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 2017

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 2017 together with the comparative audited figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

		2017	2016
	NOTES	***HK$'000***	*HK$'000*
Revenue	*4*	**10,222**	17,765
Cost of sales		**(10,031)**	(17,301)
Gross profit		**191**	464
Other income		**388**	127
Other gains and losses, net	*5*	**1,432**	324
Selling and distribution costs		**(313)**	(2,320)
Administrative expenses		**(26,763)**	(27,122)
Equity-settled share-based payment		**(12,876)**	(8,279)

	NOTES	**2017** **HK$'000**	2016 HK$'000
Loss before taxation		**(37,941)**	(36,806)
Income tax	*6*	**–**	–
Loss for the year	*7*	**(37,941)**	(36,806)
Other comprehensive expense for the year			
Item that will not be reclassified subsequently to profit or loss			
Exchange differences arising on translation to presentation currency		**(2,074)**	(872)
Total comprehensive expense for the year		**(40,015)**	(37,678)
Loss per share	*8*		
Basic and diluted (HK cents)		**(11.50)**	(11.84)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**1,692**	880
Rental deposits		**399**	399
		2,091	1,279
Current assets			
Inventories	*10*	**168**	–
Trade receivables	*11*	**–**	3,640
Other receivables, deposits and prepayments	*11*	**5,206**	4,921
Bank balances and cash		**38,515**	64,039
		43,889	72,600
Current liabilities			
Trade and other payables and accruals	*12*	**1,850**	2,610
Net current assets		**42,039**	69,990
		44,130	71,269
Capital and reserves			
Share capital	*13*	**3,301**	3,301
Reserves		**40,829**	67,968
		44,130	71,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 ("RRCL"), 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 23rd Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry business and solar energy business, which is newly developed business since last year, in the People's Republic of China ("PRC") (excluding Hong Kong). During the year ended 31 March 2017, the Group commenced the solar energy business with revenue generated from sales of solar photovoltaic components.

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, where most of its investors are located in Hong Kong.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"):

Amendments to HKFRSs	Annual improvements to HKFRSs 2012 - 2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants

Except for the "Amendments to HKAS1" which caused certain notes to the consolidated financial statements were reordered, the application of the other amendments to HKFRSs in current year has had no material impact on the Group's financial performance and positions for current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers and related amendments[2]
HKFRS 16	Leases[3]
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 - 2016 cycle[5]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKAS 40	Transfers of investment property[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, except for the expected credit loss model which may result in early provision of credit losses and these losses are not yet incurred in relation to the Group's financial assets measured at amortised cost. The directors of the Company anticipate that the application of HKFRS 9 in future may not have a material impact on the classification and measurement of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of the effect until the Group performed a detailed review.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosure, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

As at 31 March 2017, the Group has non-cancellable operating lease commitments. A preliminary assessment made by the directors of the Company indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the directors of the Company anticipate that the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

The directors of the Company anticipate that the application of the amendments to HKAS 7 will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except for the above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements.

3. BASIS OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the amounts received and receivable for goods sold in the normal course of jewelry wholesale business and solar energy business (2016: jewelry design, manufacture and wholesale business), net of discounts and sales related taxes.

The following is an analysis of the Group's revenue for the year:

	2017	2016
	HK$'000	*HK$'000*
Revenue from sales of jewelry products	**10,034**	17,765
Revenue from sales of solar photovoltaic components	**188**	–
	10,222	17,765

Segment revenue and results

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

For year ended 31 March 2017

	Jewelry business *HK$'000*	Solar energy business *HK$'000*	Total *HK$'000*
Revenue	**10,034**	**188**	**10,222**
Segment loss	**(96)**	**(19,216)**	**(19,312)**
Unallocated corporate income			**1,820**
Unallocated corporate expenses			**(20,449)**
Loss before taxation			**(37,941)**

For year ended 31 March 2016

	Jewelry business *HK$'000*	Solar energy business *HK$'000*	Total *HK$'000*
Revenue	17,765	–	17,765
Segment loss	(3,063)	(9,472)	(12,535)
Unallocated corporate income			451
Unallocated corporate expenses			(24,722)
Loss before taxation			(36,806)

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 reportable and operating segment:

	2017	2016
	HK$'000	*HK$'000*
Jewelry business	**–**	–
Solar energy business	**5,334**	4,565
Total segment assets	**5,334**	4,565
Bank balances and cash	**38,515**	64,039
Other unallocated assets	**2,131**	5,275
Consolidated assets	**45,980**	73,879
Jewelry business	**1**	5
Solar energy business	**138**	19
Total segment liabilities	**139**	24
Unallocated liabilities	**1,711**	2,586
Consolidated liabilities	**1,850**	2,610

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 and bank balances and cash.
- all liabilities are allocated to reportable segments other than certain other payables and accruals.

5. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**–**	(103)
Net exchange gain	**1,092**	427
Others	**340**	–
	1,432	324

6. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax had been made as the Group had no estimated assessable profit arising from Hong Kong for both years.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for the PRC Enterprise Income Tax has been made for the Group's PRC subsidiaries as they have no estimated assessable profit for both years.

7. LOSS FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment		
– included in cost of sales	**–**	189
– included in administrative expenses	**581**	1,024
	581	1,213
Auditor's remuneration	**644**	627
Write down of inventories (included in cost of sales)	**–**	113
Operating lease payments in respect of rented properties	**2,172**	1,487
Staff costs (including directors' remuneration):		
Salaries, allowances and other benefits	**11,070**	12,542
Retirement benefit scheme contributions	**474**	485
Total staff costs	**11,544**	13,027
Cost of inventories recognised as an expense	**10,031**	15,654
Interest income	**(45)**	(48)
Government subsidies (included in other income)	**(346)**	–

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:

	2017	2016
	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	**(37,941)**	(36,806)

	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**330,054,000**	310,804,000

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 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

10. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Raw materials	**98**	–
Work in progress	**70**	–
Finished goods	**–**	–
	168	–

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**–**	3,640

The following is an ageing analysis of trade receivables based on invoice date at the end of the reporting period, which approximate the respective revenue recognition dates:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**–**	475
Over 1 month but within 3 months	**–**	2,859
Over 3 months but within 6 months	**–**	306
	–	3,640

The Group allowed a credit period ranging from 30 to 120 days to its customers. As at 31 March 2016, included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately HK$1,207,000, which were past due at the end of the reporting period for which the Group had not provided for impairment loss. The Group did not hold any collateral over these balances. During the year ended 31 March 2017, these balances were fully settled.

Ageing of trade receivables which are past due but not impaired

	2017	2016
	HK$'000	*HK$'000*
Past due within 1 month	**–**	276
Past due over 1 month but within 3 months	**–**	513
Past due over 3 months but within 6 months	**–**	418
	–	1,207

Other receivables, deposits and prepayments

	2017	2016
	HK$'000	*HK$'000*
Other receivables	**548**	276
Deposits	**4,444**	4,541
Prepayments	**214**	104
	5,206	4,921

12. TRADE AND OTHER PAYABLES AND ACCRUALS

Trade payables

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**1**	5

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

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**1**	4
Over 1 month but within 3 months	**–**	–
Over 3 months but within 6 months	**–**	1
Over 6 months but within 12 months	**–**	–
	1	5

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

Other payables and accruals

	2017	2016
	HK$'000	*HK$'000*
Other payables	**300**	429
Accrued expenses	**1,549**	2,176
	1,849	2,605

13. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each		Nominal value	
	2017	2016	**2017**	2016
			HK$'000	*HK$'000*
Authorised:				
At beginning and end of the year	**10,000,000,000**	10,000,000,000	**100,000**	100,000
Issued and fully paid:				
At beginning of the year	**330,054,000**	293,754,000	**3,301**	2,938
Exercise of share options	**–**	300,000	**–**	3
Issue of new shares	**–**	36,000,000	**–**	360
At end of the year	**330,054,000**	330,054,000	**3,301**	3,301

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31 March 2017 (the "Current Year"), the Group has been principally focusing on its fine jewelry wholesale business and the development of the solar energy business in Mainland China.

In respect of the jewelry business, the operating environment of the domestic fine jewelry market remained difficult due to further economic slowdown in the Mainland China during the year. There was a decrease in spending on luxury goods because of the weakened consumer confidence, together with fierce competition among the industry, all these factors leading to further drop of the sales of the Group. To weather the harsh operating environment of the jewelry business, measures for improving income and sustainable cost control had been under consideration by the Group in a proactive manner so as to minimize the impact of the unfavorable factors on its business.

The continuously strong global demand for green energy, coupled with several policies which are beneficial for the environment, energy saving and pollution and emission reduction as issued by the government of Mainland China in recent years, had acted as a positive stimulus to drive the development of the green energy related business. With Suncool AB, a leading energy conservation technologies development company in Sweden, becoming a strategic shareholder, the Group had taken an active role to explore its solar energy business, and the segment started to make a contribution to the Group during the year. The solar energy business mainly involves the provision of solar-powered interior climate solutions and products, by using solar heating and cooling collector production technologies incorporated with the core technique of CoolStore proprietary products under the exclusive rights and permissions granted by Suncool AB to the Group, in the Greater China region. The business also includes the sale of distributed solar photovoltaic components in order to enhance the Group's brand awareness and quickly establish marketing channels for its solar energy products.

During the year, the Group was invited to attend the "Asia-Pacific Summit on Low Carbon Technology 2016", which was jointly organised by the Development and Reform Commission of Hunan Province and Asian Development Bank, and to deliver a keynote and to be awarded the Innovation Award at the "14th China International Solar Energy Utilization Products Exhibition in Wuhan 2017" (二零一七第十四屆中國國際(武漢)太陽能熱利用產品博覽會) organised by the Chinese Solar Thermal Industry Federation. Active participation in these industrial seminars had enabled technical exchanges among the Group and the elites in the solar energy industry, thereby building up the Group's industry position.

A temporary production line with maximum annual production capacity of 1,200 units of cooling-store pipes has been rented short-term by the Group in the Current Year and the production has begun to meet with demand of pilot projects. Besides, the Group had been dynamic in exploring more potential customers from different sectors, including educational institutions, governmental authorities, hotel chains, commercial buildings, hospitals, medicine suppliers and cold chain logistics enterprises, etc., in order to strengthen education on energy conservation and emission reduction, as well as promote the significant benefits of the Group's products.

Prospects

With the "Thirteenth Five-Year" plan being implemented by the Central government of China in full swing, the solar energy industry will enjoy a more promising future. Looking ahead, environment protection remains the primary task of the Chinese government and a great concern in terms of the livelihoods of the society. With high emphasis on the environment protection industry, the government will constantly promulgate policies, which are favorable to the solar energy industry and, as considered by the Group, can bring about more opportunities to overcome the adverse factors undermining the operation over the years. The Group will further capitalize on its own strengths and reinforce its operation management, trying its best endeavor to seize and create more opportunities in order to drive its business growth. At present, the operating team in Yuyao, which has already mastered the relevant technologies and has conducted product optimization and testing to ensure satisfaction of the needs of, and the specifications as required by the PRC market, has been well poised for development.

In June 2017, the Group has engaged a pilot projects with a three storey commercial building located in Anhui. With this pilot project, a 64 square meter facility with solar energy collectors will be built on the building's roof to deliver sustainable heating and cooling. The management is confident that more potential customers will be followed the pilot project with great interest because of the unique in several ways – both in terms of technology and efficiency of the solar energy collectors, which can provide twice as much energy as today's other solutions and can be used for both heating and cooling.

For the coming year, the Leased Factory at Binhai New Area, Yuyao (余姚濱海新城) of estimated 27,500 square meters gross floor in the site area of approximately 50,000 square meters with annual maximum capacity of approximately 156,000 units of cooling-store pipes will be handovered to the Group. Upon the occupation of the Leased Factory, it is planned that an investment of HK$17 million will be made for the purchase of machinery, equipment and fixture, part of which will be used for leasehold improvement, greenery landscaping and purchase of equipment for security monitoring, targeting to strengthen the overall business capabilities, improve production and technical innovation, promote corporate governance and maximize operation efficiency. Beside, a total of HK$3 million has been reserved by the Group for staff training as well as the payment for technical knowledge transfer and supporting service fee to Suncool AB. In the meantime, the Group and Suncool AB will continue their pursuit of research and development with the goal of enhancing the efficiency of, and hence optimizing, the entire solar heating and cooling system. To pave a way for future technology advancement, the Group has also reserved HK$2 million for research and development. Please refer to the section of "Use of Proceeds from the Subscription" for the details of proposed use of the Net Proceeds for the development of solar energy business.

As for the jewelry business, the Group will keep a prudent approach in its jewelry business for stable performance and will place strict controls on both direct and indirect costs to maintain its competitive edges.

The Group will explore potential investment opportunities from time to time. Depending on findings from the reviews and any suitable opportunity, business refinement or diversification may be taken into account so as to broaden the source of income. Furthermore, based on market condition, cautious consideration will be made on fundraising and the suitable time of launching the same in order to expand its asset base and explore room for long-term development. The future business approach will be determined based on diversified strategies. The management of the Group are confident enough to overcome difficulties, maintain steady and prudent development strategies for better results.

Financial Review

Review of Results

Sales revenue of the Group for the Current Year was HK$10.2 million (2016: HK$17.8 million), representing a drop of approximately 42.7% as compared to that for the year ended 31 March 2016 (the "Previous Year"). Decrease in the Group's revenue was mainly attributable to the poor consumer sentiment and decreasing demand for fine jewelry in the PRC.

Gross profit of the Group for the Current Year was HK$0.2 million (2016: HK$0.5 million), representing a decrease of approximately 60.0% as compared to that for the Previous Year. Gross profit margin of the Group for the year was approximately 1.9% (2016: 2.6%), representing a decrease of approximately 26.9%. The decrease was mainly due to the intense industry competition and the adverse business environment of the jewelry sector in the PRC domestic market.

The Group recorded a net loss of HK$37.9 million (2016: HK$36.8 million) for the Current Year. The increase in net loss was mainly attribute to the decline of revenue and an increase in equity-settled share-based payment expense recognized during the year in relation to the warrants issued by the Company to Suncool AB in the Previous Year of approximate HK$12.9 million (2016: HK$8.3 million). Basic loss per share were 11.5 HK cents (2016: 11.8 HK cents).

Liquidity, Financial Resources and Capital Structure

As at 31 March 2017, the Group had net current assets and current ratio stood at HK$42.0 million and 23.7 respectively (2016: HK$70.0 million and 27.8 respectively). The Group's gearing ratio as at 31 March 2017 was nil (2016: Nil) (total interest bearing borrowings divided by bank balance and cash as a percentage of total equity).

As at 31 March 2017, the inventories amounted to HK$0.2 million (2016: Nil), mainly representing the components of solar cooling-stored pipes of the Group's solar energy business. As at 31 March 2017, the Group had no trade receivable (2016: HK$3.6 million). As at 31 March 2017, the cash and bank balance amounted to HK$38.5 million (2016: HK$64.0 million).

As at 31 March 2017, the Group had no bank borrowings (2016: Nil). As at 31 March 2017, the Group had no banking facilities and none of the Group's assets were pledged to banks to secure any banking facilities (2016: Nil). The Group financed its liquidity operations requirements through cash flow generated from operations as well as proceeds from the issue of new shares during the year ended 31 March 2016.

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 "Warrant(s)"). 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) Low Carbon Technology Development Co., Ltd.* (中節能(余姚)低碳技術開發有限公司, "CECEP (Yuyao)") that the construction of the factory to be leased to the Group as a production plant of the cooling-stored pipes (the "Leased Factory") has been delayed and is expected to be completed in year 2017, development of the solar energy business of the Group is prolonged. Accordingly, the Group considered that the upfront expenses including factory rent, leasehold improvement and other related general operating expenses are not significant as expected because of the delay in the commencement of the operation of the Leased Factory, hence the use of proceeds has been changed and part of the proceeds intended to be used for the development of the 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 2017 are as below:

Proposed use of Net Proceeds	**Original allocation**	**Revised allocation**	**Utilisation as at 31 March 2017**	**Remaining balance after revised allocation**
	(Approximately) HK$'000	*(Approximately) HK$'000*	*(Approximately) HK$'000*	*(Approximately) HK$'000*
Repayment of shareholder's loan	7,600	7,600	7,600	–
Development of solar energy business	50,000	40,000	13,900 *(Note 1)*	26,100 *(Note 3)*
General working capital	17,100	27,100	26,500 *(Note 2)*	600 *(Note 4)*
	74,700	74,700	48,000	26,700

Note 1: As at 31 March 2017, approximately HK$13.9 million was used for the development of solar energy business in the PRC, including approximately HK$4.5 million as rental deposit of the Leased Factory, approximately HK$0.9 million for acquiring fixed assets such as machineries, equipment and tools used in the temporary production line located in the short-term rented factory, approximately HK$2.7 million for staff training costs, technical knowledge transfer and supporting service fees paid to Suncool AB according to the License Agreement and approximately HK$5.8 million for working capital of solar energy business, including staff cost of HK$2.7 million.

Note 2: As at 31 March 2017, approximately HK$26.5 million was used as the general working capital of the existing businesses of the Group, including approximately HK$15.3 million for staff costs and office rent, HK$3.6 million for legal and professional expenses (including audit fees) and approximately HK$7.6 million for other recurring operating expenses.

Note 3: In respect of the remaining unutilized proceeds, the Company intends to apply approximately HK$26.1 million for developing the solar energy business. With the expected move to the Leased Factory by the end of September 2017, the Company targets to achieve improvement in production capacity and efficiency by applying approximately HK$17 million towards acquiring fixed assets, mainly including HK$4.1 million for leasehold improvement, greenery landscaping and purchase of equipment for security monitoring and HK$11.7 million for machineries and other production tools and equipment to be used in the new production lines. Approximately HK$3 million will be used for staff training costs for about 12-month period and technical knowledge transfer and supporting service fees paid to Suncool AB according to the License Agreement. Approximately HK$2 million will be set aside to continuously strengthen the Company's products by supporting the research and development activities with a focus on the solar heating and cooling techniques for about 12-month period. Approximately HK$4.1 million will be applied towards the working capital requirements of the solar energy business within the coming year, including HK$1 million for purchase of inventories and HK$0.7 million for recruiting new staff after move to the Leased Factory, as well as other recurring operating expenses.

Note 4: The Company intends to apply approximately HK$0.6 million for general working capital of the Group during the coming several months, including salary and wages, office rent, and other recurring operating expenses.

As at the date of this announcement, 24,000,000 Warrants granted to Suncool AB are outstanding, of which 16,000,000 Warrants have been vested and are currently exercisable, but none of the Warrants has been exercised yet. At the subscription price of HK$2.50 per warrant share and upon full exercise of the subscription rights attached to the Warrants, the aggregate amount of approximately HK$60 million raised would be expected to be applied as additional general working capital of the Group.

Since the exercise of the Warrants ultimately depends upon the underlying price of the Shares, the Directors will continue to closely monitor the working capital requirement of the Group in a proactive manner and will introduce suitable measures to raise funds to replenish the general working capital as and when appropriate. To effectively employ the remaining part of the Net Proceeds, the Directors will also consider further re-allocating part of the idle proceeds to general working capital, while ensuring that the overall development of the solar energy business will not be affected. For the avoidance of doubt, no specific plans have been determined at this stage.

Charges on Group Assets

As at 31 March 2017, the Group did not have any charges on the Group's assets (2016: Nil).

Commitments and Contingent Liabilities

As at 31 March 2017, the Group did not have any capital commitments (2016: Nil) and had HK$3.2 million of operating lease commitments (2016: HK$4.7 million).

As at 31 March 2017, the Group did not have any significant contingent liabilities (2016: Nil).

Employee and Remuneration Policy

As at 31 March 2017, the Group had a total of 26 employees (2016: 15). 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 with sales and purchase of the Group's subsidiaries denominated mainly in Renminbi. The Group's cash and bank deposits were denominated some in Hong Kong dollars, with some denominated in Renminbi. Any significant exchange rate fluctuation of Hong Kong dollars against Renminbi may have a financial impact on the Group. While the Group would closely monitor the volatility of the Renminbi exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2017, no forward foreign currency contracts are designated in hedging accounting relationships (2016: Nil).

Material Acquisition and Disposal

During the Current Year and the Previous Year, there was no material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies).

FINAL DIVIDEND

The Board has resolved not to recommend any payment of final dividend for the year ended 31 March 2017 (2016: Nil).

ANNUAL GENERAL MEETING

The 2017 Annual General Meeting (the "2017 AGM") is to be held on Thursday, 7 September 2017 and the notice of the 2017 AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 4 September 2017 to Thursday, 7 September 2017 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the 2017 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 1 September 2017.

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

Upon specific enquiry by the Company and 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:

Mr. Chan Wing Yuen, Hubert, an executive Director, was appointed as an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd. (Stock Code: 6116, which shares are listed on the Stock Exchange) with effect from 25 July 2016.

Mr. Wu Chi Keung, an independent non-executive Director, was appointed as an independent non-executive director of COFCO Meat Holdings Limited (Stock Code: 1610, which shares are listed on the Stock Exchange), and Zhou Hei Ya International Holdings Limited (Stock Code: 1458, which shares are listed on the Stock Exchange) with effect from 23 June 2016 and 24 October 2016 respectively.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company is 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 2017 except for the deviation from code provision A.6.7 and E.1.2 as explained below.

Code provision A.6.7

Under code provision A.6.7, independent non-executive Directors and non-executive Director should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other business engagement and work commitments, one of the independent non-executive Directors was unable to attend the Company's annual general meeting held on 9 September 2016.

Code Provisions E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Due to respective pre-arranged business commitment which, Mr. Wu Hao, chairman of the Board, must attend, Mr. Wu was not present at the annual general meeting held on 9 September 2016. The meeting was 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.

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 of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2017.

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution passed at annual general meeting of the Company held on 9 September 2016, an amended and restated memorandum of association of the Company (the "Memorandum") and articles of association of the Company (the "Articles") was approved by the shareholders and adopted in order to update the Memorandum due to the change of Company's name and to make certain amendments to the Articles for housekeeping purpose and for the purpose of conforming with certain amendments to the Listing Rules which have become effective since its adoption.

For the details on the amendments to the Memorandum and the Articles, please refer to the circular of the Company dated 28 July 2016. The amended and restated Memorandum and the Articles is available on both the websites of the Company and the Stock Exchange.

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. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. The audit committee has reviewed the Group's annual results for the year ended 31 March 2017.

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 2017.

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.

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 2017 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, 23 June 2017

As at the date of this announcement, the Board consists of five executive Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert and Ms. Kwong Wai Man, Karina; 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.