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ZALL卓尔

Zall Group Ltd.

卓爾集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

INSIDE INFORMATION

This announcement is made by Zall Group Ltd. (the “Company”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) hereby informs shareholders and potential investors of the Company that, based on the current information available to the management, and the preliminary review and assessment of the latest unaudited consolidated management accounts (the “**Management Accounts**”) of the Group for the six months ended 30 June 2017, it is expected that the Group’s consolidated revenue for the six months ended 30 June 2017 will show a substantial increase from that for the six months ended 30 June 2016. In this regard, it is expected that the Group’s consolidated revenue for the six months ended 30 June 2017 based on continuing operations will increase by over 250% to 300% from that of RMB626,072,000 for the six months ended 30 June 2016. This growth was mainly due to (i) an increase in the Group’s equity interest in Zall Heng Supply Chain Management (Wuhan) Co., Ltd.* (卓恒供應鏈管理(武漢)有限公司) (“**Wuhan Zall Heng**”) and the first completion of the acquisition of a majority equity interest in Shenzhen Sinoagri E-commerce Co., Ltd. (深圳市中農網有限公司) (“**Shenzhen Sinoagri**”), as further detailed below, which resulted in the consolidation of the respective financial results of Wuhan Zall Heng and Shenzhen Sinoagri (and their respective subsidiaries) into the financial results of the Group, and (ii) the rapid development of its supply chain business, trading and related value-added services (the “**Supply Chain and Trading Business**”) which resulted in a substantial increase in the revenue of the Group’s consolidated businesses (including the Supply Chain and Trading Business), and also led to the changes to the income portfolio of the Group. Given the characteristics of initial development of the Supply Chain and Trading Business, it is expected to generate higher revenue but lower profit margin. It is also expected that the Supply Chain and Trading Business will have no significant impact on the Group’s consolidated profit for the six months ended 30 June 2017.

As part of the Group’s business development strategy, (i) in May 2017, the Group increased its equity interest in Wuhan Zall Heng, a joint venture of the Group, from 60% to 65% and revised certain contractual terms of the joint venture arrangement, as a result of which Wuhan Zall Heng became a

non-wholly owned subsidiary of the Company; and (ii) as announced by the Company on 13 November 2016, the Group agreed to acquire up to 60.49% equity interest in Shenzhen Sinoagri, of which the first completion with respect to the acquisition of a 50.6% equity in Shenzhen Sinoagri interest took place on 28 June 2017. As the non-wholly owned subsidiaries of the Group, the respective financial results of Wuhan Zall Heng and Shenzhen Sinoagri (and their subsidiaries) would be consolidated into the Group's financial results with effect from the respective dates of the aforesaid increase in the Group's equity interest in Wuhan Zall Heng and the first completion of the aforesaid acquisition of the equity interest in Shenzhen Sinoagri.

The Company has yet to finalise the interim results of the Group for the six months ended 30 June 2017. The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available including the Management Accounts, which have not been reviewed nor audited by the Company's auditors or the audit committee of the Company, and the actual results of the Group for the six months ended 30 June 2017 may be different from what is disclosed herein. Shareholders and potential investors of the Company are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2017 which is expected to be published before the end of August 2017.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 July 2017

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

* *for identification purposes only*