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**ZHONG FA ZHAN HOLDINGS LIMITED**  
**中發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 475)**

**FURTHER PROGRESS UPDATE**  
**IN RELATION TO**  
**THE ISSUE OF SHARES AND WARRANTS**  
**UNDER SPECIFIC MANDATE**

References are made to the circular of Zhong Fa Zhan Holdings Limited (the “**Company**”) dated 13 August 2015 (the “**Circular**”) and the announcements of the Company dated 30 September 2015, 4 October 2015 and 19 October 2015 (collectively, the “**Announcements**”) in relation to, among others, the Subscriptions. Unless otherwise expressly indicated, the capitalised terms used herein shall have the same meanings as ascribed thereto in the Circular and the Announcements.

**FURTHER PROGRESS UPDATE IN RELATION TO THE SUBSCRIPTIONS**

Following the fulfillment of all the conditions precedent to each of the Subscription Agreements, the completion of each of the Investor C Subscription and the Investor F Subscription on 30 September 2015, the Suncool Subscription Completion on 2 October 2015 and the completion of each of the Investor A Subscription and the Investor D Subscription on 19 October 2015, the Board is pleased to announce that the completion of the subscription of 3,000,000 Investor Subscription Shares by the Investor E (the “**Investor E Subscription**”) took place on 2 November 2015.

As disclosed in the Announcements, the Company and the Investor B agreed that completion of the subscription of 6,000,000 Investor Subscription Shares (the “**Investor B Subscription**”) shall take place on or before 31 October 2015. Due to the failure of the Investor B to perform the duties to complete the subscription agreement entered into between the Company and the Investor B on 1 July 2015 (the “**Investor B Subscription Agreement**”), the Investor B Subscription will no longer proceed. The Company is currently seeking legal advice and may take any legal action(s) if appropriate in light of the breach of obligations under the Investor B Subscription Agreement by the Investor B.

The gross proceeds from the issue of the Subscription Shares (excluding the issue of the Investor Subscription Shares under the Investor B Subscription) will be revised from approximately HK\$88,200,000 to approximately HK\$75,600,000. The net proceeds, after deduction of related expenses payable by the Company, will be revised from approximately HK\$86,000,000 to approximately HK\$73,400,000, representing a revised net price of approximately HK\$2.04 per Subscription Share. Such proceeds will be intended to be used for, according to the Circular, (i) the development of the Solar Business in the PRC; (ii) the general working capital purpose of the Group; and (iii) the repayment of the loan from a controlling Shareholder. The original amount of net proceeds allocated for the general working capital purpose of the Group would be reduced as a result of the cessation of the Investor B Subscription, while the corresponding amounts of net proceeds to be allocated for other purposes will remain unchanged. The Company will consider to take appropriate measures, including but not limited to cost reduction and cost control, to address such revision of the proceeds. As such, the Board considers that the cessation of the Investor B Subscription will not have any material adverse impact on the business, operation and financial position of the Group.

## SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) immediately before completion of the Investor E Subscription; and (ii) immediately after completion of the Investor E Subscription:

Name of Shareholders	Immediately before completion of the Investor E Subscription		Immediately after completion of the Investor E Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<b>Directors/substantial Shareholders</b>				
Resources Rich Capital Limited ( <i>Note 1</i> )				
	204,718,000	62.59	204,718,000	62.03
Hu Yangjun ( <i>Note 2</i> )	2,736,000	0.84	2,736,000	0.83
Hu Yishi ( <i>Note 3</i> )	2,736,000	0.84	2,736,000	0.83
Wu Hao ( <i>Note 4</i> )	2,736,000	0.84	2,736,000	0.83
Li Wei Qi, Jacky ( <i>Note 5</i> )	2,736,000	0.84	2,736,000	0.83
<b>Public Shareholders</b>				
Suncool AB	6,000,000	1.83	6,000,000	1.82
Investor A	12,000,000	3.67	12,000,000	3.64
Investor C	6,000,000	1.83	6,000,000	1.82
Investor D	6,000,000	1.83	6,000,000	1.82
Investor E	–	–	3,000,000	0.91
Investor F	3,000,000	0.92	3,000,000	0.91
Other public Shareholders	<u>78,392,000</u>	<u>23.97</u>	<u>78,392,000</u>	<u>23.73</u>
Total	<u>327,054,000</u>	<u>100.00</u>	<u>330,054,000</u>	<u>100.00</u>

*Notes:*

1. The entire issued share capital of Resources Rich Capital Limited is owned as to 50% by Mr. Hu Yangjun, an executive Director, and as to 50% by Mr. Hu Yishi, an executive Director.
2. Mr. Hu Yangjun is an executive Director.
3. Mr. Hu Yishi is an executive Director.
4. Mr. Wu Hao is an executive Director.
5. Mr. Li Wei Qi, Jacky is a non-executive Director.

By Order of the Board  
**Zhong Fa Zhan Holdings Limited**  
**Chan Wing Yuen, Hubert**  
*Chief Executive & Executive Director*

Hong Kong, 2 November 2015

*As at the date of this announcement, the Board consists of five executive Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert and Ms. Kwong Wai Man, Karina; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha.*