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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)**

**PROPOSED SHARE SUBDIVISION  
AND  
PROPOSED CHANGE IN BOARD LOT SIZE**

**PROPOSED SHARE SUBDIVISION**

The Board proposes to put forward to the Shareholders a proposal to effect the proposed Share Subdivision whereby every one (1) existing issued and unissued Share of par value of HK\$0.01 each in the share capital of the Company will be subdivided into three (3) Subdivided Shares of par value of HK\$0.0033 $\bar{4}$  each.

The Share Subdivision will become effective upon fulfillment of the conditions set out in the paragraph headed “Conditions of the Share Subdivision” below. All Subdivided Shares will rank *pari passu* with each other in all respects with the Shares in issue prior to the Shares Subdivision and the Share Subdivision will not be expected to result in any change in the relevant rights of the Shareholders.

**PROPOSED CHANGE IN BOARD LOT SIZE**

The Board proposes to change the board lot size for trading on the Stock Exchange from 1,000 Shares to 3,000 Subdivided Shares after and conditional upon the Share Subdivision becoming effective.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the Share Subdivision and the Change in Board Lot Size will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Share Subdivision will not have any material adverse effect on the financial position of the Group.

## **GENERAL**

An EGM will be convened and held to approve the Share Subdivision in which an ordinary resolution to approve the Share Subdivision will be proposed.

A circular containing, among other things, details of the Share Subdivision and the Change in Board Lot Size together with the notice of the EGM and related proxy form, will be despatched to the Shareholders on or around Tuesday, 29 September 2015.

## **PROPOSED SHARE SUBDIVISION**

The Board proposes to put forward to the Shareholders a proposal to effect the proposed Share Subdivision whereby every one (1) existing issued and unissued Share of par value of HK\$0.01 each in the share capital of the Company will be subdivided into three (3) Subdivided Shares of par value of HK\$0.00334 each.

### **Effect of the Share Subdivision**

As at the date of this announcement, the authorised share capital of the Company is HK\$80,000,000 divided into 8,000,000,000 Shares of par value of HK\$0.01 each, of which 3,553,448,000 Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Subdivision becoming effective, the authorised share capital of the Company will become HK\$80,000,000 divided into 24,000,000,000 Subdivided Shares of par value of HK\$0.00334 each, of which 10,660,344,000 Subdivided Shares of par value of HK\$0.00334 each will be in issue which are fully paid or credited as fully paid following the Share Subdivision becoming effective.

Upon the Share Subdivision becoming effective, all Subdivided Shares will rank *pari passu* with each other in all respects with the Shares in issue prior to the Shares Subdivision and the Share Subdivision will not be expected to result in any change in the relevant rights of the Shareholders.

### **Conditions of the Share Subdivision**

The Share Subdivision is conditional upon:

- (i) the passing of the ordinary resolution to approve the Share Subdivision by the Shareholders at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, the Subdivided Shares and any new Subdivided Shares which may fall to be issued pursuant to the exercise of the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme or Share Options to be granted under the Share Option Scheme.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subdivided Shares and any new Subdivided Shares which may fall to be issued pursuant to the exercise of the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme or Share Options to be granted under the Share Option Scheme. The Share Subdivision shall become effective after the conditions of the Share Subdivision mentioned above are fulfilled.

### **Free exchange of share certificates and trading arrangement**

Subject to the Share Subdivision becoming effective, which is expected to be on Monday, 19 October 2015, Shareholders may, during the period from Monday, 19 October 2015 to Wednesday, 25 November 2015 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day, submit the Existing Share Certificates to the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Tricor Investor Services Ltd at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for the New Share Certificates of the Subdivided Shares. Thereafter, each Existing Share Certificate will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each New Share Certificate for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, the Existing Share Certificates will continue to be good evidence of legal title and may be exchanged for the New Share Certificates for the Subdivided Shares at any time after Wednesday, 25 November 2015 but are not accepted for trading, settlement and registration upon completion of the Share Subdivision.

### **Adjustments to the Pre-IPO Share Options**

As at the date of this announcement, 28,857,500 Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme are outstanding. Under the relevant terms and conditions thereof, the Share Subdivision may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon the exercise of the Pre-IPO Share Options pursuant to the terms thereof. The Company will inform the holders of the Pre-IPO Share Options of such adjustments as and when appropriate. The Company will arrange an independent financial advisor or its auditor to certify such adjustment pursuant to the terms of the Pre-IPO Share Options Scheme.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares or Subdivided Shares, as the case may be.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Shares are traded in board lots of 1,000 Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 1,000 Shares to 3,000 Subdivided Shares after and conditional upon the Share Subdivision becoming effective.

Based on the closing price of HK\$4.52 per Share (equivalent to approximately HK\$1.507 per Subdivided Share) as at the date of this announcement, the value of each board lot of 3,000 Subdivided Shares, assuming the Share Subdivision and the Change in Board Lot Size had already become effective, would be HK\$4,520.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Subdivided Shares, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to top up or sell their holding of odd lots of the Subdivided Shares. Details of the odd lot trading arrangement will be stated in the circular to be despatched to the Shareholders which shall also contain, among other things, details of the Share Subdivision and the Change in Board Lot Size.

## **REASONS FOR THE SHARE SUBDIVISION AND THE CHANGE IN BOARD LOT SIZE**

The Board believes that the Share Subdivision will improve the liquidity in trading of securities in the Company, thereby attracting more investors and widening the base of Shareholders. Accordingly, the Board considers that the Share Subdivision and the Change in Board Lot Size are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the Share Subdivision and the Change in Board Lot Size will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Share Subdivision will not have any material adverse effect on the financial position of the Group.

## EXPECTED TIMETABLE

The expected timetable relating to the Share Subdivision and the Change in Board Lot Size and the associated trading arrangement are as follows:

**2015**

Despatch of circular in relation to the Share Subdivision and the Change in Board Lot Size (including the notice of EGM) and the related form of proxy to the Shareholders ..... On or around Tuesday, 29 September

Latest time for lodging form of proxy for the EGM (48 hours before the EGM)..... 11:00 a.m. on Wednesday, 14 October

Date and time of the EGM ..... 11:00 a.m. on Friday, 16 October

Publication of the announcement of the results of the EGM ..... Friday, 16 October

*The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Subdivision as set out in the section headed “Conditions of the Share Subdivision” above:*

Effective date of the Share Subdivision ..... Monday, 19 October

First day of free exchange of the Existing Share Certificates for the New Share Certificates for the Subdivided Shares..... Monday, 19 October

Dealing in the Subdivided Shares commences .....9:00 a.m. on Monday, 19 October

Original counter for trading in Shares in board lots of 1,000 Shares temporarily closes.....9:00 a.m. on Monday, 19 October

Temporary counter for trading in Subdivided Shares in board lot size of 3,000 Subdivided Shares (in the form of Existing Share Certificates) opens .....9:00 a.m. on Monday, 19 October

Original counter for trading in Subdivided Shares in board lots of 3,000 Subdivided Shares (only New Share Certificates for the Subdivided Shares can be traded at this counter) reopens..... 9:00 a.m. on Tuesday, 3 November

Parallel trading in the Shares and Subdivided Shares (in the form of Existing Share Certificates and New Share Certificates) commences..... 9:00 a.m. on Tuesday, 3 November

Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Subdivided Shares..... 9:00 a.m. on Tuesday, 3 November

Temporary counter for trading in Subdivided Shares in board lot size of 3,000 Subdivided Shares (in the form of Existing Share Certificates) closes ..... 4:00 p.m. on Monday, 23 November

Parallel trading in the Shares and Subdivided Shares (in the form of Existing Share Certificates and New Share Certificates) ends..... 4:00 p.m. on Monday, 23 November

Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Subdivided Shares..... 4:00 p.m. on Monday, 23 November

Free exchange of the Existing Share Certificates for the New Share Certificates for the Subdivided Shares ends ..... 4:30 p.m. on Wednesday, 25 November

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

## **GENERAL**

An EGM will be convened and held to approve the Share Subdivision in which an ordinary resolution to approve the Share Subdivision will be proposed. A circular containing, among other things, details of the Share Subdivision and the Change in Board Lot Size together with the notice of the EGM and related proxy form, will be despatched to the Shareholders on or around Tuesday, 29 September 2015.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board” the board of Directors

“Business Day” a day (other than a Saturday and Sunday) on which banks in Hong Kong are generally open for normal banking business

“Change in Board Lot Size”	the proposed change in board lot size of the Company’s securities for trading on the Stock Exchange from 1,000 Shares to 3,000 Subdivided Shares
“Company”	Zall Development Group Ltd., a company incorporated in the Cayman Islands with limited liability whose Shares are listed and traded on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened by the Board for the purpose of considering and, if thought fit, approving, among other things, the Share Subdivision
“Existing Share Certificate(s)”	the form of certificate(s) of the Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Certificate(s)”	the form of certificate(s) of the Subdivided Shares
“Pre-IPO Share Option(s)”	option(s) granted under the Pre-IPO Share Option Scheme entitling the holders thereof to subscribe for Share(s) or Subdivided Share(s), as the case may be
“Pre-IPO Share Options Scheme”	the pre-IPO share option scheme of the Company adopted on 20 June 2011
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Subdivision
“Shareholder(s)”	holder(s) of Shares or Subdivided Shares, as the case may be
“Share Option(s)”	option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s) or Subdivided Share(s), as the case may be

“Share Option Scheme”	the share option scheme of the Company adopted on 20 June 2011
“Share Subdivision”	the proposed subdivision of every one (1) issued and unissued Share of par value of HK\$0.01 each into three (3) Subdivided Shares of par value of HK\$0.00334 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of par value of HK\$0.00334 each in the share capital of the Company upon completion of the Share Subdivision

By Order of the Board  
**Zall Development Group Ltd.**  
**Yan Zhi**  
*Co-chairman*

Hong Kong, 14 September 2015

*As at the date of this announcement, the Board comprises Mr. Yan Zhi, Dr. Gang Yu, Mr. Cui Jinfeng 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.*