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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**”) 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 Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2019 (the “**Year 2019**”) and other information currently available to the Board, the Group expects to record an increase in net loss attributable to the equity holders of the Company for the Year 2019 as compared with the net loss for the year ended 31 March 2018 (the “**Previous Year**”). Such increase in loss was mainly due to a combination of the following: (i) the increase in revenue and gross profit for the Year 2019 because of the increase in the sales orders of the Group’s solar energy business; (ii) the recognition of approximately HK\$9.7 million as the equity-settled share-based payment expenses for the Year 2019 derived from the share options granted on 19 October 2018, which were vested on 31 December 2018; (iii) the increase in the operating expenses relating to the setting up of new subsidiaries during the Year 2019; and (iv) an increase in administrative expenses of the Group, mainly due to an increase in legal and professional fees (non-recurring) incurred in relation to the acquisition of land parcel and factory in Yuyao, the PRC during the Year 2019 (please refer to the circular of the Company dated 24 August 2018; and the announcements of the Company dated 20 September 2018, 28 September 2018, 4 October 2018, 30 November 2018 and 23 April 2019 respectively in relation to, among others, such acquisition).

The Board would like to emphasize that the Group's financial positions remain stable and has sufficient cash resources to meet its present and future cash flow requirements for its operation.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 March 2019. 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 Company's auditors or audit committee and may be subject to change. Shareholders and potential investors are advised to refer to the details of the annual results of the Group for the year ended 31 March 2019, which is expected to be published in late June 2019.

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
Chan Wing Yuen, Hubert
Chief Executive and Executive Director

Hong Kong, 2 May 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.