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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)

VOLUNTARY ANNOUNCEMENT

COOPERATION AGREEMENT IN RELATION TO THE FORMATION OF THE FUND

This announcement is made by the Company on a voluntary basis.

The Board of the Company is pleased to announce that, on 8 September 2016, the Company's wholly-owned subsidiaries, Zhuojia Assets Management and Shenzhen Qianhai Zall Tech entered into the Cooperation Agreement with Innovation Works in relation to the proposed setting up of the Fund.

LISTING RULE IMPLICATIONS

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Cooperation Agreement is below 5%, the entering into of the Cooperation Agreement 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 of the Company.

This announcement is made by the Company on a voluntary basis.

The board (the "**Board**") of directors (the "**Directors**") of Zall Group Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce that, on 8 September 2016, the Company's wholly-owned subsidiaries, Zhuojia Assets Management Co., Ltd* (卓嘉資產管理有限公司) ("**Zhuojia Assets Management**") and Shenzhen Qianhai Zall Tech Limited* (深圳市前海卓爾互聯科技有限公司) ("**Shenzhen Qianhai Zall Tech**") entered into a cooperation agreement (the "**Cooperation Agreement**") with Innovation Works (Beijing) Enterprise Management Limited* (創新工場(北京)企業管理股份有限公司) ("**Innovation Works**") in relation to the proposed setting up of a private equity investment fund, provisionally named Zall Innovative Intelligent Trading Industry Fund* (卓爾創新智能交易產業基金) (the "**Fund**").

* for identification purposes only

Pursuant to the terms of the Cooperation Agreement, the Fund will be set up in the form of a limited partnership to be established in the in the People’s Republic of China (the “**PRC**”). The Fund will be managed by Zhuojia Assets Management, with a provisional target asset under management of RMB500 million, comprising funding targets of RMB100 million and RMB400 million for Phases 1 and 2, respectively. Under Phase 1, Zhuojia Assets Management shall contribute RMB1 million as general partner, while Shenzhen Qianhai Zall Tech and Innovation Works shall contribute RMB79.1 million and RMB19.9 million as limited partners, respectively. The terms of funding for Phase 2 shall be subject further discussion by the parties to the Cooperation Agreement.

The Fund is to be established with a duration of seven (7) years and an investment period of five (5) years. It is intended for the Fund to aim to achieve long-term capital appreciation primarily through privately-negotiated projects related to the development of intelligent and synergized commercial trading ecology, with a focus on the areas of logistics, supply chain upgrade, intelligent trading and Internet of Things.

INFORMATION ABOUT INNOVATION WORKS

Innovation Works is a company established in the PRC and is the operating entity for the venture capital fund founded in September 2009 by Dr. Kai-Fu Lee, who was a head of Google China and founder of Microsoft Research Asia. The venture capital fund provides a first class platform for start-up companies in the PRC and aims to help the development and rapid growth of start-up enterprises, which has cultivated numerous Hi-Tech enterprises with business value. Today, Innovative Works has expanded its business in cultivating start-up companies to artificial intelligence (A.I.) and other areas.

As at the date of this announcement and to the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of Innovation Works and its ultimate beneficial owner(s), including Dr. Kai-Fu Lee, are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

REASON FOR THE TRANSACTION

The Company and its subsidiaries (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 Directors considers that the formation of, and participation by the Group in, the Fund to be consistent with the Group’s long-term investment strategy. The Fund will provide the Group with a good investment opportunity to enhance investment income in the current low-interest environment and also provide an efficient means to expand the Group’s investments in e-commerce related business, diversify its market coverage and risk exposure and enhance the rate of return of the Group’s business through access of a wider variety of investment channels to which the Group may not have direct access, thereby accelerate the establishment and expansion of the above-mentioned

ecosystem, provide superior intelligent trading services to business trading platform users and inject new power to the group's upgrade transformation. The Directors consider that the transactions contemplated under the Cooperation Agreement are on normal commercial terms and the terms of the Cooperation Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

GENERAL

Pursuant to the terms of the Cooperation Agreement, the parties will enter into further discussion in accordance with the principles set out in the Cooperation Agreement and enter into the definitive agreements governing their respective rights and obligations in relation to the Fund.

Shareholders and potential investors of the Company should note that the transactions contemplated under the Cooperation Agreement are subject to the terms of the abovementioned definitive agreements which have not been entered into as at the date of this announcement. Shareholders and potential investors of the Company are thus reminded to exercise caution when dealing in the securities 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 transactions contemplated under the Cooperation Agreement is below 5%, the entering into of the Cooperation Agreement 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 of the Company.

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

Hong Kong, 9 September 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; Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Wei Zhe, David, as independent non-executive Directors.