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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)

CHANGE OF LESSEE TO THE LEASE AGREEMENT

References are made to the circular of Zall Smart Commerce Group Ltd. (the “**Company**”) dated 24 October 2017 (the “**Circular**”) in relation to the lease agreement dated 11 September 2017 entered into among Wuhan North Hankou Trade Market Investment Co., Ltd.* (武漢漢口北商貿市場投資有限公司) and Zall Investment Group Co., Ltd.* (卓爾投資集團有限公司) (both being wholly-owned subsidiary of the Company) as lessors, and Jiangsu Eastide Group Co., Ltd* (江蘇一德集團有限公司) (“**Jiangsu Eastide**”) as lessee. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

Wuhan Dequn Business Management Co., Ltd* (武漢德群商業管理有限公司) (“**Wuhan Dequn**”), a company previously wholly-owned by Jiangsu Eastide, is a company incorporated in the PRC with limited liability and has been, for and on behalf of Jiangsu Eastide, renting the Leased Premises and paying the rental to the Lessors in accordance with the terms of the Lease Agreement since December 2017. The Lessors were being informed that Jiangsu Eastide has disposed Wuhan Dequn to Wuhan Jiayirun Trading Co., Ltd.* (武漢佳易潤商貿有限公司) (“**Wuhan Jiayirun**”) and Wuhan Jiahuan Trading Co., Ltd.* (武漢佳寰商貿有限公司) (“**Wuhan Jiahuan**”). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Wuhan Jiayirun and Wuhan Jiahuan and their ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s).

In this regard, on 17 December 2020, the Lessors, Jiangsu Eastide and Wuhan Dequn entered into a transfer agreement (the “**Transfer Agreement**”), pursuant to which all parties to the Transfer Agreement agreed that all rights and obligations of Jiangsu Eastide under the Lease Agreement shall be fully transferred to Wuhan Dequn, and save for the change of lessee to the Lease Agreement, all other terms of the Lease Agreement shall remain unchanged and in full force and effect. For further details of the terms of the Lease Agreement, please refer to the section headed “The Lease Agreement” in the Circular.

Having considered (i) Wuhan Dequn has been renting the Leased Premises on behalf of Jiangsu Eastide to the satisfaction of the Lessors throughout the years and the continuity of the lessee is beneficial to the sustainability of the Leased Premises; (ii) Wuhan Dequn is willing to rent the Leased Premises under the terms of the Lease Agreement; and (iii) the

Group could continuously enjoy the benefits of the Lease Agreement without incurring time and cost to renegotiate the terms with Wuhan Dequn or other appropriate tenant(s) (if any), the Board is of the view that the entering into of the Transfer Agreement will not have any material adverse impact on the Leased Premises and rental income generated from it to the Group, and is fair and reasonable in the current circumstances.

The Lease Agreement (as amended by the Transfer Agreement) and the transaction contemplated thereunder is of revenue nature and carried out in the ordinary and usual course of business of the Group and the Lease Fee, on an annual basis, does not represent more than 200% increase in the scale of the Group's existing operations conducted through lease arrangement of such kind under Rule 14.04(1)(d) of the Listing Rules. Therefore, the entering into of the Transfer Agreement by the Group does not constitute a transaction subject to announcement, reporting and/or shareholders' approval requirements under Chapter 14 of the Listing Rules.

This announcement is published by the Company pursuant to Rule 14.36 of the Listing Rules as the change of lessee to the Lease Agreement constitutes a material variation to the terms of a previous transaction announced under Chapter 14 of the Listing Rules.

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

Hong Kong, 17 December 2020

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. Qi Zhiping and Ms. Min Xueqin are executive Directors; Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu are independent non-executive Directors.