CENTRAL DEVELOPMENT HOLDINGS LIMITED
中發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 475)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board (the "Board") of directors (the "Directors") of Central Development Holdings Limited (formerly known as Zhong Fa Zhan Holdings Limited) (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2019 which have been reviewed by the Company's audit committee and external auditor, together with the comparative figures for the corresponding previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	NOTES	**Six months ended 30 September**	
		2019	2018
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3	**66,364**	35,613
Cost of sales		**(63,137)**	(34,154)
Gross profit		**3,227**	1,459
Other income		**1,025**	485
Other gains and losses, net		**(243)**	634
Selling and distribution costs		**(3,964)**	(468)
Administrative expenses		**(13,090)**	(9,639)
Other expenses		**(1,938)**	—
Impairment loss recognised on trade receivables		**—**	(561)
Equity-settled share-based payment		**(845)**	(4,601)
Finance costs	5	**(3,177)**	(357)
Loss before taxation		**(19,005)**	(13,048)
Income tax credit	6	**1,595**	—
Loss for the period	7	**(17,410)**	(13,048)
Other comprehensive income (expense) for the period			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(1,117)**	(2,621)
Fair value gain on revaluation of properties		**6,469**	—
Deferred tax relating to fair value gain on revaluation of properties		**(1,617)**	—
		3,735	(2,621)
Total comprehensive expense for the period		**(13,675)**	(15,669)

	NOTE	Six months ended 30 September 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)
Loss for the period attributable to:			
— Owners of the Company		**(14,707)**	(12,783)
— Non-controlling interests		**(2,703)**	(265)
		(17,410)	(13,048)
Total comprehensive expense attributable to:			
— Owners of the Company		**(10,741)**	(15,413)
— Non-controlling interests		**(2,934)**	(256)
		(13,675)	(15,669)
Loss per share	8		
Basic (HK cents)		**(4.35)**	(3.87)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2019

	NOTES	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Non-current assets			
Investment properties		**22,383**	—
Property, plant and equipment		**45,616**	65,009
Right-of-use assets		**12,422**	—
Prepaid lease payment		**—**	10,846
Rental deposits		**—**	237
		80,421	76,092
Current assets			
Inventories		**1,572**	2,267
Trade receivables	10	**28,417**	24,729
Other receivables, deposits and prepayments		**25,669**	11,058
Contract assets		**2,750**	3,704
Prepaid lease payment		**—**	245
Bank balances and cash		**48,284**	65,467
		106,692	107,470
Current liabilities			
Trade payables	11	**14,966**	8,311
Other payables and accruals		**5,975**	39,316
Loans from a controlling shareholder and a shareholder		**20,399**	—
Contract liabilities		**3,995**	1,120
Lease liabilities		**1,672**	—
Income tax liabilities		**—**	177
		47,007	48,924
Net current assets		**59,685**	58,546
Total assets less current liabilities		**140,106**	134,638

	At 30 September 2019 *HK$'000* (unaudited)	At 31 March 2019 *HK$'000* (audited)
Non-current liabilities		
Bank borrowing	**27,228**	—
Lease liabilities	**2,051**	—
Loans from a controlling shareholder	**95,110**	106,729
Deferred tax liability	**62**	26
	124,451	106,755
Net assets	**15,655**	27,883
Capital and reserves		
Share capital	**3,382**	3,382
Reserves	**13,164**	22,458
Equity attributable to owners of the Company	**16,546**	25,840
Non-controlling interests	**(891)**	2,043
	15,655	27,883

NOTES

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than the newly adopted accounting policy which has become applicable to the Group in the current interim period as described below and the change in accounting policies resulting from application of the new Hong Kong Financial Reporting Standard ("HKFRS"), the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those applied in the preparation of the Group's annual financial statements for year ended 31 March 2019.

Investment properties measured using the fair value model

Investment properties are properties held to earn rentals. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Property, plant and equipment

Transfer from owner-occupied property to investment property carried at fair value

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated losses.

Taxation

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies on application of HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases*, and the related interpretations.

2.1.1. Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

<u>Allocation of consideration to components of a contract</u>

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

<u>Short-term leases</u>

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

<u>Right-of-use assets</u>

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item in the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments of the Group include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Refundable rental deposits

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 "Determining whether an Arrangement contains a Lease" and not apply these standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application, if any, is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised right-of-use assets at an amount equal to the related lease liabilities of HK$4,783,000 as at 1 April 2019 by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities ranged from 3.50% to 4.75%.

	At 1 April 2019 *HK$'000*
Operating lease commitments disclosed as at 31 March 2019	**5,594**
Less: Discounting impact using relevant incremental borrowing rates at the date of initial application of HKFRS16	**(338)**
Less: Recognition exemption — short-term leases	**(473)**
Lease liabilities as at 1 April 2019	**4,783**
Analysed as:	
Current	**1,827**
Non-current	**2,956**
	4,783

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	4,783
Reclassified from prepaid lease payments	11,091
	15,874
By class:	
Leasehold land	11,091
Office premises	4,783
	15,874

3. REVENUE

Disaggregation of revenue from contracts with customer

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue from sales of goods:		
Jewelry products	**21,233**	23,877
Solar energy products	**43,561**	11,736
	64,794	35,613
Revenue from provision of services:		
Technical improvement services for solar energy projects	**1,570**	—
Total	**66,364**	35,613

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Timing of revenue recognition		
A point in time	**64,794**	35,613
Over time	**1,570**	—
	66,364	35,613

4. SEGMENT INFORMATION

Segment revenue and results

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

For six months period ended 30 September 2019 (unaudited)

	Jewelry business *HK$'000*	**Solar energy business** *HK$'000*	**Total** *HK$'000*
Revenue	**21,233**	**45,131**	**66,364**
Segment loss	**(229)**	**(12,515)**	**(12,744)**
Unallocated corporate income			**1,025**
Unallocated corporate expenses			**(4,697)**
Finance costs			**(2,589)**
Loss before taxation			**(19,005)**

For six months period ended 30 September 2018 (unaudited)

	Jewelry business *HK$'000*	Solar energy business *HK$'000*	Total *HK$'000*
Revenue	23,877	11,736	35,613
Segment loss	(4,539)	(4,869)	(9,408)
Unallocated corporate income			1,119
Unallocated corporate expenses			(4,402)
Finance costs			(357)
Loss before taxation			(13,048)

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

Segment assets and liabilities

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

	At 30 September 2019 *HK$'000* **(unaudited)**	At 31 March 2019 *HK$'000* (audited)
Jewelry business	**4,355**	525
Solar energy business	**99,663**	115,960
Total segment assets	**104,018**	116,485
Bank balances and cash	**48,284**	65,467
Other unallocated assets	**34,811**	1,610
Consolidated assets	**187,113**	183,562
Jewelry business	**4,224**	558
Solar energy business	**50,258**	47,698
Total segment liabilities	**54,482**	48,256
Loans from a controlling shareholder and a shareholder	**115,509**	106,729
Other unallocated liabilities	**1,467**	694
Consolidated liabilities	**171,458**	155,679

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 right-of-use assets, certain other receivables, deposits and prepayments, investment properties and bank balances and cash.

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

Geographical information

The Group's operations are mainly carried out in the People's Republic of China (the "PRC"), the country of domicile, and Hong Kong.

The revenue of the Group is mainly derived from external customers located in the PRC and Hong Kong.

The Group's revenue from external customers based on the location of customers are set out below:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The PRC	**21,223**	20,423
Hong Kong	**45,110**	15,190
Others	**31**	—
	66,364	35,613

Information about the Group's non-current assets based on the geographical location of the assets is set out below:

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
The PRC	**80,391**	75,829
Hong Kong	**30**	26
	80,421	75,855

Note: Non-current assets excluded rental deposits.

5. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on a bank borrowing	**510**	—
Interest on lease liabilities	**94**	—
Interest on loans from a controlling shareholder	**2,573**	357
	3,177	357

6. INCOME TAX CREDIT

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Deferred tax	**1,595**	—
Income tax credit for the period	**1,595**	—

7. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories recognised as an expense	**63,137**	34,154
Depreciation of property, plant and equipment	**1,076**	1,069
Depreciation of right-of-use assets	**937**	—
Staff costs (including director's remuneration)	**5,990**	6,617
Interest income from bank deposits (included in other income)	**(425)**	(404)
Interest income from structured deposits (included in other income)	**—**	(79)
Research and development expenses (included in other expenses)	**1,780**	—
Rental income (included in other income)	**(531)**	—
Net foreign exchange loss (gain) (included in other gains and losses, net)	**265**	(634)

8. LOSS PER SHARE

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The Group's loss for the period attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	**(14,707)**	(12,783)
	'000	*'000*
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**338,154**	330,054

The computation of diluted loss per share for both periods does not assume the exercise of share options as exercise of these instruments would result in a decrease in loss per share.

9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period (2018: nil).

10. TRADE RECEIVABLES

	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Trade receivables	**28,417**	24,729

The Group allowed an average credit period ranging from 30 to 120 days to its customers of jewelry business and an average credit period ranging from 5 to 180 days to its customers of solar energy business. As at 30 September 2019 and 31 March 2019, no impairment loss was recognised on trade receivables under the Group's ECL model, which was developed based on the Group's internal credit rating for its customers in relation to its jewelry business and solar energy business. The Group did not hold any collateral over these balances.

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

	At 30 September 2019 *HK$'000* **(unaudited)**	At 31 March 2019 *HK$'000* (audited)
Within 30 days	**2,495**	6,961
31 to 90 days	**9,930**	17,449
91 to 180 days	**15,992**	319
	28,417	24,729

As at 30 September 2019 and 31 March 2019, no trade receivables of the Group were past due.

11. TRADE PAYABLES

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

	At 30 September 2019 *HK$'000* **(unaudited)**	At 31 March 2019 *HK$'000* (audited)
Within 30 days	**2,636**	7,784
31 to 90 days	**7,727**	5
91 to 180 days	**2,605**	522
Over 180 days	**1,998**	—
	14,966	8,311

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2019 (the "Current Period"), the Group was principally engaged in the solar energy business and the jewelry business.

Solar Energy Business

The Group's revenue of this business 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 (PV) modules and smart DC inverter products etc., and the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects.

For the Current Period, segment revenue from the solar energy business amounted to approximately HK$45.1 million, representing a significant increase of approximately 285% as compared to approximately HK$11.7 million for the six months ended 30 September 2018 (the "Previous Period"). The increase was mainly attributable to the diversification of our products, expansion of our distribution channels and the overall rising demand for solar energy products globally.

Renewable energy has become a leading trend in the new era and many countries are speeding up paces to explore and develop renewable energy, including the People's Republic of China (the "PRC"), to echo the environmental calls to save the earth as well as to mitigate urban air pollution. By the year of 2040, solar photovoltaics is expected to become the largest source of energy. According to New Energy Outlook 2019, released by BloombergNEF, a research agency, the PRC is expected to generate 48% of its electricity by solar and wind power by 2050. That showed the tremendous development of and growth potential for renewable energy in the decades ahead.

The growing pursuit of renewable energy around the globe has driven up the demand for solar PV products and solutions. The solar photovoltaic industries in the PRC are picking up on the high-quality growth track. Fueled by the fast-growing demands from the overseas markets, solar photovoltaic is now widely applied and developed around the globe. Along with the sliding construction costs of solar photovoltaic plants and power stations, low-price power grids have been realized in various places. Solar photovoltaic has become one of the most economic energy sources in many countries and regions.

In view of the increasing global demand for renewable energy and eyeing at accelerating calls for solar energy industries in the PRC, the Group has been proactively developing and growing its strategic investments in solar energy business during the past years. During the Current Period, the Group has invested more resources in the subsidiaries located in Taizhou City and Nanjing City of Jiangsu province of the PRC to improve the overall development level of the Group's solar energy business, which can be reflected in the increased number and better quality of customers, as well as the stable and reliable supplier base with high-quality products, technologies and services. Accordingly, although we are still facing fierce competition in the market which exerts margin pressure in the Current Period, the revenue results for the Current Period was still more outstanding than that for the Previous Period.

The Group has also developed and expanded its market shares through the use of the patent use rights and self-developed intelligent technology, thereby enhancing its market position and competitiveness. While the increase in development costs has a slight impact on the bottom line, it is beneficial for the long-term development of the Group. With the launches of solar cooling intelligent technology products, customised solar modules intelligent technology products, and smart DC inverter products applicable to solar power stations, the product and business portfolio were further enhanced. The successful acquisition of the factory in Sino-Italy Ningbo Ecological Park at Yuyao City of Zhejiang Province (the "Yuyao Factory") has offered flexibility for the Group to handle orders.

According to the figures of the China Photovoltaic Industry Association, the global installation capacity in the first half of 2019 was 47GW, of which overseas market took up approximately 75% of the total number. While solar PV has become the safest and most efficient way to cope with pollution and climate change, it is currently the most strategic and preferred choice of power generation amongst the countries. In this regard, we continued to open up the sales of solar PV modules into overseas markets whilst maintaining focus on the research, production and sales of the products applicable to solar power stations, including micro inverter, power optimiser, fast power circuit breaker in order to seek further expansion.

Our products are superior in many ways that are appealing to our customers in need. For example, our micro inverter is more efficient and safe, with easier installation and monitoring than traditional string inverters. Also, our fast power circuit breaker is also conformed to the US standard implemented from January 1, 2019. It is expected that these will boost sales further in the second half of 2019.

We have set up a R&D and test centre in Taizhou City of Jiangsu province to launch new hardware and software which will fulfill diverse market needs. We have successfully designed a smart energy management platform which can achieve real-time control, automatic operation and maintenance of solar PV stations through big data platform, leading to improved power generation efficiency, reduced operation and maintenance cost and enhanced assets value of the power generation station by continuous optimization. Meanwhile, we have actively developed and launched the micro inverter for energy storage. Forming an essential part of the process of power generation (including sampling, generation, transmission, distribution, usage and storage of power), energy storage system can realize energy transfer and promote the application of new energy with great strategic significance for the construction of smart grids.

With the establishment and commencement of operation of the Groups' R&D and test centre located in Jiangsu Province and the stable suppliers' network, part of the space and production capacity of the Yuyao Factory intended to be used for R&D and testing and production can be released. Therefore, we rented out the unutilized portion of the Yuyao Factory, which will allow the Group to have a steady rental income and at the same time to increase the utilisation rate of the Yuyao Factory. During the Current Period, Ningbo Shenggu Energy Reservation Technology Co., Ltd. (寧波升谷節能科技有限公司) ("NSERT"), a wholly-owned subsidiary of the Company, entered into a lease agreement with Magna Seating (Taizhou) Co., Ltd* (麥格納座椅(台州)有限公司) (the "Lessee"), pursuant to which the Lessee shall rent from NSERT the factory No. 2 and the second floor of the staff dormitory (including the stairs on the west side and the security room on the first floor) located in No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park, Yuyao, Zhejiang Province, the PRC, with a gross floor area of approximately 7,962.87 square meters for a lease period of fifty-two months, commencing from 1 June 2019 to 30 September 2023. Monthly rental will be RMB127,405.92 (inclusive of tax) from the first to the sixteenth months and RMB143,331.66 (inclusive of tax) from the seventeenth to the fifty-two months. Please refer to the announcement of the Company dated 31 May 2019 for details. The receipt of the rental income will enhance the working capital of the Group, which is believed to be in the best interests of the Company and its shareholders as a whole.

Besides, during the Current Period, the Group continues to expand its marketing team and actively participated in trade fairs and exhibitions at home and abroad, such as those held in Shanghai, Germany, Brazil and Philippines, including the International Photovoltaic Power Generation and Smart Energy Exhibition & Conference in Shanghai and Intersolar Europe in Munich, Germany, so as to increase the Group's brand exposure and profile in international landscape. The Group also explored different sales channels to identify customers and suppliers and in turn expand the customer base and achieve diversified sales of our products.

Jewelry Business

For the Current Period, we continued to engage in providing products to the jewelry distributors and retail customers. However, due to the drop in sales in both Hong Kong and Mainland China, the revenue generated from jewelry business dropped by 11.1% to HK$21.2 million (2018: HK$23.9 million), as compared to the Previous Period. Segment sales in Hong Kong accounted for 45.9% (2018: 44.7%) of the overall segment sales while that of Mainland China accounted for 54.1% (2018: 55.3%). Gross profit margin for the Current Period slightly increased from 4.1% to 4.2%.

With the continuous social unrest in Hong Kong in the past few months, our sales orders in Hong Kong have been reduced due to the negative impact on the business of our customers. Overseas jewelry buyers also cancelled their visits to Hong Kong and shifted their plans to elsewhere, thus significantly reduce our opportunities to reach out to potential customers. Despite that, the Group will continue to make extra efforts to maintain the well-established sales network and explore into E-commerce and other sales channels to look for new opportunities and also to maintain procurement costs at reasonable levels.

Change of Company Name

Following the passing of a special resolution by the shareholders of the Company at the annual general meeting held on 5 September 2019, the English name of the Company has been changed from "Zhong Fa Zhan Holdings Limited" to "Central Development Holdings Limited". The existing Chinese name of the Company remains unchanged as "中發展控股有限公司". Meanwhile, the corporate logo has also been changed. We will continue to focus on the development of our businesses in Mainland China and Hong Kong and strive to extend our footprints outside the PRC. For more details, please refer to the announcements of the Company dated 19 July 2019 and 5 September 2019 and the circular of the Company dated 29 July 2019. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 30 September 2019, certifying the Company's new English name and current Chinese name have been registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The Group believes that the change of Company name and logo clearly reflects the development and prospects of our current business direction and improves the Company's brand image in overseas markets .

OUTLOOK AND PROSPECTS

The outlook of the global solar market remains optimistic. It is anticipated that the global solar PV power generation system installation capacity will grow over the next five years. Following the resumption of free trade in European PV market last year, we expect to see a promising rise in the demand for solar PV. Solar Energy Europe anticipated that the installation capacity of the European Markets in 2019/20 will grow by 80% to 120% while the scale of the newly installed capacity of solar PV power generation system in the global market will grow by 800GW in the next five years. We believe that the solar energy business will go on to present huge growth potentials and considerable investment returns.

The Group will continue to increase investment in research and development, to reserve more production technologies and to work closely with strategic partners to develop products that are more suitable to market demands with advanced technology services and solutions. With the experience of developing and researching intelligent technologies, the Group will proactively seek more intelligent products and new opportunities to deliver value to our shareholders as our ultimate goal.

Besides, the Group will broaden the local and global business channels to expand the customer base. Our solar energy sales team will continue to identify potential customers in the PRC, including negotiating with local government bodies, educational institutions, hotel chains and hospitals, as well as business owners, and proactively expand the overseas' customers base and market channels. The Group will further enlarge its market share by participating in more international trade fairs and exhibitions.

Meanwhile, as for the jewelry business, while uncertainties to the local economy and society have made the economic situation in Hong Kong difficult to estimate since the second half of 2019, we will continue to search for suitable partnership to broaden our product portfolio and believe that the jewelry business may unavoidably be adversely impacted if the situation continues to deteriorate. Nevertheless, other than the economic uncertainties in Hong Kong, the Group believes that the jewelry market in Mainland China still shows high potential for development. We hope to tap further into the market to broaden our stream of income while continuing to maintain our solid customers base in Hong Kong.

Looking ahead, intense market competition will continue to exert margin pressure on the Group, the Group will remain cautious and constantly keep an eye on the latest development of the industry and make any timely strategic adjustments to our marketing plans and resource allocation when needed. Further, taking into consideration the Company's financial position, the Company may generate more cash flow from financing activities to satisfy its future development needs and strive to create greater value for shareholders.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Period was approximately HK$66.3 million (2018: HK$35.6 million), representing an increase of approximately 86.3% as compared to that for the Previous Period. The increase was the net effect of the increase in the revenue of solar energy business combined with the decrease in the revenue of jewelry business.

Revenue of the solar energy business increased by approximately 284.6% from approximately HK$11.7 million for the Previous Period to approximately HK$45.1 million for the Current Period as the results of our effort on diversifying our products and expanding our distribution channels. The revenue derived from the sales of customised solar intelligent technology products and the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects achieved approximately HK$43.6 million (2018: HK$11.7 million) and HK$1.5 million (2018: Nil) respectively in the Current Period.

Revenue of the jewelry business decreased by approximately 11.1% from approximately HK$23.9 million for the Previous Period to approximately HK$21.2 million for the Current Period due to the weak consumption sentiment of customers and fewer meeting opportunities with potential buyers caused by the outbreak of social unrest in Hong Kong during the Current Period and prolonged Sino-US trade tension.

Gross profit

Gross profit increased from approximately HK$1.5 million for the Previous Period to approximately HK$3.2 million for the Current Period, representing an increase of approximately 121.2%. Meanwhile, gross profit margin increased from approximately 4.1% for the Previous Period to approximately 4.9% for the Current Period, which was mainly contributed by the new customers of solar energy business with higher gross profit margins and service income on provision of technical improvement advisory services on solar energy projects recorded in the Current Period.

Other income

Other income increased from approximately HK$0.5 million for the Previous Period to approximately HK$1.0 million for the Current Period, representing an increase of approximately 111.3%, which was mainly attributable to the rental income derived from the leasing out of part of the Yuyao Factory commenced during the Current Period.

Other gains and losses, net

The Group recorded other net loss of approximately HK$0.2 million for the Current Period (2018: other net gain of approximately HK$0.6 million), which was mainly attributable to the net foreign exchange loss during the Current Period.

Selling and distribution costs

Selling and distribution costs increased from approximately HK$0.5 million for the Previous Period to approximately HK$4.0 million for the Current Period, representing an increase of approximately 747.0%, which was primarily attributable to the increase in exhibition and marketing activities and number of sales and marketing staff compared between the Current Period and the Previous Period.

Administrative expenses

Administrative expenses increased from approximately HK$9.7 million for the Previous Period to approximately HK$13.1 million for the Current Period, representing an increase of approximately 35.8%, which was mainly attributable to the increased depreciation and amortisation charges derived from the Yuyao Factory and right-of-use assets recorded in the Current Period which were acquired after the Previous Period and the increased staff cost due to the increase in headcounts in the Current Period.

Other expenses

Other expenses mainly represented the expenditure on research and development of solar intelligent technology products in development stage amounted to approximately HK$1.8 million (2018: Nil) and the pre-operating expenses incurred in a newly set up subsidiary in Changzhou city of Jiangsu province during the Current Period.

Equity-settled share-based payment

Equity-settled share-based payment decreased by approximately 81.6% from approximately HK$4.6 million for the Previous Period to approximately HK$0.8 million for the Current Period mainly due to a reduction in the amortized cost of share-based payment expenses in the Current Period in connection with the grant of share options on 9 March 2018.

Finance cost

Finance cost represented the imputed interest derived from the long term loans from a controlling shareholder amounted to approximately HK$2.6 million (2018: HK$0.4 million), the imputed interest derived from lease liabilities amounted to approximately HK$0.1 million (2018: Nil) and the interest derived from the long term bank loan amounted to approximately HK$0.5 million for the Current Period (2018: Nil)

Income tax credit

Income tax credit of the Group recorded for the Current Period amounted to approximately HK$1.6 million (2018: Nil) mainly attributable to the provision of deferred tax credit arising from the investment properties measured using fair value model during the Current Period.

Non-controlling Interests

Non-controlling interests recorded a loss of approximately HK$2.7 million for the Current Period (2018: HK$0.3 million). This was mainly attributable to the increase in the net loss recorded by the non-wholly owned subsidiaries in Taizhou and Nanjing for the Current Period.

Loss for the period attributable to the owners of the Company

As a result of the foregoing, loss for the Current Period attributable to the owners of the Company increased from approximately HK$12.8 million for the Previous Period to approximately HK$14.7 million for the Current Period, representing an increase of approximately 15.1%. Basic loss per share were 4.4 HK cents (2018: 3.9 HK cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group had net current assets and current ratio stood at approximately HK$59.7 million and 2.3 respectively (31 March 2019: HK$58.5 million and 2.2 respectively). As at 30 September 2019, the bank balances and cash amounted to approximately HK$48.3 million (31 March 2019: HK$65.5 million). As at 30 September 2019, the inventories amounted to approximately HK$1.6 million (31 March 2019: HK$2.3 million), mainly representing the finished goods of solar thermal cooling-stored pipes and solar photovoltaic modules and components in transit. As at 30 September 2019, the trade receivable and trade payable amounted to approximately HK$28.4 million and HK$15.0 million respectively (31 March 2019: HK$24.7 million and HK$8.3 million respectively), both of which were mainly derived from the solar energy business.

As at 30 September 2019, the Group had an interest-bearing bank borrowing amounted to approximately HK$27.2 million (31 March 2019: Nil) and bore a fixed interest rates of 6.86004% per annum, which were secured by the Group's assets and will be repayable after one year. For details of the charges on Group's assets, please refer to the section headed "Charges On Group Assets" in this announcement. Save as disclosed above, the Group has no other banking facilities (31 March 2019: Nil). As at 30 September 2019, the Group had interest-free loans due to a controlling shareholder of approximately HK$95.1 million (31 March 2019: HK$106.7 million) which will be repayable after one year and had interest-free loans due to a controlling shareholder and a shareholder amounted to approximately HK$20.4 million (31 March 2019: Nil) which will be repayable within one year.

The Group principally meets its working capital requirement and other liquidity requirements through a combination of operating cash flows, long-term bank borrowing and interest-free loans from a controlling shareholder and a shareholder in the Current Period.

CAPITAL STRUCTURE

The Group's total assets and total liabilities as at 30 September 2019 amounted to approximately HK$187.1 million (31 March 2019: HK$183.6 million) and approximately HK$171.5 million (31 March 2019: HK$155.7 million) respectively. The Group's gearing ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 91.6% as at 30 September 2019 (31 March 2019: 84.8%).

CHARGES ON GROUP ASSETS

As at 30 September 2019, the buildings with carrying amounts of approximately HK$34.2 million (31 March 2019: HK$52.1 million), the right-of-use assets with carrying amounts of approximately HK$8.7 million (31 March 2019: HK$11.1 million) and the investment properties with carrying amounts of approximately HK$22.4 million (31 March 2019: Nil), were pledged to a bank in the PRC as collateral security for a bank borrowing amounted to approximately HK$27.2 million.

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. The warrants of the Company 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 that the construction of the Yuyao 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 as significant as expected because of the delay in the occupation of the Yuyao 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 30 September 2019 are as below:

Proposed use of Net Proceeds	**Original planned use of the Net Proceeds**	**Revised planned use of the Net Proceeds**	**Actual use of the Net Proceeds up to 30 September 2019**	**Unutilized balance as at 30 September 2019**
	(Approximately) HK$'million	*(Approximately) HK$'million*	*(Approximately) HK$'million*	*(Approximately) HK$'million*
Repayment of shareholder's loan	7.6	7.6	7.6	—
Development of solar energy business	50.0	40.0	40.0 *(Note 1)*	—
General working capital	17.1	27.1	27.1 *(Note 2)*	—
	74.7	74.7	74.7	—

Note 1: As at 30 September 2019, approximately HK$40.0 million was used for the development of solar energy business, including approximately HK$21.0 million for acquiring the Yuyao Factory and respective land piece, 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$1.8 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 30 September 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.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2019, the Group did not have any capital commitments (31 March 2019: Nil).

As at 30 September 2019, the Group did not have any significant contingent liabilities (31 March 2019: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2019, the Group had a total of approximately 87 employees (31 March 2019: 74). The Group's remuneration policies are formulated on the performance and work experience of individual employees and prevailing market rates, which will be reviewed regularly every year. 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 including share option scheme and corporate contribution to the statutory mandatory provident fund scheme for employees in Hong Kong and the statutory central pension schemes for employees in the PRC.

Furthermore, the remuneration committee of the Company will review and give recommendations to the Board as to the compensation package of the Directors and senior management of the Group with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Group.

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 and United Stated dollars ("USD"). The Group's cash and bank deposits were denominated in Hong Kong dollars, Renminbi and USD. Any significant exchange rate fluctuation of Hong Kong dollars against Renminbi or USD 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 current risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 30 September 2019 and 31 March 2019, no forward foreign currency contracts are designated in hedging accounting relationships.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this announcement, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Period.

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 17 October 2019, a grantee exercised a total of 480,000 share options to subscribe for up to a total of 480,000 ordinary shares of the Company.

Save as disclosed above, after the Current Period and up to the date of this announcement, the Board was not aware of any significant events relating to the business or financial performance of the Group.

DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and based on the confirmation from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to rule 13.51B (1) of the Listing Rules for the six months ended 30 September 2019 and up to the date of this announcement.

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 six months ended 30 September 2019 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. Ms. Sun Ivy Connie, an independent non-executive Director, was unable to attend the AGM due to sickness. Mr. Li Wei Qi, Jacky, a non-executive director, and Mr. Jin Qingjun, an independent non-executive Director, were unable to attend the AGM due to other work commitments.

Code Provisions E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Due to other urgent business commitment which, Mr. Wu Hao, chairman of the Board, must attend, Mr. Wu was not present at the AGM. 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 six months ended 30 September 2019.

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 six months ended 30 September 2019.

REVIEW BY AUDIT COMMITTEE AND INDEPENDENT EXTERNAL AUDITOR

The Company has established the audit committee of the Company (the "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. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including the review of the unaudited interim results for the six months ended 30 September 2019. The Group's external auditor, Deloitte Touche Tohmatsu, has been appointed to review the interim financial information. On the basis of their review, they are not aware of any material modifications that should be made to the interim financial information for the six months ended 30 September 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.475hk.com) and the interim report containing all the information required by the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

Our Board would like to take this opportunity to express its gratitude to our shareholders, our business associates and all our employees for their continuous support.

By order of the Board
CENTRAL DEVELOPMENT HOLDINGS LIMITED
Chan Wing Yuen, Hubert
Chief Executive & Executive Director

Hong Kong, 27 November 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.

* *for identification purpose only*