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Zall Smart Commerce Group Ltd.

卓爾智聯集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

UPDATE ON THE PROGRESS OF THE VERY SUBSTANTIAL ACQUISITION

References are made to the circular of the Company dated 11 December 2017 (the “**Circular**”) and the announcements of the Company dated 2 April 2018 and 2 October 2018 in relation to, among other things, the Second Acquisition and the extension of the Long Stop Date from 31 March 2018 to 31 March 2019. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Circular.

The Board would like to update its Shareholders and potential investors on the latest status of the Second Acquisition.

LATEST STATUS OF THE SECOND ACQUISITION

As at the date of this announcement, the condition precedent referred to in paragraph (b) under the section headed “Letter from the Board – The Framework Agreement – Conditions precedent” in the Circular has been satisfied and the Parties are in the progress of fulfilling the remaining conditions precedent of the Second Acquisition.

As disclosed in the Circular, Completion is conditional upon, among others, the Parties having obtained all necessary approvals and filings in respect of the transactions contemplated under the Framework Agreement in accordance with the relevant laws and regulations, the Listing Rules and their respective constitutional documents. As Vendor E is a state-owned and A-share listed enterprise in the PRC, the proposed sale of the Second Target Equity Interest by Vendor E is subject to, among others, compliance with (i) the Management Policies of State-owned Assets of Shenzhen Municipal Corporations* (深圳市屬企業國有產權變動監管辦法) (“**Shenzhen State-owned Assets Management Policies**”) issued by the State-owned Assets Supervision and Administration Commission of the State Council of Shenzhen Municipal (“**Shenzhen SASAC**”); and (ii) the Management Policies of Listed Companies Material Asset Restructuring* (上市公司重大資產重組管理辦法) (“**Listed Companies Restructuring Management Policies**”) issued by the China Securities Regulatory Commission, which require (a) audit and valuation of the Second Target Equity Interest; (b) Vendor E to obtain opinion on the Second Acquisition from independent financial advisors, legal advisors and accountants; (c) the approval of the Second

Acquisition by the board of directors of Vendor E; (d) the approval of the Second Acquisition by the shareholders of Vendor E (including Shenzhen SASAC in its capacity as a shareholder of Vendor E) in a general meeting; (e) the announcement of the proposed listing for sale of the Second Target Equity Interest; and (f) the listing for sale of the Second Target Equity Interest on the Shenzhen United Property Exchange* (深圳聯合產權交易所).

As the Second Acquisition is subject to both the Shenzhen State-owned Assets Management Policies and the Listed Companies Restructuring Management Policies, the time required for compliance with such regulations exceeded the initial estimation of the Parties and the Parties agreed to extend the Long Stop Date to 31 March 2019 or such later date as may be agreed between the parties in writing. As advised by Vendor E, as at the date of this announcement, audit and valuation of the Second Target Equity Interest has been substantially completed and independent financial advisors, legal advisors and accountants have been engaged for rendering opinion on the Second Acquisition. The Company will continue to use its best endeavours to procure fulfillment of all the conditions precedent of the Second Acquisition and it is expected that Vendor E will proceed with convening a general meeting for the approval of the Second Acquisition by its shareholders after complying with the relevant rules and regulations. Subject to the approval of the shareholders of Vendor E in the general meeting and satisfaction or waiver of the other conditions precedent, it is estimated that the Second Acquisition would be completed on or before 31 March 2019.

AS COMPLETION IS SUBJECT TO THE SATISFACTION (OR IF APPLICABLE, WAIVER) OF THE CONDITIONS PRECEDENT, THE SECOND ACQUISITION MAY OR MAY NOT PROCEED. THE ISSUE OF THIS ANNOUNCEMENT DOES NOT IN ANY WAY IMPLY THAT THE SECOND ACQUISITION WILL BE COMPLETED. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY.

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

Hong Kong, 18 October 2018

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

* For identification purpose only