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Zall Smart Commerce Group Ltd.

卓爾智聯集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

FURTHER UPDATE ON THE PROGRESS OF THE VERY SUBSTANTIAL ACQUISITION

References are made to the announcements of the Company dated 27 June 2017, 2 April 2018, 2 October 2018, 18 October 2018, 1 April 2019, 30 September 2019 and 29 November 2019 (collectively, the “**Announcements**”), and the circular of the Company dated 11 December 2017 (the “**Circular**”) in relation to, among other things, the Further Acquisition. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Circular and the Announcements.

COMPLETION OF THE SECOND ACQUISITION

The Board is pleased to announce that all the conditions precedent of the Second Acquisition have been fulfilled and the registration and filing as to the change of shareholders with the Market Supervision Administration of Shenzhen* (深圳市市場監督管理局) have been completed on 23 January 2020. The Second Acquisition was completed accordingly. Following the Completion, the Project Company is indirectly owned as to approximately 68.85% by the Company.

LATEST DEVELOPMENT OF THE SUBSEQUENT ACQUISITION

As disclosed in the Circular, the completion of the Subsequent Acquisition is conditional upon, among others, the completion of the Second Acquisition, the entering into of separate share purchase agreement and the obtaining of relevant government approvals.

As Vendor E is a state-owned and A-share listed enterprise in the PRC, the proposed sale of the Subsequent Target Equity Interest by Vendor E is subject to, among others, compliance with (i) the Shenzhen State-owned Assets Management Policies issued by the Shenzhen SASAC and (ii) the Listed Companies Restructuring Management Policies issued by the China Securities Regulatory Commission, which require, among others, the listing for sale of the Subsequent Target Equity Interest on the SUPE.

On 8 January 2020, the Purchaser successfully bid the first tranche of the Subsequent Target Equity Interest, being 3% of the total equity interest of the Project Company, after depositing RMB35 million with SUPE as earnest money. The Parties are in the progress of fulfilling the remaining conditions precedent of the Subsequent Acquisition, in particular, the entering into of separate share purchase agreement to give effect to the Subsequent Acquisition.

It is currently expected that the acquisition of the first tranche of the Subsequent Target Equity Interest would be completed on or before 31 December 2020. The Company shall publish further announcement to keep Shareholders and potential investors abreast of the latest development.

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

Hong Kong, 23 January 2020

As at the date of this announcement, the Board comprises nine members, of which Mr. Yan Zhi, Dr. Gang Yu, Mr. Wei Zhe, David, Mr. Qi Zhiping, Mr. Cui Jinfeng and Ms. Min Xueqin are executive Directors; Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu are independent non-executive Directors.

* *For identification purposes only*