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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)**

## **INSIDE INFORMATION COOPERATION AGREEMENT**

This announcement is made pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”)) and Rule 13.09(2)(a) of the Listing Rules.

The board (the “**Board**”) of directors (the “**Directors**”) of Zall Development Group Ltd. (the “**Company**”) announces that on 18 November 2014, the Company entered into a cooperation agreement (the “**Cooperation Agreement**”) with Shenzhen Nanshan Real Estate Development Company Ltd.\* (深圳市南山房地產開發有限公司) (“**Shenzhen Nanshan**”) which is a wholly-owned subsidiary of China Nanshan Development (Group) Incorporation\* (中國南山開發(集團)股份有限公司).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Shenzhen Nanshan and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Pursuant to the Cooperation Agreement, it is agreed that, subject to an independent valuation on the properties as at 31 December 2014 (the “**Independent Valuation**”) of Hubei Zhuohua Real Estate Co., Ltd.\* (湖北卓華地產有限公司) (“**Zhuohua Real Estate**”), Zall Trade Development (Xiaogan) Co., Ltd.\* (卓爾商貿發展(孝感)有限公司) (“**Zall Trade**”), Zall Development (Xiaogan) Co., Ltd.\* (卓爾發展(孝感)有限公司) (“**Zall Development Xiaogan**”) and Wuhan Zall Yuecheng Investment Co., Ltd.\* (武漢卓爾悅城投資有限公司) (“**Wuhan Zall Yuecheng**”), all indirect wholly-owned subsidiaries of the Company (collectively, the “**Disposed Companies**”):

- (i) Shenzhen Nanshan will subscribe additional registered capital of Zhuohua Real Estate in the amount of RMB550 million (the “**Subscription**”). Upon completion of the Subscription, the paid-up registered capital of Zhuohua Real Estate will be increased from RMB550 million to RMB1,110 million, and Zhuohua Real Estate will be owned as to 50% by the Company and as to 50% by Shenzhen Nanshan;

- (ii) the board of directors of the Zhuohua Real Estate will comprise five directors, and the Company and Shenzhen Nanshan will be entitled to nominate two directors and three directors respectively. The chairman of the board of Zhuohua Real Estate will be appointed by Shenzhen Nanshan; and
- (iii) after completion of the Subscription, Zhuohua Real Estate will acquire the entire equity interest in Zall Trade, Zall Development Xiaogan, Wuhan Zall Yuecheng (the “**Disposal**”).

The consideration for the Subscription and Disposal will be determined with reference to Independent Valuation and subject to formal agreement(s) to be entered into among parties (the “**Formal Agreement(s)**”). In the event that the parties enter into the Formal Agreement(s), transaction contemplated thereunder may constitute notifiable transaction(s) of the Company, and further announcement(s) will be made by the Company pursuant to the requirements of the Listing Rules as and when appropriate.

The Disposed Companies are principally engaged in residential and commercial property development in the PRC. As set out in the Company’s interim report for the six months ended 30 June 2014 and the Company’s announcement dated 22 October 2014, the Company 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. The Directors consider that the entering into of the Cooperation Agreement is in the interests of the Company and its shareholders as a whole.

**The Board wishes to emphasize that the proposed Subscription and Disposal are subject to the finalisation of the terms thereof and the signing of the relevant Formal Agreement(s) by the relevant parties, and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 18 November 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 a non-executive Director; Ms. Yang Qiongzhen, Mr. Cheung Ka Fai and Mr. Peng Chi, as independent non-executive Directors.*

\* *For identification purpose only*