

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

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

**If you have sold or transferred** all your shares in Zall Smart Commerce Group Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**ZALL卓尔**  
**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)**

**PROPOSALS FOR RENEWAL OF  
GENERAL MANDATES TO ISSUE SHARES AND  
BUY BACK SHARES, RE-ELECTION OF DIRECTORS,  
ADOPTION OF NEW SHARE OPTION SCHEME,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting to be held at Suite 2101, 21/F, Two Exchange Square, Central, Hong Kong on Friday, 28 May 2021 at 10:30 a.m. is set out on pages 31 to 35 of this circular. Whether or not you intend to be present and vote at the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting. The completion and return of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person should you so wish. If you attend and vote at the Annual General Meeting, the authority of your proxy will be revoked.

28 April 2021

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## PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the Annual General Meeting to protect the attending Shareholders, staff and other stakeholders from the risk of infection:

- (a) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendees at the entrance of the Annual General Meeting venue. Any person with a body temperature of over 37.4 degrees celsius will be denied entry into the Annual General Meeting venue or will be required to leave the Annual General Meeting venue.
- (b) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the Annual General Meeting venue a declaration form confirming their names and contact details, and confirming that they have not travelled to, or to the best of their knowledge had physical contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong (as per guidelines issued by the Hong Kong government at [www.chp.gov.hk/en/features/102742.html](http://www.chp.gov.hk/en/features/102742.html)) at any time in the preceding 14 days. Any person who does not comply with this requirement will be denied entry into the Annual General Meeting venue or will be required to leave the Annual General Meeting venue.
- (c) Every attendee is required to wear surgical face mask inside the Annual General Meeting venue at all times, and to maintain a safe distance between seats.
- (d) Seating at the Annual General Meeting venue will be arranged so as to allow appropriate social distancing. As a result, there will be limited capacity for the Shareholders and participants to attend the Annual General Meeting. The Company may limit the number of attendees at the Annual General Meeting as may be necessary to avoid over-crowding.
- (e) No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the Annual General Meeting venue or require any person to leave the Annual General Meeting venue in order to ensure the safety of the attendees at the Annual General Meeting.

The Company hereby reminds the Shareholders not to attend the Annual General Meeting if they have contracted or are suspected to have contracted COVID-19 or are subject to quarantine or self-quarantine in relation to COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

**In the interest of all stakeholders' health and safety and consistent with the recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the Annual General Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the Annual General Meeting as their proxy to vote on the relevant resolutions at the Annual General Meeting instead of attending the Annual General Meeting in person.**

## DEFINITIONS

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

“Acceptance Date”	the date upon which an offer for an Option must be accepted by the relevant Eligible Participant(s), being a date not later than 30 days after the Offer Date
“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders
“Annual General Meeting”	the annual general meeting of the Company to be held at Suite 2101, 21/F, Two Exchange Square, Central, Hong Kong on Friday, 28 May 2021 at 10:30 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, approving the proposed resolutions contained in the notice of the meeting which is set out on pages 31 to 35 of this circular
“approved independent financial adviser”	independent financial adviser as approved by the Board
“Articles of Association”	the articles of association of the Company as amended, modified or otherwise supplemented from time to time
“associate”	shall have the meaning ascribed to it in the Listing Rules
“Auditors”	the auditors of the Company for the time being
“Board”	the board of Directors
“Business Day”	means a day on which the Stock Exchange is open for the business of dealing in securities
“Commencement Date”	in respect of an Option, the date upon which such Option is deemed to be granted and accepted subject to regulation by the terms of the New Share Option Scheme
“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Zall Smart Commerce Group Ltd. (卓爾智聯集團有限公司), 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 Person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules

## DEFINITIONS

“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	any full-time or part-time employees, executives, officers or directors (including independent non-executive directors) of the Company or any of its subsidiaries and any advisors, consultants, agents, suppliers, customers and distributors who in the sole opinion of the Board will contribute or have contributed to the Company and/or any of its subsidiaries
“Exercise Date”	the date of the notice given by the Grantee in respect of the exercise of the Option subject to regulation by the terms of the New Share Option Scheme
“Existing Share Option Scheme”	the share option scheme of the Company adopted pursuant to written resolutions passed by the then sole Shareholder on 20 June 2011
“Grantee”	means any Eligible Participant who accepts the offer of the grant of an Option subject to regulation by the terms of the New Share Option Scheme
“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
“Issue Mandate”	a general and unconditional mandate to be granted to the Directors at the Annual General Meeting to allot, issue or otherwise deal with new Shares with a total number not exceeding 20% of the total number of Shares in issue as at the date of passing of the relevant resolution
“Latest Practicable Date”	20 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme of the Company proposed to be adopted by the Shareholders at the Annual General Meeting, a summary of the principal terms of which is set out in the Appendix III to this circular
“Offer Date”	in respect of an Option, the date on which such Option is offered in writing to the Eligible Participant(s) which must be a Business Day

## DEFINITIONS

“Option(s)”	a right granted by the Company under the New Share Option Scheme, which right permits (but does not obligate) a Grantee to subscribe for Shares subject to regulation by the terms of the New Share Option Scheme
“Option Period”	in respect of an Option, the period to be notified by the Board to each Grantee within which the Option may be exercisable provided that such period of time shall not exceed a period of ten years commencing on the Commencement Date
“Personal Representative(s)”	a person or persons who, in accordance with the laws of succession applicable in respect of the death of such Grantee is or are entitled to exercise the Option accepted by such Grantee (to the extent not already exercised) in consequence of the death of such Grantee
“PRC”	the People’s Republic of China, which shall not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, for the purpose of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.00333 each in the capital of the Company
“Share Buy-back Mandate”	a general and unconditional mandate to be granted to the Directors at the Annual General Meeting to exercise the power of the Company to buy back Shares up to a maximum of 10% of the total number of Shares in issue as at the date of passing the relevant resolution
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as amended, supplemented or otherwise modified from time to time
“%”	per cent.

**ZALL卓尔**

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**卓爾智聯集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2098)**

*Executive Directors:*

Mr. Yan Zhi

*(Co-chairman and Co-chief Executive Officer)*

Dr. Gang Yu *(Co-chairman)*

Mr. Wei Zhe, David

Mr. Qi Zhiping *(Co-chief Executive Officer)*

Ms. Min Xueqin

*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

28 April 2021

*To the Shareholders*

Dear Sir/Madam,

**PROPOSALS FOR RENEWAL OF  
GENERAL MANDATES TO ISSUE SHARES AND  
BUY BACK SHARES, RE-ELECTION OF DIRECTORS,  
ADOPTION OF NEW SHARE OPTION SCHEME,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 23 March 2021 in relation to the proposed adoption of the New Share Option Scheme.

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with the notice of the Annual General Meeting and information regarding the ordinary resolutions to be proposed at the Annual General Meeting to enable the Shareholders to make an informed decision on whether to vote for or against the resolutions. The resolutions to be proposed at the Annual General Meeting include, inter alia, (i) the renewal of the Issue Mandate and the Share Buy-back Mandate; (ii) the extension of the Issue Mandate to include Shares bought back pursuant to the Share Buy-back Mandate; (iii) the re-election of retiring Directors; and (iv) the proposed adoption of the New Share Option Scheme.

### RENEWAL OF GENERAL MANDATES TO ISSUE AND BUY BACK SHARES

At the annual general meeting of the Company held on 15 June 2020, resolutions were passed granting general mandates to the Directors (i) to allot, issue and deal with Shares with a total number not exceeding 20% of the total number of Shares in issue as at the date of passing of the relevant resolution and (ii) to buy back Shares with a total number not exceeding 10% of the total number of Shares in issue as at the date of passing of the relevant resolution. Such general mandates will expire at the conclusion of the forthcoming Annual General Meeting.

At the Annual General Meeting, separate ordinary resolutions will be proposed:

- (a) to grant the Issue Mandate to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with Shares not exceeding 20% of the total number of Shares in issue as at the date of passing of the resolution. The Issue Mandate will end on the earliest of (i) the date of the next annual general meeting, (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws, or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company. Based on 11,782,825,800 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued or bought back prior to the date of the Annual General Meeting, the Directors will be authorised to issue up to 2,356,565,160 Shares under the Issue Mandate;
- (b) to grant the Share Buy-back Mandate to the Directors to exercise all powers of the Company to buy back issued Shares subject to the criteria set out in this circular. Under such Share Buy-back Mandate, the maximum number of Shares that the Company may buy back shall not exceed 10% of the total number of Shares in issue as at the date of passing the relevant resolution. As at the Latest Practicable Date, the number of Shares in issue was 11,782,825,800 Shares. Subject to the passing of the proposed ordinary resolution approving the granting of the Share Buy-back Mandate and assuming no further Shares are issued or bought back prior to the Annual General Meeting, the Company would be allowed under the Share Buy-back Mandate to buy back a maximum of 1,178,282,580 Shares. The Share Buy-back Mandate will end on the earliest of (i) the date of the next annual general meeting, (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws, or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company; and



## LETTER FROM THE BOARD

- (c) subject to the passing of the aforesaid ordinary resolutions of the Issue Mandate and the Share Buy-back Mandate, to extend the number of Shares to be issued and allotted under the Issue Mandate by an additional number representing such number of Shares bought back under the Share Buy-back Mandate.

In accordance with the Listing Rules, an explanatory statement is set out in Appendix I to this circular to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolution to renew the grant of the Share Buy-back Mandate at the Annual General Meeting.

### RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. Accordingly, Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election as Directors at the Annual General Meeting.

The Company has in place a nomination policy which sets out, inter alia, the selection criteria and the evaluation procedures in nominating candidates to be appointed or re-appointed as Directors. In the context of re-appointment of any existing member(s) of the Board, the nomination committee makes recommendation to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

In accordance with the terms of reference of the nomination committee and the nomination policy of the Company, the nomination committee has reviewed the annual independence confirmation submitted by each independent non-executive Director and assessed the independence of each of them.

Mr. Cheung Ka Fai has served the Board as an independent non-executive Director for more than nine years and, during such tenure, he has given independent guidance and advice to the Company. The Company has received from Mr. Cheung Ka Fai his annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board is satisfied that Mr. Cheung Ka Fai remains independent, and considers that Mr. Cheung Ka Fai would be able to continue to discharge his duties as an independent non-executive Director and should be re-elected at the Annual General Meeting subject to a separate resolution to be approved by the Shareholders pursuant to the requirement of the Listing Rules, particularly in view of his extensive experience and valuable contribution to the Board.

The Board, having considered the recommendation of the nomination committee, is of the view that each of the retiring Directors has contributed positively to the Company with their extensive knowledge and experience in various fields, thus providing invaluable contribution and diversity of the Board. In particular, the independent non-executive Directors proposed for re-election were identified by the nomination committee after having taken into account the skills and experience of the candidates. The Board is of the view that (i) during their tenure as independent non-executive Directors, Mr. Cheung Ka Fai has made positive contributions to the Company by providing independent advice and financial perspectives with his accounting and auditing experience; Mr. Wu Ying has made positive contributions to the Company by

## **LETTER FROM THE BOARD**

providing independent advice with his telecommunication and venture capital investment experience; and Mr. Zhu Zhengfu has made positive contributions to the Company by providing independent advice and business insights with his legal knowledge and managerial experience; (ii) both Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu are able to contribute to the diversity of the Board in terms of age, gender and nationality; and (iii) holding directorship in not more than seven listed companies, each of Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu is able to devote sufficient time and attention to perform his duties as independent non-executive Directors. All independent non-executive Directors, including Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu, meet the independence guidelines set out in Rule 3.13 of the Listing Rules. The Board is not aware of any relationships or circumstances that might influence any independent non-executive Director in exercising independent judgement, and is satisfied that each independent non-executive Director has the required character, integrity, experience and independence to continuously fulfill his role as an independent non-executive Director effectively.

Accordingly, the Board has proposed that all the retiring Directors stand for re-election at the Annual General Meeting.

The biographical details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

### **PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME**

#### **The Existing Share Option Scheme**

As the Existing Share Option Scheme will soon expire on 20 June 2021, the Board considers that it is in the interest of the Company to adopt the New Share Option Scheme so as to continue to provide incentives or rewards to the Eligible Participants thereunder for their contributions to the success of the Group. Apart from the Existing Share Option Scheme, the Company had no other subsisting share option scheme as at the Latest Practicable Date.

As at the Latest Practicable Date, (i) the Company had 61,827,950 outstanding share options granted under the Existing Share Option Scheme which shall continue to be valid and exercisable during the prescribed exercisable period in accordance with the Existing Share Option Scheme; and (ii) the maximum number of shares options that can be granted by the Company under the mandate of the Existing Share Option Scheme was 988,172,050. The Company might consider to grant further share options under the Existing Share Option Scheme prior to its expiry, and if granted, further announcement in relation to the details of such grant will be made as and when appropriate in accordance with the Listing Rules.

#### **Adoption of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to enable the Company to grant Options to the selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the development and the growth of the Group.

The New Share Option Scheme will be valid for 10 years from the Adoption Date and will comply with the requirements of Chapter 17 of the Listing Rules.

## LETTER FROM THE BOARD

The New Share Option Scheme intends to cover Eligible Participants including full-time or part-time employees, executive, officers or directors (including independent non-executive directors) of the Company or any of its subsidiaries and any advisors, consultants, agents, suppliers, customers, and distributors who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries and the Shareholders be given incentives to work towards the goal of enhancing the enterprise value and attaining the long-term objectives of the Company for the benefit of the Group as a whole. As such, the Directors consider that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

The Board believes that the inclusion of those parties other than the employees and directors of the Group is appropriate, fair and reasonable because the success of the Group would be affected by whether or not there is a long term and sustainable business relationship with the parties who play a role in the business of the Group.

The Company believes that the success of the Group does not only depend on the contributions by the employees and directors of the Group, but also hinges on the co-operations with and contributions by parties who play a part in the day-to-day business and operations of the Group, including advisors, consultants, suppliers, customers and distributors of the Group.

The possible contributions of such Eligible Participants (other than Directors and employees of the Group) to the business, development and growth of the Group are set out as below:

Advisors and consultants	The advisors and consultants can proactively provide useful advice and consultancy services in the continuing development and growth of the Group and bring external business connections and provide training of the latest products and services to the Group
Suppliers	Maintenance of long-term relationship with suppliers is vital to the stable supply of products and provision of quality services to the Group
Customers	Maintenance of long-term relationship with important customers can generate stable and fast growing revenue to the Group
Distributors	The distributors can develop the sale channels of the Group which facilitate the distribution of the products or services to the Group's customers to increase the revenue to be generated to the Group

## LETTER FROM THE BOARD

For the reasons elaborated above, the Company considers that it is necessary to ensure the scope of Eligible Participants is wide enough to cover those individuals and entities, which are able to contribute to the Group but fall outside the traditional employer and employee relationship. The Board believes that the New Share Option Scheme will give the above parties an opportunity to have a personal stake in the Company and will motivate and incentivise them to optimize their performance and efficiency, attract and retain the above parties whose contributions are important to the long-term growth and profitability of the Group. Therefore, it is desirable for, and in the interest of, the Company to align the interests of such parties with those of the Group, incentivise the participation and involvement in promoting the businesses of the Group and to maintain good business relationships with such parties. Further, the Company should allow the flexibility to incentivise and reward to these parties as the Company considers commercially appropriate.

The Board will consider factors such as performance conditions, or targets to be achieved and potential and/or actual contribution to the business affairs of and benefits to the Group on a case-by-case basis when determining the eligibility of any Eligible Participant.

The rules of the New Share Option Scheme provide that the Board may specify the Eligible Participant(s) to whom Share Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the Exercise Price is also specified precisely in the rules of the New Share Option Scheme. A Grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the New Share Option Scheme can be exercised. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participant(s) to acquire proprietary interests in the Company. The Company does not at present intend to appoint a trustee to the New Share Option Scheme.

### **Value of the Options**

The value of Options would have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions, including the subscription price, the exercise period, lock-up period (if any), interest rate, expected volatility and other variables. As no Option had been granted as at the Latest Practicable Date under the New Share Option Scheme, certain variables are not available for calculating the value of the Options thereunder. The Directors believe that any calculation of the value of the Options under the New Share Option Scheme as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and may be misleading to the Shareholders and the investors of the Company.

None of the Directors is a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustees of the New Share Option Scheme (if any).

As at Latest Practicable Date, the Company had not granted or proposed to grant or intended to grant any Share Options under the New Share Option Scheme.

## LETTER FROM THE BOARD

### Conditions precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution to approve and adopt the New Share Option Scheme by the Shareholders at the Annual General Meeting; and
- (ii) the Stock Exchange granting the approval for the listing of, and permission to deal in, any Share which may fall to be allotted and issued by the Company pursuant to the exercise of the Options in accordance with the terms and conditions of the New Share Option Scheme.

Subject to the obtaining of the Shareholders' approval with respect to the adoption of the New Share Option Scheme at the Annual General Meeting, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total issued share capital of the Company as at the date on which the New Share Option Scheme is adopted unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any other share option schemes shall not exceed 30% of the issued share capital of the Company from time to time.

As at the Latest Practicable Date, there were 11,782,825,800 Shares in issue. Assuming that no further Share will be allotted, issued, bought back or cancelled prior to the Annual General Meeting, the maximum number of Shares that may fall to be allotted and issued under the New Share Option Scheme and any other share option schemes of the Company after the resolution regarding the proposed adoption of the New Share Option Scheme is passed at the Annual General Meeting would be 1,178,282,580 Shares, representing approximately 10% of the total number of Shares in issue as at the date of Annual General Meeting.

As at the Latest Practicable Date, there were 61,827,950 options granted and outstanding under the Existing Share Option Scheme which shall in all respects remain valid and outstanding notwithstanding the expiry of the Existing Share Option Scheme. Save as disclosed above, there were no other options outstanding under the Existing Share Option Scheme to subscribe for Shares as at the Latest Practicable Date. The remaining balance of options that can be granted under the Existing Share Option Scheme prior to its termination was 988,172,050 options.

In the circumstances, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme, if adopted, will be 1,116,454,630 Shares, representing approximately 9.48% of the total number of Shares in issue as at the Latest Practicable Date. The aforementioned is on the assumption that (1) there is no change in the total number of Shares in issue from the Latest Practicable Date and up to the date of the Annual General Meeting; (2) no further share options will be granted under the Existing Share Option Scheme from the Latest Practicable Date and up to the date of the Annual General

## LETTER FROM THE BOARD

Meeting; and (3) no Shares will be allotted and issued upon exercise of all granted Options under the Existing Share Option Scheme from the Latest Practicable Date and up to the date of the Annual General Meeting.

The Company will not grant any Option which may result in the aggregate number of Shares in issue being exceeded to the respective limits set out under Note (1) and/or Note (2) of Rule 17.03(3) of the Listing Rules from time to time.

A summary of the principal rules of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the New Share Option Scheme is available for inspection at the Company's registered office in Hong Kong at Suite 2101, 21st Floor, Two Exchange Square, Central, Hong Kong during normal business hours from the date of this circular up to the date of Annual General Meeting.

### **Application for Listing**

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

As at the Latest Practicable Date, the Board is not aware of any Shareholder who had a material interest in the adoption of the New Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

### **ANNUAL GENERAL MEETING**

The Company will convene the Annual General Meeting at Suite 2101, 21/F, Two Exchange Square, Central, Hong Kong on Friday, 28 May 2021 at 10:30 a.m. at which resolutions will be proposed for the purpose of considering and if thought fit, approving the resolutions set out in the notice of the Annual General Meeting as set out on pages 31 to 35 of this circular.

A form of proxy for use in connection with the Annual General Meeting is enclosed with this circular. Whether or not you intend to be present and vote at the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person should you so wish. If you attend and vote at the Annual General Meeting, the authority of your proxy will be revoked.

## LETTER FROM THE BOARD

### VOTING BY WAY OF POLL

All the resolutions set out in the notice of the Annual General Meeting would be decided by poll in accordance with the Listing Rules and the Articles of Association. The poll results will be published on the Company's website at [www.zallcn.com](http://www.zallcn.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) after the conclusion of the Annual General Meeting.

### 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 enquires, 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.

### RECOMMENDATION

The Directors consider that the resolutions, including but without limitation to, (i) the renewal of the Issue Mandate and the Share Buy-back Mandate; (ii) the extension of the Issue Mandate to include Shares bought back pursuant to the Share Buy-back Mandate; (iii) the re-election of retiring Directors; and (iv) the proposed adoption of the New Share Option Scheme are in the best interests of the Company as well as its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

### GENERAL INFORMATION

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

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

*This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the Annual General Meeting for approving the Share Buy-back Mandate. This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules which is set out as follows:*

### **1. SHARES IN ISSUE**

As at the Latest Practicable Date, there was a total of 11,782,825,800 Shares in issue. Subject to the passing of the ordinary resolution granting the Share Buy-back Mandate and on the basis that no further Shares are issued or bought back during the period from the Latest Practicable Date to the date of the Annual General Meeting, the Company will be allowed under the Share Buy-back Mandate to buy back a maximum of 1,178,282,580 Shares, being 10% of the total number of Shares in issue as at the date of the passing of the relevant resolution at the Annual General Meeting.

### **2. REASONS FOR SHARE BUY-BACK**

The Directors have no present intention to buy back any Shares but consider that the ability to do so would give the Company additional flexibility that would be beneficial to the Company and the Shareholders as a whole as such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders as a whole.

### **3. IMPACT OF SHARE BUY-BACK**

As compared with the financial position of the Company as at 31 December 2020 (as disclosed in its latest audited financial statements for the year ended 31 December 2020), the Directors consider that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed buy-back were to be carried out in full during the proposed buy-back period. In the circumstances, the Directors do not propose to exercise the Share Buy-back Mandate to such an extent as would have a material adverse impact on the working capital or gearing ratio of the Company.

### **4. FUNDING OF BUY-BACK**

The Company is empowered by its Articles of Association to buy back its Shares. In buying back Shares, the Company will only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules, the Companies Law, the laws of the Cayman Islands and any other applicable laws. Under the laws of the Cayman Islands, payment for a share buy-back by the Company may only be made out of profits, the share premium account or the proceeds of a new issue of Shares made for such purpose or out of capital of the Company. The amount of premium payable on a buy-back of Shares may only be paid out of either or both of the profits or out of the share premium of the Company or out of capital of the Company.



In addition, under the laws of the Cayman Islands, payment out of capital by a company for the purchase by a company of its own shares is unlawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business. In accordance with the laws of the Cayman Islands, the shares so bought back would be treated as cancelled but the aggregate amount of authorised share capital would not be reduced.

## **5. DISCLOSURE OF INTEREST**

To the best of their knowledge and belief after having made all reasonable enquiries, none of the Directors or any of their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company in the event that the Share Buy-back Mandate is granted by the Shareholders.

No core connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Share Buy-back Mandate is granted by the Shareholders.

## **6. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that they will only exercise the powers of the Company to make buy backs pursuant to the Share Buy-back Mandate and in accordance with the Listing Rules, the Articles of Association and the laws of the Cayman Islands.

## **7. EFFECT OF TAKEOVERS CODE**

A buy-back of Shares by the Company may result in an increase in the proportionate interest of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mr. Yan Zhi was beneficially interested in 6,976,517,268 Shares, representing approximately 59.21% of the total number of Shares in issue. In the event that the Directors exercise in full the power to buy back the Shares which is proposed to be granted pursuant to the Share Buy-back Mandate, the shareholding of Mr. Yan Zhi would be increased to approximately 65.79% of the total number of Shares in issue. In the opinion of the Directors, such increase would not give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code, and accordingly, the Directors are not aware of any other consequences which would arise under the Takeovers Code as a result of any purchase of its Shares by the Company. The Company has no intention to exercise the Share Buy-back Mandate to such extent that it would result in the number of Shares held by the public being reduced to less than 15% of the issued share capital of the Company.

## 8. SHARE BOUGHT BACK BY THE COMPANY

The Company had not bought back any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

## 9. SHARE PRICES

During each of the previous 12 months up to the Latest Practicable Date, the highest and lowest traded prices for the Shares on the Stock Exchange were as follows:

	<b>Price per Share</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2020</b>		
April	0.89	0.66
May	0.82	0.72
June	0.82	0.69
July	0.77	0.63
August	0.81	0.68
September	0.80	0.69
October	0.78	0.70
November	0.77	0.68
December	0.77	0.66
<b>2021</b>		
January	0.74	0.60
February	0.69	0.60
March	0.67	0.55
April (up to the Latest Practicable Date)	0.60	0.56

*The biographical details of the Directors proposed to be re-elected at the Annual General Meeting are set out as follows:*

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Mr. Cheung Ka Fai (張家輝)**, aged 46, was appointed as an independent non-executive Director on 20 June 2011. He is also the chairman of the audit committee and a member of the nomination committee and risk management committee. Mr. Cheung has over 23 years of experience in auditing, accounting and finance. Prior to joining the Group, Mr. Cheung worked as an auditor at Deloitte Touche Tohmatsu and served as the financial controller and company secretary of two companies listed on the GEM of the Stock Exchange. Mr. Cheung was the chief financial officer and company secretary of Huscoke Resources Holdings Limited, a company listed on the Main Board of the Stock Exchange from June 2008 to July 2012 and an executive director of Huscoke Resources Holdings Limited from October 2009 to July 2012. He has been serving as the chief financial officer of Bonjour Holdings Limited, a company listed on the Main Board of the Stock Exchange from August 2012 to May 2020, and was transferred to chief executive officer from May 2020 to July 2020.

Mr. Cheung is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 1997 and a master's degree in business administration from the University of Bradford in January 2008.

As at the Latest Practicable Date, Mr. Cheung had no interests in the Shares within the meaning of Part XV of the SFO. Mr. Cheung is independent from and not related to any other Directors, senior management or substantial shareholders of the Company. Save as disclosed above, Mr. Cheung has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Cheung has entered into a letter of appointment with the Company with a term of three years. Mr. Cheung is entitled to receive salaries of HK\$480,000 per annum which is determined by the Board with reference to his experience, duties and responsibilities, and to prevailing market conditions. Mr. Cheung shall also be entitled to discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. The total amount of director's remuneration of Mr. Cheung for the year ended 31 December 2020 was HK\$421,500. He is subject to retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Mr. Cheung has served as an independent non-executive Director of the Company for more than nine years. Notwithstanding such a long period of his holding office as an independent non-executive Director, given that Mr. Cheung has demonstrated his ability to exercise independent judgment during his years of appointment and has confirmed in writing to the Company of his independence with reference to various matters set out in Rule 3.13 of the Listing Rules, the Board is satisfied with his independence and believes he is still independent. Furthermore, given the extensive knowledge and experience of Mr. Cheung, the Board believes

that his re-election is in the best interests of the Company and its Shareholders and therefore he should be re-elected. Pursuant to Code Provision A.4.3 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules, such re-election will be subject to a separate resolution to be approved by the Shareholders at the Annual General Meeting.

Save as disclosed above, there is no other information to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules in respect of Mr. Cheung and there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

**Mr. Wu Ying (吳鷹)**, aged 61, was appointed as an independent non-executive Director on 29 February 2016. He is also the chairman of the nomination committee and a member of the audit committee and remuneration committee of the Company. Mr. Wu is currently the chairman of China Capital Group since October 2008. Prior to joining China Capital Group, Mr. Wu served as chairman and chief executive officer of UTStarcom (China) Co. Ltd for 13 years. Mr. Wu has extensive experience in telecommunication industry and venture capital investment. Mr. Wu is currently an independent non-executive Director of Zhong An Online P & C Insurance Co., Ltd. (眾安在線財產保險股份有限公司) which is listed on the Hong Kong Stock Exchange. In addition, Mr. Wu is chairman of the board of supervisors of Huayi Brothers Media Corporation Ltd. (華誼兄弟傳媒股份有限公司) which is listed on the Shenzhen Stock Exchange, chairman of ZJBC Information Technology Co., Ltd. (中嘉博創信息技術股份有限公司) which is listed on the Shenzhen Stock Exchange and a director of HyUnion Holding Co., Ltd. (海聯金匯科技股份有限公司) which is listed on the Shenzhen Stock Exchange. Mr. Wu was an independent director of TCL Corporation Ltd. (TCL集團股份有限公司), which is listed on the Shenzhen Stock Exchange, for the period from September 2014 to August 2017.

Mr. Wu obtained his bachelor's degree in electronic engineering from the Beijing University of Technology in 1982 and obtained his master's degree in electronic engineering from the New Jersey Institute of Technology in 1988 and obtained doctor honoris causa from New Jersey Institute of Technology.

As at the Latest Practicable Date, Mr. Wu had no interests in the Shares within the meaning of Part XV of the SFO. Mr. Wu is independent from and not related to any other Directors, senior management or substantial shareholders of the Company. Save as disclosed above, Mr. Wu has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Wu has entered into a letter of appointment with the Company with a term of three years commencing from 29 February 2019. Mr. Wu is entitled to receive salaries of HK\$480,000 per annum which is determined by the Board with reference to his experience, duties and responsibilities, and to prevailing market conditions. Mr. Wu shall also be entitled to discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. The total amount of director's

remuneration of Mr. Wu for the year ended 31 December 2020 was approximately HK\$480,000. He is subject to retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no other information to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules in respect of Mr. Wu and there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

**Mr. Zhu Zhengfu (朱征夫)**, aged 57, was appointed as an independent non-executive Director on 10 March 2017. He is also the chairman of the remuneration committee and risk management committee and a member of the audit committee of the Company. Mr. Zhu is currently a partner and meeting chairman of Hylands Law Firm (浩天信和律師事務所). Prior to that, Mr. Zhu was the supervisor and executive partner of Kunlun Law Firm (廣東東方昆侖律師事務所) between 1999 and 2019. He was the deputy head of the Land Law Consultation Service Center of the Guangdong Province Land Resources Bureau (廣東省國土廳廣東地產法律諮詢服務中心) from 1995 to 1998, a partner at Guangdong Dalu Law Firm (廣東大陸律師事務所) from 1995 to 1998, the head of finance and real estate of Guangdong Economic Development Law Firm (廣州市經濟貿易律師事務所) from 1993 to 1995, and deputy department head of the economic development department of Wanbao Electronics Import and Export Co., Ltd. (萬寶電器進出口公司) from 1987 to 1993. Mr. Zhu is also an independent non-executive director of Poly Developments and Holdings Group Co., Ltd.\* (保利發展控股集團股份有限公司), which is listed on the Shenzhen Stock Exchange. He was an independent non-executive director of O Luxe Holdings Limited, which is listed on the Hong Kong Stock Exchange for the period from May 2015 to November 2017. Mr. Zhu was an independent non-executive director of Chong Kin Group Holdings Limited (創建集團(控股)有限公司), which is listed on the Hong Kong Stock Exchange from January 2018 to January 2021. Mr. Zhu was an independent director of Beijing Honggao Creative Infrastructure and Design Co., Ltd.\* (北京弘高創意建築設計股份有限公司), which is listed on the Shenzhen Stock Exchange, from November 2014 to April 2018. He was an independent non-executive director of WE Solutions Limited, which is listed on the Hong Kong Stock Exchange, from May 2015 to November 2017. He was also an independent non-executive director of Guangzhou Guangdong Daily Media Co., Ltd (廣東廣州日報傳媒股份有限公司), which is listed on the Shenzhen Stock Exchange, from March 2013 to August 2019. He also served as an independent non-executive director of Dongjiang Environmental Co., Ltd. (東江環保股份有限公司), which is listed on the Hong Kong Stock Exchange, from October 2016 to December 2020 and as an independent director of Wuhan Sante Cableways Group Co., Ltd. (武漢三特索道集團股份有限公司), which is listed on the Shenzhen Stock Exchange, from March 2017 to May 2020.

Mr. Zhu is also a member of the National Committee of the Chinese People's Political Consultative Conference and the vice president of the All China Lawyers Association.

Mr. Zhu graduated from Wuhan University with a PhD in International Economics Law in 1999 and holds a professional lawyer's certificate issued by the Ministry of Justice of the People's Republic of China.

As at the Latest Practicable Date, Mr. Zhu had no interests in the Shares within the meaning of Part XV of the SFO. Mr. Zhu is independent from and not related to any other Directors, senior management or substantial shareholders of the Company. Save as disclosed above, Mr. Zhu has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Zhu has entered into a letter of appointment with the Company with a term of three years commencing from 10 March 2020. Mr. Zhu is entitled to receive salaries of HK\$480,000 per annum which is determined by the Board with reference to his experience, duties and responsibilities, and to prevailing market conditions. Mr. Zhu shall also be entitled to discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. The total amount of director's remuneration of Mr. Zhu for the year ended 31 December 2020 was approximately HK\$480,000. He is subject to retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no other information to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules in respect of Mr. Zhu and there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

\* *for identification purposes only*

The following is a summary of the principal terms of the New Share Option Scheme to be adopted at the Annual General Meeting:

*(a) Purpose of the New Share Option Scheme*

The purpose of the New Share Option Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group.

*(b) Eligible Participants*

The Board may, at its discretion, offer to grant an Option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an Exercise Price determined in accordance with paragraph (e) below:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, and distributors who in the sole opinion of the Board will contribute or have contributed to our Company or any of its subsidiaries.

Upon acceptance of the Option, the Grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. Any offer to grant an Option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the Option. To the extent that the offer to grant an Option is not accepted by any prescribed Acceptance Date, it shall be deemed to have been irrevocably declined.

*(c) Acceptance of an offer of Options*

An option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the duplicate offer document constituting acceptances of the Options duly signed by the Grantee, together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant Acceptance Date. Such payment shall in no circumstances be refundable. Any offer to grant an Option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document

constituting acceptance of the Option. To the extent that the offer to grant an Option is not accepted by any prescribed Acceptance Date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (k), (l), (m), (n) and (o), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the Grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the Auditors or the approved independent financial advisor as the case may be pursuant to paragraph (q), the Company shall allot and issue the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorized share capital of the Company.

(d) *Maximum number of Shares*

- (i) Subject to the Listing Rules, the maximum number of Shares subject to outstanding unvested or vested Options and outstanding other scheme options must not exceed 30 per cent. of the Shares in issue from time to time (“**Scheme Limit**”). No Option or other scheme options may be granted if it will result in this Scheme Limit being exceeded.
- (ii) Subject to the Scheme Limit, paragraphs (iii) and (iv) below, the total number of Shares issued and to be issued upon exercise of all Options and Other Scheme Options must not exceed 10 per cent. of the Shares in issue as at the Adoption Date (“**Mandate Limit**”) (subject to adjustment in the event of a capitalisation issue, rights issue or open offer of Shares, or a consolidation, subdivision or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction)). Unless approved pursuant to paragraphs (iii) or (iv) below, no Options or other scheme options may be granted if such grant will result in the Mandate Limit being exceeded. Options and other scheme options lapsed according to the terms of the New Share Option Scheme or other scheme(s) will not be counted for the purpose of calculating the Mandate Limit.
- (iii) Subject to the Mandate Limit and an approval of Shareholders, the Company may from time to time “refresh” a Mandate Limit provided that the total number of Shares which may be issued upon exercise of all Options or other scheme options to be granted under the limit as “refreshed” must not exceed 10 per cent. of the Shares in issue at the date of the resolution to approve the “refreshed” limit. Options and other scheme options previously granted



(whether outstanding, cancelled, lapsed (according to the New Share Option Scheme or the other schemes) or exercised) will not be counted for the purpose of calculating the limit as “refreshed”. The Company can seek approval of Shareholders in a general meeting to “refresh” a Mandate Limit any number of times as the Board considers appropriate.

The Company will comply with all applicable laws, rules and regulations in seeking a refreshment of a Mandate Limit. Unless approved pursuant to paragraph (iv) below, the Board cannot grant any Option on or after the date of refresh if such grant will result in the Mandate Limit as refreshed being exceeded.

- (iv) Subject to the Scheme Limit and a specific approval of Shareholders in a general meeting, the Board may grant Options to Eligible Participants identified by the Board. If the approval of Shareholders is obtained, the Board may grant Options to any Eligible Participant in respect of such number of Shares and on such terms as specified in that approval of Shareholders.
- (v) Unless approval of Shareholders is obtained pursuant to paragraph (iv) above in general meeting with such Eligible Participants and his associates abstaining from voting and subject to the Listing Rules including but not limited to rules relating to grant of Options to Connected Persons, the Board cannot grant any Option (“**Triggering Option**”) to any Eligible Participant which, if exercised, would result in that Eligible Participants becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him upon exercise of all Options and other scheme options granted to him in the 12-month period immediately preceding the Grant Date of the Triggering Option to exceed one per cent. of the number of Shares in issue as at that Grant Date.

In calculating the total number of Shares already issued or to be issued to that Eligible Participant upon exercise of all Options granted as referred to in the preceding paragraph, all exercised, outstanding and cancelled Options, whether vested or unvested, under the New Share Option Scheme and other schemes will be aggregated. However, Options which have lapsed need not be counted.

*(e) Exercise Price*

Subject to any adjustments made as described in paragraph (q) below, the Exercise Price of a Share in respect of any particular option granted under the New Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange daily quotation sheets on the Grant Date;

- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange daily quotation sheets for the five Business Days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(f) *Granting options to Connected Persons*

Any grant of Options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all Connected Persons of the Company shall abstain from voting in favor, and/or such other requirements prescribed under the Stock Exchange from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by the Company to the Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the Exercise Price) of the Options to be granted to each selected Eligible Participant which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the Exercise Price of such Options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

*(g) Restrictions on the times of grant of Options*

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published pursuant to the requirements of the Listing Rules. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual results, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its annual results, half-year, quarterly or other interim period (whether or not required under the Listing Rules)

*(h) Rights are personal to Grantee*

An Option is personal to the Grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or attempt so to do (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the New Share Option Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee.

*(i) Time of exercise of Option and duration of the New Share Option Scheme*

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an Option may be exercised will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 10 years after it has been granted. No Option may be granted more than 10 years after the date of approval of the New Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

There is no general requirement on the minimum period for which an option must be held before the option can be exercised under the terms of the New Share Option Scheme.

*(j) Performance target*

A Grantee may be required to achieve any performance targets as the Board may then specify in the grant before any Option granted under the New Share Option Scheme can be exercised.

*(k) Rights on ceasing employment or death*

If the Grantee of an Option ceases to be an employee of the Company or any of its subsidiaries:

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the Grantee may exercise the Option up to the entitlement of the Grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his personal representative(s) may exercise the Option within a period of 12 months from such cessation, which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

*(l) Rights on dismissal*

If the Grantee of an Option ceases to be an employee of the Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of the Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Group, or has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

*(m) Rights on takeover*

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the Grantee of an Option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

*(n) Rights on winding-up*

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees and thereupon, each Grantee (or his legal personal representative(s)) shall be

entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the Grantee credited as fully paid and register the Grantee as holder thereof.

*(o) Rights on compromise or arrangement between the Company and its members or creditors*

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof.

With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

*(p) Ranking of Shares*

The Shares to be allotted upon the exercise of an Option will not carry voting rights until completion of the registration of the Grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of Options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

*(q) Effect of alterations to capital*

In the event of any alteration in the capital structure of the Company whilst any Option may become or remains exercisable, whether by way of capitalization issue, rights issue, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any Options so far as unexercised and/or the subscription price per Share of each outstanding Option as the Auditors or an independent financial advisor shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules from time to time. The capacity of the Auditors or the approval independent financial advisor, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on the Company and the Grantees.

Any such alterations will be made on the basis that a Grantee shall have the same proportion of the issued share capital of the Company for which any Grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on full exercise of any Option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

*(r) Expiry of Option*

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n) or (o);
- (iii) the date on which the scheme of arrangement of the Company referred to in paragraph (o) becomes effective;
- (iv) subject to paragraph (n), the date of commencement of the winding-up of the Company;
- (v) the date on which the Grantee ceases to be an Eligible Participant by reason of such Grantee's resignation from the employment of the Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his or her integrity or honesty, or in relation to an employee of the Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her

creditors generally or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Group. A resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

- (vi) the date on which the Board shall exercise the Company's right to cancel the Option at any time after the Grantee commits a breach of paragraph (h) above or the options are canceled in accordance with paragraph (t) below.

*(s) Alteration of the New Share Option Scheme*

The New Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the New Share Option Scheme or any change to the terms of Options granted,

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any Option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the Grantees' approval in accordance with the terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme shall still comply with relevant laws and any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by shareholders in general meeting.

*(t) Cancellation of Options*

Any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph (h).

*(u) Termination of the New Share Option Scheme*

The Company may by resolution in general meeting or the Board at any time terminate the New Share Option Scheme and in such event no further Option shall be offered but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option

Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

*(v) Administration of the Board*

The New Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the New Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

*(w) Conditions of the New Share Option Scheme*

The New Share Option Scheme is conditional on:

- (i) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders of the Company at the Annual General Meeting; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the Shares which may be issued pursuant to the exercise of the Options to be granted under the New Share Option Scheme.



**ZALL卓尔**

**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)**

**Notice is hereby given** that the annual general meeting (the “**Annual General Meeting**”) of Zall Smart Commerce Group Ltd. (the “**Company**”) will be held at Suite 2101, 21/F, Two Exchange Square, Central, Hong Kong on Friday, 28 May 2021 at 10:30 a.m. for the following purposes:

**ORDINARY RESOLUTIONS**

To consider and, if thought fit, pass the following resolutions (with or without modifications) as ordinary resolutions of the Company:

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors of the Company (the “**Director(s)**”) and the auditors of the Company (the “**Auditors**”) for the year ended 31 December 2020;
2. To re-elect:
  - (a) Mr. Wu Ying as an independent non-executive Director;
  - (b) Mr. Cheung Ka Fai as an independent non-executive Director; and
  - (c) Mr. Zhu Zhengfu as an independent non-executive Director;each as a separate resolution;
3. To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration;
4. To re-appoint KPMG as Auditors and to authorise the Board to fix their remuneration;

## NOTICE OF ANNUAL GENERAL MEETING

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company (the “**Shares**”) and to make or grant offers, agreements and options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the share option scheme of the Company; (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; (iv) any specific authority granted or to be granted by the shareholders of the Company in general meeting(s), shall not exceed 20% of the total number of Shares in issue as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

**“Relevant Period”** means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting; and

## NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of ordinary shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory outside Hong Kong).”;

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws, including The Codes on Takeovers and Mergers and Share Buy-back and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to buy back its Shares at a price determined by the Directors;
- (c) the total number of the Shares which are authorised to be bought back by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of Shares in issue as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting.”;

## NOTICE OF ANNUAL GENERAL MEETING

7. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** conditional upon the passing of resolutions nos. 5 and 6 above, the general mandate granted to the Directors pursuant to resolution no. 5 be and is hereby extended by the addition thereto of an amount representing the number of Shares bought back by the Company under the authority granted pursuant to resolution no. 6, provided that such amount shall not exceed 10% of the total number of Shares in issue as at the date of passing this resolution.”; and

8. “**THAT** subject to and conditional upon the Stock Exchange of granting the listing of, and permission to deal in, the shares which may fall to be allotted and issued pursuant to the exercise of options granted under the proposed share option scheme of the Company (the “**New Share Option Scheme**”) (a copy of which has been produced to the Annual General Meeting marked “A” and signed by the chairman of the Annual General Meeting for identification purpose), the principal terms of the New Share Option Scheme be and are hereby approved and the Directors be authorised to grant options and allot and issue shares of the Company pursuant to the New Share Option Scheme, and that the Directors be and are hereby authorised to do all such acts and to enter into all such transactions and arrangements as may be necessary and expedient in order to give effect to the New Share Option Scheme, provided that the total number of shares which may be allotted or issued upon exercise of all share options granted thereunder shall not exceed 10% of the total number of issued shares of the Company as at the close of business on the date on which this resolution is passed.”

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

Hong Kong, 28 April 2021

*Notes:*

- (1) A member entitled to attend and vote at the above meeting may appoint one or, if he holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (3) In light of the pandemic situation of COVID-19, member may consider appointing the chairman of the Annual General Meeting as his/her proxy to vote on the resolutions instead of attending Annual General Meeting in person. There will be no corporate gift or refreshment in the Annual General Meeting in order to reduce person-to-person contact. Shareholders attending the Annual General Meeting in person are required to wear surgical face mask and to undertake a body temperature check before they enter the Annual General Meeting venue. Any person who does not comply with the precautionary measures to be taken at the Annual General

## NOTICE OF ANNUAL GENERAL MEETING

Meeting will be denied entry into the Annual General Meeting venue. Attendees are requested to observe and practise good personal hygiene at all times at the Annual General Meeting venue. The Company may be required to change the Annual General Meeting arrangements at short notice.

- (4) In order to be valid, a form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The proxy form will be published on the website of the Stock Exchange. The completion and return of the form of proxy shall not preclude a member from attending and voting in person at the Annual General Meeting (or any adjourned meeting thereof) if they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) The register of members of the Company will be closed from Monday, 24 May 2021 to Friday, 28 May 2021 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the forthcoming Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 May 2021.
- (6) If typhoon signal number 8 or above is hoisted or a black rainstorm warning signal is in force any time after 8:30 a.m. on the date of the Annual General Meeting, then the meeting will be adjourned. The Company will post an announcement on the website of the Company at [www.zallcn.com](http://www.zallcn.com) and HKExnews website at [www.hkexnews.hk](http://www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting.

The Annual General Meeting will be held as scheduled when an amber or a red rainstorm warning signal is in force. Members of the Company should decide on their own whether they would attend the meeting under the bad weather condition bearing in mind their own situations.

- (7) As at the date of this notice, the Board comprises eight members, of which Mr. Yan Zhi, Dr. Gang Yu, Mr. Wei Zhe, David, Mr. Qi Zhiping and Ms. Min Xueqin, as executive Directors; Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu as independent non-executive Directors.