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 2017/18

Contents

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wu Hao *(Chairman)*
Mr. Hu Yangjun
Mr. Hu Yishi (resigned on 1 December 2017)
Mr. Chan Wing Yuen, Hubert *(Chief Executive)*
Ms. Kwong Wai Man, Karina
(resigned on 1 December 2017)

Non-executive Director

Mr. Li Wei Qi, Jacky

Independent non-executive Directors

Mr. Wu Chi Keung
Mr. Heung Chee Hang, Eric (resigned on 20 October 2017)
Ms. Kwok Pui Ha
Mr. Jin Qingjun (appointed on 20 October 2017)

Audit Committee

Mr. Wu Chi Keung *(Chairman)*
Mr. Heung Chee Hang, Eric (resigned on 20 October 2017)
Ms. Kwok Pui Ha
Mr. Jin Qingjun (appointed on 20 October 2017)

Remuneration Committee

Mr. Wu Chi Keung *(Chairman)*
Mr. Chan Wing Yuen, Hubert
Mr. Heung Chee Hang, Eric (resigned on 20 October 2017)
Mr. Jin Qingjun (appointed on 20 October 2017)

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

Room 2202, 22/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

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road, P.O. Box 1586
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
Shanghai Pudong Development Bank

Legal Advisers

K&L Gates
Angela Ho & Associates

Auditor

Deloitte Touche Tohmatsu

Company Website

www.475hk.com

Stock Code

475

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30 September 2017 (the "Review Period"), the Group is mainly engaged in jewelry business in Hong Kong and China and solar energy business in China.

Jewelry Business

During the Review Period, the segment revenue from jewelry business was approximately HK$10.0 million, representing an increase of 69% as compared with that of approximately HK$5.9 million for the same period last year. Although the economic growth in Mainland China remained sluggish, it has demonstrated a rising trend while maintaining stability during the Review Period. The National Bureau of Statistics of China announced that the Gross Domestic Product (GDP) growth in the first three quarters in 2017 is higher than that in the corresponding period last year. The alleviated concerns of customers results in the increase of spending on luxury goods. Such that, during the Review Period, the jewelry industry began to recover, and thereby improving the sales of jewelry business of the Group in Mainland China over the Review Period. On the other hand, during the Review Period, property market and stock market in Hong Kong showed strong momentum with raising consumer sentiments. The Group therefore decided to restart its fine jewelry wholesale business in Hong Kong to grasp the business opportunities so as to improve the segment revenue from the jewelry business of the Group. During the Review Period, the Group has hired experienced salesmen for business growth, whereas, the management will continue to apply stringent cost control to achieve sustainable development target in the long run.

Solar Energy Business

The Group has recorded segment turnover from solar energy business since the end of last year. The segment revenue during the Review Period was approximately HK$402,000 (2016: Nil). Climate change has still been a significant challenge over the world. Every country has placed high emphasis on the development philosophy of clean energy and low carbon. The "Belt and Road Initiative" by Chinese government also formulated green strategy to speed up the reform of energy technology so as to realize energy upgrade and transformation. The Group has been expanding its solar energy business since the end of year 2015, which mainly involves provision of thermal solar-powered interior climate solutions and products which integrated heating, cooling and energy reservation, by using the thermal solar collector production technologies incorporated with the core technique of CoolStore proprietary products under the exclusive rights and permissions granted by Suncool AB, a leading energy conservation technologies development company in Sweden, to the Group, in the Greater China region. The Group also sells products such as distributed solar photovoltaic components in order to enhance the Group's brand awareness among the industry and quickly establish marketing channels. During the Review Period, the Group has preliminary completed the technique enhancement of localisation application and successfully launched a pilot project for introducing solar cooling proprietary technology products and solutions in Wuhu, Anhui Province, laying a sound foundation for expanding the market of solar energy business.

Acquiring Hangzhou Property as the sales office

As disclosed in the announcement of the Company dated 30 August 2017, Yuyao Yiheng Solar Technology Company Limited* (余姚市億恆太陽能科技有限公司) ("Yuyao Yiheng"), a wholly-owned subsidiary of the Company and Hainan Kay Hing Technology Development Company Limited* (海南凱興科技開發有限公司) ("Hainan Kay Hing"), which is wholly owned by Mr. Hu Yangjun and his spouse, entered into a sale and purchase agreement in relation to acquire a property situated at Room 607, 10 Guan Yi Hou, Shangcheng District, Hangzhou, Zhejiang Province, the PRC (the "Hangzhou Property") from Hainan Kay Hing by Yuyao Yiheng (the "Acquisition of Hangzhou Property"), with a total consideration in cash amounted to approximately RMB3.9 million (equivalent to approximately HK$4.6 million) funded by the shareholder's loan. As Hainan Kay Hing is wholly-owned by Mr. Hu Yangjun, the Company's controlling shareholder and executive director, and his spouse, accordingly, the Acquisition of Hangzhou Property also constitutes a connected transaction of the Company pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). The Acquisition of Hangzhou Property is only subject to the reporting and announcement requirements but is exempt from the Company's independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 30 August 2017 for the details.

The Hangzhou Property is located in the central business district of Hangzhou city, the capital of Zhejiang Province, the PRC. With enormous influx of daily traffics, the location is convenient to receive the potential customers come from different regions over the nations and connect with the production hubs in Yuyao city. Therefore, the Hangzhou Property will be used as the sales office of the Group's solar energy business to promote the business development. The establishment of sales office in Hangzhou marked the Group's dedication in committing more resources and efforts towards development of the solar energy business and strengthened the Group's national network for long term sustainable growth.

Prospect

Along with the increasing frequency of extreme weather, the pace of energy transformation over the world is accelerating. China has also been taking strong and effective policies and actions to cope with global climate change and achieved a significant progress. Upon signing the Paris Agreement, the 13th Five-year Plan for the Solar Energy Development (《太陽能發展十三五規劃》) and the 13th Five-year Plan for the Energy Development (《能源發展十三五規劃》) are published, formulating the blueprint and action guideline for energy development until 2020, and thereby expanding the market for solar energy business. With the favourable policy environment, the management is fully confident in the prospect of solar energy market. Hence, the Group will continue to give full play and reinforce its own operational management, keep researching and developing optimized systematic products and solutions and further improve the quality and reduce the cost, in order to realize high degree of economic benefits and efficiency and grasp the opportunity for the business growth in the future.

MOU for Proposed Acquisition of Factory

As disclosed in the announcement of the Company dated 13 November 2017, the Company, Ningbo Shenggu Energy Reservation Technology Co., Ltd.* (寧波升谷節能科技有限公司), the Company's wholly-owned subsidiary, and CECEP (Yuyao) Low Carbon Technology Development Co., Ltd.* (中節能(余姚)低碳技術開發有限公司) ("CECEP Yuyao") entered into a memorandum of understanding (the "MOU") in relation to the proposed acquisition of the factory at the location of North of Binhai Avenue, Binhai New Area, Yuyao, Zhejiang Province, the PRC (the "Factory") held by CECEP Yuyao (the "Proposed Acquisition of the Factory"). The MOU also granted exclusive rights to the Group to use the Factory free-of-charge.

The gross floor area of the Factory is approximately 27,500 square meters in the site area of approximately 50,000 square meters, with annual maximum capacity of approximately 156,000 units of cooling-store pipes. The Factory could facilitate further research and development on technology of the solar energy business of the Group, and also prepare for the mass production in the future. The construction of current factory has been completed and is undergoing the acceptance process by the government authorities. Our production and research and development team has formulated plans to upgrade interior decoration and equipment for preparation of production. For the MOU, the Group has also agreed to use the paid deposit amounting to approximately RMB3.8 million (equivalent to approximately HK$4.5 million) pursuant to the framework lease agreement entered into with CECEP Yuyao on 18 December 2015 as the refundable deposit for ensuring the Group in compliance with the terms and reserving as compensation for any damages on the facilities and equipment when using the Factory free-of-charge. Please refer to the announcement of the Company dated 13 November 2017 for the details. As at the date of this interim report, no formal agreement has been entered into in relation to the Proposed Acquisition of the Factory.

As the strategic business partner of Suncool AB, the Group will expand its business and product coverage to the international market by making use of the network of Suncool AB as our sales channel. Therefore, after the Review Period, the Group and the management team of Suncool AB has entered into the first sales contract to provide our thermal solar collectors for the project of Suncool AB in Kenya and Ghana in Africa, marking the first step of the expansion of international business.

Looking ahead, moving to the Factory provides a larger room for capacity expansion and technology research and development for solar energy business. For the sales strategies, making use of the international sales channels of business partners and the pilot project in Wuhu city offer a better analysis for understanding on the domestic and international market development prospect and the scale of business. Both of which would strengthen the competitive advantages of the Group for grasping any growth opportunities in the future.

China's economy is developing steadily and improving quality while maintaining stability. Although policies continue to actively promote urbanization and dedicated to improving per capita income, the keen competition in jewelry market results in continuing challenging operation circumstances in the coming year. The Group will actively follow the market closely and timely adjust business strategy to maintain stability in order to keep competitive advantages. The Group will continue to explore various business opportunities, optimize business structure, strengthen resource allocation as well as attract professional talent to create greater value for our shareholders, customers and the society.

Financial Review

Review of Results

The revenue of the Group in the Review Period is HK$10.4 million, representing an increase of 76% as compared to HK$5.9 million during the six month ended 30 September 2016 (the "Previous Period"). The increase was mainly attributable to the increase in the revenue of jewelry business because of the improving consumer sentiment and a relatively low base of the Review Period, and the contribution of revenue derived from solar energy business which has not yet generated revenue in the Previous Period. Gross profit margin increased from 1.1% in the Previous Period to 4.0% in the Review Period mainly due to the contributions from new customers of jewelry business which have higher gross profit margins.

During the Review Period, the Group has maintained a strict cost control policy and the expenses incurred by the head office decreased significantly, which resulted in the decrease of administrative expenses by 31% to HK$10.1 million as compared to HK$14.7 million in the Previous Period. Together with the upsurges of revenue and drop of equity-settled share-based payment expense during the Review Period, the net loss of the Group decreased by 46% to HK$11.9 million as compared to the net loss of HK$22.0 million in the Previous Period. Basic loss per share of the Review Period were 3.6 HK cents (2016: 6.7 HK cents).

Liquidity, Financial Resources and Capital Structure

As at 30 September 2017, the Group had net current assets and current ratio stood at HK$25.6 million and 1.4 respectively (31 March 2017: HK$42.0 million and 23.7 respectively). The Group's gearing ratio as at 30 September 2017 was nil (31 March 2017: Nil) (total interest bearing borrowings divided by bank balance and cash as a percentage of total equity).

As at 30 September 2017, the inventories amounted to HK$0.3 million (31 March 2017: HK$0.2 million), representing the components of solar cooling-stored pipes of the Group's solar energy business. As at 30 September 2017, the trade receivable and trade payable amounted to HK$1.7 million and HK$1.1 million respectively (31 March 2017: Nil and HK$1,000 respectively), both of which were mainly derived from the jewelry business. As at 30 September 2017, the bank balances and cash amounted to HK$83.9 million (31 March 2017: HK$38.5 million).

As at 30 September 2017, the Group had no bank borrowings (31 March 2017: Nil). As at 30 September 2017, the Group had no banking facilities and none of the Group's assets were pledged to banks to secure any banking facilities (31 March 2017: Nil).

The Group financed its liquidity requirements through cash flow generated from operations, loan from a controlling shareholder and proceeds from the issue of new shares in year 2015.

Use of Proceeds from the Subscriptions

On 1 July 2015, the Group entered into a subscription agreement (the "Suncool Subscriptions") with Suncool AB to allot and issue 6,000,000 new shares of the Company to Suncool AB at the 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 the exercise price of HK$2.50 per warrant share (the "Warrant(s)"). The Group also signed subscription agreements (together with the Suncool Subscriptions, the "Subscriptions") with six independent investors to allot and issue an aggregate of 36,000,000 new shares of the Company to the six independent investors at the subscription price of HK$2.10 per share. As at 2 November 2015, the Group had completed the Subscriptions for a total of 36,000,000 shares, which generated total gross proceeds of approximately HK$75.6 million and net proceeds (which represent the total gross proceeds less relevant expenses, the "Net Proceeds") of approximately HK$74.7 million after deducting related expenses payable by the Company. For details regarding the Subscriptions, please refer to the Company's announcement dated 5 July 2015 and the circular dated 13 August 2015.

As disclosed in the announcements dated 12 September 2016, due to the construction of the Factory had been delayed, development of the solar energy business of the Group was prolonged. Accordingly, the Group considered that the upfront expenses including factory rent, leasehold improvement and other related general operating expenses were not significant as expected because of the delay in the commencement of the operation of the Factory, hence the use of proceeds has been changed and part of the proceeds originally intended to be used for the development of the solar energy business in the amount of approximately HK$10 million has been allocated towards the general working capital of the Group.

The details of the original allocation of the Net Proceeds, the revised allocation of the Net Proceeds, and the utilization of the Net Proceeds as at 30 September 2017 are as below:

Proposed use of Net Proceeds	**Original allocation** *(Approximately)* HK$'000	**Revised allocation** *(Approximately)* HK$'000	**Utilisation as at 30 September 2017** *(Approximately)* HK$'000	**Remaining balance after revised allocation** *(Approximately)* HK$'000
Repayment of shareholder's loan	7,600	7,600	7,600	–
Development of solar energy business	50,000	40,000	16,800 *(Note 1)*	23,200 *(Note 3)*
General working capital	17,100	27,100	27,100 *(Note 2)*	–
	74,700	74,700	51,500	23,200

Note 1: As at 30 September 2017, approximately HK$16.8 million was used for the development of solar energy business in the PRC, including approximately HK$4.5 million as rental deposit of the Factory, approximately HK$1.0 million for acquiring fixed assets such as machineries, equipment and tools used in production, approximately HK$3.8 million for staff training costs, technical knowledge transfer and supporting service fees paid to Suncool AB and approximately HK$7.5 million for working capital of solar energy business, including staff cost of HK$3.7 million.

Note 2: As at 30 September 2017, approximately HK$27.1 million was used as the general working capital of the existing businesses of the Group, including approximately HK$16.0 million for staff costs and office rent, HK$4.3 million for legal and professional expenses (including audit fees) and approximately HK$6.8 million for other recurring operating expenses.

Note 3: In respect of the remaining unutilized proceeds, the Company intends to apply approximately HK$23.2 million for developing the solar energy business. The Company targets to use approximately HK$16.5 million towards acquiring fixed assets, including leasehold improvement, greenery landscaping, equipment of security monitoring, machineries and other production tools and equipment. Approximately HK$1.5 million will be used for staff training costs and technical knowledge transfer and supporting service fees paid to Suncool AB. Approximately HK$1.8 million will be set aside to continuously strengthen the Company's products by supporting the research and development activities with a focus on the solar heating and cooling techniques. Approximately HK$3.4 million will be applied towards the working capital requirements of the solar energy business within the coming year, including purchase of inventories and recruiting new staff after move to the Factory, as well as other recurring operating expenses.

As at the date of this interim report, 24,000,000 outstanding Warrants have been vested and are currently exercisable, but none of the Warrants has been exercised yet. At the subscription price of HK$2.50 per warrant share and upon full exercise of the subscription rights attached to the Warrants, the aggregate amount of approximately HK$60 million raised would be expected to be applied as additional general working capital of the Group.

Since the exercise of the Warrants ultimately depends upon the underlying price of the Shares and the general working capital requirement of the Group is currently financing by the operations and shareholder's loan, the Director will proactively monitor the needs of working capital and will introduce suitable measures to raise funds to replenish the general working capital as and when appropriate. To effectively employ the remaining part of the Net Proceeds, the Directors will also consider further re-allocating part of the idle proceeds to general working capital, while ensuring that the overall development of the solar energy business will not be affected. For the avoidance of doubt, no specific plans have been determined at this stage.

Charges on Group Assets

As at 30 September 2017 and 31 March 2017, the Group did not have any charges on the Group's assets.

Capital Commitments and Contingent Liabilities

As at 30 September 2017, the Group had capital commitments of approximately HK$2.1 million (31 March 2017: Nil), which were mainly related to the leasehold improvement of our new office.

As at 30 September 2017 and 31 March 2017, the Group did not have any significant contingent liabilities.

Significant Investments, Acquisitions and Disposals

Save as disclosed in the section headed "Business Review" in relation to the acquisition of the Hangzhou Property, there had been no significant investments, acquisitions and disposals during the six months ended 30 September 2017 and 30 September 2016.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this interim report, the Group did not have other plans for material investments and capital assets.

Human Resources

As at 30 September 2017, the Group had a total of approximately 29 employees (31 March 2017: 26). The Group remunerates its employees based on their performance and work experience and 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 employees when necessary and other staff benefits including share option scheme and corporate contribution to the statutory mandatory provident fund scheme for employees in Hong Kong and the statutory central pension schemes for employees in the PRC.

Foreign Exchange Fluctuation and Hedges

The business operations of the Group's subsidiaries were conducted mainly in the PRC with sales and purchase of the Group's subsidiaries denominated mainly in Renminbi. The Group's cash and bank deposits were denominated some in Hong Kong dollars, with some denominated in Renminbi. Any significant exchange rate fluctuation of Hong Kong dollars against Renminbi may have a financial impact on the Group. While the Group would closely monitor the volatility of the Renminbi exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 30 September 2017, no forward foreign currency contracts had been designated for hedging against accounting relationships (31 March 2017: Nil).

Dividend

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2017 (2016: Nil).

Update on Directors' Information under Rule 13.51B(1) of the Listing Rules

Upon specific enquiry by the Company and confirmations from the Directors, the changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published Annual Report are set out below:

With effect from 20 October 2017, (i) Mr. Heung Chee Hang, Eric resigned as an independent non-executive Director and members of each of the audit committee of the Company (the "Audit Committee") and the remuneration committee of the Company; (ii) Mr. Jin Qingjun was appointed as independent non-executive Director and members of each of the Audit Committee and the remuneration committee of the Company. Please refer to the announcement of the Company dated 20 October 2017.

Share Option Scheme

The Company adopted a share option scheme at the annual general meeting of the Company held on 9 September 2016 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to facilitate the retention and the recruitment of high-calibre staff of the Group and/or any entities in which the Group holds any equity interests (if applicable) and attract resources that are valuable to the Group or those invested entities and benefit to the Company's future business development.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 33,005,400 representing 10% of the shares in issue as at 9 September 2016 (being the date of the annual general meeting approving the Share Option Scheme) and as at the date of this interim report.

The maximum number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including both exercised and unexercised options) under the Share Option Scheme and any other share option scheme (if any) adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue unless otherwise approved by the Company's shareholders. Where any grant of options to a substantial shareholder, an independent non-executive director, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or a company beneficially owned by any substantial shareholder or independent non-executive director of the Company) would result in the shares of the Company issued and to be issued upon exercise of all options already granted and to be granted to such person in any 12-month period up to and including the date of the grant:

(i) representing in aggregate over 0.1% of the total number of shares of the Company in issue; and

(ii) having an aggregate value, based on the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million,

such grant of option shall be subject to prior approval of the shareholders of the Company who are not the grantee, his associates, all core connected persons of the Company as defined in the Listing Rules.

Option granted must be taken up within 28 days from the date of offer, upon payment of HK$10 by way of consideration for the grant. Subject to terms and conditions upon which the option was granted, options may be exercised at any time from the date of grant of the share option to the 10th anniversary of the date of grant. The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The Share Option Scheme has a life of 10 years and will expire on 8 September 2026.

No option has been granted under the Share Option Scheme up to the date of this interim report.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2017, the interests and short positions of the Directors and their associates in the ordinary shares (the "Share(s)"), underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, 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)	Percentage of the issued ordinary share capital of the Company
Mr. Hu Yangjun	*(Note 1)*	207,454,000	62.85%
Mr. Hu Yishi	*(Note 2)*	207,454,000	62.85%
Mr. Wu Hao		2,736,000	0.83%
Mr. Li Wei Qi, Jacky		2,736,000	0.83%

Notes:

(1) 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.

(2) 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.

Save as disclosed above, as at 30 September 2017, no interest and short position in the Shares, underlying Shares or debentures 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.

Substantial Shareholders

As at 30 September 2017, 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 had notified the Company of relevant interests and short positions 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	62.03%
Mr. Hu Yangjun	*(Note 2)*	207,454,000	62.85%
Mr. Hu Yishi	*(Note 3)*	207,454,000	62.85%
Ms. Zhang Qi	*(Note 4)*	207,454,000	62.85%
Ms. Lin Min, Mindy	*(Note 5)*	207,454,000	62.85%
Suncool AB	*(Note 6)*	30,000,000	9.09%
Stiftelsen Industrifonden	*(Note 7)*	30,000,000	9.09%

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) 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, 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) 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.

(5) Ms. Lin Min, Mindy 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.

(6) According to the disclosure of interest notices filed by Suncool AB, Suncool AB had a direct interest of 30,000,000 Shares and 24,000,000 Shares of which represent the warrants granted by the Company to subscribe for 24,000,000 Shares at subscription price of HK$2.5 per Share.

(7) According to the disclosure of interest notices filed by Stiftelsen Industrifonden, Stiftelsen Industrifonden owned 47% shareholding interest in Suncool AB. Stiftelsen Industrifonden was deemed to be interested in 30,000,000 Shares held by Suncool AB pursuant to the SFO and 24,000,000 Shares of which represent the warrants granted to Suncool AB by the Company to subscribe for 24,000,000 Shares at subscription price of HK$2.5 per Share.

Save as disclosed above, as at 30 September 2017, there were no other parties, had interests or short positions in the Shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

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 2017 except for the deviation from code provision A.6.7 and E.1.2 as explained below.

Code Provision A.6.7

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. Mr. Heung Chee Hang Eric, an independent non-executive Director (resigned on 20 October 2017) and Mr. Li Wei Qi, Jacky, a non-executive Director, were unable to attend the Company's annual general meeting held on 7 September 2017 due to sickness and other work commitments respectively.

Code Provisions E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Due to respective unexpected business engagement which, Mr. Wu Hao, chairman of the Board, must attend, Mr. Wu was not present at the annual general meeting held on 7 September 2017. The meeting was chaired by Mr. Chan Wing Yuen, Hubert, an executive Director and the chief executive officer of the Company, to ensure effective communication with the shareholders thereat.

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 2017.

Subsequent Event after the Reporting Period

Save as disclosed in the section headed "Prospect" in relation to the MOU of the Proposed Acquisition of the Factory, the Group had no other material events after the reporting period.

Review by Audit Committee and Independent External Auditor

The Company has established the Audit Committee 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. 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 2017. 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 2017.

Purchase, Sale or Redemption of the Company's Listed Shares

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed Shares during the six months ended 30 September 2017.

On behalf of the Board

Wu Hao
Chairman and Executive Director

Hong Kong, 22 November 2017

Deloitte. 德勤

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 14 to 26, which comprise the condensed consolidated statement of financial position as of 30 September 2017 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 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
22 November 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
	NOTES	**HK$'000**	HK$'000
		(unaudited)	(unaudited)
Revenue	*3*	**10,409**	5,924
Cost of sales		**(9,989)**	(5,859)
Gross profit		**420**	65
Other income		**461**	360
Other gains and losses, net	*4*	**(621)**	633
Selling and distribution costs		**(135)**	(3)
Administrative expenses		**(10,101)**	(14,706)
Equity-settled share-based payment	*14*	**(1,945)**	(8,371)
Loss before taxation		**(11,921)**	(22,022)
Income tax	*5*	**–**	–
Loss for the period	*6*	**(11,921)**	(22,022)
Other comprehensive income (expense) for the period			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**1,357**	(1,074)
Total comprehensive expense for the period		**(10,564)**	(23,096)
Loss per share	*7*		
Basic and diluted (HK cents)		**(3.61)**	(6.67)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	NOTES	**At 30 September 2017 HK$'000 (unaudited)**	At 31 March 2017 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*9*	**6,212**	1,692
Deposits paid for acquisition of plant and equipment		**3,439**	–
Rental deposits		**237**	399
		9,888	2,091
Current assets			
Inventories		**346**	168
Trade receivables	*10*	**1,671**	–
Other receivables, deposits and prepayments	*10*	**7,808**	5,206
Bank balances and cash		**83,916**	38,515
		93,741	43,889
Current liabilities			
Trade and other payables and accruals	*11*	**3,504**	1,850
Loan from a controlling shareholder	*12*	**64,614**	–
		68,118	1,850
Net current assets		**25,623**	42,039
Total assets less current liabilities		**35,511**	44,130
Capital and reserves			
Share capital	*13*	**3,301**	3,301
Reserves		**32,210**	40,829
Equity attributable to owners of the Company		**35,511**	44,130

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Warrant reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017 (audited)	**3,301**	**151,578**	**–**	**21,155**	**4,635**	**(136,539)**	**44,130**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(11,921)**	**(11,921)**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**1,357**	**–**	**1,357**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**1,357**	**(11,921)**	**(10,564)**
Recognition of equity-settled share-based payment	**–**	**–**	**–**	**1,945**	**–**	**–**	**1,945**
At 30 September 2017 (unaudited)	**3,301**	**151,578**	**–**	**23,100**	**5,992**	**(148,460)**	**35,511**
At 1 April 2016 (audited)	3,301	151,578	2,411	8,279	6,709	(101,009)	71,269
Loss for the period	–	–	–	–	–	(22,022)	(22,022)
Other comprehensive expense for the period	–	–	–	–	(1,074)	–	(1,074)
Total comprehensive expense for the period	–	–	–	–	(1,074)	(22,022)	(23,096)
Recognition of equity-settled share-based payment	–	–	–	8,371	–	–	8,371
At 30 September 2016 (unaudited)	3,301	151,578	2,411	16,650	5,635	(123,031)	56,544

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss before taxation	**(11,921)**	(22,022)
Adjustments for:		
Depreciation	**314**	316
Loss on disposal of property, plant and equipment	**63**	–
Equity-settled share-based payment	**1,945**	8,371
Bank interest income	**(287)**	(23)
Operating cash flows before movements in working capital	**(9,886)**	(13,358)
Other working capital items	**(2,316)**	1,462
Net cash used in operating activities	**(12,202)**	(11,896)
Net cash used in investing activities		
Interest received	**287**	23
Purchases of property, plant and equipment	**(4,864)**	(1,349)
Deposits paid for acquisition of plant and equipment	**(3,370)**	–
	(7,947)	(1,326)
Cash from financing activity		
Advance from a controlling shareholder	**62,926**	–
Net increase (decrease) in cash and cash equivalents	**42,777**	(13,222)
Cash and cash equivalents at beginning of the period	**38,515**	64,039
Effect of foreign exchange rate changes	**2,624**	(875)
Cash and cash equivalents at end of the period	**83,916**	49,942

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 2017 are the same as those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

During the six months ended 30 September 2017, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 April 2017.

The application of the amendments to HKFRSs during the six months ended 30 September 2017 has had no material effect on the amounts reported in the disclosures set out in these condensed consolidated financial statements.

Additional disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to HKAS 7, will be provided in the consolidated financial statements for the year ending 31 March 2018.

3. Revenue and Segment Information

Revenue

Revenue represents the amounts received and receivable for goods sold in the normal course of jewelry wholesale business, carried out in Hong Kong and the People's Republic of China (the "PRC"), and solar energy business, carried out in the PRC (six months ended 30 September 2016: jewelry wholesale business), net of discounts and sales related taxes.

The following is an analysis of the Group's revenue for the period:

	Six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Revenue from sales of jewelry products	**10,007**	5,924
Revenue from sales of integrated heating and cooling products using thermal solar collectors	**402**	–
	10,409	5,924

3. Revenue and Segment Information (Continued)

Segment information

Information regularly reviewed by the chief operating decision maker (the "CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group's businesses and operations. The Group's reportable and operating segments are therefore as follows:

(i) Jewelry business (wholesale of jewelries); and

(ii) Solar energy business (manufacture and sales of integrated heating and cooling products using thermal solar collectors and sales of solar photovoltaic products) which commenced during the year ended 31 March 2017.

Segment results represent the loss by each segment without allocation of central administration costs, directors' remuneration at the head office and unallocated corporate income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For six months period ended 30 September 2017 (unaudited)

	Jewelry business HK$'000	**Solar energy business HK$'000**	**Total HK$'000**
Revenue	**10,007**	**402**	**10,409**
Segment loss	**(167)**	**(4,467)**	**(4,634)**
Unallocated corporate income			**364**
Unallocated corporate expenses			**(7,651)**
Loss before taxation			**(11,921)**

For six months period ended 30 September 2016 (unaudited)

	Jewelry business HK$'000	Solar energy business HK$'000	Total HK$'000
Revenue	5,924	–	5,924
Segment loss	(792)	(10,567)	(11,359)
Unallocated corporate income			993
Unallocated corporate expenses			(11,656)
Loss before taxation			(22,022)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both periods.

3. Revenue and Segment Information (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	At 30 September 2017 HK$'000	At 31 March 2017 HK$'000
Jewelry business	**1,126**	–
Solar energy business	**11,667**	5,334
Total segment assets	**12,793**	5,334
Bank balances and cash	**83,916**	38,515
Other unallocated assets	**6,920**	2,131
Consolidated assets	**103,629**	45,980
Jewelry business	**1,097**	1
Solar energy business	**129**	138
Total segment liabilities	**1,226**	139
Unallocated liabilities	**66,892**	1,711
Consolidated liabilities	**68,118**	1,850

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain other receivables, deposits and prepayments and bank balances and cash.
- all liabilities are allocated to reportable segments other than certain other payables and accruals.

4. Other Gains and Losses, Net

	Six months ended 30 September	
	2017 HK$'000 (unaudited)	2016 HK$'000 (unaudited)
Loss on disposal of property, plant and equipment	**(63)**	–
Net foreign exchange (loss) gain	**(558)**	633
	(621)	633

5. Income Tax

No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits arising from Hong Kong for both periods.

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

6. Loss for the Period

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Cost of inventories recognised as expense	**9,989**	5,859
Depreciation of property, plant and equipment	**314**	316
Staff cost (including directors' remuneration)	**5,374**	5,488
Bank interest income	**(287)**	(23)

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	
	2017	2016
	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 loss per share	**(11,921)**	(22,022)
	'000	'000
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**330,054**	330,054

The calculation of diluted loss per share for the six months ended 30 September 2017 does not assume the exercise of the Company's outstanding warrants (six months ended 30 September 2016: 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 interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period (2016: nil).

9. Movements in Property, Plant and Equipment

During the six months ended 30 September 2017, the Group's additions to buildings was approximately HK$4,783,000 (six months ended 30 September 2016: plant and machinery and leasehold improvements of approximately HK$520,000 and HK$561,000 respectively).

10. Trade Receivables and Other Receivables, Deposits and Prepayments

Trade receivables

The Group allowed a credit period ranging from 30 to 120 days to its customers of jewelry wholesale business and a credit period of 90 days to its customers of solar energy business. As at 30 September 2017, included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately HK$522,000 (31 March 2017: nil), which were past due at the end of the reporting period, for which the Group had not provided for impairment loss. These balances have been subsequently settled in full after the end of the reporting period. The Group did not hold any collateral over these balances.

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of the reporting period which approximated the revenue recognition dates:

	At 30 September 2017 HK$'000 (unaudited)	At 31 March 2017 HK$'000 (audited)
Within 1 month	**1,149**	–
Over 1 month but within 3 months	**–**	–
Over 3 months but within 6 months	**522**	–
	1,671	–

Other receivables, deposits and prepayments

	At 30 September 2017 HK$'000 (unaudited)	At 31 March 2017 HK$'000 (audited)
Other receivables	**908**	548
Deposits *(Note)*	**4,550**	4,444
Prepayments	**2,350**	214
	7,808	5,206

Note: Included in deposits is an amount of RMB3,795,000 (equivalent to approximately HK$4,466,000) (2017: RMB3,795,000 (equivalent to approximately HK$4,281,000)) representing six months of rent payable (the"Rent Payable") to a private company incorporated in the PRC, which is the landlord (the "Landlord"), under a framework tenancy agreement entered into between the Company and it on 18 December 2015. Mr. Hu Yishi, who is an executive director of the Company, is the indirect beneficial owner having significant influence over the Landlord and therefore, the Landlord is a related party of the Group. Pursuant to the agreement, the Landlord was required to construct a factory (the "Factory") for the Group to use as the production plant for the solar energy business and, during the period commenced from 18 December 2015 and ended on 31 August 2017 the Group could enter into the tenancy for the Factory for a lease term from any time after the completion of construction of the Factory until 31 August 2017.

10. Trade Receivables and Other Receivables, Deposits and Prepayments (Continued)

Other receivables, deposits and prepayments (Continued)

Note: (Continued)

During the six months ended 30 September 2017, due to unexpected additional time required for the construction of the Factory, the completion of the Factory has been delayed. As at 30 September 2017 and up to the date these condensed consolidated financial statements are authorised for issue, the directors of the Company, based on their communication with the landlord and best understanding about the progress of the construction, expect the construction will be completed in the first quarter of year 2018. The framework tenancy agreement was not renewed upon its expiration on 31 August 2017. On 13 November 2017, the Group and the Landlord entered into a memorandum of understanding (the "MOU") in relation to the Group's proposed acquisition of the Factory. Pursuant to the MOU, the Landlord agreed that the Group could use the Factory, when it is completed the construction and commences for the operation, for production and operation at no cost until the execution of the acquisition agreement or lease agreement in relation to the Factory or on 30 June 2018. The Group agreed to use the Rent Payable as the refundable security deposit for any damage on facilities or equipment during the period the Group could use the Factory at no cost. Therefore, the deposit is classified as current asset as at 30 September 2017.

11. Trade and Other Payables and Accruals

Trade payables

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	At 30 September 2017 HK$'000 (unaudited)	At 31 March 2017 HK$'000 (audited)
Within 1 month	**580**	1
Over 1 month but within 3 months	**5**	–
Over 3 months but within 6 months	**512**	–
	1,097	1

Other payables and accruals

	At 30 September 2017 HK$'000 (unaudited)	At 31 March 2017 HK$'000 (audited)
Other payables	**941**	300
Accrued expenses	**1,466**	1,549
	2,407	1,849

12. Loan from a Controlling Shareholder

The loan from a controlling shareholder 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 2016, 31 March 2017, 1 April 2017 and 30 September 2017	10,000,000	100,000
Issued and fully paid:		
At 1 April 2017 (audited) and 30 September 2017 (unaudited)	330,054	3,301

14. Warrants

Unlisted warrants

On 2 October 2015, an aggregate of 24,000,000 warrants with an exercise price of HK$2.5 per warrant share was granted by the Company to Suncool AB under the Suncool Subscriptions. The warrants granted are exercisable from 1 October 2016 to 30 September 2018 and are vested in three tranches at the beginning of each exercisable period with (i) 8,000,000 warrants shall become exercisable from 1 October 2016 to 30 September 2018; (ii) 8,000,000 warrants shall become exercisable from 1 April 2017 to 30 September 2018; and (iii) 8,000,000 warrants shall become exercisable from 1 October 2017 to 30 September 2018.

The following table discloses details of the warrants held by Suncool AB and movements in such holding during the period:

				Number of warrants		
Grantee	**Date of grant**	**Exercise price** HK$	**Exercise period**	**Outstanding at 1 April 2017**	**Granted during the period**	**Outstanding at 30 September 2017**
Suncool AB	2 October 2015	2.5	1 October 2016 to 30 September 2018	24,000,000	–	24,000,000
Exercisable at the beginning/end of the period				16,000,000	–	16,000,000
Weighted average exercise price				HK$2.5	HK$2.5	HK$2.5

14. Warrants (Continued)

Unlisted warrants (Continued)

The estimated fair value of warrants granted on 2 October 2015 was HK$23,111,000.

During the six months ended 30 September 2017, a total expense of HK$1,945,000 (six months ended 30 September 2016: HK$8,371,000) was recognised in relation to the warrants granted by the Company.

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:

	At 30 September 2017 HK$'000 (unaudited)	At 31 March 2017 HK$'000 (audited)
Within one year	**984**	1,585
In the second to fifth year	**6,071**	1,597
	7,055	3,182

16. Capital Commitments

Capital expenditure in respect of property, plant and equipment:

	At 30 September 2017 HK$'000 (unaudited)	At 31 March 2017 HK$'000 (audited)
Contracted for but not provided for in the condensed consolidated financial statements – acquisition of property, plant and equipment	**2,104**	–

17. Related Party Transactions

The Group had entered into the following related party transactions during the periods:

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the periods were as follows:

	2017 HK$'000 (unaudited)	2016 HK$'000 (unaudited)
Short-term employee benefits	**3,624**	4,124
Post-employment benefit	**154**	162
	3,778	4,286

During the six months ended 30 September 2017, the Group acquired a property in the PRC from a private company which is controlled by the Group's controlling shareholder at a cash consideration of RMB3,950,000. This transaction was disclosed in the Company's announcement dated 30 August 2017.

Other than as disclosed above and in notes 10 and 12 respectively, there were no material related party transactions during the six months ended 30 September 2017 and no material related party balances as at 30 September 2017.