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Zall Development Group Ltd.

卓爾發展集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the unaudited management accounts of the Group, it is expected that the Group will experience a substantial decline in its net profit and revenue for the six months ended 30 June 2012 as compared with the corresponding period for the six months ended 30 June 2011.

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

This announcement is made by Zall Development Group Ltd. (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the unaudited management accounts of the Group, it is expected that the Group will experience a substantial decline in its net profit and revenue for the six months ended 30 June 2012 as compared with the corresponding period for the six months ended 30 June 2011. Based on information currently available to the Company, the Board considers that such decline is primarily attributable to the decrease in gross floor areas delivered during the first half of 2012 when compared to the corresponding period in 2011. More gross floor areas are expected to be delivered in the second half of 2012 as the development projects planned for completion in 2012 have continuously been completed and delivered to purchasers in the second half of 2012 as scheduled.

The Company has yet to finalise the interim results of the Group for the six months ended 30 June 2012. The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available including the unaudited management accounts of the Group, which have not been reviewed or audited by the Company's auditors and the actual results of the Group for the six months ended 30 June 2012 may be different from what is disclosed herein. Investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2012 which is expected to be issued before end of August 2012.

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

By Order of the Board
Zall Development Group Ltd.
Yan Zhi
Chairman

Hong Kong, 6 July, 2012

As at the date of this announcement, the Board comprises Mr. Yan Zhi, Mr. Cui Jinfeng, Mr. Fang Li and Ms. Wang Danli, as executive directors of the Company; Mr. Fu Gaochao, as non-executive director of the Company; Ms. Yang Qiongzhen, Mr. Cheung Ka Fai and Mr. Peng Chi, as independent non-executive directors of the Company.