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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)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Reference is made to the annual report of Zhong Fa Zhan Holdings Limited (the “**Company**”) for the year ended 31 March 2018 (the “**2018 Annual Report**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the 2018 Annual Report.

As disclosed in the 2018 Annual Report, the Group had completed the subscriptions for a total of 36,000,000 new shares to independent third parties on 2 November 2015 (the “**Subscriptions**”) for a total of 36,000,000 shares, which generated total gross proceeds of approximately HK\$75.6 million and net proceeds of approximately HK\$74.7 million after deducting related expenses payable by the Company. As at 31 March 2018, the remaining unutilised proceeds from the Subscriptions was approximately HK\$19.7 million which was intended to be applied for developing the solar energy business.

Further to the 2018 Annual Report, the Board wishes to provide the following supplemental information regarding the use of remaining proceeds from the Subscriptions pursuant to paragraph 11(8) of Appendix 16 of the Rules Governing the Listing of Securities (the “**Listing Rules**”):

Proposed use of Net Proceeds	Expected timeline for utilizing the remaining unused net proceeds ^(Note)	Expected amount <i>HK\$'000</i>
Development of solar energy business		
(I) Acquiring fixed assets		
(1) Acquiring the Target Land Parcel and the Factory	From 1 April 2018 to 31 March 2019	16.3
(2) Acquiring other fixed assets including machineries, equipment and tools	From 1 April 2018 to 31 March 2019	0.1
(II) Staff training costs and technical knowledge transfer and supporting service fees	From 1 April 2018 to 31 March 2019	1.5
(III) Strengthening the Company’s products by supporting the research and development activities	From 1 April 2018 to 31 March 2020	1.8
	Total:	<u>19.7</u>

Note: The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

This announcement does not affect other information contained in the 2018 Annual Report, all other contents of the 2018 Annual Report remain true and accurate.

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

Hong Kong, 5 July 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.