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Zall Group Ltd.

卓爾集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

DISCLOSEABLE TRANSACTION ACQUISITION OF LISTED SECURITIES

THE ACQUISITION

The Purchaser, a wholly-owned subsidiary of the Company, acquired the Acquired Shares in a series of on-market transactions conducted on 2 May 2017 and 4 May 2017, respectively, for a total consideration of approximately HK\$106,386,110. Immediately upon completion of the Acquisition, the Group holds an aggregate of 13,630,000 CT Shares, representing approximately 0.83% of the entire issued share capital of China High Speed Transmission as at the date of this announcement.

LISTING RULES IMPLICATIONS

The relevant applicable percentage ratios (as defined in the Listing Rules) in respect of each transaction under the Acquisition, when calculated on a standalone basis, are less than 5%, and thus each of them per se is not subject to any disclosure requirement under the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the series of on-market transactions under the Acquisition, when aggregated pursuant to Rule 14.22 of the Listing Rules, exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, acquired the Acquired Shares in a series of on-market transactions conducted on 2 May 2017 and 4 May 2017, respectively, for a total consideration of approximately HK\$106,386,110. Immediately upon completion of the Acquisition, the Group holds an aggregate of 13,630,000 CT Shares, representing approximately 0.83% of the entire issued share capital of China High Speed Transmission as at the date of this announcement. The consideration for the Acquisition was satisfied in cash and financed from the internal resources of the Group.

As the Acquisition was made through the open market, the Company was not aware of the identities of the sellers of the Acquired Shares and accordingly, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the sellers of the Acquired Shares are Independent Third Parties.

INFORMATION OF CHINA HIGH SPEED TRANSMISSION

Based on publicly available information, China High Speed Transmission is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 658). China High Speed Transmission and its subsidiaries is principally engaged in the research, design, development, manufacture and distribution of various types of mechanical transmission equipment for a broad range of applications in wind power generation and industrial use.

The following information is extracted from the annual report of China High Speed Transmission for the two financial years ended 31 December 2016 and 31 December 2015, respectively.

	For the year ended 31 December 2016 <i>(RMB thousand)</i>	For the year ended 31 December 2015 <i>(RMB thousand)</i>
Revenue	8,966,049	9,845,695
Profit before taxation	1,367,473	1,347,200
Profit after taxation	1,059,435	1,002,897

The audited consolidated total asset value and net asset value of China High Speed Transmission as at 31 December 2016 were approximately RMB26,295,600,000 and RMB11,240,348,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and the Group is principally engaged in the development and operating of large-scale consumer product-focused wholesale shopping malls and the related value added business, such as warehousing, logistic, e-commerce and financial services in the PRC. The Purchaser is an investment holding company incorporated in PRC and a wholly owned subsidiary of the Company.

The Directors are of the view that the Acquisition provides the Group with a good investment opportunity to expand investment portfolio with quality assets. Having considered the recent performance of China High Speed Transmission, the Directors also believe that the Acquisition is an attractive investment which will provide satisfactory return.

As the Acquisition was made at market price, the Directors are of the view that the Acquisition is fair and reasonable, on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATION

The relevant applicable percentage ratios (as defined in the Listing Rules) in respect of each transaction under the Acquisition, when calculated on a standalone basis, are less than 5%, and thus each of them per se is not subject to any disclosure requirement under the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the series of on-market transactions under the Acquisition, when aggregated pursuant to Rule 14.22 of the Listing Rules, exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquired Shares”	an aggregate of 13,630,000 CT Shares representing approximately 0.83% of the entire issued share capital of China High Speed Transmission as at the date of this announcement
“Acquisition”	the acquisitions by the Group on the Stock Exchange of the Acquired Shares on 2 May 2017 and 4 May 2017, respectively
“Board”	the board of Directors
“Company”	Zall Group Ltd. (卓爾集團股份有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“China High Speed Transmission”	China High Speed Transmission Equipment Group Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“CT Shares”	ordinary shares of US\$0.01 each in the share capital of China High Speed Transmission
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Zall Development (Wuhan) Co., Ltd.*, a company established in PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

* *for identification purposes only*

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

Hong Kong, 5 May 2017

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