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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)**

## **POSITIVE PROFIT ALERT**

This announcement is made by Zall Group Ltd. (the “**Company**”, and 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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the Group’s latest management accounts, it is expected that the Group may record a significant increase of over 16 times in the revenue and an increase of 5% to 30% in the profit for the year ended 31 December 2017 as compared to those for the year ended 31 December 2016.

Based on information currently available to the Board, the Board considers that the significant increase in revenue was primarily attributable to (i) consolidation of the financial results of Shenzhen Sinoagri E-commerce Co., Ltd.\* (深圳市中農網有限公司) (“**Shenzhen Sinoagri**”) and Zall Heng Supply Chain Management (Wuhan) Co., Ltd.\* (卓恒供應鏈管理(武漢)有限公司) (“**Wuhan Zall Heng**”) due to (a) completion of the acquisition of 50.6% equity interest in Shenzhen Sinoagri in June 2017; and (b) an increase in the Group’s equity interest in Wuhan Zall Heng from 60% to 65% and revision of certain contractual terms in the joint venture arrangement for Wuhan Zall Heng in May 2017, resulting Shenzhen Sinoagri and Wuhan Zall Heng becoming non-wholly owned subsidiaries of the Company; and (ii) a significant increase in revenue from construction contracts due to the completion and delivery of certain construction projects.

The acquisitions of equity interest in Shenzhen Sinoagri and Wuhan Zall Heng have driven a substantial growth in the revenue of the supply chain management business, trading and related value-added services of the Group (the “**Supply Chain Management and Trading Business**”), and also led to changes in the income portfolio of the Group. Nevertheless, as the Supply Chain Management and Trading Business is at initial development stage, it is expected that the Supply Chain Management and Trading Business will have a relatively low profit margin as compared to the other business segments of the Group and the revenue growth of the Supply Chain Management and Trading Business will not have significant impact on the Group’s profit for the year ended 31 December 2017.

The Board considers that the expected growth in profit was primarily attributable to (i) the gain from fair value change on investment properties arising from the transfer of certain properties from being categorised as properties held for sale to investment properties for long-term rental income and capital appreciation purposes during the year, which was in line with the overall business development strategy of the Group; (ii) the newly completed properties being leased out during the year and the increase in the rental level of leased properties; and (iii) the profit arising from the completion and delivery of certain construction projects.

The Company has yet to finalise the annual results of the Group for the year ended 31 December 2017. This positive profit alert is made only based on a preliminary assessment by the management of the Company with reference to the information currently available, including the management accounts of the Group and draft investment properties valuation report, both of which have not been reviewed or audited by the Company's auditors and are subject to possible adjustments upon further review. The actual results of the Group for the year ended 31 December 2017 may be different from the information disclosed herein.

The final result announcement containing the audited consolidated results of the Group for the year ended 31 December 2017 is expected to be published by the end of March 2018.

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

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

Hong Kong, 14 February 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 of the Company; Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu are independent non-executive directors of the Company.*