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ZALL卓尔智联

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)

ADOPTION OF SHARE AWARD SCHEME

On 10 December 2021 (after trading hours of the Stock Exchange), the Board resolved to adopt the Share Award Scheme with immediate effect, to recognise the contributions by certain Eligible Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Company will entrust the Trustee to hold the Awarded Shares on behalf of the relevant Selected Employees on trust, until such Awarded Shares are vested with the relevant Selected Employees in accordance with the Scheme Rules and the Trust Deed.

The Share Award Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Share Award Scheme. The grant of Awards to a Director and other connected persons (as defined under the Listing Rules) of the Company will be done in compliance with Chapter 14A of the Listing Rules.

ADOPTION OF SHARE AWARD SCHEME

On 10 December 2021 (after trading hours of the Stock Exchange), the Board resolved to adopt the Share Award Scheme with immediate effect. The purposes of the Share Award Scheme are (i) to recognise the contributions by certain Eligible Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Accordingly, the Company will entrust the Trustee to hold the Awarded Shares on behalf of the relevant Selected Employees on trust, until such Awarded Shares are vested with the relevant Selected Employees in accordance with the Scheme Rules and the Trust Deed. The Administration Committee would, from time to time, at its absolute discretion select any Employee (other than any Excluded Employee) for participation in the Share Award Scheme as a Selected Employee, and grant such number of Awarded Shares to any Selected Employee at no consideration, and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine. In determining the number of

Awarded Shares to be granted to any Selected Employee, the Administration Committee shall take into account the Selected Employees' contribution and expected contribution to the Group, the general financial condition of the Group, the Group's overall business objectives and future development plan and other matter which the Administration Committee considers relevant.

A summary of the Scheme Rules is set out below in this announcement:

1. ELIGIBLE EMPLOYEES TO THE SHARE AWARD SCHEME

Pursuant to the Scheme Rules, any individual, being an employee (including without limitation any director) of any member of the Group, who the Administration Committee considers, in its absolute discretion, to have contributed or will contribute to the Group, shall be an Eligible Employee. However, no Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where, in the view of the Board or the Administration Committee, compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Share Award Scheme and such Employee shall therefore be excluded from the term Eligible Employee.

2. ADMINISTRATION

The Share Award Scheme is subject to the administration of the Administration Committee in accordance with the Scheme Rules and, where applicable, the Trust Deed. A decision of the Board or Administration Committee shall be final and binding on all persons affected thereby.

3. SOURCE OF AWARDED SHARES

The Administration Committee may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Group as directed by the Administration Committee which shall constitute part of the Trust Fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

The Administration Committee may from time to time instruct the Trustee in writing to subscribe for Shares from the Company, or purchase Shares either on the Stock Exchange or from other holders of the Shares directly.

Once subscribed for or purchased, the Shares are to be held by the Trustee for the benefit of Selected Employees under the Trust on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed.

Issue of new Awarded Shares

Subject to the rules of the Share Award Scheme, in the event that any Awarded Shares are to be allotted and issued as new Shares under the general mandate or the specific mandate, the Board shall cause an amount equal to or greater than the minimum value of the subscription price of such new Shares (as may be prescribed under the Listing Rules, the constitutional documents of the Company and all applicable laws and regulations) to be allotted and issued be transferred from the Company's resources as soon as practicable as subscription monies for the new Shares and cause to allot and issue such new Shares to the Trustee. The Company shall comply with the relevant Listing Rules when allotting and issuing any new Shares under general mandate or specific mandate and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued at the time of offering the Shares.

Purchase of Awarded Shares by the Trustee

As soon as practicable after receiving the notice setting out the instructions from the Company with respect to the purchase of the Shares, the Trustee shall apply such amount of Residual Cash towards the purchase of such maximum Shares at the prevailing market price according to the instructions set out in the notice. The Trustee shall also pay the related purchase expenses (including for the time being, the brokerage fee, stamp duty, the Securities and Futures Commission transaction levy and Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of the Shares out of the Residual Cash.

4. SCHEME LIMIT

The Administration Committee shall not make any further award of Awarded Shares which will result in the number of the Shares awarded by the Administration Committee under the Share Award Scheme equal to or greater than 10% of the issued Shares from time to time.

The maximum number of Shares which may be awarded to a Selected Employee under the Share Award Scheme shall not exceed 1% of the issued Shares from time to time.

5. VOTING RIGHTS

The Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust (if any) (including but not limited to the Awarded Shares, the Vesting Shares, any bonus Shares and scrip Shares derived therefrom). No instructions shall be given by a Selected Employee (including, without limitation, voting rights) to the Trustee in respect of the Awarded Shares that have not been vested, the Vesting Shares, and such other properties of the Trust Fund managed by the Trustee.

6. RESTRICTIONS

No Award shall be made by the Administration Committee and no instructions to acquire any Shares shall be given to the Trustee under the Share Award Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws and regulations from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (a) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the application laws and the Listing Rules;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (c) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (d) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

7. VESTING AND LAPSE

Pursuant to the Scheme Rules, the Administration Committee is entitled to impose any conditions (including a period of continued service within the Group after the Award, achievement of specified performance criteria relating generally to the Group or particularly to a Selected Employee), as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employee, and shall be at liberty to waive any vesting conditions aforesaid.

When a Selected Employee has satisfied all vesting conditions specified (and as may be waived or amended from time to time) by the Administration Committee and becomes entitled to the Awarded Shares, the Trustee shall either transfer the Vesting Shares to such Selected Employee on the Vesting Date, or cause the Vesting Shares to be sold with the proceeds of sale (after the deduction of related sale expenses (including the brokerage fee (which shall include commission/rebate to be retained by the Trustee), stamp duty, the Securities and Futures Commission transaction levy and Stock Exchange trading fee)) to be transferred to the Selected Employee.

Unless otherwise waived by the Administration Committee, the award of the Awarded Shares in respect of the relevant Vesting Date shall automatically lapse when the vesting conditions specified by the Administration Committee are not fully satisfied prior to or on the relevant Vesting Date, or when the Selected Employee ceases to be an Eligible Employee for reasons including, without limitation, the following:

- (i) a Selected Employee has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time;
- (ii) a Selected Employee has been exposed to any punishment imposed by regulatory authorities due to its material violation of laws or regulations;
- (iii) a Selected Employee has committed any serious dereliction of duty or malfeasance;
- (iv) a Selected Employee has violated laws and regulations or the articles of association of any member of the Group which has resulted in or would reasonably be expected to have resulted in any economic loss of the Group;
- (v) a Selected Employee has caused losses to the Group due to his bribery, embezzlement, theft, disclosure of operational and technical secrets of the Group or any other behavior that is in violation of laws and regulations and damages the interests or reputation of the Group;
- (vi) a Selected Employee has committed any act of fraud or dishonesty or serious misconduct;
- (vii) a Selected Employee has ceased to be an employee of the Group, whether or not by voluntary resignation or dismissal (other than in the event of death or retirement by agreement);
- (viii) a Selected Employee has been convicted of any criminal offence;
- (ix) a Selected Employee has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets; and
- (x) other circumstance as determined by the Administration Committee in their absolute discretion.

In any such case, the Awarded Shares shall not vest on the Selected Employee and shall remain part of the Trust Fund.

8. ASSIGNMENT

Prior to the Vesting Date, any Award made under the Share Award Scheme shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares transferable to him pursuant to such Award.

9. ALTERATION OF THE SHARE AWARD SCHEME

The Share Award Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Employee thereunder.

10. DURATION AND TERMINATION

The Share Award Scheme shall terminate on the earlier of (i) the tenth (10th) anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Employee thereunder.

LISTING RULES IMPLICATIONS

The Share Award Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Share Award Scheme.

Where any Awarded Shares are granted to a Selected Employee who is a connected person of the Company within the meaning of the Listing Rules, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

- “Administration Committee” means a sub-committee of the Board, members of which shall be consisting of the chairman of the Board and the co-chief executive officer, delegated with the power and authority by the Board to administer the Share Award Scheme;
- “Adoption Date” 10 December 2021, being the date on which the Board adopted the Share Award Scheme;
- “Award” an award granted by the Administration Committee to a Selected Employee pursuant to the Scheme Rules;

“Awarded Shares”	in respect of a Selected Employee, such number of Shares awarded by the Administration Committee pursuant to the Scheme Rules;
“Board”	the board of Directors of the Company;
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Company”	Zall Smart Commerce Group Ltd., a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2098);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Group as permitted under the Share Award Scheme to the Trust as determined by the Administration Committee from time to time;
“Director(s)”	the directors of the Company;
“Eligible Employee(s)”	any individual, being an employee (including without limitation any director) of any member of the Group, who the Administration Committee considers, in their absolute discretion, to have contributed or will contribute to the Group, subject to certain qualifications as set out in the Scheme Rules;
“Employee”	any employee (including without limitation any director) of any member of the Group;
“Excluded Employee”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Administration Committee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee;
“Grantee(s)”	a Selected Employee who has accepted the grant of an Award;

“Group”	the Company and its subsidiaries;
“HK\$”	the lawful currency for the time being of the Hong Kong Special Administrative Region;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any Contributed Amount or any remaining amount thereof; (ii) any cash income or dividends derived from Shares held under the Trust (except the Vesting Shares); (iii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust (except the Vesting Shares); and (iv) all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied in the acquisition of any Shares;
“Scheme Rules”	the rules of the Share Award Scheme, as amended from time to time;
“Selected Employee(s)”	any Eligible Employee approved for participation in the Share Award Scheme;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Award Scheme”	the share award scheme adopted by the Company on the Adoption Date (in its present or any amended form);
“Share(s)”	ordinary share(s) of HK\$0.003 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trust”	the trust to be constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);

“Trust Fund”	<p>the funds and properties held under the Trust and managed by the Trustee for the benefit of the Eligible Employees, including without limitation:</p> <p>(a) all Shares acquired by the Trustee for the purpose of the Trust out of the Residual Cash and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust (except the Vesting Shares);</p> <p>(b) any Residual Cash;</p> <p>(c) any Awarded Shares or other property to be vested or not vested with the Selected Employee under the terms of the Share Award Scheme;</p> <p>(d) any Vesting Shares; and</p> <p>(e) all other properties from time to time representing (a), (b), (c) and (d) above;</p>
“Trustee”	<p>an independent trustee to be appointed by the Board to hold the Shares and manage the Trust in accordance with the terms and conditions of the Trust Deed for the benefit of the Selected Employees;</p>
“Vesting Date”	<p>in respect of a Selected Employee, the vesting date on which the Trustee may vest the legal and beneficial ownership of the relevant Awarded Shares (or the relevant portions thereof) in such Selected Employee;</p>
“Vesting Shares”	<p>means any Awarded Shares vested under terms of the Share Award Scheme but not yet transferred to a relevant Selected Employee; and</p>
“%”	<p>per cent.</p>

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

Hong Kong, 10 December 2021

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. Yu Wei and Mr. Xia Lifeng are executive Directors; and Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu are independent non-executive Directors.