solar business are set out in the circular dated 13 August 2015.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2015

During the six months ended 30 September 2015, the Company issued 9,000,000 ordinary shares of HK\$0.01 each to two investors under the Investors Subscriptions at a price of HK\$2.10 per share and received gross proceeds of HK\$18,900,000.

Subsequent to end of the reporting period, the Company issued 21,000,000 and 6,000,000 ordinary shares of HK\$0.01 each to various investors and the technology provider respectively at a price of HK\$2.10 per share under the Investors Subscriptions and the Suncool Subscriptions respectively and received gross proceeds of HK\$56,700,000. In addition, the Company issued 24,000,000 warrants with an exercise price of HK\$2.50 per warrant share at nil subscription price to the technology provider.

The proceeds is intended to be used for (i) the development of the solar business in the PRC, (ii) the general working capital purpose and (iii) repayment of the loan from a controlling shareholder.

### 14. Share Option Scheme

The Company's share option scheme was adopted pursuant to a resolution passed on 26 February 2007 for the primary purpose of providing incentives to directors, employees and other eligible participants.

On 27 June 2012, 24,090,000 share options were granted. The options granted were all vested at the date of grant and exercisable during the period from 27 June 2012 to 30 December 2016. The fair value of the options determined at the date of grant using the Binomial model was approximately HK\$16,381,000.

The table below discloses movement of the Company's share options held by the directors, employees and other eligible participants:

	<b>Number of share options</b>
Outstanding as at 1 April 2015 (audited)	3,846,000
Exercise during the period	(300,000)
Outstanding as at 30 September 2015 (unaudited)	3,546,000

No options were granted during the current interim period.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2015

### 15. Operating Leases Commitments

As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>At 30 September 2015 HK\$'000 (unaudited)</b>	At 31 March 2015 HK\$'000 (audited)
Within one year	<b>652</b>	1,710
In the second to fifth year	<b>395</b>	398
More than five years	<b>60</b>	114
	<b>1,107</b>	2,222

### 16. Related Party Transactions

Apart from the shareholder's loan as disclosed in note 12, the Group had entered into the following related party transactions during the periods:

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	<b>2015 HK\$'000 (unaudited)</b>	2014 HK\$'000 (unaudited)
Short-term employee benefits	<b>3,978</b>	4,798
Post-employment benefit	<b>151</b>	210
	<b>4,129</b>	5,008

Other than as disclosed above, there was no material related party transactions during the current interim period.