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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 50% EQUITY INTEREST IN A COMPANY**

On 2 July 2015, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Equity Interest, being 50% of the equity interest in the Target Company, at a total consideration of RMB300 million (equivalent to approximately HK\$375 million).

IMPLICATIONS UNDER THE LISTING RULES

As one or more than one of the applicable percentage ratio(s) in respect of the Acquisition are greater than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 2 July 2015, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Equity Interest, being 50% of the equity interest in the Target Company, at a total consideration of RMB300 million (equivalent to approximately HK\$375 million).

Upon completion of the transfer of the Equity Interest, the Target Company will become an indirectly wholly-owned subsidiary of the Company.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

2 July 2015

Parties

Vendor : 福建縱橫投資實業集團有限公司 (Fujian Zongheng Investment and Industry Co. Ltd.*)

Purchaser : 漢口北集團有限公司 (North Hankou Corporation Limited*)

Assets to be acquired

The Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Equity Interest, being 50% of the equity interest in the Target Company, free from all encumbrances.

Consideration

The Consideration, being RMB300,000,000 (equivalent to approximately HK\$375,000,000), shall be satisfied in the following manner:

- (i) RMB30,000,000 being payable on or before 7 July 2015;
- (ii) RMB70,000,000 being payable on or before 15 July 2015;
- (iii) RMB100,000,000 being payable on or before 31 December 2015; and
- (iv) RMB100,000,000 being payable on or before 30 June 2016.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser having considered the parties' contribution to the Target Company and the reasonable return from the Target Company. The Directors consider that the Consideration was fair and reasonable and in the interest of the Company and its Shareholders taken as a whole.

Upon receipt of the first and second instalments (i.e. a total amount of RMB100,000,000) by the Vendor, the Purchaser and the Vendor shall obtain the necessary approvals and consents from the relevant PRC authorities for the transfer of 10% of the equity interest in the Target Company. For the transfer of the remaining 40% of the equity interest in the Target Company, the Vendor and the Purchaser shall obtain the relevant approvals and consents from the relevant PRC authorities upon receipt of the remaining balance of Consideration (i.e. a total amount of RMB200,000,000) by the Vendor.

INFORMATION OF THE VENDOR, THE PURCHASER AND THE TARGET COMPANY

Information of the Vendor

The Vendor is a company established in the PRC with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Vendor directly owns 50% of the equity interest in the Target Company.

Save as the Vendor holding 50% of the equity interest of the Target Company, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information of the Purchaser

The Purchaser is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, it owns 50% of the equity interest in the Target Company.

The Purchaser is principally engaged in investment and operation of large-scale wholesale shopping malls.

Information of the Target Company

The Target Company is principally engaged in investment, development and operation of trading market for used automobiles.

The financial information of the Target Company and its subsidiary for the years ended 31 December 2013 and 2014 is as follows:

	For the year ended	
	31 December	
	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	108,150	38,120
Profit from operations before changes in fair value of investment properties	53,396	4,398
Net profit before taxation	1,294,128	125,937
Net profit after taxation	1,047,434	91,764

The net asset value of the Target Company as at 31 December 2014 was approximately RMB1,463 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is a leading developer and operator of large-scale, consumer product-focused wholesale shopping malls, as well as commercial space provider, in PRC.

The Group is adjusting its principal business activities and will concentrate its resources on the core business segment, i.e. the development and operating of large-scale consumer product-focused wholesale shopping malls and the related value-added business, such as warehousing, logistics, E-commerce and financial services.

Upon the completion of the Acquisition, the Target Company, which is principally engaged in investment, development and operation of trading markets for used automobiles, will become an indirect wholly-owned subsidiary of the Company and offer better synergy with the Group's principal business activities.

The terms of the Agreement were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the Agreement and transactions contemplated thereunder, including the Consideration which have been arrived at after arm's length negotiations, are on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more than one of the applicable percentage ratio(s) in respect of the Acquisition are greater than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the Agreement and transactions contemplated thereunder
“Agreement”	the equity transfer agreement dated 2 July 2015 entered into between the Vendor and the Purchaser in relation to the transfer of Equity Interest
“Company”	Zall Development Group Ltd., a company incorporated in the Cayman Islands with limited liability, the issued shares are listed on the Main Board under the stock code of 2098
“connected persons”	having the same meaning and definition in the Listing Rules
“Consideration”	RMB300 million (equivalent to approximately HK\$375 million)

“Directors”	the directors of the Company
“Equity Interest”	50% of the equity interest in the Target Company owned by the Vendor as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	having the same meaning and definition in the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	漢口北集團有限公司 (North Hankou Corporation Limited*), a company established under the laws of PRC and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	武漢大世界投資發展有限公司 (Wuhan Big World Investment Development Company Limited*), a company established under the laws of PRC and the equity interest of which is owned as to 50% by the Vendor and 50% by the Purchaser as at the date of this announcement
“Vendor”	福建縱橫投資實業集團有限公司 (Fujian Zongheng Investment and Industry Co. Ltd.*), a company established under the laws of PRC

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

Hong Kong, 3 July 2015

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.

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.25. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

** for identification purposes only*