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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)**

**(1) PROFIT WARNING**  
**AND**  
**(2) UPDATE ON THE IMPACT OF**  
**THE NOVEL CORONAVIRUS ON BUSINESS OPERATIONS**

This announcement is made by Zall Smart Commerce Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**1. PROFIT WARNING**

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary assessment of the Group’s latest management accounts for the year ended 31 December 2019 (the “**2019 Management Accounts**”), it is expected that the Group may record an increase of approximately 25% to 40% in its revenue and a significant decrease of more than 90% in its profit for the year ended 31 December 2019, as compared to those for the year ended 31 December 2018.

Based on information currently available to the Board, the Board considers that the increase in revenue was primarily attributable to the increase in revenue from the supply chain management business, trading and related value-added services of the Group (the “**Supply Chain Management and Trading Business**”) (which covers agricultural products, chemicals, iron and steel and non-ferrous metal, etc.) for the year ended 31 December 2019. The Board considers that the Supply Chain Management and Trading Business is at development stage and has a relatively low profit margin as compared to the other business segments of the Group. Therefore, the revenue growth of the Supply Chain Management and Trading Business will not have a significant impact on the Group’s profit for the year ended 31 December 2019. The Board also considers that the significant decrease in profit was mainly due to (i) decrease in gross profit for the year ended 31 December 2019 as a result of the change of main business revenue segments of the Group; (ii) recognition of the net unrealized loss of approximately RMB875 million on listed equity securities held by the Group for the year ended 31 December

2019; (iii) recognition of the impairment loss on assets like goodwill, intangible assets, financial instruments and trade receivables for the year ended 31 December 2019; and (iv) decrease in the net valuation gain on investment properties for the year ended 31 December 2019.

The Company has yet to finalize the annual results of the Group for the year ended 31 December 2019. The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the information currently available including the 2019 Management Accounts, which have not been reviewed or audited by the Company's auditors and are subject to possible adjustments upon further review. The actual results of the Group for the year ended 31 December 2019 will also be affected by other factors such as professional valuation on Group's assets such as investment properties, goodwill and intangible assets and therefore may be different from the financial information as disclosed in this announcement.

## **2. UPDATE ON THE IMPACT OF THE NOVEL CORONAVIRUS ON BUSINESS OPERATIONS**

The Company would also like to keep its Shareholders and potential investors informed of the latest business developments of the Group amid the recent outbreak of novel coronavirus (COVID-19) (the "**Epidemic**") in the People's Republic of China (the "**PRC**").

Since the outbreak of the Epidemic, many provinces and municipalities in the PRC, including Hubei province, where the head office of the Group is located, have implemented emergency public health measures and taken various actions to prevent the spread of the Epidemic, including, among others, imposing conditions and restrictions on enterprises to resume work after the Chinese New Year holiday.

The suspension of work and limited services of transportation have resulted in a general disruption of production, supply chain and logistics services across the PRC, which has led to a decrease in transaction amount and volume on various online commodity trading platforms operated by the Group of, among others, agricultural products and chemicals, and slowed down the recovery of receivables which negatively influenced the working capital. The Epidemic also has led to a temporary closure of offline commodity trading markets operated by the Group (such as the North Hankou International Trade Centre (漢口北國際商品交易中心) in Wuhan, Hubei province) and possible delay in construction progress of property development projects in Tianjin and Jingzhou. In view of the aforesaid impacts, the Group has been closely communicating with the suppliers on its online commodity trading platforms and offered certain concessionary measures to the tenants in the North Hankou International Trade Centre in order to assist and facilitate them to resume operations as soon as practicable. The Company will continue to assess the impact of the Epidemic on the Group's business operations and will take appropriate measures as and when necessary.

The Company is in ongoing discussions with its auditors on the audit work on the financial results of the Group for the year ended 31 December 2019, and is informed that the progress of the relevant audit field works in the PRC has been affected in light of the suspension of work and travel restrictions imposed due to the Epidemic. As such, while the Company has been preparing financial results for the year ended 31 December 2019, it is expected that there might be a possible delay in publishing such annual results as required under the Listing Rules. Should such delay arise and in order to keep the Shareholders and potential investors of the Company abreast of the financial position of the Company, the Company plans to publish the preliminary unaudited financial results of the Group for the year ended 31 December 2019 together with the audited comparative figures for the corresponding period in 2018 in or around the end of March. The Company has been closely monitoring the situation of the Epidemic and will publish further announcement(s) in accordance with the Listing Rules as and when appropriate.

**Shareholders and potential investors of the Company are advised to 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, 2 March 2020

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