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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)

ADOPTION OF DIVIDEND POLICY

This announcement is made by Zhong Fa Zhan Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) is pleased to announce that on 4 March 2019, the Board has approved and adopted a dividend policy (the “**Dividend Policy**”) that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting the Group’s working capital requirements and future growth as well as its shareholding value.

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company (the “**Articles of Association**”) and all applicable laws and regulations. The dividend payout ratio will vary from year to year. There is no assurance that a dividend will be proposed or declared in any particular amount for any given period.

The Board shall take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;

- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate.

The Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders of the Company but no dividends shall be declared in excess of the amount recommended by the Board subject to the Articles of Association and all applicable laws and regulations.

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association.

The Board will review the Dividend Policy as appropriate from time to time.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
ZHONG FA ZHAN HOLDINGS LIMITED
Chow Chi Shing
Company Secretary

Hong Kong, 4 March 2019

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. Wu Hao, Mr. Hu Yangjun and Mr. Chan Wing Yuen, Hubert; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Jin Qingjun and Ms. Sun Ivy Connie.