Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2019

The board of directors (the "Board" or "Directors") of Zhong Fa Zhan Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019 together with the comparative audited figures for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	3	**148,623**	28,106
Cost of sales		**(137,863)**	(26,978)
Gross profit		**10,760**	1,128
Other income		**801**	1,189
Other gains and losses, net	5	**550**	(1,262)
Selling and distribution costs		**(2,776)**	(448)
Administrative expenses		**(25,910)**	(20,930)
Equity-settled share-based payments		**(16,621)**	(2,776)
Finance costs		**(1,063)**	–
Share of result of an associate		**(144)**	–

	NOTES	2019 HK$'000	2018 HK$'000
Loss before taxation		**(34,403)**	(23,099)
Income tax	6	**(203)**	–
Loss for the year	7	**(34,606)**	(23,099)
Other comprehensive (expense) income for the year			
Item that will not be reclassified to profit or loss			
Exchange differences arising on translation to presentation currency		**(1,874)**	3,124
Total comprehensive expense for the year		**(36,480)**	(19,975)
Profit (loss) for the year attributable to:			
Owners of the Company		**(35,605)**	(23,099)
Non-controlling interests		**999**	–
		(34,606)	(23,099)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(37,478)**	(19,975)
Non-controlling interests		**998**	–
		(36,480)	(19,975)
Loss per share	8		
Basic (HK cents)		**(10.75)**	(7.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**65,009**	13,540
Prepaid lease payment		**10,846**	–
Rental deposits		**237**	237
		76,092	13,777
Current assets			
Inventories		**2,267**	1,158
Trade receivables	10	**24,729**	2,229
Other receivables, deposits and prepayments	10	**11,058**	6,885
Contract assets		**3,704**	–
Prepaid lease payment		**245**	–
Structured deposit		**–**	21,217
Bank balances and cash		**65,467**	58,211
		107,470	89,700
Current liabilities			
Trade payables	11	**8,311**	2,139
Other payables and accruals	11	**39,316**	2,889
Contract liabilities		**1,120**	–
Income tax liabilities		**177**	–
Loans from a controlling shareholder		**–**	71,518
		48,924	76,546
Net current assets		**58,546**	13,154
Non-current liabilities			
Loans from a controlling shareholder		**106,729**	–
Deferred tax liability		**26**	–
		106,755	–
Net assets		**27,883**	26,931
Capital and reserves			
Share capital		**3,382**	3,301
Reserves		**22,458**	23,630
Equity attributable to owners of the Company		**25,840**	26,931
Non-controlling interests		**2,043**	–
Total equity		**27,883**	26,931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL

Zhong Fa Zhan Holdings Limited (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, 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 Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry wholesale business in the People's Republic of China ("PRC") and Hong Kong ("HK") and solar energy business in the PRC, HK and other countries. The Company and its subsidiaries are collectively referred to as the Group.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), as the Company's shares are listed on the Stock Exchange, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

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

New and revised HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the amendments to HKFRSs and the interpretation 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.

2.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers including:

- Sales of jewelry products;
- Sales of solar energy products; and
- Provision of technical improvement services for solar energy projects

Summary of effects arising from initial application of HKFRS 15

In the opinion of the directors of the Company, the application of HKFRS 15 in the current year has had no material impact on the Group's financial performance for current and prior years and financial position for prior year but results in more extensive disclosures in the consolidated financial statements.

The following tables summarise the impacts of applying HKFRS 15 on the consolidated statement of financial position as at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Amounts due from customers for contract works	–	3,704	3,704
Contract assets	3,704	(3,704)	–
Current liabilities			
Receipts in advance	–	1,120	1,120
Contract liabilities	1,120	(1,120)	–

2.2 HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (a) the classification and measurement of financial assets and financial liabilities, (b) expected credit losses ("ECL") for financial assets and (c) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, if any, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Note	Structured deposit classified as loans and receivables at amortised cost	Financial assets at fair value through profit or loss ("FVTPL") required by HKFRS 9
	Note	*HK$'000*	*HK$'000*
Closing balance at 31 March 2018 – HKAS 39		21,217	–
Effect arising from initial application of HKFRS 9:			
Reclassification:			
From loans and receivables	(i)	(21,217)	21,217
Opening balance at 1 April 2018 – HKFRS 9		–	21,217

Note:

(i) The balance of structured deposit previously classified as loans and receivables was reclassified to financial assets at FVTPL upon the application of HKFRS 9 because the contractual cash flows do not represent solely payment of principal and interest on the principal amount outstanding. The related fair value change to be adjusted to financial assets at FVTPL and opening accumulated losses is insignificant.

At the date of initial application of HKFRS 9 on 1 April 2018, the Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been assessed on individual debtor basis. ECL for other financial assets at amortised cost, including other receivables and bank balances, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, no credit loss allowance was recognised in accumulated losses. In the opinion of the directors of the Company, the estimated allowance under the ECL model was not significant.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019.

[2] Effective for annual periods beginning on or after 1 January 2021.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

[5] Effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and the interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, among others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing cash flows.

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. REVENUE

A. For the year ended 31 March 2019

Disaggregation of revenue from contracts with customer

	2019
	HK$'000
Revenue from sales of goods:	
Jewelry products	**48,909**
Solar energy products	**95,799**
	144,708
Revenue from provision of services:	
Technical improvement services for solar energy projects	**3,915**
Total revenue	**148,623**
Timing of revenue recognition	
A point in time	**144,708**
Over time	**3,915**
	148,623

B. For the year ended 31 March 2018

An analysis of the Group's revenue from its major activities is as follows:

	2018
	HK$'000
Revenue from sales of jewelry products	27,677
Revenue from sales of solar energy products	429
	28,106

4. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker (the "CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group's businesses and operations. The Group's operating and reportable segments are therefore as follows:

(i) Jewelry wholesale business (wholesale of jewelry products); and

(ii) Solar energy business (manufacture and sales of solar cooling intelligent technology products using thermal cooling-stored pipes and sales of solar photovoltaic modules and components, (which are collectively referred to as solar energy products) and provision of energy efficiency analysis and technology improvement advisory services on solar energy projects (which are collectively referred to as technical improvement services for solar energy projects)).

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the loss by each segment without allocation of unallocated corporate expenses which include central administration costs, directors' remuneration at the head office and certain equity-settled share-based payments, unallocated corporate income, share of result of an associate and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For year ended 31 March 2019

	Jewelry wholesale business	**Solar energy business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue	**48,909**	**99,714**	**148,623**
Segment loss	**(2,971)**	**(12,203)**	**(15,174)**
Unallocated corporate income			**801**
Unallocated corporate expenses			**(18,823)**
Share of result of an associate			**(144)**
Finance costs			**(1,063)**
Loss before taxation			**(34,403)**

For year ended 31 March 2018

	Jewelry wholesale business	Solar energy business	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	27,677	429	28,106
Segment loss	(691)	(8,612)	(9,303)
Unallocated corporate income			1,189
Unallocated corporate expenses			(14,985)
Loss before taxation			(23,099)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	2019	2018
	HK$'000	*HK$'000*
Jewelry wholesale business	**525**	2,915
Solar energy business	**115,960**	13,093
Total segment assets	**116,485**	16,008
Structured deposit	**–**	21,217
Bank balances and cash	**65,467**	58,211
Other unallocated assets	**1,610**	8,041
Consolidated assets	**183,562**	103,477
Jewelry wholesale business	**558**	2,181
Solar energy business	**47,698**	2,136
Total segment liabilities	**48,256**	4,317
Loans from a controlling shareholder	**106,729**	71,518
Other unallocated liabilities	**694**	711
Consolidated liabilities	**155,679**	76,546

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain other receivables, deposits and prepayments, structured deposit and bank balances and cash.

- all liabilities are allocated to reportable segments other than certain other payables and accruals and loans from a controlling shareholder.

5. OTHER GAINS AND LOSSES, NET

	2019	2018
	HK$'000	*HK$'000*
Loss on written-off of property, plant and equipment	**–**	(63)
Net exchange gain (loss)	**550**	(1,199)
	550	(1,262)

6. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2019	2018
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income tax	**177**	–
Deferred tax	**26**	–
Income tax for the year	**203**	–

7. LOSS FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**3,016**	1,360
Less: amount capitalised in inventories	**(85)**	(67)
	2,931	1,293
Amortisation of prepaid lease payment	**81**	–
Auditor's remuneration	**600**	450
Operating lease payments in respect of rented properties	**2,340**	2,353
Staff costs (including directors' remuneration):		
– salaries, allowances and other benefits	**10,000**	9,904
– retirement benefit scheme contributions	**553**	302
– equity-settled share-based payments	**12,694**	–
Total staff costs	**23,247**	10,206
Cost of inventories recognised as an expense	**137,863**	26,978
Interest income from bank deposits (included in other income)	**(793)**	(551)
Interest income from structured deposits (included in other income)	**–**	(453)

8. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(35,605)**	(23,099)

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**331,363**	330,054

The computation of diluted loss per share for both years does not assume the exercise of share options and warrants since it would result in a decrease in loss per share.

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	2019	2018
	HK$'000	*HK$'000*
Trade receivables from goods and services	**24,729**	2,229

As at 1 April 2018, trade receivables from contracts with customers amounted to HK$2,229,000, where no trade receivables were past due for which the Group had not provided for impairment loss upon the initial application of HKFRS 9.

The Group allows an average credit period ranging from 30 to 120 days to its customers of jewelry wholesale business and a credit period of 5 to 180 days to its customers of solar energy business. The following is an ageing analysis of trade receivables based on invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**6,961**	1,575
31 to 90 days	**17,449**	654
91 to 180 days	**319**	–
	24,729	2,229

As at 31 March 2019, no trade receivables of the Group are past due.

Other receivables, deposits and prepayments

	2019	2018
	HK$'000	*HK$'000*
Other receivables	**9,298**	1,652
Deposits	**407**	5,144
Prepayments	**1,353**	89
	11,058	6,885

11. TRADE AND OTHER PAYABLES AND ACCRUALS

Trade payables

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**8,311**	2,139

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

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**7,784**	1,495
31 to 90 days	**5**	642
91 to 180 days	**522**	2
	8,311	2,139

Other payables and accruals

	2019	2018
	HK$'000	*HK$'000*
Other payables	**4,329**	1,972
Consideration payable	**33,641**	–
Accruals	**1,346**	917
	39,316	2,889

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2019 (the "Current Year"), the Group was principally engaged in the solar energy business and the jewelry wholesale business.

Solar Energy Business

During the Current Year, the Group continued to develop and expand the solar energy business in the People's Republic of China (the "PRC") and other regions with its proprietary technology products and has achieved promising results which was shown in significant increase in our revenue when compared to that of last year. We believe that the growing trend in the solar energy business is due to the increase in global demand for renewable energy. At present, renewable energy accounts for about two-thirds of the growth in global power generation. By the year of 2040, solar photovoltaics is expected to become the largest source of energy. The large-scale development and exploitation of renewable energy will become increasingly significant for the future global energy strategy. Besides, developing solar energy will significantly reduce the consumption of non-renewable energy, such as fossil fuels and hence limiting the pollution caused.

The revenue of this segment was mainly derived from the sales of the solar cooling intelligent technology products using solar thermal cooling-stored pipes and the customised solar modules intelligent technology products, including solar photovoltaic modules and new energy smart DC inverter products etc., and the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects. The revenue recorded for solar energy business increased by approximately 231 times from approximately HK$0.4 million for the year ended 31 March 2018 (the "Previous Year") to approximately HK$99.7 million for the Current Year. The revenue attributable to the PRC market accounted for 91% (2018: 100%) of the overall segment sales, while other regions, including Hong Kong, accounted for 9% (2018: Nil). With expanding product profolio, our segment profit margin increased from 6.8% for the Previous Year to 8.7% for the Current Year.

Obtaining New Patents Use Right and Expansion of our Intelligent Technology Base

The Group has been actively developing the solar energy business since 2015, and always insists on using intelligent technology to enhance our competitiveness and influence in the market. Starting from obtaining the 15-year patent use right of solar cooling intelligent technology in the PRC from an innovative Swedish clean technology enterprise which uses such technology on CoolStore thermal cooling-stored pipes, by leveraging on the Swedish patent owner's extensive network and profound experience in the field of solar energy as well as energy conservation and environmental protection, we have established connection with a number of practitioners and potential partners in the field. Nonetheless, due to the deepened Sino-US trade frictions and tensions since year 2018, there is an increase in international economic uncertainty, and the global expansion progress for the patent owner's solar cooling projects has been adversely affected. It has led to a delay in delivery of solar cooling intelligent technology products using CoolStore thermal cooling-stored pipes, and our production plan has been slowed down accordingly. Despite this, we have completed the sales order of 100 sets of thermal solar energy collectors for our Swedish patent owner's project in Africa during the Current Year.

Meanwhile, we have further obtained 15-year patent use right of 10 patents, including packaging technology of photovoltaic modules, modules manufacturing technology, module cost reduction and efficiency improvement methods, and modules multi-environment applications from patent owners during the Current Year. These patents are applicable in different applications and able to enrich product types, ranging from the traditional field of distributed and surface power station, to agricultural tents, building-integrated photovoltaics ("BIPV") buildings, fishery-solar hybrid projects and distributed systems on high class villas, etc.

In contrast with regular products, products with patents as technical support can guarantee innovativeness, and lay a foundation of intelligent technology reservation for the Group to explore and enter into markets outside PRC. We have signed two non-legally binding agreements of intent in the second half of the Current Year. One of the agreements of intent was signed with a major Indian infrastructure and energy conglomerate that engages in India's infrastructure for over 150 years and for purchasing approximately 1,000 megawatts high quality solar energy products from us in coming three years; the other agreement of intent was signed with a large-scale PRC enterprise, engaging in the sales and promotion of photovoltaic system, that will prioritize their procurement of solar photovoltaic modules from us from year 2019 to 2021.

The potential cooperation serves four purposes to the Group: (1) to build up the order books and raise revenue potentially; (2) to provide more opportunities to muscle for and expand the market shares for solar intelligent technology products in an emerging economy – India; (3) to integrate the advantages and resources with the potential business partners to create greater commercial value in the future; and (4) the long-term strategic partnership in the field of solar energy photovoltaic system allows us to develop reliable, efficient and value-added customised solar modules intelligent technology products and provide effective and practical environmental protection solution to the solar energy end-users.

Set up of New Subsidiaries and Develop Our Own Intelligent Technology

With the increasing business opportunities due to the addition of patented intelligent technology, the Group has set up two new non-wholly owned subsidiaries respectively, NEF Power (Taizhou) Co., Ltd* (北能電氣(泰州)有限公司) and ET Solar Development Company Limited* (南京建展新能源科技研發有限公司) ("Nanjing ET Solar") in Taizhou City and Nanjing City of Jiangsu province respectively. One of the shareholders of the new non-wholly owned subsidiaries, CCNCC-ET International Limited ("CCNCC"), is an advanced solar energy solution provider with offices in Taizhou City and Nanjing City, which has long been dedicated to providing high quality products, technologies and services to satisfy diversified market demands for solar photovoltaics energy. The cooperation in establishment of new companies is expected to offer new opportunities for all parties.

The new subsidiaries will use the exclusive rights of the patented technologies obtained during the year to produce customised solar modules intelligent technology products and new energy smart DC inverter products applicable on solar power stations, by low-cost sub-contractors. The Group has also begun the production and development of our own solar energy intelligent technology products, the newly developed technology used is more efficient and safe. To capture new business opportunities, our newly recruited sales team has been actively participated in trade shows and exhibitions in the United States (the "US"), the Philippines, Austria, Japan, United Arab Emirates and Holland to promote our brand and identify potential customers and suppliers, such as the Solar Power International 2018 held in Los Angeles of the US and the ASEAN Solar + Energy Storage Congress & Expo 2018 held in the Philippines.

Completion of purchase of Yuyao Land and Factory and Enhanced Business Network

In the Current Year, the purchase of Yuyao Land and Factory has been completed. This new factory, with a gross floor area of 27,250 square meters, enables us to handle orders more flexibly along with sub-contracting arrangement with quality contractors. The Group intends to lease un-utilized portions of Yuyao Factory to third parties to generate steady cash flow for the Group. Our offices are located in Yuyao, Hangzhou, Beijing, Taizhou, Nanjing, Hong Kong and the US. Our customers can meet our sales team at the most nearby office, in the long run, it would strengthen our business network.

Jewelry Business

During the Current Year, the jewelry business remains as one of the principal businesses of the Group which recorded encouraging results. Given the rising demands for jewelry products from Hong Kong and especially from the PRC customers, we resumed our jewelry business in Hong Kong in year 2018. Segment revenue has increased by 77% from HK$27.7 million for the Previous year to HK$48.9 million for the Current Year. The sales in Hong Kong accounted for 41% (2018: 28%) of the overall segment sales; while that of Mainland accounted for 59% (2018: 72%). By virtue of the creation of larger customer portfolio with new customers in Hong Kong, our segment profit margin increased slightly from 4.0% for last year to 4.4% for the Current Year. Despite an increase in the number of visiting tourists brought by the opening of Guangzhou-Shenzhen-Hong Kong Express Rail Link and Hong Kong-Zhuhai-Macao Bridge, the positive effects were neutralized by the economic uncertainties brought by the Sino-US trade war, along with the depreciation of Renminbi and fluctuations in the stock market.

In the Current Year, the Group increased efforts to expand its business network and established long-term network with suppliers to maintain supply stability and maintain procurement costs. During the year, we have increased the number and quality of the sales force enabling the Group to develop more flexible and effective sales strategies. The Group's sales team succeeded in identifying new potential customers and established a better business relationship with our existing customers.

Also, the Group has actively participated in jewelry exhibitions, including the international jewelry exhibitions held in Hong Kong and Shenzhen, to explore business opportunities with new customers and suppliers. In addition to a revival of offline sales, we are actively considering to expand into the e-commerce sector and negotiate with an e-commerce operations solution provider. We are also negotiating with regional sales agencies of jewelry brands in South Korea and other countries to open new sales channel for the Group.

OUTLOOK AND PROSPECTS

Solar Energy Business

Looking forward, the Group will continue to excavate the potential of the growing solar energy market with its intelligent technology. Taking into consideration of the economic development and the rise in living standards in the PRC, we believe the solar energy business will bring with huge growth potentials and considerable investment returns. Our solar energy sales team will continue to identify potential customers in the PRC, including local government bodies, educational institutions, hotel chains and hospitals etc. Riding on the experience and network of our partners, we will work to develop, produce and sell more diversified products and solutions.

With more patented intelligent technology products, we will open more business channels and expand our customer base both locally and globally so as to increase our market share. While continuing to negotiate with customers in the US, Europe, Africa, India, the Middle East, Southeast Asia, the Group will search for strategic partners to jointly develop, produce and sell more products and solutions with the supporting of Yuyao Factory in the future, such as customised solar modules intelligent technology products, new energy smart DC inverter products applicable on solar power stations and other intelligent technology products. The Group will further expand its market share by participating in trade fairs, solar energy exhibitions and industry forums in order to enlarge our market shares further. While we are actively striving to expand our global customer base, the overseas sales is also expected to increase. We will continue to join with other leading companies to build up more strategic cooperation with CCNCC and its related companies, and look forward to using our professional management experience and the brand and pipeline advantages of CCNCC to explore more smart new energy technology-based business opportunities.

Besides, the Group will set up a solar photovoltaic intelligent technology products research and testing centre and enlarge the scale of the existing team to reinforce the research, development and testing ability of our highly efficient new intelligent technology products as well as the testing and upgrading of intelligent technology products such as the micro inverter, power optimiser, fast power circuit breaker, all-in-one energy storage, etc. The Group can also act as an outsourcing service provider of external customers to provide quality test services. Furthermore, we will allocate more resources into researching and product quality improvement, such as performing the solar energy efficiency and effectiveness analysis, solar energy intelligent technology products quality control testing as well as improving the solar cooling intelligent technology products.

Jewelry Business

With the increase in disposable income of the PRC citizen, a rise of the middle class, and the implementation of policies to encourage consumption, the Group believes that the jewelry market of the PRC, particularly the third and fourth tier cities, still has huge potential. We believe that these cities will provide ample opportunity for jewelers to expand their markets. In addition to the customers in the PRC, our sales team has built up an extensive customer network in Hong Kong with an aim to gain a foothold in the market. We will endeavour to enhance our customer service quality and indentify more business opportunities through participating in jewelry trade fairs and exhibitions.

We believe that the potential new sales channels will enable the Group to strengthen the sustainable development of its jewelry business and increase brand awareness. Despite the opportunities ahead, as the Sino-US trade war persists, coupled with the recent social conflicts and economic instability in Hong Kong, it is believed that there will be an impact on the growth of our business in the Hong Kong market. The Group will remain cautious in the jewelry businesses in Hong Kong and the PRC.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Year was approximately HK$148.6 million, representing an increase of approximately 429% as compared to approximately HK$28.1 million for the Previous Year. The increase was contributed by both jewelry business and solar energy business.

Revenue of the jewelry business increased by approximately 77% from approximately HK$27.7 million for the Previous Year to approximately HK$48.9 million for the Current Year. The increase was mainly attributable to the steady growth of the PRC's domestic consumption and spending, and the increase in sales order after the relationship with customers in Hong Kong has been strengthened during the Current Year.

Revenue of the solar energy business increased by approximately 231 times from approximately HK$0.4 million for the Previous Year to approximately HK$99.7 million for the Current Year. The increase was attributable to the revenue derived from the sales of solar cooling intelligent technology products using solar thermal cooling-stored pipes, and the customised solar modules intelligent technology products, including solar photovoltaic modules and new energy smart DC inverter products etc, amounted to HK$95.8 million (2018: HK$0.4 million), as well as the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects started in the Current Year, amounted to HK$3.9 million (2018: Nil). We will continue to optimize the quality of our solar energy products, diversify products and expand distribution channels to improve the market awareness of the Group.

Cost of Sales and Gross profit

Cost of sales of the Group for the Current Year was HK$137.9 million, representing an increase of 411%, as compared to approximately HK$27.0 million for the Previous Year.

Gross profit increased from approximately HK$1.1 million for the Previous Year to approximately HK$10.8 million for the Current Year, representing an increase of approximately 8.5 times. The increase was mainly attributable to the increase in the gross profit derived from the solar energy business segment from approximately HK$29,000 for the Previous Year to approximately HK$8.6 million for the Current Year. Meanwhile, gross profit margin increased from 4.0% for the Previous Year to 7.2% for the Current Year. The increase was mainly attributable to the contributions from new customers of both solar energy business and jewelry business with higher gross profit margins, as well as the energy efficiency analysis and technical improvement advisory services on solar energy projects that were started in the Current Year.

Other income

Other income decreased from approximately HK$1.2 million for the Previous Year to approximately HK$0.8 million for the Current Year, representing a decrease of approximately 33%, which was mainly attributable to a decrease in the interest income received from the bank structured deposits.

Other gains and losses, net

The Group recorded net other gains of approximately HK$0.6 million for the Current Year (2018: net other losses of approximately HK$1.3 million), which was mainly attributable to the net foreign exchange gain during the Current Year.

Selling and distribution costs

Selling and distribution costs increased from approximately HK$0.4 million for the Previous Year to approximately HK$2.8 million for the Current Year, representing an increase of approximately 520%, which was primarily attributable to the increase in exhibition and marketing activities and recruiting additional sales and marketing staff after the expansion of our distribution and market networks during the Current Year.

Administrative expenses

Administrative expenses increased from approximately HK$20.9 million for the Previous Year to approximately HK$25.9 million for the Current Year, representing an increase of approximately 24%, which was mainly attributable to the legal and professional fees (non-recurring) incurred from the acquisition of Yuyao Land and Factory and the setting up of new subsidiaries during the Current Year, the increase in expenditure on research and development and the increased depreciation charges for the Current Year due to the newly acquired Yuyao Factory and plant and machinery.

Equity-settled share-based payment

Equity-settled share-based payment increased by 499% from approximately HK$2.8 million for the Previous Year to approximately HK$16.6 million for the Current Year. The increase was mainly attributable to the vested share options granted by the Company on 9 March 2018 and 19 October 2018 during the Current Year amounted to HK$6.8 million (2018: HK$0.8 million) and HK$9.8 million (2018: Nil) respectively. Also, as all warrants issued by the Company had lapsed in the Previous Year, no expenses arising from the warrants were recognised in the Current Year (2018: HK$2.0 million)

Finance cost

Finance cost for the Current Year represented the imputed interest on the long term interest-free loans from a controlling shareholder amounting to HK$1.1 million (2018: Nil).

Share of result of an associate

Share of result of an associate represented the share of loss amounted to HK$0.1 million (2018: Nil) of an associate, Nanjing ET Solars, arising from its establishment on 28 September 2018 to 31 December 2018 when the Group obtained the control of Nanjing ET Solar and Nanjing ET Solar ceased to be classified as an associate.

Income tax expense

Income tax expense of the Group recorded for the Current Year amounting to HK$0.2 million (2018: Nil) mainly represented the PRC enterprise income tax of a PRC subsidiaries.

Loss for the year attributable to the Owners of the Company

By reason of the factors as stated above and the overall operating expenses incurred from setting up the new subsidiaries during the Current Year, the loss for the year attributable to the owners of the Company increased from approximately HK$23.1 million for the Previous Year to approximately HK$35.6 million for the Current Year, representing an increase of approximately 54%. Basic loss per share was 10.75 HK cents (2018: 7.00 HK cents).

Liquidity, Financial Position and Resources

As at 31 March 2019, the Group had net current assets and current ratio stood at HK$58.5 million and 2.2 respectively (2018: HK$13.2 million and 1.2 respectively). As at 31 March 2019, the inventories amounted to HK$2.3 million (2018: HK$1.2 million), mainly representing the finished goods of solar thermal cooling-stored pipes and solar photovoltaic modules and components in transit. As at 31 March 2019, the trade receivable and trade payable amounted to HK$24.7 million and HK$8.3 million respectively (2018: HK$2.2 million and HK$2.1 million respectively), both of which were mainly derived from the solar energy business.

As at 31 March 2019, the bank balances and cash amounted to HK$65.5 million (2018: HK$58.2 million). As at 31 March 2019, the Group had no structured deposits (2018: HK$21.2 million). During the Previous Year, the Group has entered into structured deposits with commercial banks in the PRC as part of the Group's treasury activities to maximise the use of its funds in the Previous Year. The structured deposits entered were principal-protected products with a relatively short term of maturity which were considered to be akin to placing deposits with banks whilst enabling the Group to earn a relatively higher rate of return. For details regarding the subscriptions of structured deposits, please refer to the announcement and the circular of the Company dated 12 June 2018 and 16 July 2018 respectively. The Group's gearing ratio as at 31 March 2019 was nil (2018: Nil) (total interest bearing borrowings divided by bank balance and cash as a percentage of total equity).

As at 31 March 2019, the Group had no bank borrowings (2018: Nil) and no banking facilities (2018: Nil), and none of the Group's assets was pledged to banks to secure any banking facilities (2018: Nil). As at 31 March 2019, the Group had interest-free loans due to a controlling shareholder of approximately HK$106.7 million (2018: HK$71.5 million), and amongst the loans, none will be repayable within one year (2018: HK$71.5 million) and approximately HK$106.7 million (2018: Nil) will be repayable after one year.

During the Current Year, 8,100,000 shares of the Company at par value of HK$0.01 each had been issued and allotted by the Company as a result of the exercise of share options at an exercise price of HK$1.148. The gross proceeds of approximately HK$9.3 million were used as general working capital for the Group, including staff salary, inventory purchase and other operating expenditure.

The Group principally meets its working capital requirement and other liquidity requirements through a combination of operating cash flows, interest-free loans due from a controlling shareholder and proceeds from the issue of new shares in the Current Year.

Capital Structure

The Group's total assets and total liabilities as at 31 March 2019 amounted to approximately HK$183.6 million (2018: HK$103.5 million) and approximately HK$155.7 million (2018: HK$76.5 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was approximately 0.8 times as at 31 March 2019, as compared to that of approximately 0.7 times as at 31 March 2018.

Use of Proceeds from the Subscriptions

On 1 July 2015, the Group entered into a subscription agreement (the "Suncool Subscriptions") with Suncool AB, a Swedish company, to allot and issue 6,000,000 new shares of the Company to Suncool AB at the subscription price of HK$2.10 per share. Warrants were also granted to Suncool AB for subscribing to an aggregate of 24,000,000 new shares of the Company at the exercise price of HK$2.50 per warrant share. The Group also signed subscription agreements ("Investors Subscriptions", together with the Suncool Subscriptions, the "Subscriptions") with six independent investors to allot and issue an aggregate of 36,000,000 new shares of the Company to the six independent investors at the subscription price of HK$2.10 per share. As at 2 November 2015, the Group had completed the Subscriptions for a total of 36,000,000 shares, which generated total gross proceeds of approximately HK$75.6 million and net proceeds (which represent the total gross proceeds less relevant expenses, the "Net Proceeds") of approximately HK$74.7 million after deducting related expenses payable by the Company. For details regarding the Subscriptions, please refer to the Company's announcement dated 5 July 2015 and the circular dated 13 August 2015.

As disclosed in the announcements dated 12 September 2016, the Group was informed by CECEP Yuyao that the construction of the Factory has been delayed and therefore the development of solar energy business of the Group was prolonged. Accordingly, the Group considered that the upfront expenses including factory rent, leasehold improvement and other related general operating expenses were not significant as expected because of the delay in the occupation of the Factory, hence the use of proceeds has been changed and part of the proceeds intended to be used for the development of solar energy business in the amount of approximately HK$10 million has been allocated towards the general working capital of the Group.

In the circumstances, the details of the original allocation of the Net Proceeds, the revised allocation of the Net Proceeds, and the utilization of the Net Proceeds as at 31 March 2019 are as below:

Proposed use of Net Proceeds	**Original planned use of the Net Proceeds** *(Approximately) HK$'000*	**Revised planned use of the Net Proceeds** *(Approximately) HK$'000*	**Actual use of the Net Proceeds up to 31 March 2019** *(Approximately) HK$'000*	**Unutilized balance as at 31 March 2019** *(Approximately) HK$'000*
Repayment of shareholder's loan	7,600	7,600	7,600	–
Development of solar energy business	50,000	40,000	38,600 *(Note 1)*	1,400 *(Note 3)*
General working capital	17,100	27,100	27,100 *(Note 2)*	–
	74,700	74,700	73,300	1,400

Note 1: As at 31 March 2019, approximately HK$38.6 million was used for the development of solar energy business, including approximately HK$21.0 million for acquiring Yuyao Land and Factory, approximately HK$1.3 million for acquiring other fixed assets including machineries, equipment and tools, approximately HK$5.3 million for staff training costs, technical knowledge transfer and supporting service fees paid to Suncool AB, approximately HK$0.4 million for research and development activities and approximately HK$10.6 million for working capital of solar energy business including staff cost of HK$4.5 million. The proceeds were used as intended.

Note 2: As at 31 March 2019, approximately HK$27.1 million was used as the general working capital of the existing businesses of the Group, including staff costs, office rent, legal and professional expenses and other recurring operating expenses. The proceeds were used as intended.

Note 3: The remaining unutilized proceeds approximately HK$1.4 million is intended to be used for supporting the research and development activities up to the first quarter of year 2020 with a focus on the solar energy techniques to continuously strengthen the Group's products.

Charges on Group Assets

As at 31 March 2019, the buildings with a net book value of approximately HK$52.1 million (2018: Nil) and the land use rights with a net book value of approximately HK$11.1 million (2018: Nil), have been pledged to CECEP (Yuyao) as collateral security for the outstanding consideration of the acquisition of Yuyao Land and Factory amounting to approximately HK$ 33.6 million (2018: Nil).

Commitments and Contingent Liabilities

As at 31 March 2019, the Group did not have any capital commitments (2018: Nil) and had HK$5.6 million of operating lease commitments (2018: HK$7.6 million).

As at 31 March 2019, the Group did not have any significant contingent liabilities (2018: Nil).

Employee and Remuneration Policy

As at 31 March 2019, the Group had a total of 74 employees (2018: 34). 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.

The Group also provides internal training to employees when necessary and other staff benefits include share option scheme and corporate 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

The business operations of the Group's subsidiaries were conducted mainly in the PRC and Hong Kong with sales and purchase of the Group's subsidiaries denominated mainly in Renminbi and United Stated dollars ("USD"). The Group's cash and bank deposits were denominated in Hong Kong dollars, Renminbi and USD as well. Any significant exchange rate fluctuation of Hong Kong dollars against USD or Renminbi may have financial impacts on the Group. While the Group would closely monitor the volatility of the foreign exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2019, no forward foreign currency contracts are designated in hedging accounting relationships (2018: Nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Acquisition of Yuyao Land and Factory

In prior years, the Company, Ningbo Shenggu Energy Reservation Technology Co., Ltd.* (寧波升谷節能科技有限公司) ("Ningbo Shenggu"), a wholly-owned subsidiary of the Company, and Green Energy (Yuyao) Low Carbon Technology Development Co., Ltd. (綠能(余姚)低碳技術開發有限公司*) (formerly known as CECEP (Yuyao) Low Carbon Technology Development Co., Ltd.* (中節能(余姚)低碳技術開發有限公司)) ("CECEP Yuyao") entered into a framework tenancy agreement, which CECEP Yuyao was responsible for constructing a factory ("Yuyao Factory") according to the Company's requirements on a parcel of land held by CECEP Yuyao of a site area of approximately 49,000 square metres located on the north side of Binhai Avenue, the Binhai New Area (now known as No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park), Yuyao, Zhejiang Province, the PRC ("Yuyao Land Parcel"), and leasing the same to the Group.

To enable the Group to cope with its future development while at the same time saving rental costs of the factory in the long run, during the Previous Year, the Company, Ningbo Shenggu and CECEP Yuyao entered into a memorandum of understanding (the "MOU") in relation to the proposed acquisition of Yuyao Land Parcel and Yuyao Factory (together known as "Yuyao Land and Factory") and the granting of an exclusive right to the Group to use Yuyao Factory free-of-charge. A refundable deposit (the "Security Deposit") amounting to RMB3.8 million has been paid by the Group to CECEP Yuyao for ensuring the Group in compliance with the terms and reserving as compensation in case of any damages on the facilities and equipment. The gross floor area of Yuyao Factory is approximately 27,000 square metres.

On 24 April 2018, the Company, Ningbo Shenggu and CECEP Yuyao entered into a conditional sale and purchase agreement (the "SPA"), pursuant to which Ningbo Shenggu has conditionally agreed to purchase by itself or any wholly-owned subsidiary of the Company established in the PRC, and CECEP Yuyao has conditionally agreed to sell Yuyao Land and Factory, at an aggregate consideration of RMB59.2 million, subject to adjustment. Further, pursuant to the SPA, the outstanding consideration payable after the completion shall be set off against the Security Deposit. Please refer to the announcements of the Company dated 24 April 2018, 28 September 2018 and 4 October 2018 and the circular dated 24 August 2018 for details. The SPA and the transactions contemplated thereunder have been approved at the extraordinary general meeting held on 20 September 2018, please refer to the announcement of the Company dated 20 September 2018. The completion of the acquisition of Yuyao Land and Factory took place on 30 November 2018. The aggregate consideration had been adjusted to around RMB58.7 million (inclusion of value-added tax). As at 31 March 2019, according to the second and the third supplemental agreements dated 30 November 2018 and 23 April 2019 respectively, the remaining consideration payable to CECEP Yuyao after set-off by the Security Deposit amounted to around RMB28.9 million which is payable on or before 30 June 2019, please refer to the announcements of the Company dated 30 November 2018 and 23 April 2019 for details.

Save as disclosed above, there had been no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Year.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets.

Events After The Reporting Period

On 31 May 2019, Ningbo Shenggu entered into a lease agreement with Magna Seating (Taizhou) Co., Ltd* (麥格納座椅(台州) 有限公司) ("Magna Seating"), an independent third party which engaged in the manufacture of car seating, pursuant to which Ningbo Shenggu agreed to lease out a portion of Yuyao Factory, approximately 7,960 square meters, to Magna Seating from 1 June 2019 to 30 September 2023 for a monthly rental of approximately RMB127,000 for the first to the sixteenth months of the lease term and approximately RMB143,000 for the seventeenth to the fifty-second months of the lease term. The lease of the unutilised portion of Yuyao Factory will allow the Group to have a steady rental income which will enhance the working capital of the Group and return to the Shareholders. The Board considered that the capacity of Yuyao Factory after leased is capable to fulfil the expected production in the future. Please refer to the announcement of the Company dated 31 May 2019 for details.

Save as disclosed above and in the section headed "Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies" in relation to the Acquisition of Yuyao Land and Factory, the Group had no material event after 31 March 2019.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2019 (2018: Nil).

ANNUAL GENERAL MEETING

The 2019 Annual General Meeting (the "2019 AGM") is to be held on Thursday, 5 September 2019 and the notice of the 2019 AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 2 September 2019 to Thursday, 5 September 2019 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the 2019 AGM, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday 30, August 2019.

NON-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES

Pursuant to Rule 3.10(1) and Rule 3.21 of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors and the audit committee must comprise a minimum of three members. Following the retirement of Ms. Kwok Pui Ha as an independent non-executive Director and a member of the audit committee of the Company (the "Audit Committee") with effect from 6 September 2018, the number of independent non-executive Directors fell below the minimum number of three as required under Rule 3.10(1) of the Listing Rules, and the number of members of the audit committee of the Company fell below the minimum number as prescribed under Rule 3.21 of the Listing Rules. As Ms. Sun, Ivy Connie was subsequently appointed as an independent non-executive Director, as well as, among others, a member of the Audit Committee, on 23 November 2018, the Company has three independent non-executive Directors and three audit committee members. As a result, the composition of the Board and the Audit Committee meets with the requirements under Rules 3.10(1) and 3.21 of the Listing Rules respectively.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and following confirmations from the Directors, the changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual reports are set out below:

Ms. Kwok Pui Ha retired as an independent non-executive Director of the Company at the annual general meeting of the Company held on 6 September 2018 (the "2018 AGM") and, as such, ceased to be a member of each of the Audit Committee and the nomination committee of the Company (the "Nomination Committee") with effect from the conclusion of the 2018 AGM. Please refer to the announcement of the Company dated 6 September 2018.

Mr. Wu Chi Keung, an independent non-executive Director, resigned as an independent non-executive director of Yuan Sheng Tai Dairy Farm Limited (Stock Code: 1431, which shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) with effect from 28 September 2018.

Mr. Jin Qingjun, an independent non-executive Director, has been appointed as a director of Shenzhen Kondarl (Group) Co., Ltd (Stock Code: 000048, which shares are listed on the Shenzhen Stock Exchange) with effect from 17 September 2018. Also, Mr. Jin has been appointed as an independent director of Shenzhen Asiantime International Construction Co., Ltd (Stock Code: 002811, which shares are listed on the Shenzhen Stock Exchange) with effect from 3 September 2018. Mr. Jin Qingjun, resigned as a director of Konka Group Co., Ltd (Stock Code: 000016, 200016, which shares are listed on the Shenzhen Stock Exchange) with effect from 3 December 2018. Also, Mr. Jin resigned as an independent director of CSG Holding Co., Ltd (Stock Code: 000012, 200012, which shares are listed on the Shenzhen Stock Exchange) with effect from 10 April 2019.

Ms. Sun, Ivy Connie was appointed as independent non-executive Director and member of each of the Audit Committee and the Nomination Committee with effect from 23 November 2018. Please refer to the announcement of the Company dated 23 November 2018.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize effective internal control, accountability and transparency of the Board and are adopted in the best interest of the Company and its shareholders.

Accordingly, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG 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 CG Code throughout the year ended 31 March 2019 except for the deviation from code provision A.5.1, A.6.7 and E.1.2 as explained below.

CG Code provision A.5.1

Under code provision A.5.1, the number of independent non-executive Directors shall represent the majority of the nomination committee. During the period between 6 September 2018 and 23 November 2018, due to the retirement of an independent non-executive Director, namely Ms. Kwok Pui Ha, who was also then a member of the Nomination Committee, with effect on 6 September 2018, the Nomination Committee then only consisted of one executive Director and one independent non-executive Director. As Ms. Sun, Ivy Connie was subsequently appointed as an independent non-executive Director, as well as, among others, a member of the Nomination Committee, on 23 November 2018 in order to replace the vacancy, such deviation from CG Code provision A.5.1 was rectified.

The Group also has an internal control system to perform the checks and balance function. There were also two independent non-executive Directors offering strong, independent and differing perspectives in the period mentioned above. The Board is therefore of the view that there are adequate balance-of-power and safeguards in place to enable the Company to make and implement decisions promptly and effectively.

CG Code provision A.6.7

Under code provision A.6.7, independent non-executive Directors and non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Mr. Jin Qingjun, an independent non-executive Director, was unable to attend both the 2018 AGM and the extraordinary general meeting of the Company held on 20 September 2018 (the "EGM") due to other work commitments, and Mr. Li Wei Qi, Jacky, a non-executive Director, was unable to attend the EGM due to sickness.

CG Code Provision E.1.2

Under code provision E.1.2, the chairman of the Board should attend the annual general meeting. Due to other urgent and important business engagement, Mr. Wu Hao, chairman of the Board, was not present at both the 2018 AGM and EGM. Both meetings were chaired by Mr. Chan Wing Yuen, Hubert, an executive Director and the chief executive officer of the Company, to ensure effective communication with the shareholders thereat. The Chairman will endeavor to attend all future annual general meetings of the Company unless unexpected or special circumstances preventing him from doing so.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 to all Directors, they confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2019.

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. Jin Qingjun and Ms. Sun, Ivy Connie. The Group's consolidated financial statements and the annual results for the year ended 31 March 2019 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2019 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

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 2019.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the annual report has been published.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.475hk.com). The annual report of the Company for the year ended 31 March 2019 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

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

Hong Kong, 28 June 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.