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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)**

**MAJOR AND DISCLOSEABLE TRANSACTIONS**  
**SUBSCRIPTIONS OF STRUCTURED DEPOSITS**

The Board wishes to announce that Yuyao Yiheng, a wholly-owned subsidiary of Zhong Fa Zhan Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) entered into the Structured Deposit Agreements between 11 December 2017 and 2 March 2018, a summary of which is set out as follows:

- (1) First Bank of Ningbo Structured Deposit Agreement  
This agreement was entered into on 11 December 2017 and was subscribed for by Yuyao Yiheng at the price of RMB42,000,000. It expired on 11 January 2018.
- (2) Second Bank of Ningbo Structured Deposit Agreement  
This agreement was entered into on 12 January 2018 and was subscribed for by Yuyao Yiheng at the price of RMB30,000,000. It expired on 12 February 2018.
- (3) First China CITIC Bank Structured Deposit Agreement  
This agreement was entered into on 19 January 2018 and was subscribed for by Yuyao Yiheng at the price of RMB17,000,000. It expired on 26 February 2018.
- (4) Third Bank of Ningbo Structured Deposit Agreement  
This agreement was entered into on 12 February 2018 and was subscribed for by Yuyao Yiheng at the price of RMB35,000,000. It expired on 15 March 2018.
- (5) Second China CITIC Bank Structured Deposit Agreement  
This agreement was entered into on 2 March 2018 and was subscribed for by Yuyao Yiheng at the price of RMB17,000,000. It expired on 9 April 2018.

The Board considers that the above Structured Deposit Agreements are not required to be aggregated due to the following reasons:

- (a) in respect of the Second and Third Bank of Ningbo Structured Deposit Agreements, they were entered into after the maturity date of the First and Second Bank of Ningbo Structured Deposit Agreements respectively and were not concurrent;
- (b) in respect of the Second China CITIC Bank Structured Deposit Agreement, it was entered into after the maturity date of the First China CITIC Bank Structured Deposit Agreement and they were not concurrent; and
- (c) in respect of the Bank of Ningbo Structured Deposit Agreements and China CITIC Bank Structured Deposit Agreements, when viewed together, they were not entered into with the same counterparty and the content of the agreements include different features and terms.

Pursuant to Rule 14.07 of the Listing Rules, the applicable percentage ratios calculated for each of the China CITIC Bank Structured Deposit Agreements are more than 5% but less than 25%, therefore the transactions constitute discloseable transactions and are subject to the reporting and announcement requirements set out in Chapter 14 of the Listing Rules.

As the applicable percentage ratios calculated for each of the Bank of Ningbo Structured Deposit Agreements are more than 25% but less than 100%, they constitute major transactions under Rule 14.06(3) and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Bank of Ningbo Structured Deposit Agreements will be despatched to the Shareholders in compliance with the Listing Rules.

To the best of their knowledge and belief, the Directors, having made all reasonable enquires, confirm that no Shareholder or any of their respective associates have any material interest in the Bank of Ningbo Structured Deposit Agreements, therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Bank of Ningbo Structured Deposit Agreements.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, the Company has obtained written approval from Resources Rich Capital Limited, which is beneficially interested in approximately 62.03% of the issued share capital of the Company as at the date of this announcement, for ratifying each of the Bank of Ningbo Structured Deposit Agreements. Mr. Hu Yangjun, our executive Director, currently holds 50% interest in Resources Rich Capital Limited.

**FIRST BANK OF NINGBO STRUCTURED DEPOSIT AGREEMENT**

A summary of the principal terms of the Structured Deposit Agreement executed by Yuyao Yiheng on 11 December 2017 with Bank of Ningbo is set out as follows:

Date of the Agreement:	11 December 2017
Parties:	Yuyao Yiheng, as the subscriber Bank of Ningbo, as the bank
Type of structured deposit:	Principal-protected with floating interest income
Principal amount of the structured deposit:	RMB42,000,000
Interest commencement date and maturity date:	11 December 2017 and 11 January 2018
Interest accrual period:	31 days
Expected income:	$\text{Interest payment} = \text{Principal} \times \text{Floating interest rate} \times \text{Interest accrual period} \div 365$

The amount of floating interest on the structured deposit is linked to the USD/JPY exchange rate during the interest accrual period as follows:

- (a) During the interest accrual period, if the USD/JPY exchange rate at any time equals to the upper or lower limit or stays outside the range of 100.55 to 126.05, the interest rate will be 1% per annum, calculated on a daily basis; or
- (b) During the interest accrual period, if the USD/JPY exchange rate stays within the range of 100.55 to 126.05 at all times, the interest rate will be 3.7% per annum, calculated on a daily basis.

Payment date: Principal amount shall be paid by Bank of Ningbo on the maturity date. Interest on the structured deposit shall be paid by Bank of Ningbo within 2 working days after the maturity date.

Transaction/administration fee: There are no transaction or administration fees

Early termination: Bank of Ningbo has the right to terminate the structured deposit early. If the right of early termination is exercised, Bank of Ningbo shall return the principal amount and any interest accrued to Yuyao Yiheng’s designated account within 3 working days.

Yuyao Yiheng does not have the right of early termination.

The First Bank of Ningbo Structured Deposit Agreement expired on 11 January 2018. Upon maturity, the principal amount of RMB42,000,000 and the interest of RMB131,983.56 (representing annualized rate of return of 3.7%) were received by Yuyao Yiheng.

**SECOND BANK OF NINGBO STRUCTURED DEPOSIT AGREEMENT**

A summary of the principal terms of the Structured Deposit Agreement executed by Yuyao Yiheng on 12 January 2018 with Bank of Ningbo is set out as follows:

- Date of the Agreement: 12 January 2018
- Parties: Yuyao Yiheng, as the subscriber  
Bank of Ningbo, as the bank
- Type of structured deposit: Principal-protected with floating interest income
- Principal amount of the structured deposit: RMB30,000,000
- Interest commencement date and maturity date: 12 January 2018 and 12 February 2018
- Interest accrual period: 31 days

Expected income:  $\text{Interest payment} = \text{Principal} \times \text{Floating interest rate} \times \text{Interest Accrual period} \div 365$

The amount of floating interest on the structured deposit is linked to the GBP/USD exchange rate during the interest accrual period as follows:

- (a) During the interest accrual period, if the GBP/USD exchange rate at any time equals to the upper or lower limit or stays outside the range of 1.155 to 1.545, the interest rate will be 1% per annum, calculated on a daily basis; or
- (b) During the interest accrual period, if the GBP/USD exchange rate stays within the range of 1.155 to 1.545 at all times, the interest rate will be 3.2% per annum, calculated on a daily basis.

Payment date: Principal amount shall be paid by Bank of Ningbo on the maturity date. Interest on the structured deposit shall be paid by Bank of Ningbo within 2 working days after the maturity date.

Transaction/administration fee: There are no transaction or administration fees

Early termination: Bank of Ningbo has the right to terminate the structured deposit early. If the right of early termination is exercised, Bank of Ningbo shall return the principal amount and any interest accrued to Yuyao Yiheng's designated account within 3 working days.

Yuyao Yiheng does not have the right of early termination.

The Second Bank of Ningbo Structured Deposit Agreement expired on 12 February 2018. Upon maturity, the principal amount of RMB30,000,000 and the interest of RMB81,534.25 (representing annualized rate of return of 3.2%) were received by Yuyao Yiheng.

## FIRST CHINA CITIC BANK STRUCTURED DEPOSIT AGREEMENT

A summary of the principal terms of the Structured Deposit Agreement executed by Yuyao Yiheng on 19 January 2018 with China CITIC Bank is set out as follows:

Date of the Agreement:	19 January 2018
Parties:	Yuyao Yiheng, as the subscriber China CITIC Bank, as the bank
Type of structured deposit:	Principal-protected with floating interest income
Principal amount of the structured deposit:	RMB17,000,000
Interest commencement date and maturity date:	19 January 2018 and 26 February 2018
Interest accrual period:	38 days
Expected income:	$\text{Interest payment} = \text{Principal} \times \text{Floating interest rate} \times \text{Interest accrual period} \div 365$ <p>The amount of floating interest on the structured deposit is linked to the 3-month USD LIBOR at 11:00 a.m. on 22 February 2018 (London Time) as follows:</p> <ul style="list-style-type: none"><li>(a) if the 3-month USD LIBOR is equal to or lower than 6.00%, the interest rate will be 4.30% per annum, calculated on a daily basis; or</li><li>(b) if the 3-month USD LIBOR is greater than 6.00%, the interest rate will be 4.70% per annum, calculated on a daily basis.</li></ul>
Payment date:	On the maturity date, the principal amount and interest will be paid by China CITIC Bank to Yuyao Yiheng in one payment.
Transaction/administration fee:	China CITIC Bank is entitled to collect all returns that are in excess of the expected income as the performance fee at the maturity date.

Early termination: China CITIC Bank has the right to terminate all or part of the structured deposit early, in accordance with the terms of the agreement. If the right of early termination is exercised, the agreement shall be automatically terminated and the maturity date will be the date of early termination. China CITIC Bank shall return the principal amount and any interest accrued to Yuyao Yiheng's designated account within 2 working days.

Yuyao Yiheng does not have the right of early termination.

The First China CITIC Bank Structured Deposit Agreement expired on 26 February 2018. Upon maturity, the principal amount of RMB17,000,000 and the interest of RMB76,104.11 (representing annualized rate of return of 4.3%) were received by Yuyao Yiheng on 26 February 2018.

### **THIRD BANK OF NINGBO STRUCTURED DEPOSIT AGREEMENT**

A summary of the principal terms of the Structured Deposit Agreement executed by Yuyao Yiheng on 12 February 2018 with Bank of Ningbo is set out as follows:

Date of the Agreement:	12 February 2018
Parties:	Yuyao Yiheng, as the subscriber Bank of Ningbo, as the bank
Type of structured deposit:	Principal-protected with floating interest income
Principal amount of the structured deposit:	RMB35,000,000
Interest commencement date and maturity date:	12 February 2018 and 15 March 2018
Interest accrual period:	31 days

Expected income:  $\text{Interest payment} = \text{Principal} \times \text{Floating interest rate} \times \text{Interest accrual period} \div 365$

The amount of floating interest on the structured deposit is linked to the EUR/USD exchange rate during the interest accrual period as follows:

- (a) During the interest accrual period, if the EUR/USD exchange rate at any time equals to the upper or lower limit or stays outside the range of 1.225 to 1.235, the interest rate will be 3.2% per annum, calculated on a daily basis; or
- (b) During the interest accrual period, if the EUR/USD exchange rate stays within the range of 1.225 to 1.235 at all times, the interest rate will be 1% per annum, calculated on a daily basis.

Payment date: The principal amount shall be paid by Bank of Ningbo on the maturity date. Interest on the structured deposit shall be paid by Bank of Ningbo within 2 working days after the maturity date.

Transaction/administration fee: There are no transaction or administration fees.

Early termination: Bank of Ningbo has the right to terminate the structured deposit early. If the right of early termination is exercised, Bank of Ningbo shall return the principal amount and any interest accrued to Yuyao Yiheng's designated account within 3 working days.

Yuyao Yiheng does not have the right of early termination.

The Third Bank of Ningbo Structured Deposit Agreement expired on 15 March 2018. Upon maturity, the principal amount of RMB35,000,000 and the interest of RMB95,123.29 (representing annualized rate of return of 3.2%) were received by Yuyao Yiheng.



## SECOND CHINA CITIC BANK STRUCTURED DEPOSIT AGREEMENT

A summary of the principal terms of the Structured Deposit Agreement executed by Yuyao Yiheng on 2 March 2018 with China CITIC Bank is set out as follows:

Date of the Agreement:	2 March 2018
Parties:	Yuyao Yiheng, as the subscriber China CITIC Bank, as the bank
Type of structured deposit:	Principal-protected floating interest structured product
Principal amount of the structured deposit:	RMB17,000,000
Interest commencement date and maturity date:	2 March 2018 and 9 April 2018
Interest accrual period:	38 days
Expected income:	$\text{Interest payment} = \text{Principal} \times \text{Floating interest rate} \times \text{Interest accrual period} \div 365$ <p>The amount of floating interest on the structured deposit is linked to the 3-month USD LIBOR at 11:00 a.m. on 5 April 2018 (London Time) as follows:</p> <ul style="list-style-type: none"><li>(a) if the 3-month USD LIBOR is equal to or lower than 6.00%, the interest rate will be 3.75% per annum, calculated on a daily basis; or</li><li>(b) if the 3-month USD LIBOR is greater than 6.00%, the interest rate will be 4.15% per annum, calculated on a daily basis.</li></ul>
Payment date:	On the maturity date, the principal amount and interest will be paid by China CITIC Bank to Yuyao Yiheng in one payment.
Transaction/administration fee:	China CITIC Bank is entitled to collect all returns that are in excess of the expected income as the performance fee at the maturity date.

Early termination: China CITIC Bank has the right to terminate all or part of the structured deposit early, in accordance with the terms of the agreement. If the right of early termination is exercised, the agreement shall be automatically terminated and the maturity date will be the date of early termination. China CITIC Bank shall return the principal amount and any interest accrued to Yuyao Yiheng's designated account within 2 working days.

Yuyao Yiheng does not have the right of early termination.

The Second China CITIC Bank Structured Deposit Agreement expired on 9 April 2018. Upon maturity, the principal amount of RMB17,000,000 and the interest of RMB66,369.86 (representing annualized rate of return of 3.75%) were received by Yuyao Yiheng on 9 April 2018.

## **REASONS AND BENEFITS OF ENTERING INTO THE STRUCTURED DEPOSIT AGREEMENTS**

The Structured Deposit Agreements are part of the Company's treasury activities to maximise the use of its funds. The Structured Deposit Agreements are principal-protected in nature, as such, the principal deposits are guaranteed by the relevant banks. These highly secured products are low-risk and have no adverse consequences on the working capital of the Company, while at the same time provide a higher return than traditional methods of depositing capital in a savings account with a commercial bank. Furthermore, the Structured Deposit Agreements are short term which allows for the liquidity of funds. Thus far, the Structured Deposit Agreements have generated stable and positive returns for the Company, and no loss was incurred.

The Company considers that the Structured Deposit Agreements were entered into on normal commercial terms, in the ordinary course of business of the Company, and were transacted in the interests of the Company and the Shareholders.

## **INFORMATION ON THE PARTIES**

The Group is principally engaged in the jewellery and solar energy business in the PRC and recently also commenced the trading of non-ferrous metals in the PRC. Yuyao Yiheng is a foreign wholly-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in the solar energy business, specifically the manufacture and distribution of cooling-stored pipes.

Bank of Ningbo is a bank licensed and incorporated under the laws of the PRC. It is listed on the Shenzhen Stock Exchange (stock code: 002142). Bank of Ningbo is principally engaged in the provision of personal and corporate banking services to its customers.

China CITIC Bank is bank licensed and incorporated under the laws of the PRC. It is listed on the Stock Exchange (stock code: 0998) and the Shanghai Stock Exchange (stock code: 601998). China CITIC Bank is principally engaged in the provision of personal and corporate banking services to its customers.

To the best of the Directors' knowledge, the ultimate beneficial owners of Bank of Ningbo and China CITIC Bank, as publicly disclosed, are third parties independent of the Company and its connected persons.

### **IMPLICATIONS UNDER THE LISTING RULES**

The Board considers that the Structured Deposit Agreements are not required to be aggregated due to the following reasons:

- (a) in respect of the Second and Third Bank of Ningbo Structured Deposit Agreements, they were entered into after the maturity date of the First and Second Bank of Ningbo Structured Deposit Agreements respectively and were not concurrent;
- (b) in respect of the Second China CITIC Bank Structured Deposit Agreement, it was entered into after the maturity date of the First China CITIC Bank Structured Deposit Agreement and they were not concurrent; and
- (c) in respect of the Bank of Ningbo Structured Deposit Agreements and China CITIC Bank Structured Deposit Agreements, when viewed together, they were not entered into with the same counterparty and the content of the agreements include different features and terms.

Pursuant to Rule 14.07 of the Listing Rules, the applicable percentage ratios calculated for each of the China CITIC Bank Structured Deposit Agreements are more than 5% but less than 25%, therefore the transactions constitute discloseable transactions and are subject to the reporting and announcement requirements set out in Chapter 14 of the Listing Rules.

As the applicable percentage ratios calculated for each of the Bank of Ningbo Structured Deposit Agreements are more than 25% but less than 100%, they constitute major transactions under Rule 14.06(3) and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Bank of Ningbo Structured Deposit Agreements will be despatched to the Shareholders in compliance with the Listing Rules.

To the best of their knowledge and belief, the Directors, having made all reasonable enquires, confirm that no Shareholder or any of their respective associates have any material interest in the Bank of Ningbo Structured Deposit Agreements, therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Bank of Ningbo Structured Deposit Agreements.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, the Company has obtained written approval from Resources Rich Capital Limited, which is beneficially interested in approximately 62.03% of the issued share capital of the Company as at the date of this announcement, for ratifying each of the Bank of Ningbo Structured Deposit Agreements. Mr. Hu Yangiun, our executive Director, currently holds 50% interest in Resources Rich Capital Limited.

The Company had not announced details of the discloseable and major transactions in a timely manner as required by Rule 14.34 due to the mistaken belief that the Structured Deposit Agreements did not constitute ‘transactions’ as defined in Rule 14.04 of the Listing Rules. The management of the Company honestly believed that the Structured Deposit Agreements were akin to cash deposits, but have since reviewed and introduced the following measures to avoid the occurrence of such a mistake in the future.

### **REMEDIAL ACTIONS**

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the non-compliance was inadvertent. To prevent similar non-compliance from occurring in the future, the Company has taken the following measures and actions:

- (i) the finance department and company secretarial department of the Company shall continue to oversee and monitor the Company’s on-going compliance with the Listing Rules;
- (ii) the Company should conduct an internal training session to explain the relevant Listing Rules’ requirements and the reporting procedures for notifiable transactions under the Listing Rules, and to emphasise the importance of identifying such transactions prior to execution;
- (iii) the Company should, as and when appropriate and necessary, seek its external legal or other professional advice as to any action required to be taken in relation to any proposed transactions or events in the future; and
- (iv) the Company should strengthen its communication with its subsidiaries and emphasise the importance of ensuring the Company’s compliance with the Listing Rules.

Going forward, the Company will make such disclosure in a timely manner to ensure compliance with the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Bank of Ningbo”	Bank of Ningbo Co., Ltd. (寧波銀行股份有限公司), a bank licensed and incorporated under the laws of the PRC
“Bank of Ningbo Structured Deposit Agreements”	the First Bank of Ningbo Structured Deposit Agreement, the Second Bank of Ningbo Structured Deposit Agreement and the Third Bank of Ningbo Structured Deposit Agreement
“Board”	the Board of Directors
“China CITIC Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司), a bank licensed and incorporated under the laws of the PRC
“China CITIC Bank Structured Deposit Agreements”	the First China CITIC Bank Structured Deposit Agreement and the Second China CITIC Bank Structured Deposit Agreement
“Company”	Zhong Fa Zhan Holdings Limited (中發展控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“EUR”	Euros, the lawful currency of the European Union
“First Bank of Ningbo Structured Deposit Agreement”	the subscription of the structured deposit offered by Bank of Ningbo by Yuyao Yiheng on 11 December 2017 for RMB42,000,000
“First China CITIC Bank Structured Deposit Agreement”	the subscription of the structured deposit offered by China CITIC Bank by Yuyao Yiheng on 19 January 2018 for RMB17,000,000
“GBP”	Pound Sterling, the lawful currency of the United Kingdom
“HK\$”	Hong Kong Dollars, the lawful currency in Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“JPY”	Japanese Yen, the lawful currency of Japan
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Bank of Ningbo Structured Deposit Agreement”	the subscription of the structured deposit offered by Bank of Ningbo by Yuyao Yiheng on 12 January 2018 for RMB30,000,000
“Second China CITIC Bank Structured Deposit Agreement”	the subscription of the structured deposit offered by China CITIC Bank by Yuyao Yiheng on 2 March 2018 for RMB17,000,000
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Deposit Agreement(s)”	the First Bank of Ningbo Structured Deposit Agreement, the Second Bank of Ningbo Structured Deposit Agreement, the Third Bank of Ningbo Structured Deposit Agreement, the First China CITIC Bank Structured Deposit Agreement and the Second China CITIC Bank Structured Deposit Agreement, the details of which are disclosed in this announcement
“Third Bank of Ningbo Structured Deposit Agreement”	the subscription of the structured deposit offered by Bank of Ningbo by Yuyao Yiheng on 12 February 2018 for RMB35,000,000
“US”	the United States of America
“USD”	United States dollars, the lawful currency of the US
“Yuyao Yiheng”	Yuyao Yiheng Solar Technology Company Limited* (余姚市億恆太陽能科技有限公司), a wholly-owned subsidiary of the Company

“%” per cent

“3-month USD LIBOR” 3 month US Dollar London Interbank Offer Rate

\* *The English translated names are for identification purposes only*

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

12 June, 2018

*As at the date of this announcement, the Board comprises of executive Directors Mr. Wu Hao, Mr. Hu Yangjun and Mr. Chan Wing Yuen, Hubert; non-executive Director Mr. Li Wei Qi, Jacky; independent non-executive Directors Mr. Wu Chi Keung, Ms. Kwok Pui Ha and Mr. Jin Qingjun.*