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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)**

**PROFIT WARNING**

This announcement is made by Zhong Fa Zhan Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) in pursuant to Rule 13.09 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 in the Listing Rules) of Part XIVA of the Securities and Future Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that based on the preliminary review of the unaudited management accounts for the six months ended 30 September 2016, the Group is expected to record a net loss of approximately HK\$22 million, representing a substantial deterioration in performance as compared to the net loss of approximately HK\$11 million for the six months ended 30 September 2015.

Such loss for the six months ended 30 September 2016 was mainly due to (i) the decrease in the Group’s revenue for the six months ended 30 September 2016 as compared to that of the corresponding period in 2015 as a result of the overall economic downturn in the People’s Republic of China (“**PRC**”) which has dragged down growth in the PRC’s jewelry market; (ii) the recognition of approximately HK\$8.3 million as the equity-settled share-based payment expenses for the six months ended 30 September 2016; and (iii) the increase in the administrative expenses relating to the commencement of the new solar energy business during the period.

The Company is still in the process of finalising its unaudited consolidated financial statements for the six months ended 30 September 2016. The information contained in this announcement is only based on preliminary assessment made by the Board with reference to the information currently available, which has not been reviewed or audited by the auditors of the Company and may be subject to change. Shareholders and potential investors are advised to refer to the details of the Group's financial results for the six months ended 30 September 2016, which are expected to be published before the end of November 2016.

**Shareholders and potential investors of the Company should 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 November 2016

*As at the date of this notice, 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.*