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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF LISTED SECURITIES**

THE DISPOSALS

The Board is pleased to announce that the Vendor, a wholly-owned subsidiary of the Company, disposed the Disposed Shares in a series of on-market transactions conducted (i) between 13 July 2017 to 24 July 2017 and (ii) on 3 January 2018 for a total consideration of approximately HK\$96,751,000. As at the date of this announcement, the Disposed Shares, being 11,361,000 CHST Shares, represented approximately 0.69% of the entire issued share capital of CHST.

As the Disposals were made through the open market on the Stock Exchange, the Disposal Price was determined based on the market price and the Company was not aware of the identities of the buyers of the Disposed Shares. Accordingly, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the buyers of the Disposed Shares are third parties independent of the Company and its connected persons.

INFORMATION OF CHST

Based on publicly available information, CHST 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). CHST and its subsidiaries are 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 CHST 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 CHST as at 31 December 2016 were approximately RMB26,295,600,000 and RMB11,240,348,000 respectively.

FINANCIAL EFFECT OF THE DISPOSALS

Based on the management account of the Vendor, the aggregate book value of the Disposed Shares immediately before each of the Disposals were approximately HK\$88,676,000. Accordingly, a gain of approximately HK\$8,075,000 has been recognised by the Group in relation to the Disposals.

INFORMATION OF THE GROUP AND THE VENDOR

The Company is an investment holding company and the Group is a leading developer and operator of large-scale, consumer product-focused wholesale shopping malls in the PRC. The Group also provide supply chain management and trading services, e-commerce services, financial services, warehousing and logistics services for its customers in the online and offline wholesale markets.

The Vendor is an investment holding company incorporated in the PRC and a wholly owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The purpose of the Disposals is to obtain additional cash flow. As a result of the Disposals, the Group is expected to recognise a gain of approximately HK\$8,075,000 which is calculated based on the difference between the book value and the Disposal Price (exclusive of the transaction costs). The Group intended to use the proceeds of the Disposals for any potential investments and general working capital.

As the Disposals were made through the open market on the Stock Exchange and at market price, the Directors are of the view that the terms of the Disposals are 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 IMPLICATIONS

As all the applicable percentage ratios in respect of the Disposals between 13 July 2017 and 24 July 2017, when aggregated, are less than 5%, such Disposals are not subject to any disclosure requirement under the Listing Rules.

As the highest applicable percentage ratios in respect of the Disposals, when aggregated, exceeds 5% but less than 25%, the Disposals constitute a disclosable transaction of the Company and are 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:

| | |
|--------------------|---|
| “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 |
| “CHST” | 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 (Stock code: 658) |
| “CHST Shares” | ordinary shares of US\$0.01 each in the share capital of CHST |
| “Directors” | the directors of the Company |
| “Disposals” | the disposals by the Group on the Stock Exchange of the Disposed Shares (i) between 13 July 2017 to 24 July 2017 and (ii) on 3 January 2018, and each a “Disposal” |
| “Disposal Price” | the disposal price of the CHST Shares under the Disposals |
| “Disposed Shares” | an aggregate of 11,361,000 CHST Shares representing approximately 0.69% of the entire issued share capital of CHST as at the date of this announcement |
| “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 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “percentage ratio(s)” | has the meanings ascribed to it under Rule 14.07 of the Listing Rules |
| “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 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Zall Development (Wuhan) Co., Ltd.* (卓爾發展(武漢)有限公司), a company established in PRC with limited liability and a wholly-owned subsidiary of the Company |
| % | per cent. |

* *For identification purpose only*

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

Hong Kong, 3 January 2018

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 are executive Directors; Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu are independent non-executive Directors.