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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The board of directors (the "Board") of Zhong Fa Zhan Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("Zhong Fa Zhan" or the "Group") for the year ended 31 March 2013 together with the comparative audited figures for the year ended 31 March 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	NOTES	**2013** *HK$'000*	2012 *HK$'000*
Continuing operations			
Revenue	4	**75,770**	74,358
Cost of sales		**(68,889)**	(62,394)
Gross profit		**6,881**	11,964
Other income		**216**	542
Other gains and losses	5	**946**	1,633
Distribution costs		**(8,391)**	(9,092)
Administrative expenses		**(30,757)**	(7,483)
Other expenses	8	**—**	(5,000)
Finance costs		**(18)**	(8)
Loss before taxation		**(31,123)**	(7,444)
Taxation	6	**—**	—
Loss for the year from continuing operations		**(31,123)**	(7,444)

	NOTES	**2013** HK$'000	2012 HK$'000
Continuing operations			
Loss for the year from continuing operations		**(31,123)**	(7,444)
Discontinued operations			
Profit for the year from discontinued operations	7	**—**	15,950
(Loss) profit for the year	8	**(31,123)**	8,506
Other comprehensive income for the year			
Exchange difference arising on translation of foreign operations		**(181)**	4,662
Loss on revaluation of leasehold land and buildings		**(327)**	—
Total comprehensive (expense) income for the year		**(31,631)**	13,168
(Loss) profit for the year attributable to:			
Owners of the Company		**(31,123)**	10,119
Non-controlling interests		**—**	(1,613)
		(31,123)	8,506
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(31,631)**	14,781
Non-controlling interests		**—**	(1,613)
		(31,631)	13,168
(Loss) earnings per share	9		
From continuing and discontinued operations			
Basic and diluted *(HK cents)*		**(11.37)**	3.71
From continuing operations			
Basic and diluted *(HK cents)*		**(11.37)**	(2.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**12,583**	13,509
Rental deposits		**499**	—
		13,082	13,509
Current assets			
Inventories		**19,039**	26,037
Trade receivables	11	**10,076**	13,765
Other receivables, deposits and prepayments	11	**2,817**	6,813
Bank balances and cash		**7,552**	10,538
		39,484	57,153
Current liabilities			
Trade payables	12	**13,409**	14,082
Other payables and accruals	12	**2,314**	4,382
		15,723	18,464
Net current assets		**23,761**	38,689
Total assets less current liabilities		**36,843**	52,198
Capital and reserves			
Share capital		**2,736**	2,736
Reserves		**33,909**	49,159
		36,645	51,895
Non-current liabilities			
Deferred tax liabilities		**198**	303
		36,843	52,198

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands as an exempted company and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Resources Rich Capital Limited ("RRCL"), a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Unit 16-A3, 1/F, Block A, Focal Industrial Centre, 21 Man Lok Street, Hung Hom, Kowloon.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry design, manufacture and wholesale business in the People's Republic of China ("PRC") (excluding Hong Kong).

After the distribution of certain businesses to the shareholders of the Company during the year ended 31 March 2012 as disclosed in note 7, the Group is principally engaged in jewelry design, manufacture and wholesale business in the PRC (excluding Hong Kong). As at 1 April 2012, the directors reassessed the functional currency of the Company and it is considered that Renminbi ("RMB") better reflects the underlying transaction of the primary economic environment of the Company as the existing subsidiaries are substantially operated in the PRC and the future investment plans of the Company will also be focused mainly in the PRC. Accordingly, the directors determined that functional currency of the Company has changed from Hong Kong dollar ("HK$") to RMB from 1 April 2012. For the convenience of the consolidated financial statements users, the consolidated financial statements have been presented in HK$, as the Company's shares are listed in Hong Kong.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets; and
Amendments to HKFRS 7	Financial instruments: Disclosures — Transfers of financial assets

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2012 cycle[1]
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2012)	Employee benefits[1]
HKAS 27 (as revised in 2012)	Separate financial statements[1]
HKAS 28 (as revised in 2012)	Investments in associates and joint ventures[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
HK(IFRIC) — INT 20	Stripping costs in the production phase of a surface mine[1]

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") — Continued

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 Presentation of items of other comprehensive income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group's annual period beginning on 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for the Group's annual period beginning on 1 April 2013. The directors anticipate that the application of the new standard may result in more extensive disclosures in the consolidated financial statements in respect of the leasehold land and buildings.

Other than as disclosed above, the directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for leasehold land and buildings that were measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. 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.

Segment information

The Group operates and manages its business as a single segment that includes primarily the jewelry design, manufacture and wholesale business. The executive directors, the Group's chief operating decision makers, only review the revenue from continuing and discontinued operations derived from customers in different geographical locations when making decisions about allocating resources and assessing performance of the Group. As no other discrete financial information is available for the assessment of performance of the different locations, no other segment information is presented.

After the distribution in specie as disclosed in note 7, the revenue derived from the Group's continuing operations was solely from the customers in the PRC (excluding Hong Kong).

Information about major customers

Revenue from customers of the corresponding years from continuing operations contributing over 10% of the total sales of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**N/A+**	8,551
Customer B	**N/A+**	8,101

\+ Revenue below 10% of total sales for the respective period is not disclosed.

No individual customer contributed over 10% of the total sales of the Group for the year ended 31 March 2013.

Geographical information

The Group's operations are currently carried out in the PRC (excluding Hong Kong), the country of domicile, and Hong Kong.

All the revenue was derived from the customers in the PRC.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2013	2012
	HK$'000	*HK$'000*
PRC	**12,559**	13,496
HK	**24**	13
	12,583	13,509

Note: Non-current assets excluded rental deposits.

5. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**(20)**	(925)
Written off of amount due to a related company	**—**	990
Written off of other payables and accruals	**688**	—
Net exchange gain	**278**	1,568
	946	1,633

6. TAXATION

No provision for Hong Kong Profits Tax had been made as the Group had no assessable profit for both years.

Hong Kong Profits Tax is calculated at 16.5% for the year.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for PRC EIT has been made for the Group's PRC subsidiary as the PRC subsidiary has no assessable profit for both years.

7. DISCONTINUED OPERATIONS

On 7 September 2011, certain shareholders of the Company and RRCL, as the purchaser, entered into an agreement in respect of the acquisition of 72.56% of the then entire issued share capital of the Company (the "Share Sale Agreement"). The Share Sale Agreement is conditional upon, among other things, the completion of the reorganisation of the Group (the "Group Reorganisation"). Following the approval by the shareholders of the Company at an extraordinary general meeting on 20 October 2011, the following transactions (the "Transactions") were completed on 21 November 2011 (the "Date of Distribution"):

(i) As part of the Group Reorganisation, a wholly-owned subsidiary of the Company, Noble Jewelry Investment Limited (the "Privateco"), acquired certain subsidiaries of the Company by issuing shares to the Company.

All the shares of the Privateco then held by the Company were distributed in specie (the "Distribution in Specie") to the shareholders of the Company on the basis of one share of the Privateco for one share of the Company held. The Privateco and its subsidiaries (the "Privateco Group") continue to carry on the jewelry design, manufacture, wholesale and retail businesses in geographical locations other than the PRC (excluding Hong Kong) (the "Distributed Business"). The Group retained the operation and business in the PRC (excluding Hong Kong) (the "Retained Business"). The Group also terminated its PRC retail business (the "Ceased Business") in the Retained Business in accordance with the Share Sale Agreement.

7. DISCONTINUED OPERATIONS — Continued

(ii) To facilitate the distribution in specie as mentioned in (i) above, the share capital of the Privateco was increased to 273,610,000 at par value equivalent to the total issued shares of the Company.

The Company continues to be a publicly listed company with its subsidiaries concentrating on the jewelry design, manufacture and wholesale business in the PRC.

Subsequent to the Transactions on the Date of Distribution, the Privateco Group has no longer formed part of the Group. At the same time, the shares held by certain shareholders of the Company that constitute 72.05% of issued share capital of the Company were then sold to RRCL and RRCL has become a holding company of the Company.

The Distributed Businesses and the Ceased Business were classified as discontinued operations and the related results for the period from 1 April 2011 to 21 November 2011, which have been included in the consolidated statement of comprehensive income, were as follows:

	HK$'000
Revenue	413,243
Cost of sales	(288,872)
Gross profit	124,371
Other income	3,895
Other gains and losses	2,627
Distribution costs	(25,040)
Administrative expenses	(70,982)
Settlement of the dispute with the US Customs Service *(Note)*	(16,187)
Finance costs	(5,316)
Share of profits of associates	4,323
Profit before taxation	17,691
Taxation	(1,741)
Profit for the year from discontinued operations	15,950
Profit attributable to	
— owners of the Company	17,563
— non-controlling interests	(1,613)
	15,950

Note: In year 2010, the US Customs Service (the "US Government") initiated an investigation on the payment of custom duty for shipments to the US on certain group companies. It mainly related to a dispute over the custom duty for goods imported to the Group's wholly-owned subsidiary in the US from other group companies in prior years. Based on the information in respect of those goods imported to the US subsidiary in prior years and after taking professional advice from the Group's US legal adviser, the Group made a provision of HK$13,650,000 for the custom duty under-provided and related damages and penalties for the year ended 31 March 2011. After continuous negotiation with the US Government, a final settlement of US$3,850,000 (equivalent to HK$29,837,000) for such dispute including related damages and penalties was reached on 29 August 2011. Accordingly, the Group made an additional provision of HK$16,187,000 for the year ended 31 March 2011 for this dispute. Up to 21 November 2011, US$500,000 (equivalent to HK$3,875,000) has been paid in accordance with the terms of the settlement.

7. DISCONTINUED OPERATIONS — Continued

Profit for the year from discontinued operations include the followings:

	2012
	HK$'000
Auditor's remuneration	1,188
Depreciation of property, plant and equipment	5,763
Operating lease payments in respect of rented properties	554
Staff costs (including directors' remuneration):	
Salaries and allowances and benefits	57,491
Retirement benefit scheme contributions	3,542
	61,033
Cost of inventories recognised as an expense (including write-down of inventories of HK$256,000)	288,872
Allowance for bad and doubtful debts	4,932
Bad debts written off	1,314
Fair value gain on the insurance contract	(130)
Fair value loss on derivative financial instruments	608
Impairment loss on goodwill of an associate	233
Gain on disposal of property, plant and equipment	(5,764)

The Company distributed the entire equity interest in the Privateco to the shareholders of the Company and the net assets of the Privateco Group as at 21 November 2011 (the Date of Distribution) were set out below:

	HK$'000
Property, plant and equipment	49,156
Interests in associates	82,686
Other assets	2,291
Deferred tax assets	1,478
Inventories	314,557
Trade receivable	152,180
Deposits, prepayments and other receivables	20,093
Amounts due from related parties	28,585
Bank balances and cash	21,268
Borrowings	(216,760)
Trade payables	(89,235)
Other payables and accruals	(75,600)
Amounts due to related parties	(41,964)
Derivative financial instruments	(639)
Tax payables	(6,711)
Net assets distributed	241,385
Add: net liabilities attributable to non-controlling interests	1,613
Distribution in specie to the owners of the Company	242,998

7. DISCONTINUED OPERATIONS — Continued

Analysis of the net cash flows from the Distributed Business and Ceased Business for the year ended 31 March 2012 are set out below:

	HK$'000
Net cash used in operating activities	(31,093)
Net cash from investing activities	26,780
Net cash from financing activities	19,697

8. (LOSS) PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging (crediting):		
Continuing operations		
Auditor's remuneration	**620**	980
Depreciation of property, plant and equipment	**756**	1,311
Operating lease payments in respect of rented properties	**1,138**	484
Staff costs (including directors' remuneration):		
Salaries and allowances and benefits	**12,029**	7,684
Retirement benefit scheme contributions	**668**	326
Share-based payment	**12,709**	—
	25,406	8,010
Cost of inventories recognised as an expense	**68,889**	62,394
Expenses in relation to Group Reorganisation (included in other expenses)	**—**	5,000
Interest income	**(37)**	(51)
Gross rental income from leasing certain areas of leasehold land and buildings of which more than an insignificant portion is occupied and used by the Group	**(428)**	(153)
Less: Direct operating expenses incurred for leasehold land and buildings that generated rental income	**289**	136
	(139)	(17)

9. (LOSS) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
(Loss) profit for the purposes of basic and diluted loss per share	**(31,123)**	10,119

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**273,610,000**	272,702,000

9. (LOSS) EARNINGS PER SHARE — Continued

The computation of diluted loss per share from continuing and discontinued operations for the year ended 31 March 2013 does not assume the exercise of share options since it would result in a decrease in loss per share from continuing and discontinued operations.

The computation of diluted earnings per share did not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the year ended 31 March 2012.

From continuing operations

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

	2013	2012
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company	**(31,123)**	10,119
Less:		
Profit for the year from discontinued operations attributable to owners of the Company	—	(17,563)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(31,123)**	(7,444)

The denominators used are the same as those detailed above for basic and diluted (loss) earnings per share from continuing and discontinued operations.

From discontinued operations

The calculation of the basic and diluted earnings per share from discontinued operation attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Profit for the year from discontinued operations attributable to owners of the Company	—	17,563
Earnings per share from discontinued operations attributable to owners of the Company		
Basic *(HK cents)*	—	6.44
Diluted *(HK cents)*	—	6.44

The denominators used are the same as those detailed above for basic and diluted loss per share from continuing and discontinued operations.

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period.

Except for the distribution in specie in note 7, no dividend was paid, declared or proposed during the year ended 31 March 2012.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**10,076**	13,765

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

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**4,103**	3,826
Over 1 month but within 3 months	**4,077**	4,748
Over 3 months but within 6 months	**1,828**	5,191
Over 6 months but within 12 months	**68**	—
	10,076	13,765

As at 31 March 2013, the Group allowed a credit period ranging from 60 to 180 days to its customers. Included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately HK$2,262,000 (2012: HK$7,001,000), which were past due at the end of the reporting period for which the Group had not provided for impairment loss as there had not been a significant change on credit quality and the amounts are still considered recoverable. The Group did not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2013	2012
	HK$'000	*HK$'000*
Past due within 1 month	**1,056**	2,731
Past due over 1 month but within 3 months	**1,160**	2,697
Past due over 3 months but within 6 months	**46**	1,573
	2,262	7,001

Movement in the allowance for doubtful debts

	2013	2012
	HK$'000	*HK$'000*
1 April	**—**	11,537
Impairment loss recognised on receivables	**—**	4,932
Exchange realignment	**—**	1
Distribution in specie	**—**	(16,470)
31 March	**—**	—

Other receivables

Other receivables are unsecured, interest free and expected to be recoverable within one year.

12. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an aged analysis of accounts payable presented based on the invoice date at the end of the reporting period.

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**1,974**	1,160
Over 1 month but within 3 months	**7,177**	12,922
Over 3 months but within 6 months	**4,192**	—
Over 6 months but within 12 months	**66**	—
	13,409	14,082

The average credit period on purchase of goods is 180 days.

Other payables and accruals comprise principally the outstanding for ongoing costs and accrued expenses for the operation of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results — Continuing Operations

The sales turnover of the Group from continuing operations increased slightly by 1.9% from approximately HK$74.4 million to approximately HK$75.8 million for the year ended 31 March 2013 (the "Review Period"). However, the gross profit margin dropped significantly from 16.1% to 9.1% to approximately HK$6.9 million during the Review Period.

The Group recorded a net loss of HK$31.1 million (2012: net loss of HK$7.4 million) for the Review Period. Basic loss per share were 11.4 HK cents (2012: basic loss per share were 2.7 HK cents).

The increase in net loss of continuing operations is mainly attribute to: (i) the Company has issued share options to the directors of the Company (the "Directors") and other eligible participants (the "Share Options") in June 2012, the fair value of the Share Options has been recorded as an expense to the Company in the reporting period as required by the Hong Kong Financial Reporting Standard 2 — Share-based Payment (HKFRS 2) issued by the HKICPA; and (ii) decrease in gross profit with additional production costs and administrative expenses following the group reorganization in 2011 as compared to the result generated by the continuing operations for the year ended 31 March 2012.

Business Review

The Group faced strong competition and challenge for the last corresponding period. Although the sales turnover can be maintained, the gross profit has dropped significantly because of the rising production costs which cannot be fully transferred to the customers. As a result of the reduced business size after the group reorganization in 2011, costs incurred per production unit have increased due to the loss of economy of scale. In order to deal with such circumstances, the Group has already adopted suitable measures to control costs. Furthermore, for the year ended 31 March 2012, significant profit was generated from the Group's now discontinued operations, which does not recur in the current year.

Prospects

The economic environment of Mainland China is still uncertain and cost concern arising from inflationary pressures is yet to be observed in the coming year. We will continue to adopt a prudent approach to optimize our resources in strengthening our business fundamentals. Besides, we may consider to further outsource our production process as to stay away from the unpredictability of the labour market and provide the Group with a more stabilized cost base.

The Group will closely monitor and review the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Should suitable investment or business opportunity arise, the Group may consider diversifying the business of the Group with an objective to broaden its income source. Currently no such investment or business opportunities had been identified nor had the Group entered into any agreement, arrangements, understandings, intention or negotiation in relation to injection of any assets or business into the Group.

Liquidity and Financial Resources

As at 31 March 2013, the Group's net current assets and current ratio stood at HK$23.8 million and 2.5 respectively (2012: HK$38.7 million and 3.1 respectively). Net gearing ratio (total interest bearing borrowings net of cash at banks and in hand as a percentage of total equity) was nil as at 31 March 2013 (2012: Nil).

The Group had no bank borrowings as at 31 March 2013 (2012: Nil). The Group had no banking facilities as at 31 March 2013 (2012: Nil).

As at 31 March 2013, the Group's cash at banks and in hand amounted to HK$7.6 million (2012: HK$10.5 million).

Charges on Group Assets

As at 31 March 2013, the Group did not have any charges on the Group's assets (2012: Nil).

Capital Structure

For the year ended 31 March 2013, the Group financed its liquidity requirements through cash flow as generated from operation.

Capital Commitment and Contingent Liabilities

As at 31 March 2013, the Group did not have any capital commitments (2012: Nil) and had HK$5.8 million of operating lease commitments (2012: HK$1.1 million).

As at 31 March 2013, the Group did not have any significant contingent liabilities (2012: Nil).

Staff and Remuneration Policy

As at 31 March 2013, the Group had a total of 62 employees (2012: 85). Staff costs for the year under review was HK$25.4 million, representing a decrease of 63% as compared to 2012 of HK$69.0 million. During the year ended 31 March 2012, together with a significant amount of revenue, significant staff costs were generated from the Group's now discontinued operations, which does not recur in the current year. 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. Other benefits include 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 Renminbi exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2013, no forward foreign currency contracts are designated in hedging accounting relationships (2012: Nil).

GRANT OF SHARE OPTIONS

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

The Company has granted 24,090,000 Share Options to the Directors and other eligible participants on 27 June 2012. The Share Options are all vested at the date of grant and exercisable during the period from 27 June 2012 to 30 December 2016. The exercise price of the Share Options is HK$1.53 per share. The fair value of the Share Options determined at the date of grant using the Binomial model was approximately HK$16,381,000.

Of the total 24,090,000 Share Options, 14,490,000 Share Options were granted to the Directors and 9,600,000 Share Options to others with details as follows:

Name of Grantee	Capacity	Number of Share Options granted
Mr. Wu Hao	Executive Director	2,736,000
Mr. Hu Yangjun	Executive Director	2,736,000
Mr. Hu Yishi	Executive Director	2,736,000
Mr. Chan Wing Yuen, Hubert	Executive Director	2,736,000
Mr. Li Wei Qi, Jacky	Non-executive Director	2,736,000
Mr. Wu Chi Keung	Independent Non-executive Director	270,000
Mr. Heung Chee Hang, Eric	Independent Non-executive Director	270,000
Ms. Kwok Pui Ha	Independent Non-executive Director	270,000
Total Directors		**14,490,000**
Employees		4,200,000
Total Employees		**4,200,000**
Other Grantees		5,400,000
Total Other Grantees		**5,400,000**
Total All Categories		**24,090,000**

CHANGE OF COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

Mr. Sin Lap Poon ("Mr. Sin") has tendered his resignation as the company secretary and authorised representative of the Company with effect from 1 September 2012. Mr. Sin has confirmed that there is no matter in respect of his resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

Following the resignation of Mr. Sin, Mr. Ng Kwok Kit (also known as Mr. Eric Ng) has been appointed as the company secretary and authorised representative of the Company with effect from 1 September 2012. Mr. Eric Ng graduated with a bachelor degree in finance from the Hong Kong Baptist University. Mr. Eric Ng is a member of the HKICPA. He had worked with Deloitte Touche Tohmatsu and has over 6 years' experience in auditing and accounting.

CHANGE OF AUDITOR

BDO Limited have tendered their resignation as auditor of the Group with effect from 28 September 2012 as the Company and BDO Limited could not reach a consensus about the auditor's remuneration for the financial year ended 31 March 2013.

The Board resolved to appoint Deloitte Touche Tohmatsu as the new auditor of the Group on 28 September 2012 to fill the casual vacancy following the resignation of BDO Limited and to hold office until the conclusion of the next annual general meeting of the Company.

The Board has confirmed that there is no other matter in connection with the resignation of BDO Limited and the appointment of Deloitte Touche Tohmatsu that needs to be brought to the attention of the shareholders or creditors of the Company or its subsidiaries. BDO Limited have confirmed in their letter of resignation that there is no other circumstance connected with their resignation which they consider should be brought to the attention of the shareholders or creditors of the Company or its subsidiaries.

CHANGE OF PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN THE CAYMAN ISLANDS

With effect from 26 January 2013, the Company's principal share registrar and transfer agent in the Cayman Islands has been changed to:

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

The Company's branch share registrar and transfer office in Hong Kong is still maintained by Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 28 August 2013 to Friday, 30 August 2013 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 27 August 2013.

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 Listing Rules. The Company has applied the principles and complied with all the applicable code provisions set out in the Code throughout the year ended 31 March 2013.

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 of the Company, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2013.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Company has established an 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, namely Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. The audit committee has reviewed the Group's annual results for the year ended 31 March 2013.

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 year ended 31 March 2013.

ANNUAL GENERAL MEETING AND DESPATCH OF 2013 ANNUAL REPORT

The annual general meeting (the "AGM") of the Company will be held on 30 August 2013 at 10:00 a.m. The annual report of the Company together with the notice of convening the AGM will be dispatched to shareholders of the Company and will also be published on the Company's website at www.475hk.com and the Stock's Exchange's website at www.hkexnews.hk in due course.

By order of the Board
ZHONG FA ZHAN HOLDINGS LIMITED
Chan Wing Yuen, Hubert
Chief Executive & Executive Director

Hong Kong, 21 June 2013

As at the date of this announcement, the Board consists of four executive Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Hu Yishi 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. Heung Chee Hang, Eric and Ms. Kwok Pui Ha.