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Zall Group Ltd.

卓爾集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

**VOLUNTARY ANNOUNCEMENT
ANNOUNCEMENT IN RELATION TO
A MATERIAL LEASING AGREEMENT**

This announcement is a voluntary announcement made by Zall Group Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) to update the shareholders of the Company (the “**Shareholders**”) and potential investors on the latest business development of the Group.

The board of directors (“**Directors**”) of the Company (the “**Board**”) is pleased to announce that on 11 September 2017, Wuhan North Hankou Trade Market Investment Co., Ltd.* (武漢漢口北商貿市場投資有限公司) (“**North Hankou Trade Market**”) and Zall Investment Group Co., Ltd.* (卓爾投資集團有限公司) (“**Zall Investment Group**”), both of which are wholly-owned subsidiaries of the Company, as the lessors entered into a lease agreement (the “**Lease Agreement**”) with Jiangsu Eastide Group Co., Ltd.* (“**Jiangsu Eastide**”) as the lessee to lease the Group’s relevant real estate properties situated at Liudian and Shekou Villages, Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC (中國湖北省武漢市黃陂區盤龍城經濟及科技開發區劉店及澗口村) and No. 1 Chutian Road, Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC (中國湖北省武漢市黃陂區盤龍城經濟及科技開發區楚天大道特1號) for a lease period of ten (10) years, commencing from 11 September 2017 to 10 September 2027.

THE LEASE AGREEMENT

Date : 11 September 2017

Parties : Lessor: (1) North Hankou Trade Market

(2) Zall Investment Group

Lessee: (3) Jiangsu Eastide

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, Jiangsu Eastide and its ultimate beneficial owners are third parties independent of the Company and the connected person of the Company (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

- Leased Premises** : The properties of the Group's Wanguo City development project (萬國城項目), headquarters development project (總部基地項目) and the accompanying office tower, located at Liudian and Shekou Villages, Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC (中國湖北省武漢市黃陂區盤龍城經濟及科技開發區劉店及澗口村) and No. 1 Chutian Road, Panlongcheng Economic and Technology Development Zone, Huangpi District, Wuhan, Hubei Province, PRC (中國湖北省武漢市黃陂區盤龍城經濟及科技開發區楚天大道特1號), respectively.
- Area** : Approximately 218,000 square metres
- Usage** : The premises are to be used by Jiangsu Eastide for its business operation purposes.
- Lease Fee** : Jiangsu Eastide shall pay the rent of:
- (i) approximately RMB141.7 million in aggregate for the period from 11 September 2017 to 31 December 2017;
 - (ii) approximately RMB463.7 million per annum for the period from 1 January 2018 to 10 September 2027.
- Option to renew** : Jiangsu Eastide shall have right of priority over renewal of the Lease Agreement upon the expiration of its term.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE LEASE AGREEMENT

The Company is an investment holding company and the Group is principally engaged in the development and operating of large-scale consumer product-focused wholesale shopping malls and the related value added business, such as warehousing, logistic, e-commerce and financial services in the PRC.

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

The Board believes that the lease fee received from the Lease Agreement will bring stable cash flow to the Company in the long run. In the meantime, the lessee, leveraging on its rich experience in attracting investment and advanced marketing concepts, will bring more changes as well as more merchants and larger customer flow to North Hankou market, which will generate synergic effects between the online and offline businesses of Zallgo (卓爾購). The terms of the Lease Agreement, including the lease fee received from Jiangsu Eastide under the Lease Agreement, were entered into on an arm’s length negotiations with reference to the prevailing market rent, arrangement for cooperation terms and the expected synergic effect generated. Jiangsu Eastide indicated that it may consider making plan for the purchase of the leased premises under the Lease Agreement at reasonable price and at the appropriate time.

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

LISTING RULES IMPLICATIONS

As the transactions contemplated under the Lease Agreement is of revenue nature and is carried out in the ordinary and usual course of business of the Company, such transactions therefore do not constitute any transaction subject to announcement, reporting and shareholders' approval requirements under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. This announcement is made by the Company on a voluntary basis to update Shareholders and potential investors of the Company on the latest business development of the Group.

By order of the Board

Zall Group Ltd.

Yan Zhi

Co-chairman

Hong Kong, 12 September 2017

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