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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Zall Group Ltd. (the “**Company**”), you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser(s) or transferee(s).

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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)**

**MAJOR TRANSACTION  
IN RELATION TO  
A MATERIAL LEASING AGREEMENT**

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A letter from the Board is set out on pages 1 to 18 of this circular.

24 October 2017

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“Board”	the board of Directors of the Company
“Business Day”	a day (excluding Saturday, Sundays and public holidays) on which banks are generally open for business in Hong Kong and the PRC
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Zall Group Ltd. (卓爾集團股份有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), being the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jiangsu Eastide”	Jiangsu Eastide Group Co., Ltd.* (江蘇一德集團有限公司), a company incorporated in the PRC with limited liabilities
“Latest Practicable Date”	19 October 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this circular
“Lease Agreement”	the lease agreement entered into between North Hankou Trade Market and Zall Investment Group, as lessors, and Jiangsu Eastide, as lessee, dated 11 September 2017 in relation to the Leased Premises
“Lease Fee”	the aggregate lease fee of approximately RMB4,637.0 million payable by Jiangsu Eastide under the Lease Agreement

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## DEFINITIONS

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“Leased Premises”	the properties of the Group’s Wanguo City development project* (萬國城項目), headquarters development project* (總部基地項目) and the accompanying office tower, located at (a) Liudian and Shekou Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC* (中國湖北武漢市黃陂區盤龍城經濟開發區劉店及澗口村); and (b) No. 1 Chutian Road, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC* (中國湖北武漢市黃陂區盤龍城經濟開發區楚天大道特1號), respectively
“Lessors”	North Hankou Trade Market and Zall Investment Group
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“North Hankou Trade Market”	Wuhan North Hankou Trade Market Investment Co., Ltd.* (武漢漢口北商貿市場投資有限公司), a company incorporated in the PRC with limited liabilities and a wholly-owned subsidiary of the Company
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$ 0.0033 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Zall Investment Group”	Zall Investment Group Co., Ltd.* (卓爾投資集團有限公司), a company incorporated in the PRC with limited liabilities and a wholly-owned subsidiary of the Company
“%”	per cent.

\* for identification purposes only

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Yan Zhi (*Co-chairman and  
Chief executive officer*)  
Dr. Gang Yu (*Co-chairman*)  
Mr. Wei Zhe, David  
Mr. Cui Jinfeng  
Mr. Peng Chi

*Independent Non-executive Directors:*

Mr. Cheung Ka Fai  
Mr. Wu Ying  
Mr. Zhu Zhengfu

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal Place of Business  
in Hong Kong:*

Suite 2101, 21st Floor  
Two Exchange Square  
Central  
Hong Kong

24 October 2017

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
IN RELATION TO  
A MATERIAL LEASING AGREEMENT**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 12 September 2017 and 3 October 2017 in relation to, among others, the Lease Agreement. The purpose of this circular is to provide you with, among others, (i) further details of the Lease Agreement; and (ii) other information required to be disclosed under the Listing Rules.

The Board is pleased to announce that on 11 September 2017, North Hankou Trade Market and Zall Investment Group, both wholly-owned subsidiary of the Company, as the lessors, entered into the Lease Agreement with Jiangsu Eastside, as the lessee, to lease the Leased Premises for a term of ten years, commencing from 11 September 2017 to 10 September 2027.

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## LETTER FROM THE BOARD

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### THE LEASE AGREEMENT

The details and principal terms of the Lease Agreement are set out below:

**Date** : 11 September 2017

**Parties** : Lessors: (1) North Hankou Trade Market  
(2) Zall Investment Group

Lessee: (3) Jiangsu Eastide

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, Jiangsu Eastide and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

**Leased Premises** : The properties of the Group's Wanguo City development project (萬國城項目), headquarters development project (總部基地項目) and the accompanying office tower, located at (a) Liudian and Shekou Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC (中國湖北省武漢市黃陂區盤龍城經濟開發區劉店及溝口村); and (b) No. 1 Chutian Road, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC (中國湖北省武漢市黃陂區盤龍城經濟開發區楚天大道特1號), respectively.

**Area** : Approximately 218,000 square metres

**Usage** : The premises are to be used by Jiangsu Eastide for its business operation purposes including sub-leasing to third parties.

**Lease Fee** : Jiangsu Eastide shall pay the Lease Fee of approximately RMB4,637.0 million, comprising:

- (i) approximately RMB141.7 million for the period from 11 September 2017 to 31 December 2017;
- (ii) approximately RMB463.7 million per annum for the period from 1 January 2018 to 31 December 2026; and
- (iii) approximately RMB322.0 million for the period from 1 January 2027 to 10 September 2027.

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## LETTER FROM THE BOARD

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The Lease Fee in respect of the period from 11 September 2017 to 31 December 2017 shall be paid prior to Jiangsu Eastide taking possession of the leased premises and the Lease Fee for each of the years or part of the year thereafter shall be paid in the December of the preceding year.

The Lease Fee was determined with reference to the prevailing market rent, arrangement for cooperation terms and the expected synergic effect generated as described under the heading “Reasons for and benefits of the entering into the Lease Agreement” in this letter.

- Termination** : The Lease Agreement may be terminated:
- (a) by the Lessors, upon the occurrence of:
    - (i) Jiangsu Eastide using the Leased Premises to conduct activities that are illegal or against public interest;
    - (ii) Jiangsu Eastide materially breaches the relevant management regulations governing the Lease Premises in a vicious nature; or
    - (iii) Jiangsu Eastide breaches the terms and conditions of the Lease Agreement,upon which the Lessors may regain possession of the Leased Premises and seek damages from Jiangsu Eastide; and
  - (b) by Jiangsu Eastide, the lessee of the Lease Agreement, upon the occurrence of:
    - (i) the Lessors seriously disturbing the normal business operation or damaging the properties of Jiangsu Eastide or the sub-lessee(s);
    - (ii) Jiangsu Eastide or the sub-lessee(s) unable to conduct normal operation as a result of the action(s) of the Lessors; or
    - (iii) the Lessors materially breach the terms and conditions of the Lease Agreement,upon which Jiangsu Eastide may seek damages from the Lessors.
- Option to renew** : Jiangsu Eastide shall have right of priority over renewal of the Lease Agreement upon the expiration of its term.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE GROUP AND JIANGSU EASTIDE

#### *The Group*

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.

#### *Jiangsu Eastide*

Jiangsu Eastide is a leading regional development operator and cultural business operator in the PRC which actively implements its “capability-oriented, capital-sufficient and asset-light” operating model and strives to construct quality spaces for beautiful cities, with the aim of providing a unique experience combining historical culture and fashionable lifestyle for the urban new generation. It adheres to its value proposition of “ecological power, industrial motivation, urban attraction, cultural vitality (生態原力、產業動力、城市魅力、文化活力)” and promotes self-sustainable development and investment attracting operational models. It invests in, develops along and operates across the whole industrial chain, and established its three major business lines, namely “cultural metropolis districts (都會文化街區)”, “urban light resort (城市輕度假區)” and “cultural tourism town (文旅小鎮)”. Jiangsu Eastide successfully developed Yangzhou Guangling Xincheng (揚州廣陵新城), Yangzhou Shenggu (揚州聲谷), Dalian Huigu (大連慧谷), Zhenjiang Xijindu (鎮江西津渡) and Jiangbei Xinqu Bulaocun (江北新區不老村), which all became model projects within the industry. It has also invested and operated in innovative consumer upgrading businesses and brands such as “Aimi Dianbo Dianying (艾米點播電影)”, “Qing Mai Fang (青麥坊)” theatres, “Yangzhou Xiaopangu (揚州小盤谷)”, “San Jian Yuan (三間院)” boutique hotels, “Pei Mansion Hotel (貝軒大公館)”, “Cong Ni De Quan Shijie Lugu (從你的全世界路過)” cultural restaurants and “New Star Art Festival (新星星藝術節)”, which also became examples of success within the industry and are welcomed by the government and highly recognized by the society.

### REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The Board believes that the Lease Fee received from the Lease Agreement will bring stable cash flow to the Group in the long run. In the meantime, Jiangsu Eastide, leveraging on its rich experience in attracting investment and advanced marketing concepts, will bring more merchants and diversify the client base of North Hankou market and Zallgo (卓爾購).

The Leased Premises are located in our North Hankou market which is one of the major wholesale shopping malls developed and operated by the Group, located in Wuhan.

The developed area and developing area of North Hankou market amount to, in aggregate, approximately six million square meters, consisting 20 major specialised wholesale markets including Footwear and Leatherwear Mall (鞋業皮具城), Hotel Supplies Mall (酒店用品城), Architectural Builders’ Hardware and Lighting Mall (五金燈飾城).



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## LETTER FROM THE BOARD

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The Board believes that Jiangsu Eastide, with years of experience as a development operator and culture business operator in the PRC, may be able to facilitate North Hankou market to diversify its merchant base by attracting cultural-related merchants to operate in the Leased Premises which in turn may attract more customers to our North Hankou market. In addition, the Board believes that, after commencing their operation in North Hankou market, these cultural-related merchants may establish their online shops on Zallgo, the Group's online wholesale platform focusing on business-to-business trading by providing a channel for offline merchant to wholesale its products. This can potentially enrich the number of merchant and transaction on the online trading platform of Zallgo and further expansion of our e-commerce business.

The terms of the Lease Agreement, including the Lease Fee received from Jiangsu Eastide under the Lease Agreement, were entered into on an arm's length negotiations and determined with reference to the prevailing market rent, arrangement for cooperation terms and the expected synergic effect generated. Jiangsu Eastide indicated that it may consider making plan for the purchasing the Leased Premises at reasonable price and at the appropriate time.

The Board and the management of the Company will continue to explore new strategic development opportunities, strengthen corporate governance and optimize our business offering to enhance the Company's corporate value.

### **FINANCIAL EFFECTS OF THE LEASE AGREEMENT**

The Company intends to apply the Lease Fee received as the general working capital of the Group.

It is expected that the Group will record rental income of the amount of the respective Lease Fee for each of the financial years during the term of the Lease Agreement and to incur relevant income tax in accordance to the then prevailing laws and regulations of the PRC.

Save as described above, it is not expected that there will be any material impact on the Group's earnings and assets and liabilities as a result of entering into the Lease Agreement.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As the Lease Agreement have a significant impact on the operations of the Group since the Lease Fee, on an annual basis, represents more than 200% increase in the scale of the Group's existing operations conducted through lease arrangement of such kind, the entering into of the Lease Agreement falls within the purview of Rule 14.04(d) of the Listing Rules.

As the highest applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Lease Agreement is 25% or more but less than 75%, the Lease Agreement and the transaction contemplated thereunder constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements.

### WRITTEN SHAREHOLDERS' APPROVAL

As no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Lease Agreement and the transactions contemplated thereunder, pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution passed at a general meeting of the Company, written approval of the Lease Agreement and the transactions contemplated thereunder have been obtained from Zall Development Investment Company Limited, which held the voting right of 7,542,545,268 shares of the Company, representing approximately 64.91% of the voting rights at a general meeting of the Company as at 11 September 2017, being the date of the Lease Agreement.

Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of approving the Lease Agreement and the transactions contemplated thereunder.

### RECOMMENDATION

The Directors are of the view that the terms of the Lease Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Although no extraordinary general meeting of the Company will be convened, if an extraordinary general meeting of the Company was to convened, the Board would have recommended the Shareholders to vote in favour of the provision of the Lease Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Zall Group Ltd.**  
**Yan Zhi**  
*Co-chairman*

## 1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group (i) for the year ended 31 December 2016 is disclosed in the 2016 annual report of the Company published on 13 April 2017, from pages 67 to 162; (ii) for the year ended 31 December 2015 is disclosed in the 2015 annual report of the Company published on 20 April 2016, from pages 48 to 139; and (iii) for the year ended 31 December 2014 is disclosed in the 2014 annual report of the Company published on 24 April 2015, from pages 48 to 135, and the unaudited condensed consolidated interim result of the Group for the six months ended 30 June 2017 is disclosed in the 2017 interim report of the Company published on 18 September 2017, from pages 24 to 59, all of which have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.zallcn.com](http://www.zallcn.com)).

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2017, being the latest practicable date for the purpose of determining this statement indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

	<i>RMB'000</i>
Bank loans, loans from other financial institutions and third parties	
Short-term loans	
– secured	4,171,598
– unsecured	1,353,384
Long-term loans	
– secured	5,838,705
– unsecured	-
Guarantees	<u>1,074,340</u>
<b>Total</b>	<b><u><u>12,438,027</u></u></b>

Save as aforementioned, at the close of business on 31 August 2017, the Group did not have any (a) debt securities issued and outstanding, and authorized or otherwise created but unissued, and term loans; (b) borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments; (c) mortgages or charges; or (d) guarantees or other material contingent liabilities.

## 3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Lease Fees to be received, the internal resources available to the Group, presently available banking facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for the next 12 months from the date of this circular.

#### 4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2016, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

#### 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As the global manufacturing centre as well as a giant in the internet industry, China enjoys exceptional advantages to become the world's commodities exchange centre. Since the Group announced its thorough transformation from a traditional property developer to a service-oriented and internet-based e-commerce enterprise in 2015, the Group decisively changed its business nature in accordance with the situations. Through business restructuring and strategic mergers and acquisitions, the Group has been progressively reducing the proportion of property development, developed online trade, data and featured financial service by virtue of its offline market service and logistics facilities, and created a commercial ecosphere of intelligent transactions for traditional wholesale and trading industry with new technology, new format and new model. Since its transformation, the Group has established the largest consumer product wholesale online and offline platform in the PRC that made the Group become one of the first tier participants in the PRC's e-commerce industry.

Currently, the Group has constructed solid online and offline infrastructure. Mega trade and logistics centers, such as North Hankou International Trade Centre and Tianjin E-commerce Mall, is establishing the largest physical trading service system for e-commerce in China. Leveraged on the advantage of the ever-growing physical wholesale market as well as on properties, customers, logistics and data, and through online trade and service platforms such as Zallgo (卓爾購), Zallsoon (卓集送) and Zallfuhui (卓服匯), the Group quickly achieved the online transformation of wholesale trading for merchants by the provision of logistics, warehousing and other comprehensive value-added services.

The Group's transformation program, based on the advantages of the properties, clients, logistics, data basis etc. took advantages of the offline entity trading markets with North Hankou International Trade Centre, Tianjin Zall E-commerce Mall, Jingzhou Zall City, etc. as representation, to achieve full integration of various entity wholesale markets and e-commerce throughout the country, to reduce supply chain costs of China's wholesale segment, to improve operating efficiency, and to build China's largest integrated online and offline wholesale trading platform. Three online trading and service platforms, namely Zallgo, Zall Financial Services Group Limited ("Zall Financial Services") and Zallfuhui, serve online transactions of wholesale trading, financing support and smart logistics respectively to form a closed loop of big data integration services. As at 30 June 2017, (1) Zallgo has covered 27 cities across the nation, at which there have been 1,223 national major wholesale markets, more than 210,000 merchants and approximately 800,000 registered users with accumulative transaction amount of approximately RMB98.9 billion; (2) the internet financial platform of Zall Financial Services had a total of approximately 200,200 registered members with total financing amount of approximately RMB856 million;

and (3) Zallfuhui's platform recorded a turnover of approximately RMB2,490 million and its logistics orders amounted to 77,000. The cloud warehouses under its management have covered 28 cities with an area of approximately 8.64 million square meters.

The Board expects that the lease fee received from the Lease Agreement will bring stable cash flow to the Company in the long run. In the meantime, the lessee, leveraging on its rich experience in attracting investment and advanced marketing concepts, will bring more changes as well as more merchants and larger customer flow to North Hankou market, which will generate synergic effects between the online and offline businesses of Zallgo (卓爾購).

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DIRECTORS' AND CHIEF EXECUTIVES' INTEREST

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), to be notified to the Company and the Stock Exchange were as follows:

### (a) Long positions in shares and underlying shares of the Company

Name of Directors	Number of ordinary shares	Approximate percentage of the issued share capital of the Company <sup>(3)</sup>
Yan Zhi	7,599,158,268 <sup>(1)</sup>	65.40%
Wei Zhe	142,890,000 <sup>(2)</sup>	1.23%
Yu Gang	112,890,840	0.97%
Cui Jinfeug	1,312,500	0.01%

*Notes:*

- (1) 56,613,000 Shares are held directly by Mr. Yan Zhi and 7,542,545,268 Shares are held by Zall Development Investment Company Limited, a company which is wholly-owned by Mr. Yan Zhi. As such, Mr. Yan Zhi is deemed to be interested in these 7,542,545,268 Shares held by Zall Development Investment Company Limited.
- (2) 10,746,000 Shares are held directly by Mr. Wei Zhe and 89,163,000 Shares and 42,981,000 Shares are held by EJC Group Limited and Vision Knight Capital Management Limited, respectively, both of which are corporate controlled by Mr. Wei Zhe. As such, Mr. Wei Zhe is deemed to be interested in these 89,163,000 Shares and 42,981,000 Shares held by EJC Group Limited and Vision Knight Capital Management Limited, respectively.
- (3) The percentage is calculated based on the total number of issued at the Latest Practicable Date.

**(b) Short positions in shares and underlying shares of the Company**

Name of Directors	Number of ordinary shares	Approximate percentage of the issued share capital of the Company <sup>(2)</sup>
Wei Zhe	89,163,000 <sup>(1)</sup>	0.77%

*Note:*

- (1) The short position of 89,163,000 Shares is by EJC Group Limited, a corporate controlled by Mr. Wei Zhe. As such, Mr. Wei Zhi is deemed to be interested in the short position of 89,163,000 Shares held by EJC Group Limited.
- (2) The percentage is calculated based on the total number of issued at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**(c) Directors' position in our Shareholder(s)**

As at the Latest Practicable Date, as disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, Zall Development Investment Company Limited was interested in 7,542,545,268 Shares representing approximately 64.91% of Shares in issue. As at the Latest Practicable Date, Mr. Yan Zhi was the director of Zall Development Investment Company Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**3. INTERESTS OF DIRECTORS IN ASSETS/CONTRACTS AND OTHER INTERESTS**

Pursuant to an agreement dated 28 October 2016, the Group acquired all issued shares of Superu Company Limited from EJC Group Limited, a company controlled by Mr. Wei Zhe, at a consideration of approximately HK\$1,121 million. The completion of which took place on 28 June 2017. For further details, please refer to the circular of the Company dated 15 February 2017 and announcement of the Company dated 28 June 2017.

Save as described above, as at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which has been, since 31 December 2016, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The Group has entered into a consultancy agreement with Vision Knight Capital Management Company Limited (“VKC”), a company controlled by Mr. Wei Zhe pursuant to which VKC will provide E-commerce development related services in PRC to the Group for a term of three years commencing on 28 June 2017. For further details of the consultancy agreement, please refer to the circular of the Company dated 15 February 2017.

The Group has entered into a service agreement with Mr. Wei on 14 November 2016 pursuant to which Mr. Wei was appointed as an executive Director for the period from 28 June 2017 to 31 December 2019, the details of which are set out in the Company’s circular dated 15 February 2017.

Save as described above there is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.

#### **4. COMPETING INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, so far as the Directors were aware and save as disclosed in this circular, none of the Directors or their respective close associates had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules).

#### **5. MATERIAL LITIGATION**

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

#### **6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into a service agreement with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).



**7. MATERIAL CONTRACTS**

The following contracts, not being contracts in the ordinary course of business, were entered into by the members of the Group within two years preceding the Latest Practicable Date and are or may be material:

- (a) the consultancy agreement entered into between the Company and Vision Knight Capital Management Company Limited (“VKC”) dated 14 November 2016 pursuant to which VKC will provide E-commerce development related services in PRC to the Group for a term of three years commencing on 28 June 2017, the details of which are set out in the Company’s circular dated 15 February 2017;
- (b) the service agreement entered into between Mr. Wei and the Company on 14 November 2016 pursuant to which Mr. Wei was appointed as an executive Director for the period from 28 June 2017 to 31 December 2019, the details of which are set out in the Company’s circular dated 15 February 2017;
- (c) the acquisition agreement entered into among EJC Group Limited, Great Morning Holding Limited, Chan Kit and Chan Nanjula Wai Po (陳慧寶), as vendors, Vision Knight Capital (China) Fund I, L.P. and Greenwoods Bloom Fund, L.P., as guarantors, Zall Development (BVI) Holding Company Limited, as purchaser, and the Company dated 28 October 2016 in relation to the acquisition of the shares of Superu Company Limited, Perfect International Limited, Sweet Returns Holdings Limited, Ronald Development International Limited and Sweet Returns Investment Limited, the details of which are set out in the Company’s announcement circular dated 15 February 2017;
- (d) the equity transfer agreement entered into among Zalljinfu Information Technology (Wuhan) Co., Ltd.\* (卓爾金服資訊科技(武漢)有限公司), Zall Financial Services Group Co., Ltd. (卓爾金融服務集團有限公司), Harvest Capital Management Co., Ltd.\* (嘉實資本管理有限公司), New Resource Energy International Private Limited (新鑫國際能源有限公司) and Harvest Financial Leasing Co., Ltd.\* (嘉實融資租賃有限公司) dated 31 May 2016 in relation to the sale and purchase of 100% equity interests in Harvest Financial Leasing Co., Ltd (嘉實融資租賃有限公司), the details of which are set out in the Company’s announcement dated 3 June 2016;
- (e) the equity transfer agreement entered into among Zalljinfu Information Technology (Wuhan) Co., Ltd.\* (卓爾金服資訊科技(武漢)有限公司), Capital Management Co., Ltd.\* (嘉實資本管理有限公司), Harvest Financial Information Services (Hangzhou) Co., Ltd.\* (嘉實金融資訊服務(杭州)有限公司) and Hangzhou Jiuyu Asset Management Co., Ltd.\* (杭州九魚資產管理有限公司) dated 31 May 2016 in relation to the sale and purchase of the entire equity interests in Hangzhou Jiuyu Asset Management Co., Ltd.\* (杭州九魚資產管理有限公司) and 90% equity interests in Harvest Financial Information Services (Hangzhou) Co., Ltd.\* (嘉實金融資訊服務(杭州)有限公司), the details of which are set out in the Company’s announcement dated 3 June 2016;

- (f) the subscription agreement entered into between Lightinthebox Holding Co., Ltd. and Zall Cross-border E-commerce Investment Company Limited dated 17 March 2016 in relation to the allotment and issue by Lightinthebox Holding Co., Ltd. of its 42,500,000 shares and the warrant which entitling the holder to subscribe up to 7,455,000 shares, the details of which are set out in the Company's announcement dated 17 March 2016 and the Company's circular dated 25 May 2016;
- (g) the investor rights agreement entered into between Lightinthebox Holding Co., Ltd., Mr. Quji (Alan) Guo, Wincore Holdings Limited and Zall Cross-border E-commerce Investment Company Limited dated 30 March 2016 to regulate certain matters in respect of Lightinthebox Holding Co., Ltd., the details of which are set out in the Company's announcement dated 17 March 2016 and the Company's circular dated 25 May 2016;
- (h) the sale and purchase agreement dated 14 December 2015 entered into between the Zall Development (Wuhan) Co., Ltd.\* (卓爾發展(武漢)有限公司) and Zall Holdings Company Limited (卓爾控股有限公司) in relation to the transfer of the entire equity interest in Wuhan Zall Professional Football Club Co., Ltd.\* (武漢卓爾職業足球俱樂部有限公司), the details of which are set out in the Company's announcement dated 14 December 2015;
- (i) the sale and purchase agreement dated 23 November 2015 entered into between Zall Development (HK) Holding Company Limited (卓爾發展(香港)控股有限公司) and Zall Property Investment Limited\* (卓爾地產投資有限公司) in relation to the transfer of the 10% of the equity interest in Zall Development (Shenyang) Co., Ltd.\* (卓爾發展(瀋陽)有限公司), the details of which are set out in the Company's announcement dated 23 November 2015;
- (j) the sale and purchase agreement dated 23 November 2015 entered into between Zall Development (HK) Holding Company Limited (卓爾發展(香港)控股有限公司) and Zall Property Investment Limited\* (卓爾地產投資有限公司) in relation to the transfer of the 10% of the equity interest in Zall Trading Development (Xiaogan) Co., Ltd.\* (卓爾商貿發展(孝感)有限公司), the details of which are set out in the Company's announcement dated 23 November 2015.

## 8. MISCELLANEOUS

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Suite 2101, 21/F, Two Exchange Square, Central, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is SMP Partners (Cayman) Limited, Royal Bank House – 3rd Floor, 24 Shedden Road, Grand Cayman, KY1-1110, Cayman Islands.

- (d) The Hong Kong share registrar and transfer office of the Company is Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The company secretary of the Company is Mr. Lung Shei Kei, a member of the Hong Kong Institute of Certified Public Accountants.
- (f) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on any Business Day at the principal place of business of the Company in Hong Kong at Suite 2101, 21/F, Two Exchange Square, Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) each of the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (c) the 2015 and 2016 annual reports of the Company, containing the consolidated audited accounts of the Group for each of the two financial years ended 31 December 2016;
- (d) the interim report of the Company for the six months ended 30 June 2017;
- (e) the announcement of the Company dated 5 May 2017 in relation to the acquisition of 13,630,000 shares of China High Speed Transmission Equipment Group Co., Ltd. dated 5 May 2017;
- (f) the circular of the Company dated 15 February 2017 in relation to (i) the acquisition of certain companies; (ii) a consultancy agreement; and (iii) a service agreement between Mr. Wei Zhe, David, our executive Director, and the Company; and
- (g) this circular.