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**ZALL** Development

**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)**

## **HIGH CONCENTRATION OF SHAREHOLDING**

This announcement is made at the request of the Stock Exchange in respect of the high concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 12 May 2014.

**In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded. Holders of the Shares of the Company and potential investors are therefore advised to exercise extreme caution when dealing in the Shares.**

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the high concentration of the shareholding of Zall Development Group Ltd. (the “**Company**”) in the hands of a limited number of shareholders of the Company (the “**Shareholders**”) as at 12 May 2014.

The Company noted that an announcement (the “**SFC Announcement**”) has been published by the Securities and Futures Commission (the “**SFC**”) on 22 May 2014. As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. Its findings suggested that, as at 12 May 2014, a group of 15 Shareholders held an aggregate of 494,663,000 shares of HK\$0.01 each in the share capital of the Company (the “**Shares**”), representing 14.13% of the issued share capital of the Company. Such shareholding, together with 2,975,000,000 Shares (representing 85% of the issued share capital of the Company) indirectly held by Mr. Yan Zhi, the Chairman of the Company, represented 99.13% of the issued share capital of the Company as at 12 May 2014. As such, only 30,337,000 Shares, representing 0.87% of the issued share capital of the Company, were held by other Shareholders.

As disclosed in the SFC Announcement, as at 12 May 2014, the shareholding structure of the Company was as follows:

	<b>Number of Shares held</b> <i>(Shares)</i>	<b>% of total number of issued Shares</b> <i>(%)</i>
Mr. Yan Zhi ( <i>Note 1</i> )	2,975,000,000	85.00
A group of 15 Shareholders	494,663,000	14.13
Other shareholders	<u>30,337,000</u>	<u>0.87</u>
<b>Total</b>	<b><u>3,500,000,000</u></b>	<b><u>100.00</u></b>

*Note 1:* 2,975,000,000 Shares were held by Zall Development Investment Company Limited, which is wholly owned by Mr. Yan Zhi.

Based on the information provided by the SFC:

- (A) The Company was listed on the Main Board of the Stock Exchange on 13 July 2011 by way of Hong Kong Public Offering (as defined in the prospectus of the Company dated 30 June 2011) and International Offering (as defined in the prospectus of the Company dated 30 June 2011). 525,000,000 Shares, representing 15% of the issued share capital of the Company, were offered at HK\$2.89 per Share (the “**Offer Price**”).
- (B) The closing price of the Shares increased 12% from HK\$2.42 on 13 March 2014 to HK\$2.71 on 19 March 2014. Since then, the Shares traded in the range from HK\$2.58 to HK\$2.78 during the period from 20 March 2014 to 21 May 2014, and closed at HK\$2.73 on 21 May 2014.

The board (the “**Board**”) of the directors of the Company (the “**Directors**”) wishes to clarify that the above information is provided by the SFC and that the Board has not verified such information. Accordingly, the Board is not in a position to comment on the accuracy of the information above except for the shareholding of Mr. Yan Zhi, the listing date of the Company, the Offer Price, the respective closing prices of the Shares on 13 March 2014, 19 March 2014 and 21 May 2014, the 12% increase of closing price from HK\$2.42 on 13 March 2014 to HK\$2.71 on 19 March 2014 and that the Shares traded in the range from HK\$2.58 to HK\$2.78 during the period from 20 March 2014 to 21 May 2014.

## **PUBLIC FLOAT**

Based on the information available and to the best knowledge of the Board, as at 12 May 2014, Mr. Yan Zhi indirectly held 2,975,000,000 Shares, representing approximately 85% of the issued share capital of the Company.

An application was made by the Company prior to its listing to request the Stock Exchange to exercise, and the Stock Exchange has exercised its discretion under Rule 8.08(1)(d) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) to accept a lower public float percentage of the Company of 15%. The Board believes that, to the best of its knowledge, information and belief based on the information available to it, not less than 15% of the issued share capital of the Company is held in public hands and the Company is able to comply with the public float requirement under the Listing Rules.

**In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded. Holders of the Shares of the Company and potential investors are therefore advised to exercise extreme caution when dealing in the Shares.**

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

Hong Kong, 22 May 2014

*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; Mr. Fu Gaochao, as non-executive Director; Ms. Yang Qiongzhen, Mr. Cheung Ka Fai and Mr. Peng Chi, as independent non-executive Directors.*