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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)

INSIDE INFORMATION

SHORT-TERM WAIVER OF RENTAL INCOME UNDER THE LEASE AGREEMENT

This announcement is made by Zall Smart Commerce Group Ltd. (the “**Company**”) 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).

References are made to (i) the announcements of the Company dated 12 September 2017 and 3 October 2017 and (ii) the circular of the Company dated 24 October 2017 (the “**Circular**”) in relation to the Lease Agreement entered into among North Hankou Trade Market and Zall Investment Group (both being wholly-owned subsidiary of the Company) as lessors, and Jiangsu Eastide as lessee, to lease the Leased Premises for a term of ten years, commencing from 11 September 2017 to 10 September 2027.

Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Circular.

The Board would like to announce that on 3 July 2020, North Hankou Trade Market and Zall Investment Group entered into the supplemental agreement with Jiangsu Eastide (the “**Supplemental Agreement**”), pursuant to which the Lessors agree to waive the rent payable for the period from 1 July 2020 to 31 December 2020 (the “**Rental Exemption Period**”) by Jiangsu Eastide. The total rent waived by the Lessors would amount to approximately RMB231.85 million. Save for the short-term waiver of rental, all other terms of the Lease Agreement shall remain unchanged and in full force and effect. Upon obtaining mutual consent of the parties to the Supplemental Agreement, the parties to the Supplemental Agreement could make further amendment(s) of the terms of the Lease Agreement and the Supplemental Agreement by entering into further supplemental agreement(s).

Jiangsu Eastide has indicated to the Lessors that its business operations were not as good as expected and were seriously affected by the outbreak of the COVID-19 pandemic since early 2020, and has expressed its difficulties in fulfilling the original rental payment term of the Lease Agreement. Having considered (i) the feasibility and possibility of Jiangsu Eastide to fulfill its contractual obligations under the Lease Agreement in light of the challenging business environment resulting from the outbreak of the COVID-19 pandemic ; (ii) the relatively short duration of the Rental Exemption Period compared with the ten-year term of the Lease Agreement; (iii) the Board's assessment of the impact of the rental waiver on rental income of the Group in the long run; and (iv) the difficulties of locating appropriate tenant(s) to rent the Leased Premises at comparable terms taking into account the large total area of the Leased Premises and the length of term under the Lease Agreement, the Directors are of the view that the short-term waiver of rental for the Rental Exemption Period for Jiangsu Eastide under the Supplemental Agreement is fair and reasonable in the current circumstances. The Directors believe that the rental waiver under the Supplemental Agreement will not have any material adverse effect on the business, operations and financial position of the Group as a whole in the long run.

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, 3 July 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 of the Company; Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu are independent non-executive directors of the Company