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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 the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the six months ended 30 September 2012 as compared to a profit for the corresponding period in 2011.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Zhong Fa Zhan Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the six months ended 30 September 2012. Based on the financial information currently available to the Group, the loss for the six months ended 30 September 2012 is mainly attributable to: (i) the Company has issued share options to the directors of the Company and other eligible participants (the “Share Options”) in June 2012, the fair value of the Share Options has been recorded as an expense to the Company in the reporting period as required by the Hong Kong Financial Reporting Standard 2 — Share-based Payment (HKFRS 2) issued by the Hong Kong Institute of Certified Public Accountants; (ii) in the corresponding period in 2011, significant profit was generated from the Group’s now discontinued operations, which does not recur in current period; (iii) additional production costs and administrative expenses following the group reorganization in 2011. Details of the Share Options are included in the announcement of the Company dated 27 June 2012.

This profit warning announcement is based only on the Company's preliminary assessment of the unaudited consolidated management accounts of the Group, which are subject to finalisation and review by the Board and the Company's auditors. The full interim results of the Group for the six months ended 30 September 2012 are expected to be released in November 2012. Shareholders of the Company and potential investors are advised to read the interim results of the Company when it is published.

Shareholders of the Company and potential investors are advised to 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 & Executive Director

Hong Kong, 30 October, 2012

As at the date of this announcement, the Board consists of four executive Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Hu Yishi 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. Heung Chee Hang, Eric and Ms. Kwok Pui Ha.