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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)

**VOLUNTARY ANNOUNCEMENT
ACQUISITION OF EQUITY INTERESTS IN
HFL, JIUYU ASSET MANAGEMENT AND HFS
AND
SETTING UP OF ZALL FINANCIAL GROUP**

THE ACQUISITIONS

The Board is pleased to announce that on 31 May 2016, the Purchasers, each a wholly-owned subsidiary of the Company, entered into the Acquisition Agreements with the Vendors pursuant to which the Purchasers agreed to acquire the entire equity interests in the HFL and Jiuyu Asset Management and 90% equity interests in HFS for an aggregate consideration of RMB137,192,500 (equivalent to approximately HK\$161,887,150) and US\$7,000,000 (equivalent to approximately HK\$54,250,000). Upon completion of the Acquisitions, each of HFL and Jiuyu Asset Management will become wholly-owned subsidiary of the Company and HFS will become a non-wholly owned subsidiary of the Company.

LISTING RULE IMPLICATIONS

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions is below 5%, the entering into of the Acquisition Agreements with the Vendors does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the Shareholders and potential investors.

ACQUISITION AGREEMENTS

The Board is pleased to announce that on 31 May 2016, the Purchasers, each a wholly-owned subsidiary of the Company, entered into the Acquisition Agreements with the Vendors pursuant to which the Purchasers agreed to acquire the entire equity interests in the HFL and Jiuyu Asset Management and 90% equity interests in HFS for an aggregate consideration of RMB137,192,500 (equivalent to approximately HK\$161,887,150) and US\$7,000,000 (equivalent to approximately HK\$54,250,000).

FIRST ACQUISITION AGREEMENT

Date

31 May 2016

Parties

- (i) Zalljinfu, a wholly-owned subsidiary of the Company, as a purchaser;
- (ii) Zall Financial Group, a wholly-owned subsidiary of the Company, as a purchaser;
- (iii) Harvest Capital as a vendor;
- (iv) New Resource International as a vendor; and
- (v) HFL as the target company.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiry, each of Harvest Capital, New Resource International and HFL and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The First Acquisition

Pursuant to the First Acquisition Agreement, (i) Zalljinfu agreed to acquire 65% equity interests in HFL from Harvest Capital; and (ii) Zall Financial Group agreed to acquire 35% equity interests in HFL from New Resource International.

Upon completion of the First Acquisition, HFL will be owned as to 65% by Zalljinfu and 35% by Zall Financial Group and become a wholly-owned subsidiary of the Company.

Consideration

The consideration for the First Acquisition of RMB82,192,500 (equivalent to approximately HK\$96,990,100) for the transfer of 65% equity interest in HFL from Harvest Capital and US\$7,000,000 (equivalent to approximately HK\$54,250,000) for the transfer of 35% equity interest in HFL from New Resource International was determined after arm's length negotiation with reference to the registered capital of HFL. The consideration for the First Acquisition will be settled in cash and funded by internal resources of the Group.

SECOND ACQUISITION AGREEMENT

Date

31 May 2016

Parties

- (i) Zalljinfu, a wholly-owned subsidiary of the Company, as the purchaser;
- (ii) Harvest Capital as the vendor;
- (iii) Jiuyu Asset Management as a target company; and
- (iv) HFS as a target company.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiry, Harvest Capital, Jiuyu Asset Management and HFS and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The Second Acquisition

Pursuant to the Second Acquisition Agreement, Zalljinfu agreed to acquire the entire equity interests in Jiuyu Asset Management and 90% equity interests in HFS from Harvest Capital.

Upon completion of the Second Acquisition, Jiuyu Asset Management will become a wholly-owned subsidiary of the Company and HFS will become a non-wholly owned subsidiary of the Company.

Consideration

The consideration for the Second Acquisition of RMB55,000,000 (equivalent to approximately HK\$64,900,000) was determined after arm's length negotiation with reference to the respective registered capital of Jiuyu Asset Management and HFS. The consideration for the Second Acquisition will be settled in cash and funded by internal resources of the Group.

INFORMATION ON THE TARGET COMPANIES AND THE PARTIES TO THE ACQUISITION AGREEMENTS

HFL is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of finance leasing service.

Jiuyu Asset Management is a company established under the laws of the PRC with limited liability and is principally engaged in asset management.

HFS is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of information service on investment and financing.

Harvest Capital is a company established under the laws of the PRC with limited liability and is principally engaged in specific customer asset management.

New Resource International is a company incorporated under the laws of Singapore with limited liability and is principally engaged in international trade of bulk commodities and investment.

Each of Zalljinfu and Zall Financial Group is a wholly-owned subsidiary of the Company and is principally engaged in the provision of financial services support for the Group's online and offline businesses.

SETTING UP OF ZALL FINANCIAL GROUP

The Acquisitions are important steps for the Group towards the provision of financial services and internet-oriented strategic transformation. The Group set up Zall Financial Group as a professional financial platform for the provision of relevant financial services. HFL owns a finance leasing license issued by the Ministry of Commerce and may conduct factoring business in the PRC, and the Acquisitions will allow the Group to obtain the supply chain finance leasing license and thereby supporting the rapid growth of the Group's supply chain financial service business. The introduction of the professional financial services team from the Target Companies will also enhance the professionalism of the Group's supply chain financial service business. HFS, one of the Target Companies, has rich experience in operating Internet finance platform and will play an important role in the field of supply chain services of the Group in the future.

Upon the completion of the Acquisitions, Zall Financial Group will provide financial services including supply chain finance, guarantees, financial leasing, factoring and assets management. The Group will also continue to identify other suitable businesses engaging in internet-related financial services so as to provide services for the Group's online and offline platforms.

The Directors (including the independent non-executive Directors) consider that the Acquisition Agreements and the Acquisitions contemplated thereunder are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions is below 5%, the entering into of the Acquisition Agreements with the Vendors does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the Shareholders and potential investors.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Acquisitions”	the transactions contemplated under the Acquisition Agreements
“Acquisition Agreements”	the First Acquisition Agreement and the Second Acquisition Agreement
“Board”	the board of Directors
“Company”	Zall Development Group Ltd. (卓爾發展集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Acquisition”	the transaction contemplated under the First Acquisition Agreement
“First Acquisition Agreement”	the equity transfer agreement dated 31 May 2016 entered into among Zalljinfu, Zall Financial Group, Harvest Capital, New Resource International and HFL
“Group”	the Company and its subsidiaries
“Harvest Capital”	Harvest Capital Management Co., Ltd.* (嘉實資本管理有限公司), a company established under the laws of the PRC with limited liability
“HFL”	Harvest Financial Leasing Co., Ltd.* (嘉實融資租賃有限公司), a company established under the laws of the PRC with limited liability

“HFS”	Harvest Financial Information Services (Hangzhou) Co., Ltd.* (嘉實金融信息服務(杭州)有限公司), a company established under the laws of the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiuyu Asset Management”	Hangzhou Jiuyu Asset Management Co., Ltd.* (杭州九魚資產管理有限公司), a company established under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Resource International”	New Resource Energy International Private Limited (新鑫國際能源有限公司), a company incorporated under the laws of Singapore with limited liability
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the People’s Republic of China, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“Purchasers”	Zalljinfu and Zall Financial Group
“RMB”	Renminbi, the lawful currency of the PRC
“Second Acquisition”	the transaction contemplated under the Second Acquisition Agreement
“Second Acquisition Agreement”	the equity transfer agreement dated 31 May 2016 entered into among Zalljinfu, Harvest Capital, HFS and Jiuyu Asset Management
“Shareholder(s)”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed to it under the Listing Rules
“Target Companies”	HFL, HFS and Jiuyu Asset Management
“Vendors”	Harvest Capital and New Resource International

“Zall Financial Group”	Zall Financial Services Group Co., Ltd. (卓爾金融服務集團有限公司), a company established under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Zalljinfu”	Zalljinfu Information Technology (Wuhan) Co., Ltd.* (卓爾金服信息科技(武漢)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

For illustration purposes, amounts in RMB and USD in this announcement have been translated into HK\$ at RMB1.00 = HK\$1.18 and USD1.00 = HK\$7.75 respectively.

* *For identification purpose only*

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

Hong Kong, 3 June 2016

As at the date of this announcement, the Board comprises Mr. Yan Zhi, Dr. Gang Yu, Mr. Cui Jinfeng, Mr. Wang Chuang and Mr. Peng Chi, as executive directors of the Company; Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Wei Zhe, David, as independent non-executive directors of the Company.